

DATAGROUP Posts Record Results – Guidance Significantly Exceeded

Pliezhausen, November 23, 2021. DATAGROUP SE (WKN: A0JC8S) today publishes preliminary results for FY 2020/2021 and significantly exceeds guidance in revenue (>EUR 440m) and EBITDA (> EUR 61m). Revenue was up 24.1 % to EUR 444.7m in the fiscal year just closed. EBITDA was up from EUR 41.8m the previous year to a record high of EUR 67.3m in FY 2020/2021 (+60.9 %). In Q4, the company generated revenue of EUR 113.9m, corresponding to an increase of 21.2 % yoy. EBITDA rose from EUR 16.3m to EUR 20.3m in Q4 (+24.7 %).

REVENUE DEVELOPMENT

When compared to the previous fiscal year, DATAGROUP recorded growth of 24.1 % boosting revenue from EUR 358.2m in the prior year to EUR 444.7m. Q4 revenue again contributed to this development with a significant increase of 21.2 % to EUR 113.9m (PY: EUR 94.0m). Organic growth was 7.7 %, which is a new historic record high in the history of DATAGROUP. Several factors were decisive for this success: The major DATAGROUP companies, for instance in Hamburg, Stuttgart or Cologne, performed very well in the period under review. DATAGROUP subsidiary Almato AG has greatly benefited from the general trend towards digitization. The company provided its customers with high-quality services and solutions in automation and mobilization of business processes. Applications include Robotic Process Automation (RPA), digital assistants, intelligent apps, prefabricated software robots, machine learning and AI services as well as all-in-one solutions for individual functions such as Workforce Management. Furthermore, growth was driven by new business generated last year, e.g. by DATAGROUP BIT Düsseldorf GmbH (previously DATAGROUP Financial IT Services GmbH). With a share in revenue of roughly 20 % in financial services and banking industries, DATAGROUP has established itself successfully as an independent provider in this segment. The proportion of service revenue remained on a very high level of 84.4 % (PY: 85.1 %) in the fiscal year just closed. Inorganic growth was driven by the first-time consolidations of the newly acquired companies, URANO Informationssysteme GmbH ("URANO") and dna Gesellschaft für IT Services GmbH ("dna"), which were consolidated on May 1, 2021.

EARNINGS DEVELOPMENT

In FY 2020/2021, EBITDA was boosted to a record high of EUR 67.3m compared to EUR 41.8m in the previous year (+60.9 %), while EBIT improved by 223.3 % to EUR 29.1m (PY EUR 9.0m). Operating earnings before taxes, interest, depreciation and amortization (EBITDA) grew from EUR 16.3m to EUR 20.3m in Q4 (+24.7 %). Earnings before interest and taxes (EBIT) were up from EUR 5.3m to EUR 7.4m in the final quarter (+38.3 %). Earnings per share (EPS) improved to EUR 0.59 in the fourth quarter compared to EUR -0.21 in the prior-year period. Earnings of the prior-year period were affected by tax effects from the non-capitalization of deferred taxes on tax-loss carry-forwards and on deferred taxes from the banking segment. In Q4 2020/2021, the EBITDA margin was 17.8 % compared to 17.3 % in the prior-year period, the EBIT margin was 6.5 % (PY: 5.7 %).

Prior-year earnings, especially in the third quarter, were heavily burdened by delayed start-ups in the banking sector as well as the coronavirus pandemic. Provisions and allowances had been set up on 30.09.2020 in the

total amount of EUR 12.0m which were offset by other operating income due to a negative difference from the purchase price allocation (goodwill) of roughly EUR 11.6m from the acquisition of DATAGROUP BIT Hamburg GmbH (previously Portavis GmbH).

"We are very happy that we were able to largely overachieve our own targets and the analysts' estimates on sales and earnings in the past fiscal year. The current financial figures again underline the sustainability of our strategy to generate recurring revenue with standardized services from our CORBOX portfolio as a reliable source of income. The good profitability of our existing customers with long-term service contracts is proof of the sustainability of the CORBOX-Service-as-a-Product approach", comments Max H.-H. Schaber, CEO of DATAGROUP. "At present, we benefit strongly from the general digitization efforts among German Mittelstand companies and public authorities", adds Andreas Baresel, Chief Executive Officer. "Our central supply units and our own growing degree of digitization support us in providing our customers with ever more efficient services while maintaining consistent quality. This strengthens our position as a preferred supplier of IT services to German Mittelstand companies and we can look towards the new fiscal year with confidence", Andreas Baresel adds.

For the fiscal year ending September 30, 2021, the management intends to propose a dividend distribution which is in line with the historic dividend policy of a distribution ratio of some 40 % of net profit. The Annual General Meeting for FY 2020/2021 is scheduled for March 10, 2022.

BALANCE-SHEET DEVELOPMENT

The balance sheet total was up from EUR 385.4m to EUR 431.8m (+12.0 %). Growth was driven by the general expansion of business volume but predominantly by the first-time consolidation of the acquired companies URANO and dna. The equity ratio significantly improved from 17.2 % to 21.8 %. Based on investments of some EUR 35m in the two company transactions above, net debt increased from EUR 63.0m to EUR 87.5m. Liabilities to banks were reduced by 13.6 % from EUR 90.5m to EUR 78.2m. These liabilities mainly include promissory note loans with an overall volume of EUR 69m placed in April 2019, which have a term of up to seven years and fixed interest rates for the most part. As such, the Group's financing is secured in the long term and provides enough scope for further investments in acquisitions.

URANO and dna have been included in the consolidated financial statements for the first time as per May 1, 2021. The respective purchase price allocations should be considered provisional. The acquired assets and liabilities were subject to a preliminary assessment.

CASH FLOW FROM OPERATING ACTIVITIES

The development of the operating cash flows (OPEX) was particularly satisfying. OPEX increased by 130.6 % from EUR 21.7m to EUR 50.0m, primarily driven by the substantial increase in operating income. CAPEX was significantly reduced yoy: Investments in property, plant and equipment and intangible assets amounted to EUR 11.0m after EUR 22.2m in the previous year, the investment ratio declined from 6.0 % of revenue in FY 2019/2020 to 2.0 % in FY2020/2021. Other depreciation decreased slightly from 10.0 % of revenue to 9.8 %. "Our efforts to reduce capital intensity and thus improve the cash development of our business bear fruit", comments Oliver Thome, CFO of DATAGROUP since October 1. "We will continue our intensive efforts aimed at improving the investment and depreciation ratios. This will be helped, for instance, by an optimization of the utilization situation of the data centers or a decline in required office space driven by new ways of working that involve more flexible work, Thome continues.

About DATAGROUP

DATAGROUP is one of the leading German IT service companies. Some 3,500 employees at locations across Germany design, implement, and operate IT infrastructures and business applications such as SAP. With its CORBOX product, DATAGROUP is a full-service provider, supporting global IT workplaces for medium and large enterprises as well as public authorities. The company is growing organically and through acquisitions. The acquisitions strategy is particularly noted for its optimal integration of new companies. DATAGROUP is actively participating in the IT service market's consolidation process with its "buy and turn around" and its "buy and build" strategy.

CONTACT FOR FURTHER INFORMATION

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Overview of Key Figures (unaudited)

Figures in TEUR	Changes YoY		2020/2021		2019/2020	
	2020	2019	2020	2019	2020	2019
Revenues	86,497	24.1%	444,708	100.0%	358,211	100.0%
thereof services and maintenance	70,524	23.1%	375,241	84.4%	304,717	85.1%
thereof trade	16,128	30.5%	69,027	15.5%	52,899	14.8%
therof other / consolidation	-155	-26.1%	440	0.1%	595	0.2%
Other own work capitalised	-23	-1.3%	1,720	0.4%	1,743	0.5%
Change in capitalized contractual costs	-9,212	-126.6%	-1,938	-0.4%	7,274	2.0%
Total revenues	77,262	21.0%	444,490	100.0%	367,228	102.5%
Material expenses / Expenses for purchased services	30,352	25.5%	149,495	33.6%	119,143	33.3%
Gross profit	46,910	18.9%	294,995	66.3%	248,085	69.3%
Personnel expenses	25,047	13.3%	213,038	47.9%	187,991	52.5%
Other income etc.	-7,671	-38.7%	12,140	2.7%	19,811	5.5%
Other expenses etc.	-11,287	-29.6%	26,811	6.0%	38,098	10.6%
EBITDA	25,479	60.9%	67,286	15.1%	41,807	11.7%
Depreciation from PPA	955	20.4%	5,628	1.3%	4,673	1.3%
Other depreciation	4,454	15.8%	32,600	7.3%	28,146	7.9%
EBIT	20,070	223.3%	29,058	6.5%	8,988	2.5%
Financial result	448	-18.9%	-1,927	-0.4%	-2,375	-0.7%
EBT	20,518	310.3%	27,131	6.1%	6,613	1.8%
Taxes on income and profit	-246	-3.9%	6,118	1.4%	6,364	1.8%
Net income	20,764	8,339.0%	21,013	4.7%	249	0.1%
Shares (in 1.000 pieces)			8,331		8,331	
<i>Plus treasury shares (in 1.000 pieces)</i>			18		18	
EPS			2.52		0.03	
Tax rate (in %)			22.5%		96.2%	

Figures in TEUR	Changes YoY		30.09.2021	30.09.2020
	2020	2019	2020	2019
Balance sheet total			431,783	385,352
Equity ¹			94,297	66,319
Equity ratio (in %) ¹			21.8	17.2
Net debt ¹			87,520	63,044
Net debt ¹ to EBITDA			1.3	1.5

¹ Under consideration of subordinated loans (previous year)

Consolidated Balance Sheet (unaudited)

Figures in EUR	30.09.2021	30.09.2020
ASSETS		
Long-term assets		
Company value	103,084,280.41	62,500,872.13
Other intangible assets	43,076,480.19	26,330,764.75
Property, plant and equipment	65,149,119.73	.75,933,347.01
Long-term financial assets	1,555,089.25	2,342,847.92
Capitalized contractual costs	15,836,476.57	17,774,913.65
Finance leasing receivables	23,373,608.99	20,254,057.62
Claims from reinsurance coverage for pension obligations	4,664,533.70	4,911,696.70
Other long-term assets	2,373,011.80	2,516,543.17
Deferred taxes	17,703,996.91	11,617,131.63
	276,816,597.55	224,182,174.58
Short-term assets		
Inventories	3,770,189.52	6,952,204.55
Contract assets ²	3,475,645.71	8,235,243.13
Trade receivables	56,362,817.12	41,255,080.46
Finance leasing receivables	10,216,186.00	8,004,360.51
Short-term financial assets	1,674,772.65	430,124.51
Other short-term assets	35,374,339.64	32,355,568.51
Cash and cash equivalents	44,091,986.09	63,937,088.85
	154,965,936.73	161,169,670.52
	431,782,534.28	385,351,845.10

² Previous year: Construction contracts

Figures in EUR	30.09.2021	30.09.2020
LIABILITIES		
Equity		
Subscribed capital	8,349,000.00	8,349,000.00
Capital reserve	32,337,372.27	32,337,372.27
Repayment of capital	-98,507.73	-98,507.73
Retained earnings	55,598,769.10	34,585,571.44
Accumulated other comprehensive income	-1,884,668.84	-9,018,219.97
Balancing item for foreign currency translation	-4,587.78	-3,620.93
	94,297,377.02	66,151,595.08
Long-term liabilities		
Long-term financial liabilities	133,540,012.90	120,827,328.36
Pension provisions	64,037,964.78	72,789,978.98
Other provisions	1,749,993.12	9,483,619.66
Other long-term liabilities	28,265.65	482,670.65
Deferred taxes	7,963,451.17	2,435,645.41
.	207,319,687.62	206,019,243.06
Short-term liabilities		
Short-term financial liabilities	31,661,561.71	34,578,912.63
Provisions	16,426,900.08	5,992,746.10
Contract liabilities ³	13,530,734.55	14,074,212.19
Trade payables	11,421,574.49	12,491,040.94
Income tax liabilities	9,798,742.41	6,998,812.33
Other liabilities	47,325,956.40	39,045,282.77
	130,165,469.64	113,181,006.96
	431,782,534.28	385,351,845.10

³ Previous year: Surplus of liabilities from construction contracts

Consolidated Income Statement (unaudited)

Figures in EUR	01.10.2020 – 30.09.2021	01.10.2019 – 30.09.2020
Revenues	444,707,741.02	358,211,444.93
Other own work capitalised	1,720,035.89	1,742,666.86
Change in capitalized contractual costs	-1,938,437.08	7,273,675.62
Total revenues	444,489,339.83	367,227,787.41
Other operating income	12,140,000.82	19,810,722.85
Material expenses / Expenses for purchased services	149,494,401.13	119,143,829.64
Personnel expenses	213,038,157.14	187,990,593.26
Depreciation of property, plant and equipment and other intangible assets	38,228,373.07	32,818,885.14
Other operating expenses	26,810,607.53	26,097,955.18
Risk provision financial divisions	0.00	12,000,000.00
Operating income	29,057,801.78	8,987,247.04
Financial income	1,398,126.93	795,694.54
Financial expenses	3,324,956.13	3,170,488.91
Financial result	-1,926,829.21	-2,374,794.37
Earnings before taxes	27,130,972.57	6,612,452.68
Taxes on income and profit	6,117,774.92	6,363,716.77
Net income	21,013,197.66	248,735.90

Consolidated Statement of Comprehensive Income (unaudited)

Figures in EUR	01.10.2020 – 30.09.2021	01.10.2019 – 30.09.2020
Net income	21,013,197.66	248,735.90
Other earnings before taxes⁴		
Recalculations of defined benefit obligations	10,335,865.63	-3,319,523.00
Change in balancing items from currency conversion	-966.84	-3,621.08
Other earnings before taxes	10,334,898.79	-3,323,144.08
Income tax effects on other income	3,202,314.50	-1,011,738.20
Comprehensive income	28,145,781.95	-2,062,669.98

⁴ These are exclusively items which are not reclassified to the consolidated income statement

Consolidated Cash Flow Statement (unaudited)

Figures in EUR	01.10.2020 – 30.09.2021	01.10.2019 – 30.09.2020
Cash flow from operating activities		
Net income for the period	21,013,197.66	248,735.90
Interest received	-907,569.26	-22,281.79
Interest paid	2,849,528.62	1,963,357.76
Depreciation and amortisation of current assets	38,228,373.07	32,818,885.14
Changes in pension provisions	1,554,246.82	1,451,433.79
Gains (-) / losses (+) on disposals of non-current assets	81,497.50	421,012.07
Increase (-) / decrease (+) of receivables or liabilities to shareholders, related and associated companies	215,388.93	-49,202.48
Increase (-) / decrease (+) of inventories, trade receivables and other assets	-7,676,057.98	-4,537,927.85
Increase (+) / decrease (-) of trade payables and other liabilities	-5,240,936.70	1,083,863.62
Income from business transactions	0.00	-11,570,708.49
Other non-cash transactions	-119,307.58	-122,744.65
Cash flow from operating activities	49,998,361.09	21,684,423.01
Cash flow from investing activities		
Cash inflow from sale of property, plant and equipment	529,292.11	754,130.18
Cash outflow for investment in property, plant and equipment	-7,455,096.13	-17,002,404.79
Cash inflow from intangible assets	66,297.00	22,621.79
Cash outflow for investments in intangible assets	-3,582,231.70	-5,237,681.03
Cash inflow from liquidation of affiliated companies	697,543.69	180,601.00
Cash outflow for investments in financial assets	-80,736.97	-1,799,574.55
Proceeds from the redemption of financial assets	0.00	100,011.49
Cash inflow / outflow from investments in fully consolidated companies	-35,650,919.34	35,554,765.15
Interest received	907,569.26	22,281.79
Net cash used in investing activities	-44,568,282.09	12,594,751.03
Cash flow from financing activities		
Cash outflow for dividends paid	0.00	-5,832,021.30
Cash inflow (+) / outflow (-) for finance lease contracts as part of investments in own property, plant and equipment (as lessee)	-10,164,991.14	-1,466,523.32
Cash outflow for the repayment of liabilities to banks	-12,229,163.00	-8,416,668.00
Interest paid	-2,849,528.62	1,963,357.76
Net cash used in financing activities	-25,243,682.76	-17,678,570.38
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	63,905,589.85	47,304,986.19
Cash and cash equivalents at the end of the period	44,091,986.09	63,905,589.85