DATAGROUP

Annual Report 2017 / 2018

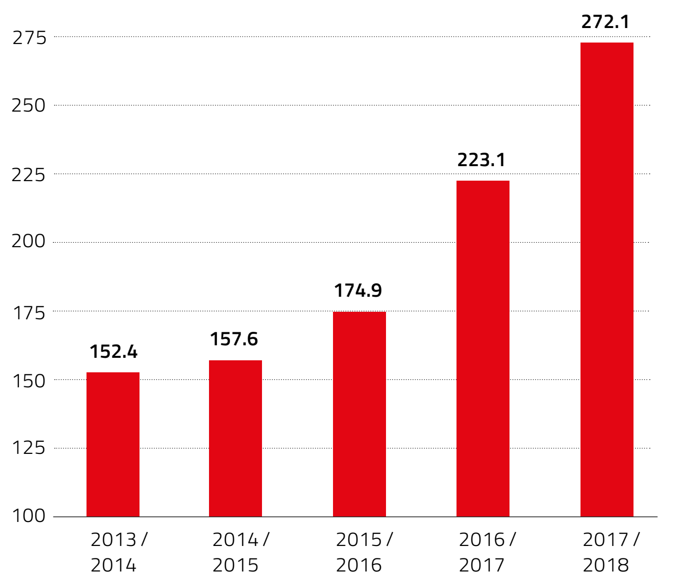
IT's that simple.

Overview of Key Figures

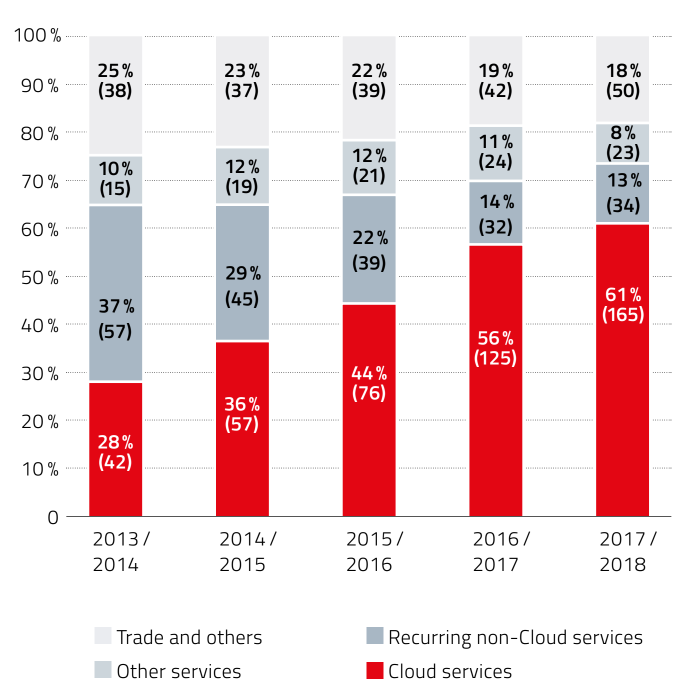
Annual Report of DATAGROUP SE, Pliezhausen, for the Financial Year 2017 / 2018

Figures in TEUR	2013 / 2014	2014 / 2015	2015 / 2016	2016 / 2017	2017 / 2018
Revenues	**152,380**	**157,574**	**174,918**	**223,142**	**272,100**
thereof services	93,237	92,166	101,681	151,436	197,546
thereof solutions & consulting	63,015	71,919	79,934	81,429	86,602
thereof other / consolidation	-3,872	-6,511	-6,697	-9,723	-12,048
thereof services and maintenance	114,413	120,773	135,907	180,631	220,085
thereof trade	37,707	36,592	38,821	42,297	51,770
thereof other / consolidation	260	209	190	214	245
Other own work capitalised	**127**	**348**	**487**	**627**	**685**
Total revenues	**152,507**	**157,922**	**175,405**	**223,769**	**272,785**
Material expenses / Expenses for purchased services	54,990	53,176	58,172	64,230	80,401
Gross profit	**97,517**	**104,746**	**117,233**	**159,539**	**192,384**
Personnel expenses	71,507	77,087	85,710	119,851	134,734
Other income etc.	2,999	4,581	8,416	9,103	5,660
Other expenses etc.	17,323	16,901	20,836	21,750	28,847
EBITDA	**11,686**	**15,339**	**19,103**	**27,041**	**34,463**
Depreciation from PPA	2,900	2,789	2,642	3,189	3,965
Other depreciation	2,573	2,946	3,786	5,262	10,075
EBITA	**6,213**	**9,604**	**12,675**	**18,590**	**20,423**
Goodwill amortization	0	0	0	0	0
EBIT	**6,213**	**9,604**	**12,675**	**18,590**	**20,423**
Financial result	-2,456	-1,824	-2,584	-1,991	-1,945
Restructuring expenses	1,400	0	0	0	0
EBT	**2,357**	**7,780**	**10,091**	**16,599**	**18,478**
Taxes on income and profit	1,266	2,857	4,376	5,400	5,605
Net income	**1,091**	**4,923**	**5,715**	**11,199**	**12,873**
Shares (in thousand units)[1]	7,572	7,572	7,572	7,940	8,331
EPS (in EUR)	**0.14**	**0.65**	**0.75**	**1.41**	**1.55**
[1]plus treasury shares (in thousand units):	18	18	18	18	18

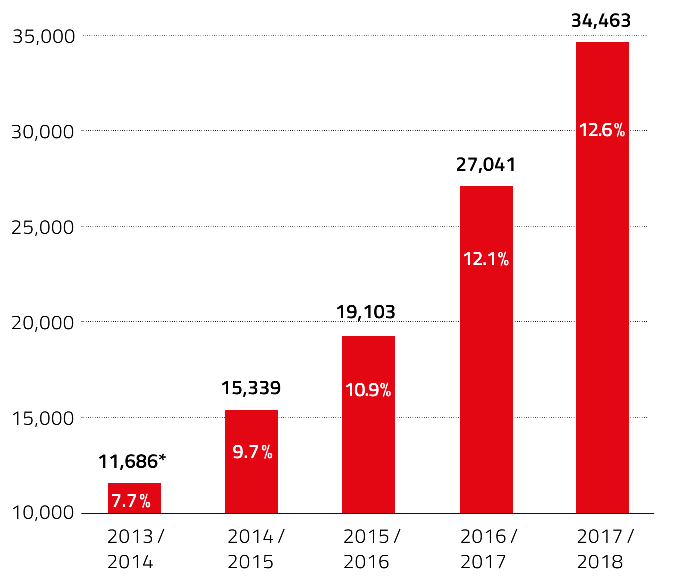
REVENUE DEVELOPMENT (in EUR m)



REVENUE SHARES (in % and EUR m)

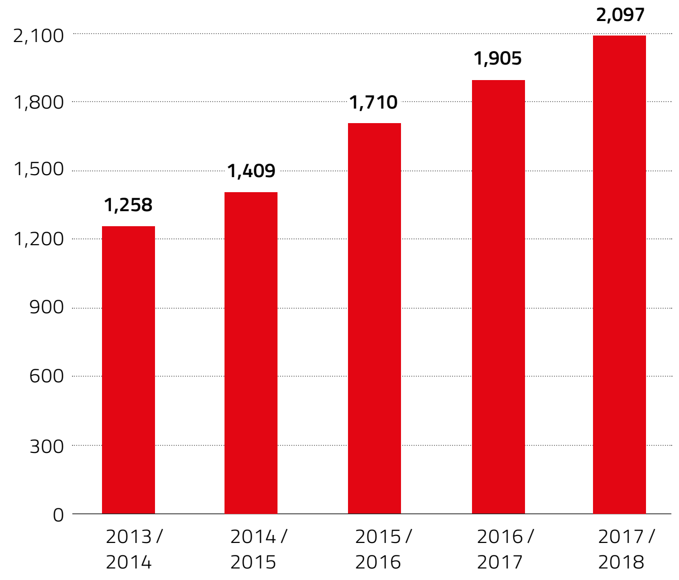


EBITDA (in TEUR) **AND EBITDA MARGIN** (in %)



* Before extraordinary expenses. After extraordinary expenses 10,286 TEUR.

EMPLOYEE DEVELOPMENT (as at 30.09.)



Content

To Our Shareholders

IT's that simple

Group Management Report

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Letter to Shareholders

Dear Shareholders,

We look back with pride and joy at our last fiscal year 2017 / 2018 which again concluded with record earnings. For the third time in a row, we succeeded in making a substantial surge in growth. We had an optimistic start to the new fiscal year and even revised our forecasts upwards. For the first time, we generated revenue of EUR 272.1m (+21.9 % yoy) and earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 34.5m (+27.4 % yoy). Net income rose to EUR 12.9m, which corresponds to earnings per share of EUR 1.55.

As a result of its continuous growth, the ICT sector is the largest industrial employer for the first time. Driven by digital transformation the market environment continues to be positive despite protectionist tendencies in the global economy. Every company, independent of size and industry, will have to deal with the challenges of the digital transformation. Additionally, the growing complexity of IT technologies and infrastructures boosted the demand for competent service providers. We are optimally positioned with a comprehensive IT services offer to support our customers in their daily IT operations. This enables our customers to use capacities, which may become available in their own IT team, for strategically required digitalisation projects.

Success cannot be taken for granted but is the result of consistent development. We want to continue on our successful path of becoming the leading IT outsourcing company for German Mittelstand companies and want to consistently seize the opportunities offered to us. This is why we regularly scrutinise strategy, service portfolio and positioning.

We have further developed our successful business strategy DATAGROUP 2020 in the course of the last fiscal year. The strategy, which is now named DATAGROUP 2025, updates our development objectives and gives a new revenue ambition in the range of EUR 750m for 2025.

Our central supply units, SAP and service desk, have been further strengthened by additional consolidation in 2017 / 2018 as a measure to reach our objectives. Thanks to the appointment of Andreas Baresel as Chief Production Officer (CPO) we now have a dedicated person responsible for optimal adjustment between the central supply units from October 1, 2018.

We have also been engaged in the continuing development of our core business on the basis of CORBOX. The modular all-in-one solution includes all service families for care-free IT operations with assured success. Our customers choose exactly those modules from the combinable CORBOX services which optimally support their business. They receive the entire IT outsourcing in defined and certified quality from a single source. As a Cloud enabler, we integrate existing third-party Cloud solutions such as Microsoft, Amazon Web Services etc., enrich them with additional services, and combine them with our own Cloud and outsourcing services in a fail-proof way. This makes CORBOX the perfect Cloud enabling platform for our customers.

On the basis of the CORBOX we have acquired 20 new customers and were able to successfully upsell products to 14 existing customers in the past fiscal year. At the same time, we have retained a large number of satisfied existing customers. Overall, outsourcing contracts contribute a share of 88 % to the Group's gross profit, i.e. the DATAGROUP business model is becoming more and more stable and sustainable.

We often accompany customers in transformation projects on their path to CORBOX operations. We have gained many years of experience in supporting companies through all the phases so that they end up having optimised IT solutions. In our view there are very good opportunities for further growth in this strategic development. Successfully implemented transformation projects are the basis for the long-term retention of existing customers and the acquisition of new outsourcing customers. Driven by the growing demand in this area in particular we decided to restructure our offer and expand it by IT transformation. We will now also offer a modular project approach in IT transformations which addresses the topics of Cloud, platform, application and SAP transformations. Each module is based on several transformation projects implemented by us.

As part of our CORBOX platform, we increasingly offer business process automation as well. We see great potential in Robotic Process Automation (RPA). In the last fiscal year, we have strengthened our position in this area by acquiring ALMATO GmbH, making a long-term business partner an integral part of the Group. ALMATO stands for proven expertise in the automation of recurring structured processes. We see high added value for our customers in this technology but also great potential to improve our own processes. The cooperation between ALMATO and DATAGROUP Mobile Solutions has expanded our automation expertise, helping customers to realise huge savings. This acquisition is the 21st since our IPO in 2006. As a profitable company with a great deal of expertise and valuable employees, ALMATO complements our business and brings additional customers to DATAGROUP.

Furthermore, our particular focus in the year under review was the integration of the companies acquired in the two previous years. They seamlessly merged into the Group and made positive contributions to sales and earnings, which is encouraging. Some of the Group's new entities also played a major role in gaining new large-scale orders in the year under review, for instance in winning the tender for the Next-Generation-Outsourcing of NRW.BANK. The contract with a term of ten years has a volume in the high double-digit million euro range. It is the largest individual order in DATAGROUP's history.

This positive trend is also reflected in customer satisfaction. We have again been able to position ourselves in the competitive environment in the independent annual study on IT outsourcing conducted by Whitelane Research and Navisco.

With a solid market positioning, many satisfied customers and major new customers DATAGROUP successfully continues on its way to become the leading IT outsourcing company for German Mittelstand companies. Our aim is to achieve further growth in the current fiscal year and to seize the opportunities offered by the market. To advance these ambitious growth objectives at all levels we started a large-scale branding process in April last year. By analysing the market and leading interviews with employees, customers and investors, we gained valuable insights for the continuing development of the company. The new DATAGROUP claim "IT's that simple" underlines that we want to make IT services transparent and comprehensible for customers with the help of our substantial expertise.

We also want our shareholders to participate in this great success. Management and Supervisory Board therefore will propose to the Annual General Meeting to again raise the dividend this year.

We would like to express our sincere thanks to our shareholders, customers and partners for the confidence they have invested in us. Our special thanks go to our employees, who have made DATAGROUP's success possible during the last fiscal year.

Max H.-H. Schaber
CEO of DATAGROUP SE

Dirk Peters
COO of DATAGROUP SE

Andreas Baresel
CPO of DATAGROUP SE

The Management Board

From left to right:
Dirk Peters, Chief Operating Officer (COO)
Max H.-H. Schaber, Chief Executive Officer (CEO)
Andreas Baresel, Chief Production Officer (CPO)

Dirk Peters

Dirk Peters has been a member of the Management Board of DATAGROUP SE as COO since 2008 and is Managing Director of DATAGROUP Hamburg GmbH. In his role as Management Board member, he is responsible for service management.

In 1992, Dirk Peters established HDT Hanseatische Datentechnik, which was incorporated into DATAGROUP AG in 2008 as DATAGROUP Hamburg GmbH. Starting out as a traditional system house, he developed HDT into a high-performance group of companies in IT service management. Prior to self-employment, Mr. Peters worked in management positions at Ashton-Tate Corporation and ALSO ABC. He completed his studies in informatics while working in sales and marketing at HOSS GmbH from 1983.

As a sideline, Mr. Peters is committed to supporting young talents in sailing.

Max H.-H. Schaber

Max H.-H. Schaber has been a member and Chairman of the Management Board of DATAGROUP SE since February 2006 and is responsible for finance, legal affairs, human resources and corporate development.

In 1983, Max H.-H. Schaber established DATAPEC, Gesellschaft für Datenverarbeitung mbH and with it laid the foundation for the later DATAGROUP GmbH. Prior to this, he worked as systems engineer and later as assistant to the management at Friedrich Co. Gesellschaft für Software- und System-Entwicklung mbH. In 1981, he completed his studies in mechanical engineering at the University of Stuttgart and at the polytechnics in Augsburg and Reutlingen as chartered engineer (Diplom-Ingenieur (FH)).

Mr. Schaber is active in a number of boards and is a member of the committee of the International Chamber of Commerce (IHK) Reutlingen.

Andreas Baresel

Andreas Baresel was appointed to the Management Board at the beginning of FY 2018 / 2019, on October 1, 2018. In his role as Chief Production Officer (CPO) he is responsible for the central DATAGROUP supply units and makes sure that the complex CORBOX services are optimally adjusted to each other.

Following his studies in business administration, Andreas Baresel worked in several management positions with a focus on business and portfolio development in IT consulting and managed IT services. Andreas Baresel joined the group by the acquisition of DATAGROUP Business Solutions GmbH (previously Consinto GmbH) in 2006 from which he took over management from 2016.

Supervisory Board Report

From left to right:
Dr. Helmut Mahler, Deputy Chairman of the Supervisory Board
Dr. Carola Wittig, Member of the Supervisory Board
Heinz Hilgert, Chairman of the Supervisory Board of DATAGROUP SE

Dear Shareholders,

In the period under review (01.10.2017 to 30.09.2018) the Supervisory Board gathered for a total of five meetings in person (04.12.2017 as well as 22.01., 08.03., 29.06. and 28.09.2018).

The Supervisory Board has also received regular written and verbal reports outside the meetings – in particular about the ongoing business development in relation to the budget approved by the Supervisory Board – and assisted the Management in an advisory capacity. The Supervisory Board was involved in all decisions with significant consequences and has always been informed comprehensively.

Transactions requiring consents in accordance with the company's statutes, terms and conditions were advised and approved by the Supervisory Board. In the year under review, this mainly applied to the acquisition of ALMATO GmbH and the takeover of its employees in January 2018.

Based on the regular risk management reporting of the Management, the Supervisory Board has intensively been engaged in dealing with the risk position of DATAGROUP SE. In the shared opinion of the Management and Supervisory Boards, there were no risks threatening the company's existence at any time. The Board primarily dealt with the areas of IT security and cyber security, competitive analysis as well as aspects around employee recruitment and retention. In this connection, the Supervisory Board was engaged in human resources development at the management level and continued to press ahead with the previous year's measures in cooperation with the Management Board. We are very pleased to have appointed Andreas Baresel as a member of the Management Board. Mr. Baresel will be responsible for the central units of service provision of DATAGROUP SE in close cooperation with the entire Management Board.

The annual financial statements of DATAGROUP SE, the consolidated financial statements and the group management report of DATAGROUP SE as well as the report of the Management Board on the relations to affiliated companies of DATAGROUP SE have been audited and approved with an unqualified audit opinion by auditing and tax consulting company BANSBACH GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Gänsheidestr. 67-74, 70184 Stuttgart, which was chosen for the audit. The annual and consolidated financial statements including the group management report as well as the report of the Management Board on the relations to affiliated companies were distributed to the Supervisory Board members in advance.

The Supervisory Board has noted and approved the findings of the auditors:

"On completion of our review and assessment of the report of the Management Board report of DATAGROUP SE, Pliezhausen, on the relations to affiliated companies for the period under review from October 1, 2017 to September 30, 2018 we confirm that

1.) the facts set out in the report are correct,

2.) the company's compensation with respect to the legal transaction presented in the report under the circumstances known at that time was not unreasonably high; whether or not disadvantages were compensated for,

3.) there is no reason to evaluate the measures mentioned in the report in any way other than as evaluated by the Management Board."

After thorough examination, the Supervisory Board has approved and thus adopted the annual financial statements prepared by the Management Board in the Supervisory Board Meeting on January 22, 2019, in which the auditor reported on the main findings of their audit and was available for questions. The consolidated financial statements including group management report for the fiscal year ending September 30, 2018 were examined and approved in a similar way. Based on the final result of the examination of the annual financial statements, the consolidated financial statements and the group management report as well as the report of the Management Board on the relations to affiliated companies the Supervisory Board does not raise any objections. By order of January 22, 2019, the Supervisory Board approves the proposal of the Management Board regarding the appropriation of the profit.

The Supervisory Board offers the sincerest thanks and respect to the Management Board and employees of DATAGROUP SE for their sustainable and successful work.

Pliezhausen, January 22, 2019

Heinz Hilgert
Chairman of the Supervisory Board

»CORBOX services are standardized, and for this very reason alone their introduction is often **easier** than individually produced solutions.«
Christian Sauter, Management Board of DATAGROUP Mobile Solutions and Managing Director of ALMATO

»**Simplicity** has been our claim ever since we defined our brand values for the first time in 2006. It can be traced back to the company's founding period. It is often difficult and time-consuming to live simplicity and to assert it. Yet we often manage to do so in core areas«
Dr. Sabine Laukemann, Representative Director HR

»In the end, we simply tried to precisely describe the complexity of the IT world and to break it up into small chunks. This description is predominantly reflected in the CORBOX, our modular all-in-one solution for care-free IT operations. Companies can choose from combinable services which optimally support their business and they receive all IT outsourcing services from a single source. The customer does not have to go into the smallest details but can simply say: Organize my IT operations! This makes it a lot **easier**.«
Max H.-H. Schaber, CEO of DATAGROUP

»For us, **simplicity** means transparency, humanity and customer proximity amidst the complexity of our environment or notwithstanding the complexity.«
Roland Bihler, Managing Director of DATAGROUP Stuttgart

IT's that simple.

Content

Highlights

... to be continued

01.2018
ROBOTICS FROM REUTLINGEN

21st company takeover – DATAGROUP acquires ALMATO GmbH. The Reutlingen-based ALMATO GmbH sees itself as a pioneer in Robotic Process Automation, has 40 employees and generates annual revenue of some EUR 4m with well-known customers from a wide array of industries.

02.2018
TOP 2 IN CUSTOMER SATISFACTION

DATAGROUP is in the top ranks in customer satisfaction. For the third time, DATAGROUP occupies a place at the top in terms of customer satisfaction in the 2017 IT Outsourcing study Germany by Whitelane Research and Navisco. For the second time, the service provider ranks second and this year even achieved equal point scores with the winner of the ranking.

03.2018
LARGEST ANNUAL GENERAL MEETING

At the company headquarter in Pliezhausen, DATAGROUP welcomes over 200 shareholders to the Annual General Meeting.

15,000 “CAPS AGAINST POLIO"

Over 15,000 "caps against polio" have been collected and donated by colleagues at the Hamburg site from September 2017 until February 2018. Thanks to the busy collectors – also on part of the customers – it was possible to vaccinate children from Africa against polio.

04.2018
2,000 EMPLOYEES

Since April 2018, DATAGROUP has more than 2,000 employees.

20,000 EUR FOR A NEW PLAYGROUND

New playground for Kindergarten Hasberg in Lindlar near Cologne. For the last three years, our colleagues from Cologne have collected EUR 20,000 to support the charitable project.

05.2018
LAUNCH!

Mid of April: Start of the “MISSION BRAND” project with the aim to give DATAGROUP a new and unique appearance. About half of our personnel has participated in the company-wide survey on branding.

06.2018
DATAGROUP IS RUNNING

Almost 300 runners from DATAGROUP covered a distance of 2,270 kilometers in a total of 21 races.

10,000 EUR SOCIAL ENGAGEMENT

DATAGROUP donates EUR 10,000 to the Regional Cystic Fibrosis Group Zollernalb-Tübingen in favor of children with cystic fibrosis.

07.2018
OUTSOURCING XXL

Biggest individual order in the history of DATAGROUP to date - the Next-Generation-Outsourcing of NRW.BANK with a duration of ten years. Order has a volume in the high double-digit million euro range.

08.2018
AGAIN ISO-CERTIFIED!

DATAGROUP has been certified according to ISO/IEC 20000:2011 for the third time in a row since 2012.

09.2018
RECORD!

Record result for FY 2017 / 2018: Revenues EUR 272.1m, EBITDA EUR 34.5m. With these results DATAGROUP again exceeds its forecasts.

09.2018
CARE-FREE IT

We have dealt with a total of 225,990 incidents, 257 problems and 4,418 changes.

DATAGROUP – Agile Partner for Digital Transformation

Digitisation is fundamentally changing both the economy and society – and companies across all industries are faced with huge challenges. Today, one out of two entrepreneurs in Germany says they feel well prepared to face digitisation.

Still, the German economy lags behind in an international comparison according to numerous studies. In view of immense costs, existing rigid structures, a sometimes outdated infrastructure and an immanent lack of specialists, a partner at eye level proves to be indispensable to support a company's IT on its path to digitisation and thus to successfully master digital transformation.

Now more than ever, IT has become an indispensable means of production for companies across all industries. What is more: IT itself is driving the entrepreneurial development. To exploit this, it is necessary to have the willingness to change and a strong creative drive. And above all, proximity to the customer.

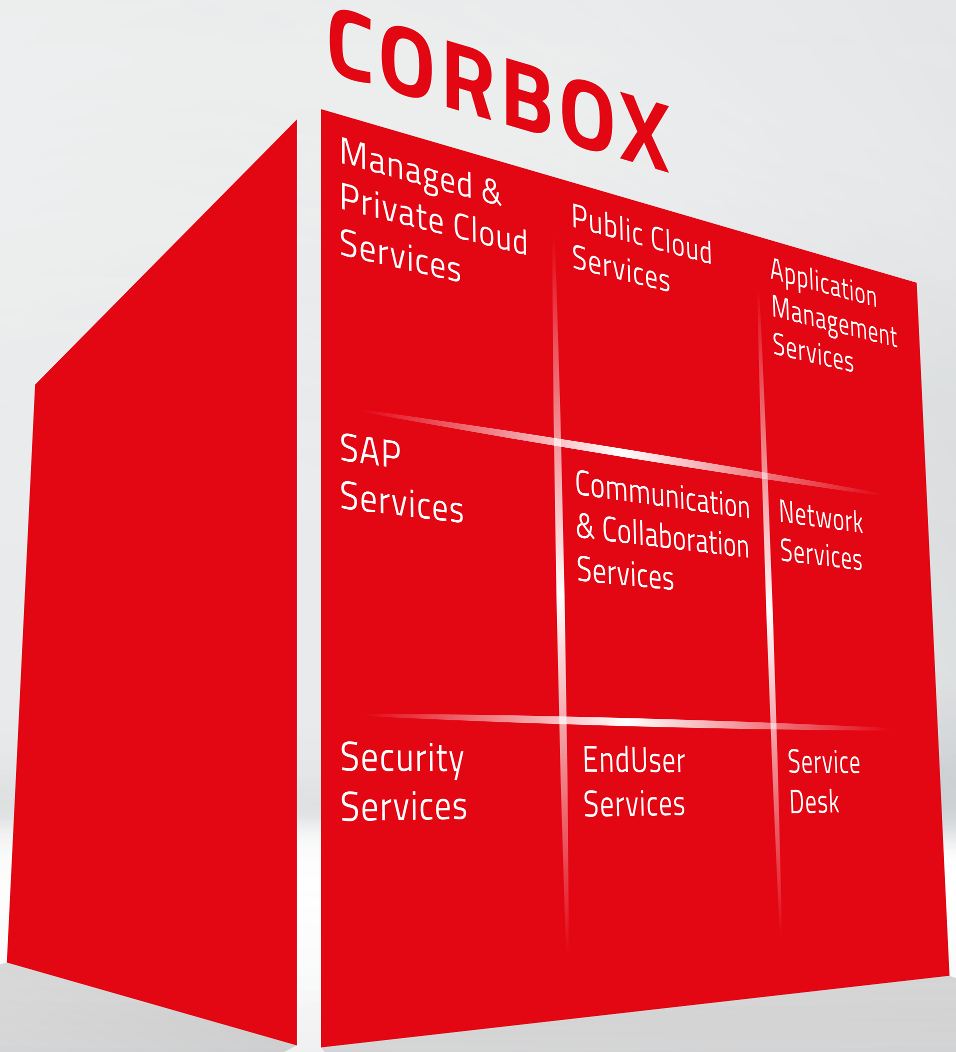
This is exactly what DATAGROUP stands for.

Agility has been an integral part of the IT outsourcing company's corporate DNA for over 30 years. Because we know from experience that we must consistently develop ourselves to stay up to date and to effectively strengthen our customers and to take their burden off in day-to-day business.

IT's that empowering.

CORBOX

With CORBOX, DATAGROUP has created a custom-fit solution. CORBOX sets a new standard for fail-safe processes, efficiency and flexibility in IT operations – and thus is the optimal platform for digital transformation.



The CORBOX concept is based on a modular suite of IT services, covering all sectors of corporate IT operations. What is new about CORBOX? IT services become products with clearly defined quality features which customers can choose from a catalog. They are perfectly compatible, individually combinable and therefore can be very flexibly adapted to a company's actual requirements.

IT thus becomes a reliable and efficient means of production helping customers to advance the digital transformation of their business.

Benefits:

STANDARDIZED

All COBROX IT services are based on standardized and controlled processes and meet the quality criteria of industrial production. This guarantees **a consistently high process and service quality** and factory-made reproducible services.

TRANSPARENT

Service level agreements guarantee **maximum service and cost transparency**. This is the basis for economic IT.

CONTROLLED

Our services are based on best practices of the IT Infrastructure Library (briefly ITIL©). **Professionalism is not only lip service but part of our company's DNA**. This is documented by our extensive ISO 20000 certification – the highest possible standard for professional IT service management.

FLEXIBLE

CORBOX provides customers with **the highest level of flexibility**. The modular system with nine service families allows them to choose exactly those services they need and to individually combine them with each other – and precisely in the quality required.

MADE IN GERMANY

All CORBOX IT services are **"made in Germany"**: This guarantees stringent conformity with the strict German data protection guidelines. For maximum IT security, our data centers are also voluntarily certified according to ISO 27001.

BETTER AND BETTER

The **continuous improvement of our services and processes** is an integral part of our IT service management system – and we consider it self-evident! For instance, by providing new services in the areas of Cloud computing and SAP.

Central supply units
The virtual centralisation of Service Desk, Data Center and SAP allows for the experts' and systems' meaningful specialisation and efficient use of capacities. The result is a constantly high quality of our production.

Market units
All other CORBOX services are provided locally from our on-site market units. They also ensure smooth service management and assume responsibility for the care-free IT operations of our customers.

Customers
The high customer satisfaction is a logical consequence of the close contact which we keep to our customers. The local DATAGROUP companies and their respective Managing Directors at the helm are the central contacts at eye-level for our customers and guarantee compliance with our value proposition.

Support through Expertise in Software Development, Integration and Operations

Caused by mobilization and digitisation of IT and the regular emergence of new technologies, changes will continue to happen. Companies require competent guidance through this process and ask for individual solutions tailored to their needs.

DATAGROUP can serve these demands as well. DATAGROUP accompanies companies in their IT transformation stages with the aim to quickly transfer isolated, separated or merged IT landscapes to independent, functional IT environments without any loss. Inspired by the modular CORBOX approach, customers can also choose those modules from the IT transformation portfolio which are relevant to them: Cloud, platform, application and SAP transformations. Every module includes solutions which have proven successful many times and have a holistic view of the company's IT, which already takes into account later IT operations from the very beginning.

In addition to its core competence in process standardization to ensure basic IT operations, DATAGROUP's transformation portfolio demonstrates its great achievements in taking on projects and addressing challenges according to each customer's needs.

In the area of solutions, the IT outsourcing company takes it a step further: IT solutions should be a perfect fit for the company and must keep pace with requirements. DATAGROUP's individual and customized solutions help companies generate competitive advantages – either by developing an application which describes an innovative approach to a familiar process or by automating recurring processes by means of Robotic Process Automation (RPA) with a significant gain in efficiency. Errors are avoided, and sought-after specialists will be able to dedicate their time to higher ranking tasks.

One DATAGROUP – throughout Germany

LOCAL SITES AND CENTRAL SUPPLY UNITS FOR AN OPTIMAL COMBINATION OF ECONOMIC EFFICIENCY AND CUSTOMER PROXIMITY

Highly standardized processes and services, which are continually improved, are one aspect of success. Proximity to the customer is the other one! DATAGROUP is achieving this through an optimal combination of local and central production. This means: Parts of the service production – service desk, data center and SAP services – are virtually centralized in supply units. This leads to economies of scale and quality advantages through specialization and better utilization of experts and systems.

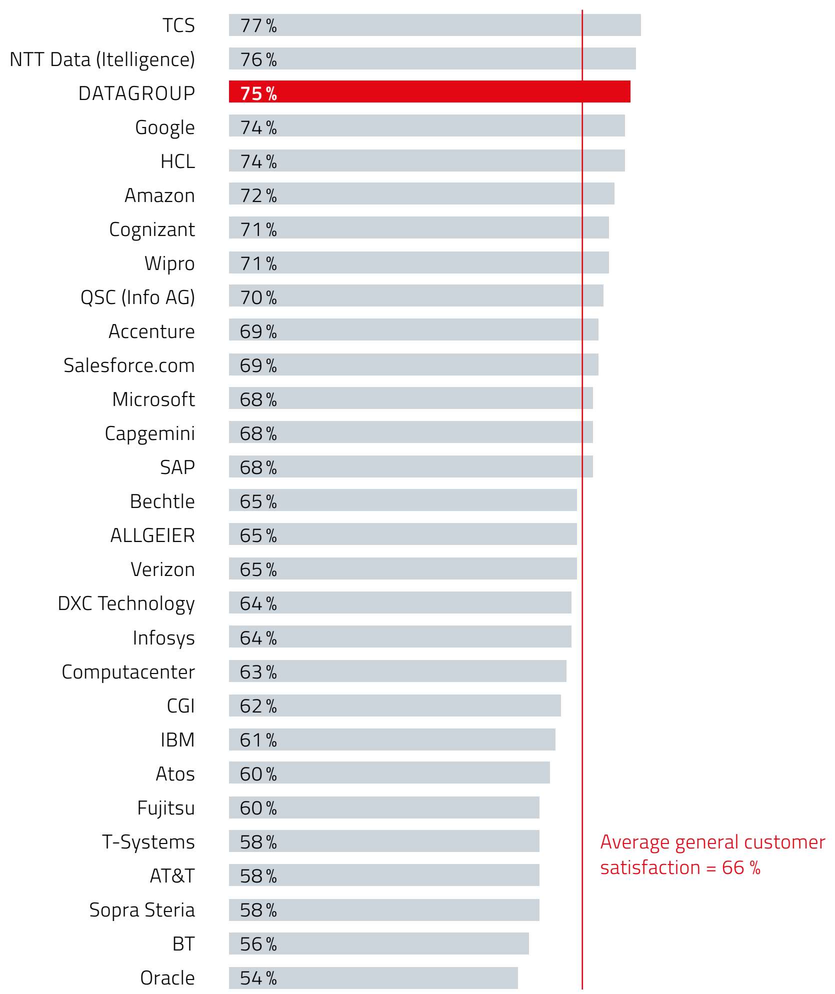
The other CORBOX services such as end user services or printing services are produced at the local sites in all important economic regions of Germany. The entire service management, and thus our responsibility towards the customers that our service promise is kept, likewise is carried out by the local DATAGROUP companies. They and their respective managers at the helm are the key contact partners at eye level for our customers.

Thanks to the combined supply model with local sites and centralized virtual service factories we can produce all CORBOX services in Germany, efficiently and in top quality, while guaranteeing proximity to the customer.

Customers Have Chosen: DATAGROUP Is in the Top Ranks

Agility and Customer Orientation as a Recipe for Success

Only those who are consistently geared to the customers' needs will succeed in the long term. For this reason, DATAGROUP strives to identify new requirements as early as possible and to transform them into efficient and high-quality solutions. With success, as proven by the outcome of the IT Outsourcing Study 2018 conducted by Whitelane Research and sourcing advisor Navisco: We are again at the top in terms of customer satisfaction among the leading IT service providers.



General customer satisfaction
Source: IT Outsourcing Study 2018 on IT-Outsourcing in Germany / Whitelane Research and Navisco

»In DATAGROUP we have found a partner whose value system is comparable to ours and who therefore is a good addition to our own capabilities. Like pot and lid.«

Ralf Schneller, IT Procurement, Drees & Sommer

Japan Center, Frankfurt am Main
Complex conversion and move-in of a financial institution.
Lean Construction Management by Drees & Sommer.

Group Management Report

Content

1. Group Overview

DATAGROUP SE, PLIEZHAUSEN

SERVICES

- DATAGROUP Bremen
- DATAGROUP Financial IT Services
- DATAGROUP Hamburg
- DATAGROUP Köln
- DATAGROUP Ludwigsburg
- DATAGROUP Offenburg
- DATAGROUP Operate IT
- DATAGROUP Stuttgart

SOLUTIONS UND CONSULTING

- DATAGROUP Business Solutions
- DATAGROUP Consulting
- DATAGROUP Consulting Services
- DATAGROUP IT Solutions
- DATAGROUP Mobile Solutions
- ALMATO

CENTRAL SUPPLY UNITS

DATAGROUP Data Center	DATAGROUP Enterprise Services	DATAGROUP Service Desk

DATAGROUP Group (as of September 30, 2018)

ORGANISATIONAL AND LEGAL STRUCTURE OF THE DATAGROUP GROUP

DATAGROUP SE is the holding company of IT service provider DATAGROUP, which is active throughout Germany. DATAGROUP SE mainly includes the entities listed in the diagram above. The operating subsidiaries under the umbrella of DATAGROUP SE are divided into two segments. These segments are based on the service portfolio on which the respective companies are focused. In FY 2017 / 2018, this service portfolio was expanded by the IT transformation unit. It is not planned to have a separate segment for this unit.

In FY 2017 / 2018 the "Solutions and Consulting" segment was expanded by another company: ALMATO GmbH. The acquisition of ALMATO in January 2018 has strengthened the Group's clout by the forward-looking technology of Robotic Process Automation. With 40 employees, DATAGROUP expanded its team by important experts and gained valuable customers.

The three subsidiaries DATAGROUP Service Desk GmbH, DATAGROUP Data Center GmbH and DATAGROUP Enterprise Services GmbH are specialised central supply units. Except for DATAGROUP Enterprise Services, which also has its own customers, they do not appear on the market themselves but rather provide services for the corporate customers of the other DATAGROUP subsidiaries as internal competence and performance centers.

Within the DATAGROUP Group, DATAGROUP SE assumes the central financing and management functions for the investments held. It provides central services such as accounting, human resources, and the central IT services for the group companies. Additionally, DATAGROUP SE provides accounting and human resources services for the main shareholder, HHS Beteiligungsgesellschaft mbH[1] and its subsidiaries.

Since the IPO in 2006, DATAGROUP SE has acquired 21 companies or business units. The acquisition strategy primarily focuses on IT service companies in Germany. It is based on a buy-and-build strategy (i.e. the acquired companies complement or strengthen DATAGROUP's existing service portfolio) and a buy-and-turnaround strategy (i.e. the acquired companies are in situations of radical change and need strategic restructuring).

DATAGROUP SE integrates the acquired companies into the Group. In this process, the individual companies remain unchanged as much as possible so as not to jeopardise the proximity to the customer and the customer relationships that to some extent have been existing for decades.

[1] HHS Beteiligungsgesellschaft mbH is the asset-managing investment holding of our CEO and founder Max H.-H. Schaber. The company is fully owned by Mr. Schaber and his family. HHS Beteiligungsgesellschaft holds 51 % in DATAGROUP SE. HHS also holds stakes in other companies, which, however, are not in competition with DATAGROUP.

All companies are managed under the nationwide uniform DATAGROUP brand. Newly acquired companies are renamed after a transition period.

The DATAGROUP Group will grow within the context of this acquisition strategy in the future as well.

FOCUS OF ACTIVITY, SALES MARKET AND COMPETITIVE POSITION OF DATAGROUP

DATAGROUP is one of the leading IT service providers in Germany (source: Lünendonk). The company works exclusively for business customers and is focused on the German Mittelstand and large companies as well as public authorities. As a large Mittelstand company, DATAGROUP stands out for its personal closeness to the customers and the contact at eye level. DATAGROUP's full outsourcing offer CORBOX primarily addresses companies with 250 to 5,000 workplaces and revenue between EUR 100m and EUR 5bn. Larger customers are provided with selective IT services from DATAGROUP's full outsourcing portfolio.

"IT's that simple" – this claim sums up DATAGROUP's core competence. The business activities of the DATAGROUP companies include care-free IT operations and professional continuing development of the customers' IT infrastructures.

With CORBOX, a modular IT services portfolio, DATAGROUP offers its customers a flexible all-in-one-solution for care-free IT operations. At the same time, CORBOX is a Cloud enabling platform, in which DATAGROUP integrates third-party Cloud solutions such as Microsoft, Amazon Web Services etc., enriches it with additional services, and combines it with its own Cloud and outsourcing services. The professional Cloud orchestration forms the basis for secure operations and the conformity of the different applications. CORBOX thus covers all areas of a company's entire IT operations: from service desk – the competent and reliable central contact for all questions and error messages of users – and management as well as on-site support of stationary and mobile IT workplaces to the entire range of Cloud and data center services. The CORBOX services also include management of business applications and SAP systems. On the basis of CORBOX, DATAGROUP provides companies with a one-stop service for any required IT operation. Out of the combinable and perfectly compatible CORBOX service families, customers choose exactly those services which optimally support their business. Defined service level agreements guarantee maximum performance and cost transparency. The security of all centralised CORBOX services is guaranteed by ISO 27001-certified DATAGROUP data centers (colocation centers) in Germany. Continuous monitoring of performance, capacities and security status guarantees an optimal availability of services.

Since September 2012, DATAGROUP has been ISO 20000-certified – this is the highest possible ISO certification for professional IT service management. DATAGROUP has undergone the extensive testing procedure to design its IT services according to industry standards and to consistently improve them. CORBOX customers benefit from the certified quality: Their IT services are always state-of-the-art – and this also includes security and compliance. All CORBOX services are based on ISO 20000-certified processes according to ITIL® and meet the quality criteria of industrial production. This guarantees a consistently high process quality, service quality and safety. DATAGROUP is one of the few providers of IT services in Germany, which has standardised its entire service processes in accordance with ISO standards. In October 2018, the ISO 2000 certification was successfully extended by three years. With the help of CORBOX, company IT becomes a reliable and efficient means of production for business success.

In software development, DATAGROUP enjoys many decades of experience in the creation, enhancement and maintenance of business applications which are tailored to business processes and market requirements. The service offering covers the entire lifecycle of applications. Additionally, DATAGROUP develops and operates high-end solutions for mobile applications. This includes, for instance, intuitively operated tablet and smartphone applications for inventory management and marketing, enabling customers to mobilise their business processes and significantly increase efficiency.

Oriented to the needs of the IT services market, DATAGROUP consistently optimises its portfolio to continue to achieve highest customer satisfaction as a one-stop shop. The IT service provider supports its customers with comprehensive advice and innovative solutions, helping them to successfully master the challenges of digital transformation.

Thanks to last year's acquisition of ikb Data GmbH, today DATAGROUP Financial IT Services, DATAGROUP has a current ISAE 3402 certificate, next to broad experience and expertise, to serve the financial services market with its high requirements. As such, the IT service provider is optimally positioned to seize new growth opportunities offered in this highly regulated area.

DATAGROUP has expanded its portfolio by IT transformation, a core area with growing demand. The IT service provider has long-term experience in this area and can provide its customers with advice and design on the operation of optimised IT solutions. The strategic development of this topic offers opportunities for further growth, stronger customer retention and new customers through successful projects. IT transformations aim to quickly transfer isolated, separated or merged IT landscapes to independent, functional IT environments without loss. This is done in the areas of SAP, applications, platform and Cloud. Thus, IT transformation can be the optimal enabler for IT operations with CORBOX.

Robotic Process Automation (RPA), i.e. automation of recurring digital business processes, is another future topic. Software robots handle standardised processes in the same manner as a human being would do. Processes can be automated in a faster, more efficient and error-free manner, which unburdens employees, providing them with time for higher ranking duties. DATAGROUP has expanded its expertise in this area by 40 employees through the acquisition of ALMATO. This should result in optimal synergy effects in the automation of customers' digital business in combination with DATAGROUP Mobile Solutions.

In the SAP area, DATAGROUP has one of the largest SAP units in the German provider landscape with more than 300 qualified experts. The IT services provider has further strengthened the resources of its SAP teams by expanding the virtual centralisation of its performance units. The demand for SAP's S/4Hana platform is expected to increase over the next few years, as the support for the predecessor will expire in 2025. DATAGROUP impressively proves its expertise in this area with its proprietary HANAflex system architecture and guarantees flexibility and efficiency.

DATAGROUP's perception and rising awareness among relevant target groups has been accelerated by a strategic branding process in FY 2017 / 2018, which has been derived from the DATAGROUP 2025 strategy with its key target: "Customers and employees experience the same DATAGROUP at any point". To gather inspiration and motivation for this process, a comprehensive employee survey on the status quo has been carried out and several stimulating interviews were conducted with customers, employees and shareholders.

2. Basic Conditions

OVERALL ECONOMY AT HIGH LEVELS

At the beginning of the period under review, the German economy was amidst a solid upswing despite a slightly weaker international trade and protectionist tendencies in the global economy. The price-adjusted gross domestic product grew by 2.2 % – the highest economic growth since 2011. In its spring outlook for 2018, the German federal government expected the economy to grow by 2.3 %. In October, growth expectations were reduced to +1.8 % for both 2018 and 2019.

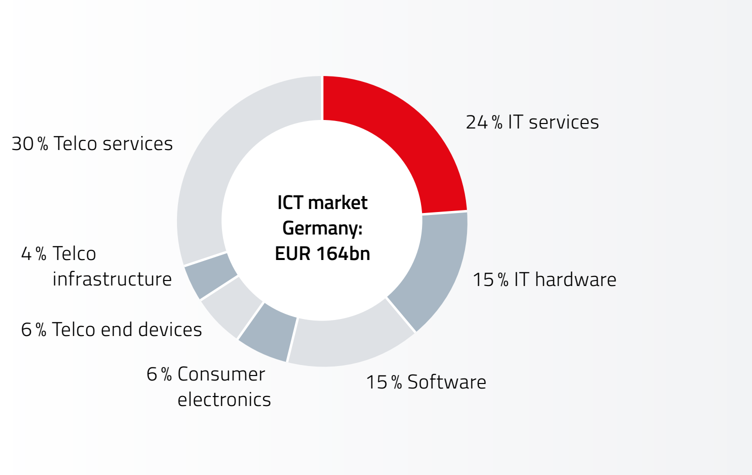
The recent upswing was mainly driven by the domestic economy. A couple of industries, e.g. construction, are in an economic boom phase and are working at the limits of their capacity with corresponding implications on employment and prices. However, a decrease in incoming orders has already been observed in individual sectors at the beginning of the second half of 2018, but with order books still fairly full.

The medium-sized economy, which are DATAGROUP's most important customers, continues its good development. Even though the central indicator of the business climate among SMEs, as measured by the KfW-ifo Institute, declined slightly by 0.4 points to 27.8 in September, the historically very high levels, which are due to a strong increase in 2017, were largely maintained.

FOR THE FIRST TIME, ICT SECTOR IS THE LARGEST INDUSTRIAL EMPLOYER

As a result of its continuous growth, the ICT (information technology, telecommunications and consumer electronics) sector is the largest industrial employer for the first time. The Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V. (Bitkom) expects ICT to increase revenue by a total of EUR 164bn (+1.7 %) in 2018. Information technology continues to be the driver of this positive development with revenue of EUR 88.8bn and growth of 3.1 %. As in the previous year, providers of software (+6.3 %) and IT services (+2.6 %) were in demand in 2018 as well, and their revenue increased to EUR 24.4bn and EUR 40bn respectively. IT hardware revenue grew to EUR 24.4bn (+0.9 %).[2]

Growth in IT services is still driven by the companies' digital transformation. As a basic technology for digitisation, Cloud computing plays a central role here. According to Bitkom, this includes the demand-oriented utilisation of IT services such as storage space, server capacity and business applications via internet or intranet. The 2018 Cloud Monitor of Bitkom and auditors KPMG has shown that the Cloud usage of German companies has risen steadily over the past years. The rate of companies using Cloud solutions grew from 28 % to 66 % between 2011 and 2017. Another 21 % of companies are discussing or planning to use Cloud solutions in the future.



ICT market Germany, source: Bitkom, February 2018

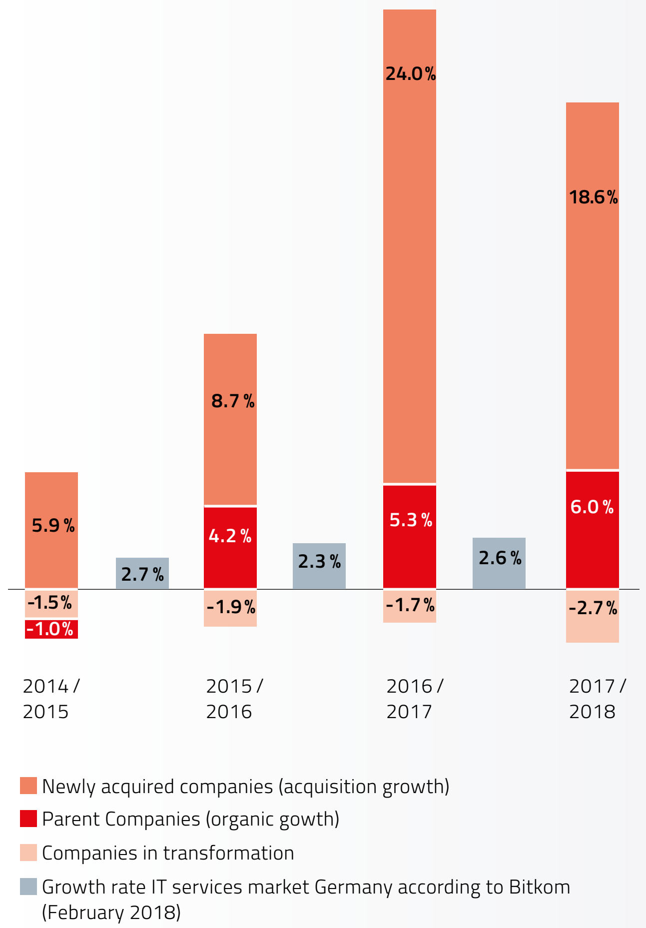
[2] Bitkom: eito

GOOD GENERAL CONDITIONS FOR DATAGROUP

In the past fiscal year, DATAGROUP again has significantly outgrown the overall market for IT services. DATAGROUP's development strategy is founded on organic and inorganic growth. Organic growth of the entire company is 6 % and thus is more than twice as high as the growth rate of the overall IT services market. When taking a look at the company's entities (which have completed their transformation or reorganisation phase) organic growth is even higher in relation to their revenue (7.9 %). This approach makes sense since the acquisition of companies and their restructuring (transformation or reorganization phase) makes up a major part of DATAGROUP's business model. When combined with the inorganic growth added through newly acquired companies, DATAGROUP continues its steep upward trend.

DATAGROUP's business model is focused on long-term contracts with recurring earnings. Our business development therefore is characterised by a high degree of planning and stability against economic fluctuations. The consistent implementation of the successful future strategy DATAGROUP 2020 – with an updated further development DATAGROUP 2025 – has led to another acceleration of growth and increase in profitability in an overall good macroeconomic environment.

IT has become a central resource for companies, which must be absolutely reliably available. At the same time, requirements to the security and flexibility of corporate IT are constantly growing, making its operations increasingly elaborate and time-consuming. Digitisation presents new challenges to companies across all industries. More and more companies are outsourcing their IT operations in full or in part so that internal IT specialists can concentrate on these strategic tasks. DATAGROUP benefits from this long-term IT outsourcing trend and an increased demand for Cloud solutions, in particular in the field of medium to large-size companies.



Growth in %

An increasing amount of companies are willing to operate their IT from the Cloud. However, some of these companies have excessive expectations which cannot always be met because complex corporate IT is extremely multifaceted and requires optimal interaction of different technologies as well as a professional Cloud orchestration. DATAGROUP is optimistic and believes it can continue to expand its market position and seize growth opportunities thanks to its knowledge and experience. DATAGROUP expects to further increase its efficiency in this sector along with ongoing growth.

With the full-service offer CORBOX and the consulting and solutions portfolio, DATAGROUP is very well positioned to optimally seize the growth potential offered in the market for IT services. The proportion of centralised Cloud services provided via the internet has also been further expanded in the last fiscal year. DATAGROUP's data centers (colocation centers), which provide Cloud services amongst others, are certified according to the highest safety standards and are exclusively operated in Germany. Accordingly, the IT outsourcing company meets the customers' high requirements for security. At the same time, DATAGROUP has further accelerated the standardisation and industrialisation of service processes and thus has laid the foundation for a further increase in efficiency and quality in production and distribution.

The takeover of ALMATO GmbH with its many years of experience in Robotic Process Automation (RPA), the automation of recurring structured processes, has expanded DATAGROUP's offering. In combination with the customised solutions of DATAGROUP Mobile Solutions, RPA makes it possible to offer optimal solutions for the automation of customer's business processes to save costs and provide sought-after specialists with the time for higher ranking duties. The cooperation of the two entities thus leads to strong growth and will strengthen DATAGROUP's sustainability.

DATAGROUP has consistently continued to strengthen the central supply units by pooling the topic of "production" in a new Management Board section. Andreas Baresel will be responsible for the central supply units from October 1, 2018 in his role as Chief Production Officer and will ensure that the complex CORBOX services are optimally adjusted to each other. Additionally, centralisation was further advanced in the SAP and service desk areas. An ideal combination of local sales locations and central production sites guarantees efficient structures with a close proximity to customers.

The positive development is also reflected in customer satisfaction: DATAGROUP once again has successfully positioned itself in the competitive environment in a large-scale independent survey among outsourcing customers of Whitelane Research and Navisco. The high customer satisfaction is also confirmed by many satisfied existing customers and numerous new major customers. DATAGROUP thus successfully continues on its way to become the leading IT outsourcing company for German Mittelstand companies.

3. Net Assets, Financial Position and Results of Operations of the DATAGROUP Group

3.1. Results of Operations

NET PROFIT, EBT, EBIT, EBITDA

Revenue totalled TEUR 272,100, EBITDA came in at TEUR 34,463.

Net profit was up 14.9 % in FY 2017 / 2018 to TEUR 12,873 after TEUR 11,199 in the previous year. EPS amounted to EUR 1.55[3] per share, while it was EUR 1.41[4] in the previous year. The Management Board of DATAGROUP SE will propose to the Annual General Meeting to distribute a dividend of EUR 0.60 per share.

In the previous FY 2016 / 2017, earnings were positively impacted by the acquisition of HanseCom. The negative difference of TEUR 2,792 between the paid purchase price and the net assets of the acquired company was recognised in the other operating income.

Despite this special effect, **EBT** – earnings before taxes – rose from TEUR 16,599 in FY 2016 / 2017 by 11.3 % to TEUR 18,478 in the current fiscal year.

The **financial result** stood at TEUR -1,945 in FY 2017 / 2018 after TEUR -1.991 in the previous year. In a comparison with the previous year, it was characterised by two opposite effects. Whereas DATAGROUP exceptionally received a reimbursement of interest payments on taxes of TEUR 374 last year, interest expenses from bank loans declined by TEUR 199 in this fiscal year. This declince resulted from the repayment of promissory note bonds and other bank loans in the amount of TEUR 8,250.

Because of a decline in the loan volume from finance leases the respective interest income and interest expenses decreased. The recalculation of earn-out obligations resulted in expenses of TEUR 17. This is due to the favourable business development of the acquired ALMATO GmbH.

EBIT – earnings before taxes and financing – improved by 9.9 % yoy and totalled TEUR 20,423 in the period under review compared to TEUR 18,590 in the previous year.

[3] based on the number of shares of 8.331m
[4] based on the weighted average number of shares of 7.940m (after capital was increased from 7.590m to 8.349m shares on April 6, 2017).

Depreciation and amortisation were up from TEUR 8,451 in the previous year to TEUR 14,040 in FY 2017 / 2018. Amortisation of order backlog and customer portfolios and other assets capitalised as part of the purchase price allocation increased by TEUR 776 to TEUR 3,965. Other depreciation increased by 91.5 % to TEUR 10,075 due to acquisitions and predominantly to investments in IT infrastructure and workplace design.

No goodwill amortisation was necessary in FY 2017 / 2018 or in the previous years. The impairment tests carried out did not point to any need for amortisation.

EBITDA – earnings before taxes, financing, depreciation and amortisation – amounted to TEUR 34,463 in FY 2017 / 2018 after TEUR 27,041 in the previous year. This is an increase of 27.4 %. On March 8, 2018, within the context of DATAGROUP's General Annual Meeting, the company projected EBITDA in excess of EUR 30m in FY 2017 / 2018. This outlook was again raised by the Management Board to more than EUR 34m on September 24, 2018. Earnings even exceeded this last adjustment by another EUR 0.5m. The EBITDA margin was up from 12.1 % in the previous year to 12.6 % in FY 2017 / 2018.

REVENUES AND ORDERS

Based on the stated growth strategy, which is driven by both acquisitions and operating growth, the DATAGROUP Group has continuously reported significant increases in revenues over the last years: In the fiscal years from 2005 / 2006 to 2017 / 2018, revenues rose by 21.1 % p.a. on average. In FY 2017 / 2018, the Group recorded an increase of 21.9 % after 27.6 % in FY 2016 / 2017; revenues amounted to TEUR 272,100 after TEUR 223,142 in the previous year. After TEUR 223,769 in the previous year, the Group's overall performance amounted to TEUR 272,785 in FY 2017 / 2018. Last year's guidance of "significantly higher revenues than EUR 223m" was more than fulfilled. The outlook of more than EUR 265m, which was first given at the Annual General Meeting on March 8 2018, was raised to more than EUR 269m on September 24, 2018 and was also exceeded by actual revenues.

In line with the stipulated targets, the DATAGROUP Group focused on the expansion of the higher-margin Cloud and outsourcing business. The proportion of services was kept at the high level of the previous year (each 80.9 %). The proportion of retail revenues in the overall performance was 19.0 % as in the previous year.

The Solutions and Consulting segment generated unconsolidated revenues of TEUR 86,602 (previous year TEUR 81,429). This corresponds to 31.8 % of overall revenues, while the rate was 36.5 % in the previous year. The Services segment generated revenues of TEUR 197,546 (previous year TEUR 151,436, likewise unconsolidated).

DATAGROUP SE provides management and other technical and administrative services to its subsidiaries as well as to majority shareholder HHS Beteiligungsgesellschaft mbH (HHS). Services charged to HHS amounted to TEUR 175 in the period under review and thus remain unchanged compared to last year.

The business activities of the DATAGROUP Group primarily focus on Germany. The proportion of foreign business totalled TEUR 5,246 or 1.9 % in FY 2017 / 2018 (previous year TEUR 3,413 or 1.5 %).

While DATAGROUP predominantly enters medium and long-term contractual relationships in the service business leading to well predictable revenues, the classical commercial business has a stronger focus on short-term contractual relationships and therefore is subject to larger fluctuations. Order intake is largely in line with revenues.

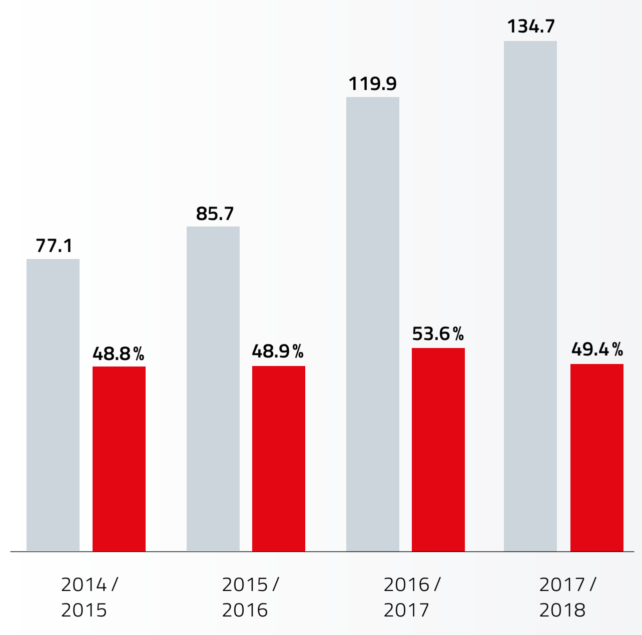
GROSS PROFIT

Gross profit (defined as cost of materials in relation to total output) was up 20.6 % yoy to TEUR 192,384. The gross profit margin decreased from 71.3 % in FY 2016 / 2017 to 70.5 % in the current fiscal year.

PERSONNEL EXPENSES

Personnel expenses amounted to TEUR 134,734 in the fiscal year after TEUR 119,851 in the previous year. This is a disproportionately low increase of 12.4 % in relation to revenue (revenue +21.9 %): TEUR 13,012 of the increase can be attributed to new aquisitions, i.e. ALMATO GmbH, and companies which were fully consolidated for the first time in this fical year, namely DATAGROUP Operate IT GmbH (previously HanseCom) and DATAGROUP Financial IT Services GmbH (previously ikb Data GmbH).

The improved personnel expense ratio of 49.4 % (previous year 53.6 %) was also achieved through the first-time integration of new companies, an improved capacity utilisation as well as first effects from the use of automation technologies.



Development of personnel expenses and personnel expense ratio

3.2. Financial and Asset Position

Figures in TEUR	30.09.2018	30.09.2017	30.09.2016	30.09.2015	30.09.2014
ASSETS					
Non-current assets	114,448	102,864	92,178	68,062	60,754
Current assets	101,002	110,526	67,568	35,284	34,344
	215,450	**213,390**	**159,746**	**103,346**	**95,098**
LIABILITIES					
Equity	67,255	59,581	28,367	24,051	21,264
Non-current liabilities	86,707	95,881	97,367	39,013	44,056
Current liabilities	61,488	57,928	34,012	40,282	29,778
	215,450	**213,390**	**159,746**	**103,346**	**95,098**

Short balance sheet

FINANCIAL MANAGEMENT TARGETS

A well-regulated financial and asset situation of the DATAGROUP Group is the basic condition for the feasibility of the stated acquisition strategy. This is the main reason why DATAGROUP's corporate management is focused on financial management.

The financial management aims to secure the company's constant liquidity. To this end, the liquidity status of both the individual group companies and the overall Group are examined on a weekly basis and short to medium-term liquidity projections are drawn up. Medium-term planning and controlling of the results and liquidity situation of the group companies ensures that financing of the DATAGROUP Group is guaranteed in the long term as well. The financial resources used, e.g. issue of promissory note loans, take up and extension of bank loans, finance lease and factoring, are subject to constant review and are optimised and adjusted as necessary.

Furthermore, the DATAGROUP Group has a tight debitor management to shorten the average collection period and prevent payment defaults.

In April 2016, DATAGROUP placed promissory note loans with a total volume of TEUR 30,000 and terms of between three and seven years. This has significantly enhanced the financial scope of the DATAGROUP Group and puts the loans' structure on a long-term basis.

CAPITAL STRUCTURE

The balance sheet total increased by 1.0 % year-on-year. Despite the new acquisition – the purchase of ALMATO led to an extension of the balance sheet of ca. EUR 6m – the balance sheet total only increased to a minor extent. This is mainly due to the repayment of bank loans in the amount of TEUR 8,250. The repayment was financed through cash and operating cash flow.

The equity ratio of the DATAGROUP Group has grown to 31.2 % on September 30, 2018 after 27.9 % on September 30, 2017. When adding the subordinate loans to the equity, the equity ratio amounted to 31.9 %.

Liquid funds decreased to TEUR 38,700 after TEUR 53,179 on September 30, 2017, which is attributable to the purchase price payment for the ALMATO deal (TEUR 4,819), to investments in the IT infrastructure and the redesign of workplaces (TEUR 14,807), to dividend payments (TEUR 3,749) and the repayment of bank loans (TEUR 8,250). The generated operating cash flow of TEUR 18,990 had an opposite effect. This was accompanied by a significant decrease in net working capital as a difference between current assets and current liabilities, reaching TEUR 39,514 on September 30, 2018 after TEUR 52,599 on September 30, 2017.

Goodwill increased by TEUR 6,926 due to the acquisition of ALMATO GmbH, the other intangible assets decreased by TEUR 675, and intangible assets such as brand, order backlog and customer relationships that were capitalised as part of the purchase price allocation increased by TEUR 2,034 due to the acquisitions (inflow), while depreciation of these assets amounted to TEUR 3,965.

The investment activity as a proportion of assets (without goodwill) to the balance sheet total increased to 18.3 % on September 30, 2018, while it stood at 17.7 % on September 30, 2017. In addition to order backlog and customer relations resulting from acquisitions, assets mainly include the DATAGROUP data centers as well as furniture and office equipment of the DATAGROUP entities. In the period under review, some EUR 9m were invested in expanding the CORBOX infrastructure in connection with the acquisition of new customers. Additionally, the company made replacement purchases for furniture and office equipment.

In view of an increasing focus on the service business, inventories play a minor role in the DATAGROUP Group. Inventory turnover (inventory to sales) dropped to 0.7 % after 1.6 % on September 30, 2017. This decrease is due to rollout projects around the balance sheet date.

Trade receivables were up TEUR 4,476 to TEUR 31,236 at the balance sheet date compared to TEUR 26,760 on September 30, 2017. The average collection period – this is the ratio between trade receivables and revenues multiplied by 365 (days) – decreased from 44 days in the previous year to 42 days in the current fiscal year.

Financial liabilities decreased year-on-year – from TEUR 63,817 on September 30, 2017 to TEUR 54,901 at the balance sheet date. The share of non-current liabilities was TEUR 42,564 on September 30, 2018 after TEUR 52,691 on the same date a year earlier. The decrease relates to the repayment of bank loans and finance lease liabilities.

Based on investments made in intangible assets and PPE as well as the acquisition of ALMATO GmbH and influenced by the dividend payment, net debt rose from TEUR 4,124 on September 30, 2017 to TEUR 12,130 at the balance sheet date. Opposing effects stem from the operating cash flow of TEUR 18,990. Net debt is calculated as the difference between non-current and current non-subordinated financial liabilities on the one hand and receivables from finance lease contracts, liquid funds and securities that can be sold at any time on the other hand.

The level of provisions increased from TEUR 46,348 on September 30, 2017 to TEUR 48,920 on September 30, 2018. The balance sheet item mainly includes provisions for pension liabilities (TEUR 40,610 after TEUR 37,593 on September 30, 2017), for other personnel expenses and restructuring (TEUR 3,566), for warranty claims (TEUR 268) and from unfavourable contractual relationships (TEUR 174). The provision from unfavourable contractual relationships relates to excessive lease agreements. The development of pension provisions is based on the service of active employees as well as deferred compensation and – opposing effect – is also driven by interest effects: The discount rate applied to pension provisions rose from between 1.75 % and 2.20 % on September 30, 2017 to between 1.80 % and 2.25 % on September 30, 2018.

LIQUIDITY DEVELOPMENT

The solid financial situation of the DATAGROUP Group is primarily due to a significantly positive cash flow from operating activities of TEUR 18,990.

Cash flow thus stands at 7.0 % of the overall performance. The debt repayment period defined as the ratio between net debt and cash flow is at very low levels. It increased from 0.1 years on September 30, 2017 to 0.6 years at the balance sheet date. The increase of the debt repayment period results from the increase of net debt to TEUR 12,130 after TEUR 4,124 in the previous year.

OVERALL STATEMENT

The earnings position of the DATAGROUP Group is on solid footing. This is impressively reflected by the key performance indicators: EBITDA amounted to TEUR 34,463 in FY 2017 / 2018, net profit stood at TEUR 12,873 and revenues totalled TEUR 272,100. Particularly the focus on business with high-margin outsourcing and Cloud services will present additional major opportunities in the future as well.

Cash flow from operating activities continues to be at high levels. Net debt was TEUR 12,130. The equity ratio was up 31.2 %. Liquid funds amounted to TEUR 38,700. The key figures determined from the balance sheet show a consistently good asset position.

4. Stock

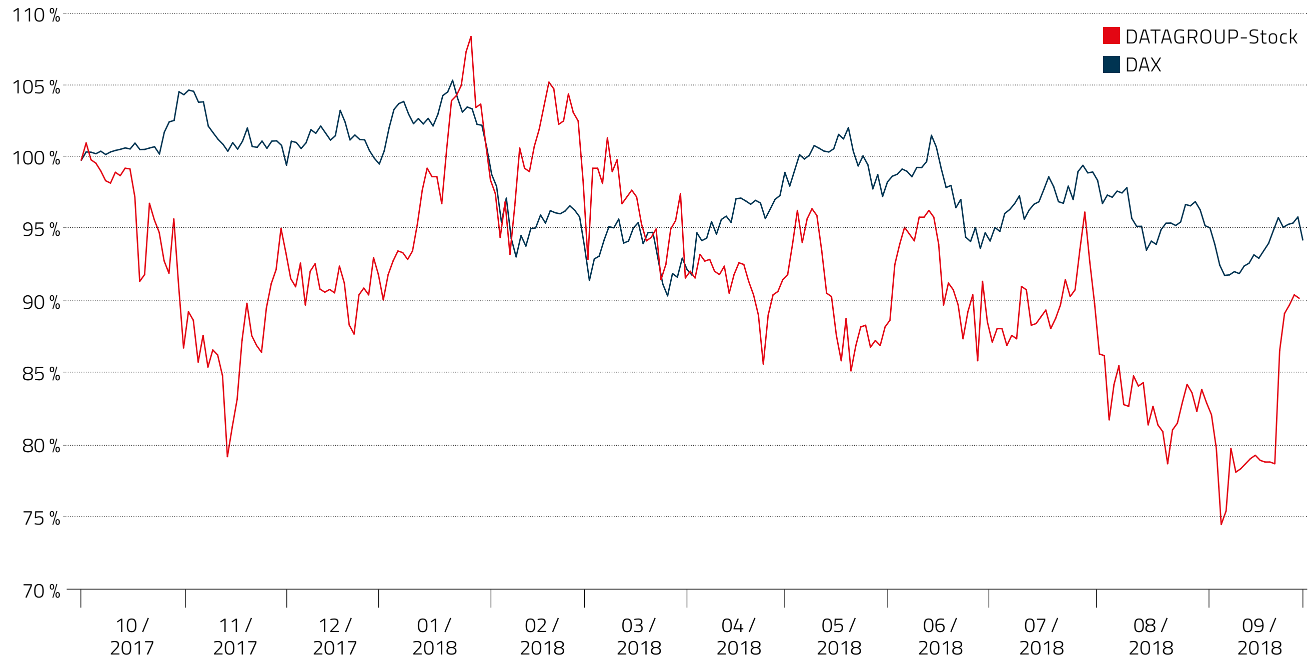
MIXED MARKET DEVELOPMENT

The share price development at the global stock exchanges was mixed and characterised by increased volatility in FY 2017 / 2018. Concerns about deteriorating economic prospects, the expected end of the zero rate policy as well as the still smouldering uncertainty around the topics of euro stability, state indebtedness and banking crisis triggered growing nervousness among investors. This was reflected in significant price fluctuations and can also be seen when looking at the development of the most important indices for German shares.

The DAX® as the stock index of the 30 largest domestic companies recorded a loss of 5 % after twelve months. The MDAX® as the index of the 50 most important second-tier stocks and the SDAX®, the small cap index were at the same levels at the end of the reporting period as at the beginning, but had significant upward and downward swings in between. The technology index TecDAX® was the only one with a clear upward trend and showed a positive development of +15.3 % in the period under review. All indices had reached new historic all-time-highs but reversed some of their gains thereafter.

The DATAGROUP shares also reached a new all-time-high of EUR 47.20 in January 2018 but lost some of their value in the further course of the year and declined to a low of EUR 32.00 at the beginning of September 2018. The shares recovered from this until September 28, 2018, the last trading day before the balance sheet date, and closed the year with EUR 38.90, a performance of -7.2 % over 12 months. Especially the annual outlook published on September 24 started the change in trend of the share price development.

DATAGROUP's market capitalisation was EUR 325m at the end of the fiscal year compared to EUR 342m at the end of FY 2016 / 2017. Accordingly, the share's value grew by a total of 1,116 % since its IPO with an issue price of EUR 3.20.



Share price performance of the DATAGROUP shares and the DAX from 01.10.2017 to 30.09.2018 (Xetra; source: vwd / EQS)

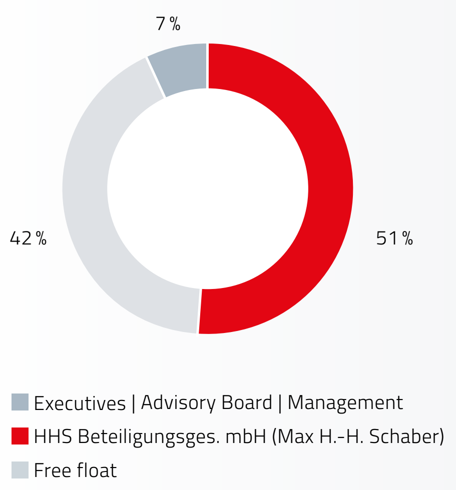
MARKET DEVELOPMENT AFTER THE END OF THE FISCAL YEAR

On October 5, 2018, directly after the end of the fiscal year, the German government followed the leading economic research institutes in their economic forecasts and significantly cut its forecast for growth in 2018 from 2.3 % to 1.8 % and in 2019 from 2.1 % to 1.8 %. A couple of days later, the International Monetary Fund also corrected its economic forecasts. As a result, the DAX® accelerated its downward trend started in early October, and the TecDAX® has been corrected downwards significantly: both indices lost some 10 % of their value within only a few days. The DATAGROUP shares were unable to escape this trend and developed broadly in line with the fluctuations of the TecDAX®, both in terms of the downward correction and the subsequent recovery.

IN A DIALOGUE WITH THE SHAREHOLDERS

The investor relations team and the management of DATAGROUP SE are engaged in active communication with investors, analysts and representatives of the financial media. Transparent and continuous communication is an important concern. For this reason, DATAGROUP seeks to voluntarily more than fulfil the disclosure requirements of the "SCALE", the segment for smaller and medium-sized companies in the "Basic Board" of the Deutsche Börse AG. For instance, DATAGROUP publishes comprehensive quarterly information – we also communicate through all media channels in both German and English. The latter is a major advantage particularly for international investors, whose interest in DATAGROUP has increased markedly over the last few years.

On a regular basis, investors are given the opportunity to inform themselves on the current course of business at conferences, either in public presentations or individual meetings. In the past fiscal year, this included the German Equity Forum in Frankfurt and the Spring Conference of the German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management). Additionally, DATAGROUP was invited to participate in the conferences of Baader Bank, Berenberg Bank, ODDO Seydler, M.M. Warburg as well as Quirin Bank. Foreign investors were able to meet DATAGROUP at the Berenberg Pan-European Discovery Conference in Cannes, the CF&B Small- and Mid Cap Conference in Paris as well as the Family Office Day of the Donau Invest Beteiligungs GmbH and Advantage Strategy & Finance in Vienna. Furthermore, DATAGROUP conducted a great number of individual meetings with fund managers and analysts throughout the year, not only within the scope of the capital market conferences above but also on roadshows in Frankfurt, Cologne, London, Paris, Copenhagen, Helsinki, Stockholm and Vienna. Investors increasingly used the possibility to get to know DATAGROUP by visiting the corporate headquarters in Pliezhausen near Stuttgart. The information provided to institutional investors is simultaneously made available to all investors on the company's website. The Management Board answered the questions of both private and institutional investors at the conference call on the annual accounts.



Shareholder structure of DATAGROUP SE (as at September 30, 2018)

ANNUAL GENERAL MEETING AND DIVIDEND

The Annual General Meeting took place on March 8, 2018 at the company's headquarters in Pliezhausen. A total of 213 shareholders and shareholder representatives accepted the invitation, which means 69 % of the voting rights were represented. Supervisory Board and Management Board were engaged in a discussion with the shareholders, explained the course of the last fiscal year and gave an outlook on the medium- and long-term management objectives. All items on the agenda were approved, i.e. it was decided to increase the dividend from 30 to 45 cents per share. The company distributed a total amount of EUR 3.75m to its shareholders, corresponding to some 26 % of the net profit in FY 2017 / 2018 in the amount of EUR 14.68m. The Management Board intends to continue the existing policy, which is characterised by dividend continuity and the target to distribute a ratio of some 40 % of the net profit.

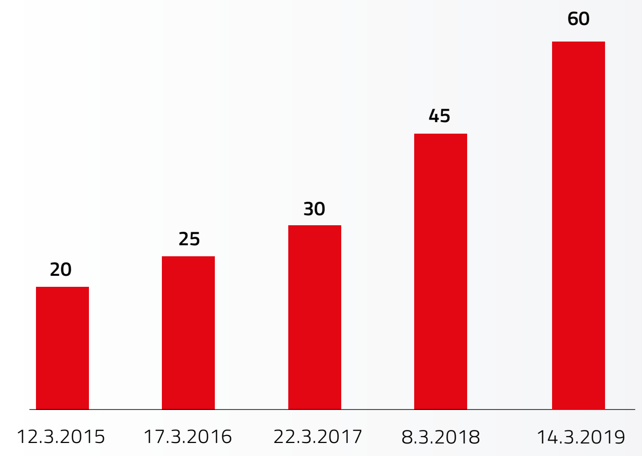
TRADING IN DATAGROUP SHARES

The average monthly trading volume in DATAGROUP shares amounted to EUR 9.8m compared to EUR 11.4m in the previous year. It should be noted that trading activities in Q1 of the previous year had been positively impacted by a capital increase of 759,000 shares and a replacement of HHS Beteiligungsgesellschaft mbH of 400,000 shares. The trading volume of the DATAGROUP shares has already been significantly improved in comparison to the previous years. Having a further improvement in mind, HSBC Trinkhaus & Burkhardt AG was appointed as a second designated sponsor in February 2018 with the aim to actively provide liquid trading in the DATAGROUP shares. Hauck & Aufhäuser Privatbankiers AG also acts as a designated sponsor.

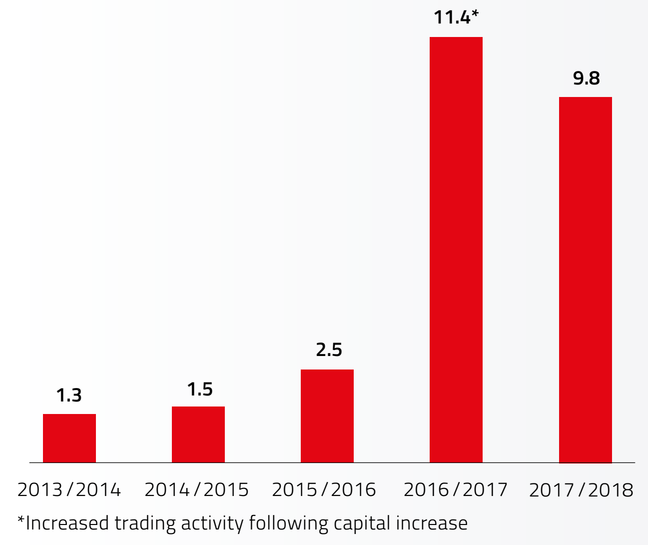
Investors are currently provided with independent financial research on DATAGROUP by four analyst houses: Baader Bank, Edison Research, Hauck & Aufhäuser and M.M. Warburg publish updates and estimates on the company on a regular basis. If the issuers permit to do so, the reports are made available to all interested persons on DATAGROUP's website.

IN A DIALOGUE WITH THE FINANCIAL MEDIA

A large number of journalists have reported on the DATAGROUP shares in the last fiscal year as well, both in print magazines such as Der Aktionär, Börse Online, Nebenwerte Journal, Euro, Focus Money and Effecten-Spiegel and in numerous online forums.



Dividend development in cent at the respective dates of the Annual General Meeting



Average trading volume per month in EUR m

5. Risks and Opportunities

DATAGROUP's risk policy is geared to an early identification of major corporate risks or those jeopardising its continued existence. Management Board and Supervisory Board are regularly and promptly informed about any identifiable risk. DATAGROUP responds very quickly to identifiable risks, e.g. by adjusting cost structures and sales efforts. Risks and opportunities are analysed on an ongoing basis both in the operating entities and centrally in the parent company, with all group companies operating in accordance with a uniform group-wide process.

RISK MANAGEMENT SYSTEM

It is the task of risk management to systematically assess risks with the help of a uniform risk catalogue, regular risk communication through risk reports and finally, central risk management and risk control. Risk management includes monitoring and control measures to be able to implement measures for the prevention and handling of risks in a timely manner. Based on standardised early warning systems, the operating entities compile standardised half-yearly risk reports according to uniform risk catalogues. Risks are identified with the help of the risk catalogue and assessed according to their extent and probability of occurrence. The consolidation of the risk reports, the assessment of risks and the development of measures are centrally managed by the parent company. The early warning systems include sales planning, liquidity planning, the short-term income statement and a qualitative management summary on service performance. An explicit risk management and a separate risk assessment take account of the specific risk arising from the acquisition of companies.

As for accounting risks, the risk management system builds on the internal control system. This system considers all accounting-related risks within the risk management. The internal control system and clear intercompany rules ensure the conformity of the consolidated financial statements.

Alongside the risk factors mentioned in the "Risks" section, risks that are not yet known or risks that are currently assessed as being less significant could have an adverse effect on business activities.

OPPORTUNITIES MANAGEMENT

The dynamic market environment of information technology with its new trends and constant technological innovations regularly offers new opportunities. It is the task of Opportunities Management to seize these opportunities and eventually take advantage of them, and it lays the foundation for DATAGROUP's sustainable success and growth. Opportunities and risks are closely interlinked and therefore are also looked at in a holistic, integrated approach as part of the opportunities and risk management. Opportunities and risks are adequately accounted for both in the evaluation of market opportunities and in corporate planning. Opportunities management focuses on market and competitive analyses and the further development of the product portfolios. Opportunities management aims to analyse internal and external potential which may positively drive business development in a sustainable manner.

RISKS

Economic activity is associated with risks and opportunities. The risks described below are subject to the early risk detection system and are regularly monitored and controlled by means of analyses.

MARKET AND COMPETITIVE RISKS

There is a high competitive pressure on the market for information technology. Competition is likely to further intensify in the next years. Industry association Bitkom projects the information technology market to grow by 1.7 % in 2018, with Cloud computing being one of the most important technological and market trends and showing a continued strong growth. It is precisely here that DATAGROUP is very well positioned thanks to its data centers in Düsseldorf, Frankfurt and Nuremberg, which are certified according to the highest safety standards. Other important factors are innovative new product solutions in the CORBOX portfolio – the modular solution for care-free IT operations. For this reason, DATAGROUP sees opportunities for growth and a positive business development.

Caused by the ongoing competitive pressure on the market for information technology DATAGROUP may be squeezed out by competitors, which would then lead to sales losses. If DATAGROUP were not – or not sufficiently – able to meet its delivery and service obligations in the future, there may be the risk of having to pay for damages from liability and warranty. Qualified employees and the management of DATAGROUP as well as professional corporate processes are the basis for providing high-quality services. A regular review of the performance quality and the proper order processing is guaranteed by an internal project controlling. A strengthening of customer relationships and customer satisfaction, successful sales efforts and high quality requirements to the company's own service portfolio are to secure DATAGROUP's position in the market. Overall, the risk arising from the competitive situation on the IT market is considered as negligible.

TECHNOLOGICAL RISKS

Business activities are supported by using modern information technologies. Information technologies serve as an instrument for operational processes and are of particular importance for DATAGROUP as a provider of IT services and solutions. In a worst-case scenario, the vulnerability or failure of the information technologies used by DATAGROUP and its customers may bring operational procedures to a standstill. Organisation of operations and the use of suitable architectures ensure the highest possible degree of availability. DATAGROUP operates a holistic IT service management system which in its core includes a state-of-the-art information security management on the basis of certification of ISO 27001 native and ISO 27001 on the basis of IT Grundschutz (BSI). The data center services and the related necessary IT operations management are in the scope of the ISO 27001 certifications. All central IT systems are operated by DATAGROUP Data Center GmbH in mirrored data centers in Frankfurt. The data centers in Frankfurt, Düsseldorf and Nuremberg as well as all DATAGROUP locations in the scope are audited on an annual basis according to ISO 27001, the internationally recognised standard. "IT Service Management", the management system for the comprehensive business process is reviewed once a year according to the international standard ISO 20000. The IT service management system is in the scope for all services in the service catalogue with all its processes and functions as specified in "the model". It was first certified in 2012, followed by a re-certification in 2018. To further cover the business risks there is also a reasonable insurance protection for business interruptions both internally and on the customers' premises.

The technological environment in which DATAGROUP is active is subject to constant changes, particularly caused by the development of new technologies, e.g. the provison of infrastructure services or of software with the help of Cloud technologies. Business applications are increasingly becoming mobile and are used on different end devices. The portfolio of applications and solutions used by our customers is continuously expanded. DATAGROUP constantly strives to adapt its product portfolio to the customers' changing needs and to adapt the corresponding qualifications of its employees as well. The risk of a disruptive change of the technological environment is currently regarded as negligible.

FINANCIAL RISKS

The major financial risks include liquidity, credit and interest rate risks. DATAGROUP hedges its solvency and financial flexibility through liquidity reserves in the form of cash and credit lines. A regular liquidity planning ensures that sufficient financial funds are available. All subsidiaries are part of a central liquidity planning securing the Group's solvency.

The Group's default risks associated with receivables are manageable as a major part of revenues is generated with public authorities as well as solid corporations and financial institutions. Additionally, the default risk is secured by credit assessment programmes. All customers go through the credit assessment programme – as a result of which the bad debt losses are at low levels. Bad debt losses amounted to TEUR 172 in the fiscal year.

The development of the interest rate level can have an impact on the financing costs in the DATAGROUP Group. To secure the currently favourable interest level DATAGROUP placed promissory note loans with an overall volume of TEUR 30,000 in April 2016, which have a term of up to seven years and fixed interest rates for the most part.

If DATAGROUP SE or its subsidiaries would enter non-euro markets or be dependent on manufacturers producing on these markets, there would be exchange rate risks. However, Germany is the most important sales and procurement market of the DATAGROUP entities, so risks associated with currency fluctuations are absolutely insignificant for DATAGROUP. The DATAGROUP Group does not enter into hedging transactions because of this minor significance for net assets, financial position and results of operations.

RISKS ARISING FROM THE CUSTOMER STRUCTURE

In the past, DATAGROUP successfully concluded transactions with major customers. A risk may arise from the dependence on important customers and their business development. This risk is controlled by a special key account management which allows early identification of negative trends in the customer relationship and taking countermeasures. Furthermore, a target-oriented marketing strategy and the launch of innovative new products and services aim to broaden the customer base. Additionally, DATAGROUP focuses on a very heterogeneous customer structure across all industries. No industry has an extraordinary accumulation of gross profits, which means there is no sector dependency.

Furthermore, the largest individual customer only accounts for 5.9 % of consolidated gross profit. This rate will decline to below 5 % due to a slight reduction of customer turnover in FY 2017 / 2018 and thereafter. The second largest customer contributed 4.2 % to consolidated gross profit, the third largest 1.5 %. A possible loss of one of these key account customers would be extremely annoying but will certainly not threaten the existence of the company.

SUPPLIER RISK

As an IT service provider offering IT products, DATAGROUP cooperates with suppliers of technical components and other service providers. Delivery risks generally cannot be excluded. Delivery bottlenecks, price increases and changes in a supplier's product strategy may adversely affect DATAGROUP's success. Delivery risks are hedged by a professional procurement management and a contractual protection of the delivery and service chain. There may be negative impacts on the subsidiaries' profitability if the advantageous procurement conditions associated with the membership in the Computer Compass purchasing organisation would cease to exist. There is currently no evidence suggesting that this is the case, so the risk – particularly in view of an increasing proportion of services in the DATAGROUP Group – can be regarded as low.

HUMAN RESOURCES RISKS

Human resources risks may result from the potential fluctuation of employees and managers in key positions. The undesired resignation of members of the management board as well as managers and employees can have an adverse effect on DATAGROUP unless measures are taken to attract qualified and suitable candidates in due course and at fair market conditions. For this reason, the employees' motivation, retention and development are important targets of employee management and the personnel policy within the DATAGROUP Group. The risk of a material adverse impact on business development caused by the loss of top performers is currently regarded as low thanks to high staff retention and low personnel fluctuation in the past years.

Other risks related to personnel management may result from the lack of qualified personnel in the IT industry with a corresponding increase in wage costs. Based on the very good overall economic situation as well as the demographic development in Germany, the unemployment rate currently is at a very low level. It may therefore be more difficult to cover the demand for qualified staff. A wage cost inflation may also be conceivable. In view of these developments, DATAGROUP has intensified its efforts to retain its employees over the long term and has further improved working conditions. On top of this, the HR division was pooled centrally and additional capacities were created. The risk of impacts caused by rising personnel expenses is currently estimated to be low.

LEGAL RISKS

The entities of the DATAGROUP Group may have to face judicial and extrajudicial third-party claims within the scope of business operations. At present, there are no current or foreseeable legal or arbitration proceedings that may have a material effect on the economic position of the Group.

As a stock-listed company, DATAGROUP SE is subject to many legal regulations and duties, for instance from the Market Abuse Directive (MAD), the German Securities Trading Act (WpHG) or the German Stock Corporation Act (AktG). DATAGROUP raises the awareness of the respective employees regarding the legal obligations of a stock-listed company by way of regular training and seeks to obtain information from experienced lawyers if there are any issues. Overall, the legal risks are regarded as low.

RISKS ARISING FROM THE ACQUISITION OF COMPANIES

DATAGROUP SE intends to acquire further companies in the future as well. The purchase of a company is often a capital-intensive investment fraught with risk. Sustainable value-add is only possible when the company is successfully integrated and synergies are realised. If the expectations in the acquired company were met only partially, integration costs were underestimated, or synergy effects overpriced, this may adversely impact DATAGROUP's development. Companies qualifying for an acquisition are intensively examined regarding their orientation and structure as well as their integration possibilities. Company transactions will only be conducted if the company fits within the strategy and organisation of the DATAGROUP Group.

OVERAL ASSESSMENT OF THE RISK SITUATION

There were no risks to the continued existence for DATAGROUP in FY 2017 / 2018. From the current standpoint, there is also no indication of future risks that could jeopardise the continued existence of the company or have a sustainable negative impact on net assets, financial position and results of operations.

ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

With a view to accounting processes, the internal control and risk management system aims to minimise risks as well as to identify and assess risks that may jeopardise the compliance with regulations of the consolidated financial statements. The accounting-related internal control system (ICS) comprises principles, procedures and measures to ensure correctness of the financial reporting. The ICS is under constant review and development.

The accounting-related ICS aims to ensure the proper preparation of the consolidated financial statements and individual financial statements of the group companies. The internal control system consists of guidelines and work instructions and stipulates both the separation of functions and defined system-engineering and manual reconciliation routines. The four eyes principle with its clear evaluation and approval processes penetrates the entire accounting process. Furthermore, risk management and control are facilitated by a clear assignment of responsibilities and adequate access rules based on a uniform group-wide authorisation concept in the information and accounting systems used for financial statements.

The entities of the DATAGROUP Group prepare their local financial statements on a decentralised basis. The group companies take on responsibility for compliance with local accounting regulations but also for adherence to the accounting guidelines that are valid throughout the Group when reporting the data to Group accounting. Work instructions ensure the proper reconciliation of the local financial statements (commercial balance sheet I) to the financial statements drawn up in accordance with the uniform group-wide accounting and measurement principles (commercial balance sheet II). Clear guidelines restrict the employees' discretionary power with regard to the recognition, measurement and reporting of assets and liabilities, which reduces the risk of inconsistent accounting principles within the Group.

Group accounting is responsible for the examination of the Group reporting packages prepared on a decentralised basis for plausibility and correctness. The preparation process of the consolidated financial statements is centrally coordinated. Special accounting issues or complex matters, which either refer to special risks or require special expertise, are centrally monitored and handled. External experts such as specialised assessors are consulted particularly with regard to the purchase price allocation of company mergers or the valuation of pension provisions.

The use of a uniform group-wide accounts structure for data reporting and the central maintenance of the accounting framework ensures a uniform accounting of similar business transactions. Consolidation measures and reconciliations are carried out on a centralised basis. The controls required in the consolidation processes such as consolidation of debts, cost and income are carried out manually for the most part and are guaranteed from an organisational point of view. The auditor evaluates the effectiveness of the internal control system as part of their audit activities.

OPPORTUNITIES

The continued and consistent implementation of the growth strategy in the form of organic growth and acquisitions offers the opportunity to continue to increase sales and profitability.

IT’s that strong.

6. Outlook

DEVELOPMENT OF THE MACRO-ECONOMIC ENVIRONMENT

The macro-economic environment in Germany showed signs of an economic downturn, especially in the second half of 2018. Early in September, the International Monetary Fund had already cut its forecast for global economic growth in 2018 and 2019. The IMF expects Germany to grow its gross domestic product (GDP) by 1.6 % in 2018 and 2019 respectively. This is a decline of 0.6 percentage points in comparison to the forecast in April 2018. According to the IMF the reasons are a slowdown in exports and a weaker industrial production, especially because of the still unsolved global trading conflicts.

In its 2018 autumn forecast, the Federal Ministry of Economics has also cut its growth forecast for the gross domestic product to 1.8 % – the government had still expected an increase of 2.3 % in spring. Compared to the initially expected 2.1 %, the government now expects growth of only 1.8 % in 2019 as well. This has been confirmed by the so-called autumn report, a collaborative analysis of the leading economic institutes. According to their estimates, the gross domestic product has grown by a moderate 1.7 % in 2018. The ifo index as the most important German economic barometer has also shown a downward trend since September 2018. This is fundamentally seen as an indication for an economic downturn among economists.

INDUSTRY DEVELOPMENT

German industry association Bitkom projected growth of 1.7 % related to the overall market of EUR 164bn for 2018. However, employment is expected to grow even faster than revenue – three fourths of the companies intended to create new jobs in the past year according to surveys of the industry association. Bitkom expected the number of IT employees to grow to 1.134 million by the end of 2018, corresponding to an increase of 42,000 jobs (+3.8 %).

The continued good demand for IT services is mainly driven by digital transformation – with technologies such as Cloud computing, Internet of Things or Industry 4.0. The Management Board expects the IT sector to continue its good development especially in view of the ongoing digitalization trend.

BUSINESS DEVELOPMENT AND STRATEGIES

DATAGROUP is very well positioned with its full-outsourcing offer CORBOX and its consulting and solutions specialists to fulfil the changing requirements and to strongly benefit from the growth trends above. DATAGROUP combines a highly-standardised service production at the highest quality level, which is certified according to ISO 20000, with the personal proximity and reliability of a large Mittelstand company. This combination is appreciated particularly by customers of upper Mittelstand companies and results in a high competitiveness. DATAGROUP will maintain its objective to further expand its position as a leading IT service provider for German Mittelstand companies with the highest customer satisfaction.

A main focus will be the further optimisation of the production units. At the beginning of the new fiscal year, a Chief Production Officer, Andreas Baresel, has been appointed to the Management Board for the first time. This has created a management and coordination task at Management Board level, which will further improve and complement the coordination of the production of CORBOX services. Additionally, the Group is constantly striving to further improve its offers in the CORBOX portfolio. For instance, we currently define service packages with the aim to reflect the requirements of our customers for so-called hybrid Cloud models, where certain elements from the Cloud are added to existing IT architectures amongst others.

The digitisation of our own provision of services continues to be pushed ahead as well, for instance by using software robots taking on simple recurring tasks, which unburdens our employees in daily business and creates the scope that is needed for more complex tasks. This measure also aims at counteracting the increasing shortage of well qualified experts. The disproportionate demand for employees as described by the industry association will also lead to an increase in wage costs and to higher expenses for the recruitment of new employees. In anticipation of this development, DATAGROUP has already initiated a couple of measures aimed at employee retention and recruitment in the past fiscal year. We have further expanded measures to directly improve the working conditions such as the further equipment of the workplaces with ergonomic office equipment or the relocation of sites to modern office buildings. Some subordinate measures such as the employment of additional recruiters or a large-scale employer branding campaign are still in the planning stage, but some are also being implemented. The efforts started in human resources will be pursued vigorously in the new fiscal year.

DATAGROUP will continue to examine possibilities for the acquisition of companies on a selective basis. The main focus lies on smaller Mittelstand service providers which complement the company's existing footprint due to their local presence – it would be advantageous, for instance, to strengthen the presence in the area of Frankfurt or in the metropolitan region of Munich – as well as acquisitions to strengthen the customer portfolio and the service offering. It is also conceivable to make an acquisition to complement the existing range of services from a reasonable technological perspective. The Management Board will examine takeover possibilities with great care.

FINANCIAL DEVELOPMENT

Based on the growth prospects of the overall economy and the IT sector and without the occurrence of possible acquisitions, management expects revenues to increase further while the very good profitability and thus EBITDA should be slightly expanded in the next FY 2018 / 2019. In view of the continuing positive prospects for the IT sector, the Management Board expects the very positive order development to retain the high level of the past fiscal year. The aim is to sustainably improve the sales quality in the future as well. DATAGROUP will continue its efforts to shift business towards long-term, contract-based, high-margin service and maintenance revenues – with the aim to further increase the share of long-term recurring revenues. Against this backdrop, the Management Board assumes that the existing dividend policy can be continued in the following years.

The Group had an excellent cash position at the end of the fiscal year, the net debt of EUR 12.1m can be regarded as moderate. DATAGROUP will continue to make necessary investments which may be required, in particular with a view to the further increase of business volume.

HISTORIC DEVELOPMENT OF FORECASTS

DATAGROUP's Management Board is constantly monitoring the progress of ongoing activities, the development in the IT sector as well as the general macro-economic situation. Taking account of the opportunities and risks that are currently relevant for the company is another component of the forecast development.

This is the basis on which the Management Board gives a first outlook for the next fiscal year. This outlook is traditionally put in more concrete terms at the Annual General Meeting. If the Management Board gains knowledge of any changes during the fiscal year that may have a substantial impact on the company's forecast it will be adjusted accordingly by the management.

In the past fiscal year, the Management Board gave a financial outlook which included revenues of at least EUR 265m and EBITDA of more than EUR 30m. On September 24, 2018, this outlook was increased to revenues of EUR 269m and EBITDA of more than EUR 34m.

This increase reflected the fact that the existing business units had reached a higher utilisation. Furthermore, the newly acquired companies made stronger contributions than expected: HanseCom, which was acquired in May 2017, achieved very good profitability faster than expected. The profitability was negative at the time of acquisition, which is why this unit had been acquired at a negative purchase price.

ALMATO, which was acquired in January 2018, has also accelerated its pace of growth in the second half of the year and made a contribution to earnings which was well above the initial budget.

7. Internal Corporate Management System

The key instrument for the entire Group's corporate management is a so-called "rolling forecast" system for sales planning and monitoring of revenues and contribution margins. In connection with a monthly income statement, this system allows to precisely determine current revenues at all time. Current costs and ongoing investments are adjusted on the basis of these monthly data to meet the planned corporate results. Furthermore, consolidated accounts are prepared in a simplified form every month.

Liquidity planning, which is prepared on a weekly basis for the entire Group, serves to provide an overview of the liquidity level determined within the DATAGROUP Group and the individual group companies, as well as the control of the expected liquidity development. Weekly liquidity planning is based on a planning horizon of at least one month. Medium-term planning of financial resources exceeding this horizon is prepared as needs arise.

8. Other Information

EMPLOYEES

In FY 2017 / 2018, DATAGROUP had 1,915 employees (previous year 1,776) on average. On September 30, 2018, DATAGROUP had 1,971 (previous year 1,790) employees. Including management and apprentices, the headcount totalled 2,097 on September 30, 2018.

DATAGROUP traditionally is very committed to recruit and support junior employees. On September 30, 2018, the company employed a total of 87 apprentices (70 on September 30, 2017), particularly in the apprenticeship occupations of qualified IT specialist for system integration and application development, as well as management assistant in IT systems.

RESEARCH AND DEVELOPMENT ACTIVITIES

Experience and specific expertise gained in customer projects and through active observation of IT markets are used in a value-added way for the development of internal customised innovations. DATAGROUP reacts sensitively to new requirements from customers and the market. This conduct results in own product solutions, particularly in the Solutions and Consulting segment, such as the DATAGROUP BAföG process (process to assist authorities in offering student loans).

CHANGES TO THE GROUP STRUCTURE – ACQUISITION OF THE SHARES IN ALMATO GMBH

By a purchase agreement dated January 18, 2018, DATAGROUP SE has acquired 100 % of the shares in ALMATO GmbH (ALMATO). The acquisition took effect on January 26, 2018.

Founded in 2002, the software and IT service company headquartered in Reutlingen is specialised in optimising standard business processes as a value-added reseller. ALMATO is one of the pioneers in Robotic Process Automation (RPA) and Real-Time Interaction Management (RTIM) in the field of attended and unattended automation in Germany.

DEPENDENCY REPORT

The Management Board compiled a report for FY 2017 / 2018 about relationships to affiliated companies in accordance with section 312 of the German Companies Act (AktG), which contains the following conclusion:

"We declare that according to the circumstances known to us at the time the legal transaction was executed, or the measure was implemented or omitted, our company received appropriate consideration for every legal transaction and has not been disadvantaged by the implementation or omission of any measure."

Pliezhausen, January 18, 2019

DATAGROUP SE

THE MANAGEMENT BOARD

Max H.-H. Schaber

Dirk Peters

Andreas Baresel

Consolidated Financial Statements

Content

Consolidated Income Statement

Figures in EUR	Notes	01.10.2017 – 30.09.2018	01.10.2016 – 30.09.2017
Revenues	1	**272,099,553.36**	**223,141,679.36**
Other own work capitalised	-	685,446.14	627,384.94
Total revenues		**272,784,999.50**	**223,769,064.30**
Other operating income	2	5,660,437.94	9,103,388.04
Material expenses / expenses for purchased services	3	80,400,810.14	64,230,823.90
Personnel expenses	4	134,734,405.87	119,851,226.40
Goodwill amortisation	5	0.00	0.00
Depreciation of property, plant and equipment and other intangible assets	5	14,039,638.46	8,451,096.83
Other operating expanses	6	28,846,778.19	21,749,615.44
Operating income		**20,423,804.77**	**18,589,689.77**
Financial income		474,087.95	826,287.98
Financial expenses		2,419,299.04	2,817,315.91
Financial result	7	**-1,945,211.09**	**-1,991,027.93**
Earnings before taxes		**18,478,593.68**	**16,598,661.85**
Taxes on income and profit	8	5,605,283.03	5,399,667.61
Net income		**12,873,310.65**	**11,198,994.24**

Consolidated Statement of Comprehensive Income

Figures in EUR	Notes	01.10.2017 – 30.09.2018	01.10.2016 – 30.09.2017
Net income		**12,873,310.65**	**11,198,994.24**
Other earnings before taxes[1]			
Recalculation of defined benefit obligations		-2,022,258.29	1,405,874.53
Change in balancing items from currency conversation		24.20	0.00
Other earnings before taxes	9	**-2,022,234.09**	**1,405,874.53**
Income tax effects on other income	9	**-571,329.00**	**418,922.16**
Comprehensive income		**11,422,405.56**	**12,185,946.61**

[1] These are exclusively items which are not reclassified to the consolidated income statement

Consolidated Balance Sheet

Figures in EUR	Notes	30.09.2018	30.09.2017
Assets			
Long-term assets			
Goodwill	1	46,555,845.34	39,630,139.23
Other intangible assets	2	15,258,183.90	15,932,860.04
Property, plant and equipment	3	22,351,099.31	19,250,577.71
Long-term financial assets	4	1,825,736.14	2,645,350.81
Claims from reinsurance coverage for pension obligations		5,112,617.60	5,150,007.60
Other long-term assets	5	18,717,631.85	15,672,469.73
Deferred taxes	6	4,626,597.85	4,582,301.44
		114,447,711.99	**102,863,706.56**
Short-term assets			
Inventories	7	1,972,027.83	3,464,207.60
Trade receivables	8	31,236,083.95	26,759,509.28
Short-term financial assets	4	1,292,923.37	2,401,505.62
Construction contracts	9	6,464,163.64	2,558,761.35
Other short-term assets	10	21,336,171.40	22,163,642.90
Cash and cash equivalents	11	38,700,491.68	53,179,030.87
		101,001,861.87	**110,526,657.62**
		215,449,573.86	**213,390,364.18**
Liabilities			
Equity	12		
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		30,607,254.84	21,483,100.75
Accumulated other comprehensive income		-3,940,515.10	-2,489,585.81
Balancing item for foreign currency translation		24.20	0.00
		67,254,628.48	**59,581,379.48**
Long-term liabilities			
Long-term financial liabilities	13	42,563,987.06	52,690,913.07
Pension provisions	15	40,609,607.36	37,593,187.93
Other provisions	15	1,025,527.16	1,312,031.67
Other long-term liabilities	17	1,563,513.35	2,368,710.73
Deferred taxes	6	944,127.49	1,915,719.05
		86,706,762.42	**95,880,562.45**
Short-term liabilities			
Short-term financial liabilities	13	12,337,501.81	11,126,248.64
Provisions	15	7,284,928.04	7,442,708.76
Trade payables	16	5,419,052.91	4,454,387.66
Surplus of liabilities from construction contracts	9	151,477.31	379,640.42
Income tax liabilities	-	6,739,586.79	5,043,520.57
Other liabilities	17	29,555,636.10	29,481,916.20
		61,488,182.96	**57,928,422.25**
		215,449,573.86	**213,390,364.18**

Consolidated Cash Flow Statement

Figures in EUR	01.10.2017 – 30.09.2018	01.10.2016 – 30.09.2017
Cash flows from operating activities		
Net income for the period thereof income tax refund EUR 199,139.74 (LFY EUR 2,320,867.49) thereof income tax payment EUR 8,307,553.80 (LFY EUR 6,147,728.15)	12,873,310.65	11,198,994.24
Interest received	-152,676.58	-187,675.79
Interest paid	1,391,851.74	1,504,018.94
Depreciation and amortisation of current assets	0.00	0.00
Depreciation and amortisation of non-current assets	14,040,999.46	8,451,096.83
Changes in pension provisions	1,148,346.14	-7,722,501.47
Gains (-) / losses (+) on disposals of non-current assets	189,447.33	2,604.93
Increase (-) / decrease (+) of receivables or liabilities to shareholders, related and associated companies	-898,661.95	754,311.73
Increase (-) / decrease (+) of inventories. trade receivables and other assets	-5,300,762.81	4,707,457.33
Increase (+) / decrease (-) of trade payables and other liabilities	-4,292,643.16	16,219,028.39
Income out of business transaction	0.00	-2,791,864.80
Other non-cash transactions	-9,189.53	341,433.27
Cash flow from operating activities	**18,990,021.28**	**32,476,903.59**
Cash flow from investing activities		
Cash inflow from sale of property, plant and equipment	26,624.83	9,451.14
Cash outflow for investment in property, plant and equipment	-11,284,553.23	-8,542,697.01
Cash inflow from intangible assets	357,467.52	159,803.37
Cash outflow for investments in intangible assets	-3,522,803.36	-1,913,916.34
Cash inflow from liquidation of affiliated companies	128,200.13	0.00
Cash outflow for investments in financial assets	-142,213.00	-7,835,000.00
Cash inflow from repayment of financial assets	0.00	8,684,242.78
Cash outflow for investments in fully consolidated companies	-4,819,076.53	-10,499,129.74
Interest received	152,676.58	187,675.79
Net cash used in investing activities	**-19,103,677.06**	**-19,749,570.01**
Cash flow from financing activities		
Cash inflow from increase in capital	0.00	21,129,868.90
Cash outflow for dividend paid	-3,749,156.55	-2,271,737.70
Cash inflow (+) / outflow (-) for finance lease contracts as part of investments in own property, plant and equipment	-973,983.07	-1,076,791.49
Cash outflow for the repayment of liabilities to banks	-8,250,001.00	-250,000.00
Interest paid	-1,391,851.74	-1,504,018.94
Net cash used in financing activities	**-14,364,992.36**	**16,027,320.77**
Changes in cash and cash equivalents	**-14,478,648.14**	**28,754,654.36**
Cash and cash equivalents at the beginning of the period	53,178,872.62	24,424,218.26
Cash and cash equivalents at the end of the period	**38,700,224.48**	**53,178,872.62**

For further details, please refer to the notes to the consolidated financial statements, section VI. Notes to the Cash Flow Statement.

Consolidated Statement of Changes in Equity

01.10.2017 – 30.09.2018

Figures in EUR	Subscribed capital	Capital reserve	Repayment of capital	Retained earnings	Accumulated other comprehensive income: Changes without effects on net income	Accumulated other comprehensive income: Result from actuarial gains and losses	Accumulated other comprehensive income: Sum	Balancing item for foreign currency translation	Total
Balance at the beginning of the fiscal year	**8,349,000.00**	**32,337,372.27**	**-98,507.73**	**21,483,100.75**	**-1,625,377.21**	**-864,208.60**	**-2,489,585.81**	**0.00**	**59,581,379.48**
Dividend distribution	0.00	0.00	0.00	-3,749,156.55	0.00	0.00	0.00	0.00	-3,749,156.55
Consolidated profit	0.00	0.00	0.00	12,873,310.65	0.00	0.00	0.00	0.00	12,873,310.65
Other comprehensive income	0.00	0.00	0.00	0.00	0.00	-1,450,929.29	-1,450,929.29	24.20	-1,450,905.09
Balance at the end of the fiscal year	**8,349,000.00**	**32,337,372.27**	**-98,507.73**	**30,607,254.85**	**-1,625,377.21**	**-2,315,137.89**	**-3,940,515.10**	**24.20**	**67,254,628.49**

01.10.2016 – 30.09.2017

Figures in EUR	Subscribed capital	Capital reserve	Repayment of capital	Retained earnings	Accumulated other comprehensive income: Changes without effects on net income	Accumulated other comprehensive income: Result from actuarial gains and losses	Accumulated other comprehensive income: Sum	Balancing item for foreign currency translation	Total
Balance at the beginning of the fiscal year	**7,590,000.00**	**11,796,385.73**	**-98,507.73**	**12,555,844.21**	**-1,625,377.21**	**-1,851,160.97**	**-3,476,538.18**	**0.00**	**28,367,184.03**
Capital increase	759,000.00	20,540,986.54	0.00	0.00	0.00	0.00	0.00	0.00	21,299,986.54
Dividend distribution	0.00	0.00	0.00	-2,271,737.70	0.00	0.00	0.00	0.00	-2,271,737.70
Consolidated profit	0.00	0.00	0.00	11,198,994.24	0.00	0.00	0.00	0.00	11,198,994.24
Other comprehensive income	0.00	0.00	0.00	0.00	0.00	986,952.37	986,952.37	0.00	986,952.37
Balance at the end of the fiscal year	**8,349,000.00**	**32,337,372.27**	**-98,507.73**	**21,483,100.75**	**-1,625,377.21**	**-864,208.60**	**-2,489,585.81**	**0.00**	**59,581,379.48**

Development of Fixed Assets

The table below provides an overview of the performance of the intangible assets, property, plant and equipment and financial assets:

01.10.2017 – 30.09.2018

	Acquisition and production costs					Accumulated depreciation and amortisation						
Figures in EUR	As at 01.10.2017	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2018	As at 01.10.2017	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2018	As at 30.09.2018	As at 30.09.2017
Goodwill	**39,630,139.23**	**0.00**	**6,925,706.11**	**0.00**	**46,555,845.34**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**46,555,845.34**	**39,630,139.23**
Other intangible assets												
1. Brands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Order backlog	5,197,000.00	0.00	536,000.00	0.00	5,733,000.00	1,397,417.00	1,291,001.00	0.00	0.00	2,688,418.00	3,044,582.00	3,799,583.00
3. Customer bases	21,754,400.00	0.00	1,498,000.00	0.00	23,252,400.00	15,068,420.00	2,538,831.00	0.00	0.00	17,607,251.00	5,645,149.00	6,685,980.00
4. Internally developed intangible assets Software	3,016,800.60	509,836.90	0.00	0.00	3,526,637.50	1,368,904.10	394,292.16	0.00	0.00	1,763,196.26	1,763,441.24	1,647,896.50
5. Acquired intangible assets Software etc.	22,405,204.91	3,012,966.46	87,870.89	787,453.19	24,718,589.07	18,605,804.37	1,670,035.82	67,720.89	429,983.68	19,913,577.40	4,805,011.67	3,799,400.54
	52,373,405.51	**3,522,803.36**	**2,121,870.89**	**787,453.19**	**57,230,626.57**	**36,440,545.47**	**5,894,159.98**	**67,720.89**	**429,983.68**	**41,972,442.66**	**15,258,183.91**	**15,932,860.04**
Property, plant and equipment												
1. Technical equipment and machinery	60,196.27	0.00	0.00	60,196.27	0.00	47,192.27	13,002.00	0.00	60,194.27	0.00	0.00	13,004.00
2. Other equipment, furniture and office equipment	63,021,091.87	11,235,711.24	342,957.74	6,852,267.48	67,747,493.37	43,796,778.16	8,132,476.48	165,440.74	6,649,459.33	45,445,236.05	22,302,257.32	19,224,313.71
3. Prepayments	13,260.00	48,841.99	0.00	13,260.00	48,841.99	0.00	0.00	0.00	0.00	0.00	48,841.99	13,260.00
	63,094,548.14	**11,284,553.23**	**342,957.74**	**6,925,723.75**	**67,796,335.36**	**43,843,970.43**	**8,145,478.48**	**165,440.74**	**6,709,653.60**	**45,445,236.05**	**22,351,099.31**	**19,250,577.71**
Long-term financial assets												
1. Investments	523,922.41	0.00	0.00	128,200.13	395,722.28	0.00	0.00	0.00	0.00	0.00	395,722.28	523,922.41
2. Securities	0.00	142,213.00	0.00	0.00	142,213.00	0.00	1,361.00	0.00	0.00	1,361.00	140,852.00	0.00
3. Receivables from lessees	2,112,078.40	582,853.42	0.00	1,415,119.96	1,279,811.86	0.00	0.00	0.00	0.00	0.00	1,279,811.86	2,112,078.40
4. Other loans	9,383.88	0.00	0.00	0.00	9,383.88	33.88	0.00	0.00	0.00	33.88	9,350.00	9,350.00
	2,645,384.69	**725,066.42**	**0.00**	**1,543,320.09**	**1,827,131.02**	**33.88**	**1,361.00**	**0.00**	**0.00**	**1,394.88**	**1,825,736.14**	**2,645,350.81**
	157,743,477.56	**15,532,423.00**	**9,390,534.74**	**9,256,497.03**	**173,409,938.28**	**80,284,549.78**	**14,040,999.46**	**233,161.63**	**7,139,637.28**	**87,419,073.59**	**85,990,864.69**	**77,458,927.78**

Development of Fixed Assets

01.10.2016 – 30.09.2017

Figures in EUR	Acquisition and production costs					Accumulated depreciation and amortisation						
	As at 01.10.2016	**Additions**	**Changes in the scope of consolidation**	**Disposals**	**As at 30.09.2017**	**As at 01.10.2016**	**Additions**	**Changes in the scope of consolidation**	**Disposals**	**As at 30.09.2017**	**As at 30.09.2017**	**As at 30.09.2016**
Goodwill	**38,523,419.65**	**0.00**	**1,106,719.58**	**0.00**	**39,630,139.23**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**39,630,139.23**	**38,523,419.65**
Other intangible assets												
1. Brands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Order backlog	1,205,000.00	0.00	3,992,000.00	0.00	5,197,000.00	1,205,000.00	192,417.00	0.00	0.00	1,397,417.00	3,799,583.00	0.00
3. Customer bases	18,475,400.00	0.00	3,279,000.00	0.00	21,754,400.00	12,904,939.00	2,163,481.00	0.00	0.00	15,068,420.00	6,685,980.00	5,570,461.00
4. Internally developed intangible assets Software	2,504,875.38	511,925.22	0.00	0.00	3,016,800.60	1,008,334.44	360,569.66	0.00	0.00	1,368,904.10	1,647,896.50	1,496,540.94
5. Acquired intangible assets Software etc.	12,001,374.92	1,401,991.12	10,451,661.44	1,449,822.57	22,405,204.91	9,271,741.58	1,670,957.82	8,951,324.17	1,288,219.20	18,605,804.37	3,799,400.54	2,729,633.34
	34,186,650.30	**1,913,916.34**	**17,722,661.44**	**1,449,822.57**	**52,373,405.51**	**24,390,015.02**	**4,387,425.48**	**8,951,324.17**	**1,288,219.20**	**36,440,545.47**	**15,932,860.04**	**9,796,635.28**
Property, plant and equipment												
1. Technical equipment and machinery	60,196.27	0.00	0.00	0.00	60,196.27	41,830.27	5,362.00	0.00	0.00	47,192.27	13,004.00	18,366.00
2. Other equipment, furniture and office equipment	23,016,201.43	9,120,013.39	31,994,546.73	1,109,669.68	63,021,091.87	15,730,460.01	4,058,309.35	25,107,422.41	1,099,413.61	43,796,778.16	19,224,313.71	7,285,741.42
3. Prepayments	0.00	13,260.00	0.00	0.00	13,260.00	0.00	0.00	0.00	0.00	0.00	13,260.00	0.00
	23,076,397.70	**9,133,273.39**	**31,994,546.73**	**1,109,669.68**	**63,094,548.14**	**15,772,290.28**	**4,063,671.35**	**25,107,422.41**	**1,099,413.61**	**43,843,970.43**	**19,250,577.71**	**7,304,107.42**
Long-term financial assets												
1. Investments	523,922.41	0.00	0.00	0.00	523,922.41	0.00	0.00	0.00	0.00	0.00	523,922.41	523,922.41
2. Receivables from lessees	2,042,323.46	3,011,176.38	0.00	2,941,421.44	2,112,078.40	0.00	0.00	0.00	0.00	0.00	2,112,078.40	2,042,323.46
3. Other loans	9,383.88	0.00	0.00	0.00	9,383.88	33.88	0.00	0.00	0.00	33.88	9,350.00	9,350.00
	2,575,629.75	**3,011,176.38**	**0.00**	**2,941,421.44**	**2,645,384.69**	**33.88**	**0.00**	**0.00**	**0.00**	**33.88**	**2,645,350.81**	**2,575,595.87**
	98,362,097.39	**14,058,366.11**	**50,823,927.75**	**5,500,913.69**	**157,743,477.56**	**40,162,339.18**	**8,451,096.83**	**34,058,746.58**	**2,387,632.81**	**80,284,549.78**	**77,458,927.78**	**58,199,758.21**

Notes to the Consolidated Financial Statements

Content

I. Basic Principles of the Consolidated Financial Statements

1. General Information

DATAGROUP SE is the holding company of the DATAGROUP Group. The company is located in Wilhelm-Schickard-Straße 7, 72124 Pliezhausen, Germany and is registered in the Commercial Register of Stuttgart under HRB 758721.

DATAGROUP Group's business activities include the operation of IT infrastructures, distribution and provision of IT services, technology consulting and the development of IT solutions. The group's companies are subdivided into two segments:

- The "Services" segment comprises all subsidiaries which are primarily providing IT services. In particular, these IT services include the provision of IT workplaces (selection and procurement, on-site implementation, exchange and disposal of old equipment), data center services of our certified DATAGROUP data centers as well as service desk services – the helping hand for all IT-related problems and questions of the users.
- The "Solutions and Consulting" segment comprises the group companies, whose range of services offered comprises highly qualified and specialised technology and solutions consultants as well as software developers.

2. Accounting under International Financial Reporting Standards (IFRS)

The consolidated financial statements of DATAGROUP SE for the fiscal year ending September 30, 2018 were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU). The IFRS are applied on a voluntary basis. The consolidated financial statements were submitted for approval to the supervisory board by the management board.

In addition, the accounting principles set out in §315e para. 1 HGB ("Handelsgesetzbuch", German Commercial Code) have been considered for the preparation of the consolidated financial statements. DATAGROUP has applied all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations of the International Financial Interpretations Committee (IFRIC), whose application was obligatory on the reporting date.

The consolidated financial statements of DATAGROUP SE were prepared in euro (EUR) using uniform recognition and measurement policies. For the purposes of better readability, the amounts were rounded up to thousand euros (TEUR) or million euros (EURm). The presentation of the consolidated income statement is based on total cost accounting. The information required for explanation of the balance sheet and the income statement have been stated in the note.

NEW ACCOUNTING STANDARDS

All valid International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretation Committee, whose application was obligatory on the reporting date, were taken into account provided they were of relevance to the DATAGROUP Group.

The following standards, amendments of standards and interpretations, provided they may fundamentally be of relevance to the DATAGROUP Group, had to be applied for the first time in FY 2017 / 2018:

New or amended standards		Contents	First-time application	EU-endorsed	Major impact on the Group
IAS 12	Amendment	Clarification in relation to the recognition of realised losses	FY 2017 / 2018	yes	none
IAS 7	Amendment	Improvement of information on borrowing activities and the liquidity of companies	FY 2017 / 2018	yes	none
Improvements to IFRS (2014 – 2016)	Amendment	Amendment of standards IFRS 1, 12 and IAS 28	FY 2017 / 2018	yes	none

ISSUED ACCOUNTING STANDARDS THAT DO NOT YET HAVE TO BE APPLIED IN THE CURRENT FISCAL YEAR

The International Accounting Standards Board (IASB) has issued the following new standards, interpretations and amendments to existing standards, whose adoption is not yet mandatory:

New or amended standards		Contents	First-time application	EU-endorsed	Major impact on the Group
IFRS 15	New	Revenue from contracts with customers	FY 2018 / 2019	yes	see below
IFRS 9	New	Financial Instruments: revision and replacement of all exsting standards - classification and measurement of financial assets	FY 2018 / 2019	yes	see below
IFRS 16	New	Leases	FY 2019 / 2020	yes	see below
IFRS 2	Amendment	Classification and measurement share-based payment transactions (clarifications)	presumably FY 2018 / 2019	yes	none
IFRS 4	Amendment	Categorisation and measurement of financial assets	presumably FY 2018 / 2019	yes	none
IFRIC 22	New	Clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency	FY 2018 / 2019	yes	none
IAS 40	Amendment	Clarifies the classification of properties not completed yet	FY 2018 / 2019	yes	none
IFRS 17	New	Principles in relation to recognition, measurement and presentation and statements of insurance contracts	presumably FY 2018 / 2019	open	none
IFRIC 23	New	Clarifying interpretation of uncertainties over income tax treatments	FY 2019 / 2020	yes	none
IAS 28	Amendment	Clarification that IFRS 9 is to be applied in certain cases on long-term interests in associates and joint ventures and thus has priority over the regulations of IAS 28	FY 2019 / 2020	open	none
Improvements to IFRS (2015 – 2017)	Amendment	Amendments of standards IFRS 3, IFRS 11, IFRS 12, IFRS 23	FY 2019 / 2020	open	none
IAS 19	Amendment	Clarification that the net defined benefit liability has to be remeasured in case of changes	FY 2019 / 2020	open	none
Rahmenkonzept	Amendment	Revision of definitions and new guidelines for measurement, derecognition, presentation and statements	FY 2020 / 2021	open	none
IFRS 3	Amendment	Amended by definition of a business (clarification)	FY 2020 / 2021	open	none
IAS 1 und IAS 8	Amendment	Determination of a definition for material	FY 2020 / 2021	open	none

The adoption of some standards and amendments requires their implementation within the scope of the IFRS endorsement procedure.

Any new or amended standard will only be adopted if the adoption is mandatory and the endorsement procedure was implemented.

DATAGROUP will adopt IFRS 15 "Revenue from Contracts with Customers" for the first time in FY 2018 / 2019. IFRS 15 replaces the standards IAS 11 "Construction Contract" and IAS 18 "Revenue". The new standard now requires a five-step model for the recognition of revenue with the following steps 1. "Identify the contract", 2. "Identify the independent performance obligations", 3. "Determine the transaction price", 4. "Allocate the transaction price to the performance obligations", and 5. "Recognise revenue when (or as) the entity satisfies a performance obligation", which has to be adopted to all contracts with customers.

When a contract is concluded, it must be determined whether revenue from the contract has to be recognised at a certain point in time or over time. There are certain criteria helping to clarify whether control of the performance obligation is passed over time. If this is not the case, revenue has to be recognised at the time when control is passed to the customer. Factors that may indicate this are, for instance, the legal transfer of ownership, transfer of significant risks and rewards or a formal acceptance. Conversely, if control is passed over time, revenue must only be recognised over time if the percentage of completion of input-and output-based methods can be reliably determined.

The Group will apply this standard using a modified retrospective method to cumulatively include possible changeover effects on October 1, 2018 in retained earnings and to represent a comparison period which is in line with previous regulations. At the same time, the standard will be applied retrospectively only to those contracts which have not been fully executed on October 1, 2018.

DATAGROUP provides services both according to separately identifiable contracts with customers and in a combination of goods and/or different services. When the sale of goods is the only performance obligation of a contract, the new regulations will not have a major impact on the consolidated financial statements. The provision of services is assumed to be provided over a certain period as the customer receives a benefit from the service which is consumed immediately. Consequently, these service contracts are not expected to have a major impact. As for contracts with a combination of different services, the identification of the individual performance obligations, the respective allocation of the transaction price and the date when revenue is recognised may result in shifts of revenue and of the respective project-related margin to subsequent periods.

In terms of project orders which are not yet concluded and which have been recognised as production orders according to IAS 11 so far, DATAGROUP provides a customised asset without an alternative use and has a claim for payment at any time. Consequently, the future revenue recognition according to IFRS 15.35c will be recognised over time; there will be no major changes in comparison to the previous accounting practice.

Some contracts are designed in such a way that DATAGROUP performs activities at the start of the project, which are not related to the fulfilment of performance obligations towards customers in the sense of IFRS 15. This mainly applies to large-scale changeover projects with a transition phase. For this reason, no revenue will be recognised for these contracts at first; the costs incurred will be capitalised as costs for the fulfilment of a contract. Revenue will be recognised when the performance obligation towards the customer is fulfilled in a later phase of the respective project. Payments that may have been received from the customer prior to the delivery of services, if any, will be carried as advance payments on the liabilities side.

By applying the approach above, revenue will be recognised at a later stage and the related expenses will be shown at a later stage as well. The changeover effect in retained earnings will presumably amount to no more than EUR 1.0m. On the basis of the customer contracts existing on September 30, 2018, this relates to revenue of up to EUR 3m and expenses in a slightly lower magnitude.

Further new aspects or clarifications to IFRS 15 such as amended rules on the treatment of contract costs and financing components will not have any major impacts. The new requirements will lead to additional qualitative and quantitative explanatory notes.

Together with IFRS 15, DATAGROUP will voluntarily apply the new IFRS 16 "Leases" for the first time from October 1, 2018 by means of a modified retrospective method, so that any changeover effects on October 1, 2018 will be recorded cumulatively in retained earnings. The comparison period will be represented in line with the previous regulations. The future accounting guideline for leases according to IFRS 16 was developed and the relevant business processes were adjusted.

According to **IFRS 16** a lease exists if a contract between lessee and lessor conveys the right to control the use of an identified asset for a fixed period of time in exchange for considerations. Based on the single lessee accounting model, the lessee has to capitalise a right of use in the lease asset and recognise a lease liability in the amount of the present value of future leasing payments for these lease contracts. The new standard stipulates that rental and lease agreements which have not been recognised so far will have to be recognised in the balance sheet in the future, comparable to the present recognition of finance leases. There is a derogation from this principle for leases with a maximum term of twelve months and leases for so-called low-value assets. As far as DATAGROUP is concerned, the new regulations will mainly have an impact on leases which have been treated as operating leases so far. This mainly applies to contracts for real-estate, cars and other rental contracts (cf. section VIII.8).

On the basis of the leases existing on September 30, 2018 the adoption of IFRS 16 would not result in any major effect on the group result. EBITDA would grow significantly by between EUR 6.5m and EUR 10m. Leasing obligations from former operating leases, which must be reported as a liability, will presumably be in a range of EUR 19m to EUR 25m. The right of use will also be in a range between EUR 19m and EUR 25m as DATAGROUP will make use of its optional right to initially recognise the right of use at the amount of the lease liability. The discount is calculated with contract-specific interest rates or, if these are not available, with maturity-specific interest rates. DATAGROUP will make use of its optional right to write down the right of use for onerous contracts on the date of initial application. The recognition of the right of use and the lease liability includes extension and purchasing options provided they are considered probable.

IFRS 9 "Financial Instruments" has to be initially adopted by DATAGROUP in FY 2018 / 2019. On first-time adoption, changes in fair value for financial assets and liabilities will be recognised in retained earnings because of the first-time adoption of IFRS 9 on October 1, 2018. There will be no adjustment of the comparison period regarding the changes in classification and measurement.

In comparison to IAS 39 „Financial Instruments: Recognition and Measurement" the requirements of IFRS 9 for the scope of application and the recognition and derecognition of financial instruments are largely unchanged. However, the standard requires a new classification model for financial assets. The subsequent measurement will depend on three categories. This categorisation depends on the contractual cash flows of the instrument and the business model, in which the instrument is held. In terms of the necessary reclassification of existing financial assets, DATAGROUP does not expect the new classification of the individual categories to result in any major changes in the valuation consequences in comparison to the former classification on the basis of present assessments.

Additionally, IFRS 9 requires the introduction of a new expected losses impairment model. The basic principle of this model is that in the future expected losses will be recognised from the date of the first-time adoption of a financial asset and before the loss event has occurred. DATAGROUP intends to apply the simplified impairment model to any trade receivables. The expected losses will be determined in dependence of their respective term. For simplification purposes, some customers will be organised into groups with comparable credit risks. A detailed analysis has shown that there will be no significant changes to the impairments made so far. Additional impairments will arise to a non-significant extent.

Additionally, IFRS 9 will lead to new quantitative and qualitative explanatory notes.

3. Scope of Consolidation

DEFINITION OF THE SCOPE OF CONSOLIDATION

The consolidated financial statements include all subsidiaries on which the Group is able to exercise dominant control according to IFRS10. In addition to the holding company, DATAGROUP SE, 20 other domestic subsidiaries and one foreign subsidiary have been included by full consolidation:

No.	Name and location of the company	Stake in %
1	DATAGROUP SE, Pliezhausen	100.0
2	DATAGROUP Stuttgart GmbH, Stuttgart	100.0
3	DATAGROUP Bremen GmbH, Bremen	100.0
4	DATAGROUP Offenburg GmbH, Offenburg	100.0
5	DATAGROUP Ludwigsburg GmbH, Ludwigsburg	100.0
6	DATAGROUP Hamburg GmbH, Hamburg	100.0
7	DATAGROUP Operate IT GmbH, Hamburg	100.0
8	DATAGROUP Invest 3 GmbH, Pliezhausen	100.0
9	DATAGROUP Köln GmbH, Köln	100.0
10	DATAGROUP IT Solutions GmbH, Pliezhausen	100.0
11	DATAGROUP Consulting GmbH, Pliezhausen	100.0
12	DATAGROUP Consulting Services GmbH, Mainz	100.0
13	DATAGROUP Business Solutions GmbH, Siegburg	100.0
14	DATAGROUP Inshore Services GmbH, Rostock	100.0
15	DATAGROUP Automotive Services Sp. z o.o., Krakow / Polen	100.0
16	DATAGROUP Mobile Solutions AG, Stuttgart	100.0
17	DATAGROUP Invest 5 GmbH, Pliezhausen	100.0
18	DATAGROUP Financial IT Services GmbH, Düsseldorf	100.0
19	ALMATO GmbH, Reutlingen	100.0
20	DATAGROUP Service Desk GmbH, Pliezhausen	100.0
21	DATAGROUP Data Center GmbH, Frankfurt am Main	100.0
22	DATAGROUP Enterprise Services GmbH, Siegburg	100.0

The company InDemand Printing Solutions GmbH i.I., Cologne has not been included in the consolidated financial statements because of ongoing insolvency proceedings. This company was acquired as part of the arxes acquisition (today DATAGROUP Köln GmbH), which resulted from the insolvency of TDMiAG.

CHANGES IN THE SCOPE OF CONSOLIDATION –ACQUISITION OF 100 % OF THE SHARES IN ALMATO GMBH

Under a purchase agreement dated January 18, 2018, DATAGROUP SE has acquired 100 % of the shares in ALMATO GmbH. The transfer date was January 26, 2018.

Founded in 2002, the software and IT service company headquartered in Reutlingen is specialised in optimising standard business processes as a value-added reseller. ALMATO is one of the pioneers in Robotic Process Automation (RPA) and Real-Time Interaction Management (RTIM) in the field of full and partial automation in Germany.

ACQUIRED ASSET AND LIABILITIES

The fair values of the identifiable assets and liabilities of ALMATO GmbH at the time of the acquisition were as follows:

Figures in EUR	Book values	Fair value at acquisition
Assets		
Intangible assets	20,150.00	2,054,150.00
Property, plant and equipment	177,517.00	177,517.00
Inventories	6,138.00	6,138.00
Trade receivables	1,258,177.30	1,258,177.30
Other assets	201,173.07	201,173.07
Cash and cash equivalents	1,780,923.47	1,780,923.47
	3,444,078.84	**5,478,078.84**
Liabilities		
Provisions	189,770.00	189,770.00
Trade payables	272,976.54	272,976.54
Income tax liabilities	78,775.46	78,775.46
Other liabilities	2,546,276.75	2,546,276.75
Deferred taxes	0.00	637,252.20
	3,087,798.75	**3,725,050.95**
Total amount of identifiable net assets	**356,280.09**	**1,753,027.89**

CONSIDERATION

Based on the concluded purchase agreement, an initial purchase price of EUR 6,600,000.00 was paid to the former owners of ALMATO GmbH. Additionally, the parties agreed on a contingent consideration depending on the earnings development of the years from 2018 to 2020 (earn-out). The fair value of this contingent consideration on the time of acquisition was EUR 2,078,734.00 based on the current planning of the acquired company:

Figures in EUR	
Purchase price cash component	**6,600,000.00**
Value of earn-out obligations	
for calendar year 2018	274,664.00
for calendar year 2019	634,946.00
for calendar year 2020	1,169,124.00
Total	**8,678,734.00**

The revaluation of the earn-out obligation on September 30, 2018 resulted in expenses in the amount of EUR 16,532.00. If the updated planning for EBIT in 2019 and 2020 is 5 % lower, the purchase price obligation will decrease by ca. EUR 90,000. Conversely, it will increase by ca. EUR 178,000, when it is 5 % higher.

GOODWILL

The goodwill of EUR 6,925,706.11 comprises the value of synergies expected from the acquisition. It is fully assigned to the cash-generating "Solutions and Consulting" segment.

ANALYSIS OF THE CASH OUTFLOW BASED ON THE ACQUISITION

The transaction resulted in the following cash flows:

Figures in EUR	
Purchase price cash component	-6,600,000.00
Transaction costs of company acquisition	-76,712.79
Cash acquired in connection with the subsidiary	1,780,923.47
Total	**-4,895,789.32**

IMPACT ON REVENUES AND EARNINGS BEFORE TAXES

In the period just ended, ALMATO GmbH contributed an amount of EUR 5,591,707.74 to revenues and EUR 1,161,188.46 to consolidated earnings (before taxes). If the merger had taken place at the beginning of the fiscal year, revenue would have amounted to ca. EUR 7m.

4. Accounting and Measurement Methods

CONSOLIDATION PRINCIPLES

The balance sheet date of the fully consolidated subsidiaries is the balance sheet date of the consolidated financial statements. The acquired ALMATO GmbH had a short fiscal year with September 30, 2018 as the balance sheet date because of its integration into the processes and structures of DATAGROUP.

Company mergers are recognised in accordance with the acquisition method. The purchase price of the acquired subsidiary is allocated to the acquired assets, liabilities and contingent liabilities. In this respect, the decisive factors are the value ratios at the time on which control of the subsidiary was achieved. The recognisable assets and the acquired liabilities and contingent liabilities initially are fully measured at their fair value. Any remaining difference on the assets side is then recognised as goodwill. Goodwill is subject to an impairment test at least once a year, which may lead to depreciation requirements. Any remaining difference on the liabilities side is then recognised in the income statement following another review. A subsidiary's income and expenses are included in the consolidated financial statements from the date of acquisition. A subsidiary's income and expenses will be consolidated until the date on which the parent company's control ends.

As part of the debt consolidation, receivables are offset against the respective liabilities between the fully consolidated companies. The elimination of intercompany profits is applied to intercompany resales of property, plant and equipment and customer orders. The consolidation of income and expenses sets off revenue, other operating income, interest and similar income against the expenses related to them.

ACCOUNTING AND MEASUREMENT PRINCIPLES

Several standards and amendments of standards had to be adopted for the first time in this fiscal year (cf. sectionI.2.). However, it was not necessary to adjust the accounting and measurement methods.

ESTIMATES AND ASSUMPTIONS

Preparing the consolidated financial statements necessitated discretionary decisions and to a certain extent estimates had to be made as well. These estimates and assumptions had an impact on the amount and disclosure of the recognised assets, liabilities and contingent liabilities. Management assumes that existing risks are sufficiently covered by the assumptions and judgements made. These estimates and assumptions are based on experiences made in the past and other sources of information that are considered reasonable under current conditions. The estimates and assumptions are subject to permanent review. Actual results and developments may differ from these estimates and assumptions. Changes are recognised in income when better information is available.

The discretionary decisions, estimates and assumptions taken are of particular significance for the following assets and liabilities:
- Intangible assets
- Construction contracts
- Receivables
- Earn-out obligations
- Provisions

The purchase method applicable to the accounting for business combinations uses estimated values for the determination of the fair values, particularly of intangible assets such as brands, order backlog and customer relationships and of earn-out obligations at the date of acquisition. In some cases, the purchase agreements contain earn-out clauses according to which the purchase price increases in dependence of the achievement of fixed targets. Both the expected useful life of the assets determined as part of the purchase price allocation and the fair values are based on management estimates. When assessing the fair values of intangible assets and earn-out obligations, estimates of future cash flows play a major role. The identified intangible assets were recorded in the balance sheet at a book value of EUR 8,842,547.00 (previous year EUR 10,773,175.00), goodwill stood at EUR 46,555,845.34 on September 30, 2018 (previous year EUR 39,630,139.23). Earn-out obligations amounted to EUR 2,095,266.00 as per September 30, 2018 (previous year EUR 0.00).

Construction contracts and service business were recognised –provided conditions are met– according to the percentage of completion method. To determine the degree of completion according to the cost-to-cost method, management determined the entire order costs with a certain level of discretion. At the balance sheet date, DATAGROUP reported construction contracts with a credit balance towards the customers of EUR 6,464,163.64 (previous year EUR 2,558,761.35), and with a debit balance of EUR 151,477.31 (previous year EUR 379,640.42).

The risk of potential losses arising from the insolvency of customers was hedged by setting up provisions for doubtful accounts. In the process of setting up provisions, receivables were considered on an individual basis and tested for impairments. Impairments on trade receivables amounted to EUR 1,515,560.33 (previous year EUR 377,067.83) at the balance sheet date.

A provision is a present obligation resulting from an obligating event in the past, which is uncertain as to the date and / or amount of the outflow of resources. To recognise provisions of EUR 48,920,062.56 (previous year EUR 46,347,928.36) assumptions and estimates had to be made by the management on the magnitude and likelihood of occurrence of an outflow of resources.

BASIS OF CURRENCY TRANSLATION

The reporting currency is euro, which is also the functional currency of the parent company. Foreign currency transactions are translated with their current prices at the date of transaction. Monetary assets and liabilities denominated in foreign currency are converted into the functional currency using the exchange rate of the reporting date. The translation differences determined on the reporting date are reported in the income statement.

The assets and liabilities of foreign subsidiaries, whose functional currency is not euro, will be converted using the current rate method. Equity transactions are converted with historical rates at the time of the transaction. The items of the income statement, however, are converted using the average exchange rate of the fiscal year. Translation differences are reported in the adjustment item for exchange rate difference in equity.

RECOGNITION OF INCOME / REVENUE

Income is recognised as soon as the inflow of economic benefits is estimated as being probable and the level of income can be reliably measured. The level of income is determined by the fair value of the consideration. The reported revenues include revenues for sale of goods and for rendering services. Service revenues are based on orders in the form of work or service contracts. These operations are recognised according to the percentage-of-completion method subject to the degree of completion, provided the outcome can be reliably estimated. The degree of completion is determined according to the cost-to-cost method. Revenues for sale of goods are recorded at the time of the transfer, while taking account of expected returns.

The delivery and performance of an entire service portfolio can be agreed in a multi-component contract. In this respect, the fair value of the individual components determines the level of revenues that can be considered as realised.

Interest income is recognised over time under consideration of the effective interest rate.

EARNINGS PER SHARE

Earnings per share are a key figure showing a public limited company's earnings divided by the average number of shares outstanding. Undiluted earnings per share show the net income attributable to the ordinary shareholders of DATAGROUP SE divided by the weighted average number of common shares outstanding.

MERGERS AND GOODWILL

Mergers are recognised in accordance with the acquisition method. Goodwill that may arise is measured at amortised cost. The acquisition costs of goodwill are calculated as the excess of the consideration transferred, measured at fair value at the time of acquisition, and the value of the non-controlling interest in the acquired company with the help of the acquired identifiable assets on the one hand, and the acquired liabilities of the acquired company on the other hand.

On first-time adoption, goodwill is valued at acquisition cost. If the total consideration (initial purchase price, value of earn-out and other obligations) is below the fair value of the acquired subsidiary's net assets, the difference will be recognised in the income statement after a renewed review.

After initial recognition, goodwill is valued at acquisition cost minus accumulated impairment losses. There is no write-up on goodwill once impairments are made. For the purposes of an impairment test, goodwill acquired through a merger is allocated to the cash generating units of the Group which are expected to benefit from it and is recognised from the time of acquisition. This is irrespective of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

Recoverability of goodwill and intangible assets with indefinite useful life is tested once a year (on September 30 of any given year). Additionally, a test has to be conducted, if circumstances indicate that the value may be impaired.

The impairment loss is determined by calculating the recoverable amount of the cash-generating units to which goodwill has been assigned. If the recoverable amount of the cash-generating unit is lower than the book value of this unit, an impairment loss will be recognised. A recorded impairment loss on goodwill may not be reversed in the subsequent reporting periods.

IMPAIRMENT TESTS FOR GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

Goodwill acquired through mergers and intangible assets with indefinite useful life were allocated to the following cash-generating units to test the recoverability:

- The cash-generating unit "Services" comprises all subsidiaries primarily providing IT services.
- The cash-generating unit "Solutions and Consulting" comprises the group companies, whose range of services offered consists of highly qualified and specialised technology and solutions consultants as well as software developers.

GOODWILL OF CASH-GENERATING UNITS:

Figures in EUR	30.09.2018	30.09.2017	30.09.2016	30.09.2015	30.09.2014
Services segment	17,428,917.87	17,428,917.87	16,325,268.29	16,325,268.29	16,325,268.29
Solutions and Consulting segment	29,117,974.14	22,192,268.03	22,192,268.03	22,192,268.03	18,459,247.17
Others (Holding)	8,953.33	8,953.33	5,883.33	5,883.33	8,828.75
Goodwill	**46,555,845.34**	**39,630,139.23**	**38,523,419.65**	**38,523,419.65**	**34,793,344.21**

The recoverable amount of all cash-generating units is determined by calculating the fair value less cost to sell with the help of a discounted cash flow model. The underlying cash flows are based on a budget planning which was adopted by management. A growth rate of 1 % was taken as a basis to extrapolate the cash flow projections for future years. This growth rate is in line with the long-term growth rate for the IT services sector as expected by the management. This analysis did not provide any indications for an impairment loss.

The basic assumptions for the calculation of the fair value less cost to sell refer to the discount rates and the growth rate which were taken as a basis for the extrapolation of the cash flow projections for multiannual planning.

DISCOUNT RATES

The discount rates reflect the current market estimates with regard to the risks allocated to the cash-generating units, taking into account the interest effect and the specific risks of the assets. The discount rate considers the Group's and its segments' and affiliated companies' risk which would arise from a comparable investment on the capital market and is based on the weighted average cost of capital (WACC). A uniform discount rate of 6.40 % (2016 / 2017: 5.27 %) was applied for the calculation of the fair value.

SENSITIVITY OF THE UNDERLYING ASSUMPTIONS

DATAGROUP has prepared scenario analyses with deviating assumptions in the context of the impairment tests. For instance, comparative calculations were made with the discount rate fluctuating by 100 basis points and the growth rate by 0.5 %. The book value did not exceed the fair value in any of the scenarios considered possible.

OTHER INTANGIBLE ASSETS

The other intangible assets mainly include brands, order backlog, customer bases, internally developed and acquired software, licences as well as non-competition obligations.

Acquired intangible assets with definite useful life are recognised at the cost of acquisition or production less the cumulative linear depreciation and under consideration of any unscheduled impairment. The expected economic useful life within the DATAGROUP Group is between three and fifteen years. Depreciation is determined using the linear method.

Brands acquired as part of company acquisitions are recognised to the extent of the benefit resulting from their brand rights. In connection with the DATAGROUP umbrella brand strategy it is generally assumed that acquired companies will be given the company name "DATAGROUP" in the medium term. For this reason, the acquired brand's useful life is assumed to be limited. The acquisition costs for the capitalised brands are depreciated on a straight-line basis in accordance with their useful life.

Order backlogs and customer bases as well as non-competition obligations are measured at fair value. The valuation of order backlogs and customer bases as well as non-competition obligations linked to company acquisitions is based on the benefit for the acquiring company. The useful life is assumed to be between three and eight years.

Internally developed intangible assets are capitalised provided the conditions under IAS 38.57 are met. Internally developed intangible assets with a definite useful life are recognised at the cost of production less the cumulative linear depreciation and under consideration of any unscheduled impairment. The cost of production includes all directly attributable costs needed to bring the asset in the condition required for its intended operational use. Research expenses are recorded as expense in the period in which they occur. The expected economic useful life within the DATAGROUP Group is between three and ten years. Depreciation is determined using the linear method.

Given that intangible assets with an indefinite useful life are not subject to scheduled depreciation, recoverability is proven by an impairment test at least once a year. If it is not possible to attribute separate cash flows to the individual assets, recoverability is tested on the basis of the superior cash-generating unit of assets.

If the reasons for the previously recorded impairment loss cease to apply in whole or in part, a reversal of impairment is recognised in the income statement up to the amortised acquisition or production costs.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at amortised acquisition or production costs. They are depreciated according to their probable useful economic live using the straight-line method. The expected economic useful life within the DATAGROUP Group generally is between one and 15 years, but also up to 33 years in individual cases. Depreciation is determined using the linear method.

If there are indications of impairment, an impairment test is carried out. When the recoverable amount is lower than the amortised acquisition or production costs, property, plant and equipment are depreciated on a non-scheduled basis. As soon as the reasons for an unscheduled depreciation made in the previous years cease to apply, a write-up is recognised up to the amortised acquisition costs.

INVENTORIES

Inventories are measured at the lower of acquisition or production costs and the net realisable value. The acquisition or production costs are determined on the basis of the weighted average cost of capital. The net realisable value is defined as the expected sales proceeds less the costs incurred until the sale.

CONSTRUCTION CONTRACTS

If the outcome of a construction contract can be reliably estimated, overall revenues expected for the individual contract are capitalised in accordance with the percentage of completion method, i.e. the relation between total costs already paid and the expected overall costs of the individual project. Change requests are included in the assessment of the capitalised construction contracts. Identifiable losses are immediately and fully recognised as an expense. Advance payments already received are deducted from the construction contracts. If the result cannot be reliably assessed, the incurred acquisition and production costs are capitalised. An expected loss is recognised as an expense. As well as the initial amount of revenues agreed in the contract, payments for change requests are also considered when determining the overall revenues.

FINANCIAL INSTRUMENTS

Financial instruments are contracts which result in a financial asset with one company and a financial liability or an equity instrument with another. On the one hand, financial instruments comprise primary financing instruments such as receivables and trade payables or also financial receivables and financial liabilities. On the other hand, they also include derivative financial instruments such as options, forwards as well as interest rate swaps and currency swaps. Financial assets and liabilities are categorised as follows:

1. Assets and liabilities that are recognised at their fair value through profit or loss
2. Assets that are available for sale
3. Assets that are to be held until final maturity
4. Loans and receivables
5. Other financial liabilities

Additionally, the category "derivative financial instrument designated as hedge relationships" was added. In this connection, we refer to section III.14. Hedging Instrument.

Financial assets and liabilities of the first category are measured at fair value at the balance sheet date. Market fluctuations must be recognised in the income statement.

Assets that are available for sale are also measured at fair value. In general, changes in the market value are directly offset against equity without impacting income and are shown in the statement of comprehensive income. Only permanent impairment and currency effects are recognised in profit or loss. On disposal of the asset, accumulated valuation differences previously recognised in equity are recognised in the income statement.

Assets that are held until final maturity as well as loans and receivables which are accounted for at amortised cost (nominal value) or using the effective interest method are recognised at the lower fair value. Risks are covered by impairment losses, which are recognised and reversed affecting net income. The latter mainly applies to trade receivables, where impairment losses are recognised both for identifiable individual risks and for general credit risks. As soon as the reasons for impairment losses made in previous years cease to apply, a reversal of impairment is recognised up to the amortised acquisition costs.

Pursuant to IFRS 7.25 the fair value for each class of financial instrument has to be disclosed. The fair values which have to be disclosed for each class of financial instrument consistently correspond with the book values. This applies directly to assets and liabilities in categories 1 and 2 (assets and liabilities that are recognised at their fair value as well as assets available for sale). The book value can be considered a sufficient approximate value to the fair value for assets and liabilities of categories 3 to 5 (assets held until final maturity, loans and receivables as well as other financial liabilities).

To determine the effectiveness of the fair value of the financial instruments there are three different levels:

Level 1: Valuation is based on quoted unchanged prices on active markets for identical assets and liabilities.

Level 2: Valuation is made on the basis of input factors that can be observed for the asset or the liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Valuation of assets and liabilities is not based on observable market data.

DERIVATIVE FINANCIAL INSTRUMENTS

Both initial recognition and subsequent measurement are made at fair value. Changes in fair value either can be included in the income statement or directly in equity – shown in the statement of comprehensive income. The decisive factor in this respect is whether the derivative financial instrument is included in an effective hedging relationship. If there is no effective hedging relationship between the hedge and the hedged item (ineffective part), changes in fair value are recognised in the income statement.

The derivatives which are embedded in non-derivative host contracts are recognised as stand-alone derivatives provided the following preconditions are fulfilled:

- It is a derivative in the sense of the IFRS regulations.
- Their economic features and risks are not closely associated with the host contract.
- The entire contract is not measured at fair value through profit or loss.

RECOGNITION OF HEDGING RELATIONSHIPS

Individual hedging instruments (e.g. embedded derivatives) are designated at fair value through profit or loss (fair value hedges). The hedging relationship between underlying transaction and hedge is documented at the beginning of hedge accounting including risk management targets. It is also regularly documented –both when the hedging relationship is entered into and on an ongoing basis –whether the hedging instrument designated in the hedging relationship is highly effective with regard to the compensation of fair value changes of the host business according to the hedged risk.

In general, the DATAGROUP Group does not sign any derivative financial instruments and hedging but has deviated from this policy in one particular case. Please find additional details as well as the statements on the fair values of the derivatives used for hedging purposes in section III.14.

OTHER ASSETS

Other receivables and other assets are recognised at the lower of amortised cost or market value. Account is taken of all identifiable individual risks and general default risks by means of appropriate value reductions. Specific cases of default lead to the receivable in question being written off.

PENSION PROVISIONS

Provisions for defined benefit plans are determined using the projected unit credit method according to IAS 19 "Employee Benefits". The pension commitment is calculated in accordance with actuarial principles and also accounts for an increase in salaries and pensions to be expected in future. Plan assets are offset with the pension obligations at market value. Actuarial gains or losses are recorded in equity with no effect on net income after having considered deferred taxes and are shown in the statement of comprehensive income.

OTHER PROVISIONS

Provisions are recognised for current uncertain obligations arising from past events, if these obligations are likely to give rise to a future outflow of resources. The amount of the obligation has to be reliably estimated and takes account of all recognisable risks. The valuation is based on the best possible estimate of the amount to be paid; possible rights of recourse are not offset against provisions. Long-term provisions, provided the effect is material, are recorded at their discounted net present value with matching maturity. If it is not possible to make a reliable estimation, no provision will be made but a contingent liability will be disclosed in the notes to the consolidated financial statements.

OTHER LIABILITIES

Other liabilities are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

TAXES

The actual income tax expense is calculated on the basis of the taxable income using the tax rates applicable to the individual company. Actual tax assets and actual tax liabilities are recognised at the amount expected.

Pursuant to IAS 12 "Income Taxes", deferred taxes are calculated using the balance sheet liability method for all temporary and quasi-permanent differences between the tax balance sheet and the consolidated balance sheet. Additionally, deferred tax liabilities are recognised on tax losses carried forward that have not yet been used, provided that future taxable income will likely be generated against which the unused tax losses can be utilised. Deferred taxes are determined using the company-specific tax rate. This tax rate corresponds to the expected tax rate for the period in which an asset is recognised or a liability settled. Deferred tax assets and tax liabilities are only offset against each other if there is an identity of the tax creditor.

LEASES

Pursuant to IAS 17 "Leases", economic ownership of leased assets is allocated to the contract partner which bears the significant risks and rewards associated with ownership. Leases are categorised into operating lease and finance lease.
If the lessor bears all significant rewards and risks (operating lease), the asset is capitalised in the lessor's balance sheet. Payments for leasing contracts which are classified as operating lease are recognised as expenses of the lessee over the term of the leasing contract. The lessor recognises the incoming leasing rates in the same way, i.e. distributed over their term.

If the lessee bears all significant rewards and risks arising from the contract, the lessee recognises the asset (finance lease). At the beginning of the finance lease contract, the lessee recognises assets and liabilities in the same amount, i.e. at fair value of the leased item or at the lower present value of the minimum lease payments. In the subsequent periods, leasing payments are divided into an interest portion and a portion to be deducted from receivables to determine the loans carried in the balance sheet. Financing costs shall be distributed over the term of the contract such that there is a constant interest rate on the respective remaining debt. The asset's value which was capitalised at the beginning is amortised on a straight-line basis over the term of the contract under consideration of a remaining value that may have been agreed. The lessor, in turn, capitalises a receivable in the amount of the present value of the minimum lease payment at the beginning of the lease contract. Incoming leasing rates are divided into an interest portion to be deducted from receivables, similar to the lessee.

GOVERNMENT GRANTS

Government grants are recognised in the income statement as other operating income in the period in which the expenses to be compensated through the respective grants are incurred. They are not recognised as income if it cannot be guaranteed with reasonable assurance that the conditions for the subsidies to be granted can be met.

II. Notes to the Consolidated Income Statement

1. Revenue

Revenue is divided as follows:

Figures in EUR	2017 / 2018	2016 / 2017
Service and maintenance	220,085,219.35	180,630,823.98
Trade	51,770,301.71	42,297,065.62
Others	244,032.30	213,789.76
Revenue	**272,099,553.36**	**223,141,679.36**

Foreign business only plays a minor role for the DATAGROUP Group; 98.1 % (previous year 98.5 %) of revenue was generated in Germany.

The share of services in revenue has remained unchanged at 80.9 %. The “Solutions and Consulting” segment generated 31.8 % of revenue (after 36.5 % in the previous year). More detailed information on the revenue development can be found in the Management Report under section 3. Net assets, financial position and results of operations of the DATAGROUP Group.

2. Other Operating Income

Other operating income is composed as follows:

Figures in EUR	2017 / 2018	2016 / 2017
Income from offsetting remuneration in kind	1,765,112.21	1,680,010.60
Income from reversal of provisions and liabilities	1,611,012.82	690,468.99
Income from revaluation of assets and liabilities	36,876.18	110,634.24
Rental income	133,554.68	167,163.54
Income from insurance compensation	46,128.87	56,505.28
Income from acquisition of business operations	0.00	2,791,864.80
Decrease accrual item Upfront-Payment from HPE-transaction	781,299.00	1,091,778.00
Refunding restructuring costs	402,366.00	1,632,608.00
Others	884,088.18	882,354.59
Other operating income	**5,660,437.94**	**9,103,388.04**

As part of the HanseCom acquisition (now DATAGROUP Operate IT GmbH) in FY 2016 / 2017 it was agreed that under certain conditions restructuring expenses may be forwarded to the seller up to a pre-defined total volume. Income from reimbursement of restructuring expenses of EUR 402,366.00 (previous year: EUR 1,632,608.00) is offset by personnel expenses of the same amount resulting from a provision for restructuring.

3. Material Expenses / Expenses for Purchased Services

Material expenses are composed as follows:

Figures in EUR	2017 / 2018	2016 / 2017
Material expenses	45,048,089.16	36,161,488.92
Expenses for purchased services	35,352,720.98	28,069,334.98
Material expenses / expenses for purchased services	**80,400,810.14**	**64,230,823.90**

4. Personnel Expenses

Personnel expenses are composed as follows:

Figures in EUR	2017 / 2018	2016 / 2017
Wages and salaries	115,834,903.64	102,638,712.60
Social contributions	18,175,291.46	15,879,593.34
Expenses for pensions and other other benefits	724,210.77	1,332,920.46
Personnel expenses	**134,734,405.87**	**119,851,226.40**

5. Depreciation and Amortisation

Depreciation and amortisation refer to the following assets:

Figures in EUR	2017 / 2018	2016 / 2017
On intangible assets		
internally developed	394,292.16	360,569.66
purchased	5,499,867.82	4,026,855.82
On property, plant and equipment	8,145,478.48	4,063,671.35
Depreciation and amortisation	**14,039,638.46**	**8,451,096.83**

Depreciation and amortisation have strongly increased in FY 2017 / 2018. On the one hand, this reflects the high investments made in data centers and in operating and office equipment at our sites in the last and the current fiscal year. On the other hand, depreciation and amortisation have increased on the back of acquisitions of companies carrying significant items in their fixed assets.

Amortisation of disclosed hidden reserves and charges as part of the purchase price allocation amounts to EUR 3,964,628.00 (previous year: EUR 3,188,846.00).

6. Other Operating Expenses

Other operating expenses are as follows:

Figures in EUR	2017 / 2018	2016 / 2017
Travel and vehicle expenses	5,510,083.53	5,134,670.33
Occupancy costs	8,439,723.09	4,609,679.78
Ancillary personnel expenses	3,490,749.99	3,310,800.89
Administration expenses	5,316,717.52	3,566,552.92
Advertising expenses	1,867,020.74	1,617,118.02
Legal and advisory costs	2,109,365.63	1,508,461.76
Insurance and other contributions, fees and bank charges	1,068,840.05	933,969.02
Others	1,044,277.64	1,068,362.72
Other operating expenses	**28,846,778.19**	**21,749,615.44**

The higher occupancy costs are mainly due to company acquisitions.

Research and development costs had a manageable volume in the DATAGROUP Group in the fiscal year. Regarding development activities of the DATAGROUP Group reference is made to the explanations in the consolidated management report under section 8. Other information – Research and development activities. No directly attributable expenses recognised as expense were incurred in the fiscal year.

The "Others" position mainly includes expenses from an increase of reserves for warranties and bad debts.

7. Financial Result

The financial result is as follows:

Figures in EUR	2017 / 2018	2016 / 2017
Financial income		
Investment income	133,498.48	117,316.65
Interest income from		
Finance lease	78,331.54	115,291.50
Others	262,257.93	569,919.25
Other financial income	0.00	23,760.58
	474,087.95	**826,287.98**
Financial expenses		
Bank loans	982,514.46	1,181,233.89
Finance lease	134,737.01	197,858.84
Effective interest method	915,268.50	908,168.37
Factoring	291,136.76	334,890.83
Revaluation earn-out obligations	16,532.00	48,735.68
Others	79,110.31	146,428.30
	2,419,299.04	**2,817,315.91**
Financial result	**-1,945,211.09**	**-1,991,027.93**

Financial expenses for bank loans declined by ca. 17 % in the fiscal year. This decline is due to the repayment of existing loans. Both the finance lease business and the factoring volume are declining. The decline in other financial income is attributable to positive effects from tax statements in the previous year.

8. Income Taxes

In addition to actual taxes on income and profit, deferred taxes are reported as income taxes as well:

Figures in EUR	2017 / 2018	2016 / 2017
Actual taxes	**6,687,096.87**	**6,781,540.52**
Deferred taxes		
from different times of valuation	-1,171,490.58	-2,283,342.91
from losses carried forward	89,676.74	901,470.00
	-1,081,813.84	**-1,381,872.91**
Income taxes	**5,605,283.03**	**5,399,667.61**

Deferred taxes arising from temporary differences in valuation are taxes on amortisation of assets capitalised as part of company acquisitions in the amount of EUR 1,256,415.89 (previous year EUR 995,465.51). They result in a decrease of the tax burden.

The DATAGROUP entities have paid taxes on income and profit exclusively in Germany so far. The individual tax rates – depending on the municipal rate fixed by the different municipalities – are between 28.075 % and 32.275 % (no changes year-on-year). The Group-wide tax rate was derived from the weighted average and stands at 31.6 % as in the previous year. When taking this group-wide tax rate as a basis the expected calculated tax rate expenses can be reconciled to the actual tax result as follows:

Figures in EUR		2017 / 2018	2016 / 2017
Earnings before taxes		**18,478,593.67**	**16,598,661.85**
Group tax rate:	31.60 % (LFY 31.60 %)		
Expected tax expenses		**5,839,235.60**	**5,245,177.14**
Tax expenses and income of earlier years		-243,012.70	189,014.01
Non-deductible operating expenses as well as trade tax additions and reductions		344,125.13	294,631.60
Non-recognised deferred taxes on permanent differences		-2,559.39	-822,927.54
Tax rate change for deferred taxes		20,584.66	-3,645.18
Differences to local tax rates		-15,121.61	104,236.72
Impact from the revaluation of tax losses carried forward		-337,968.67	393,180.86
Actual tax expense		**5,605,283.03**	**5,399,667.61**
Actual tax rate:	30.33 % (LFY 32.53 %)		

(corresponds to the relations between actual tax expenses and earnings before taxes)

In FY 2017 / 2018, the actual tax rate is 30.33 % (previous year: 32.5 3 %). The deviations between the actual and the expected calculated tax rates observed in the last years are generally due to tax expenses from the previous years, the revaluation of tax losses carried forward, the adjustment of permanent differences in valuation that are not subject to taxation, e.g. the recalculation of earn-out obligations or investment book values as well as non-deductible business expenses and trade tax additions.

9. Other Comprehensive Income

The other comprehensive income includes the following items:

Figures in EUR	2017 / 2018	2016 / 2017
Other earnings before taxes		
Recalculation of defined benefit obligations		
Pension provisions	-1,868,073.29	10,584,729.07
Claims from reinsurance coverage for pension obligations	-37,390.00	-200,248.90
Hedging instrument	-116,795.00	-8,978,605.64
	-2,022,258.29	**1,405,874.53**
Change in balancing items from currency conversion	24.20	0.00
Other earnings before taxes	**-2,022,234.09**	**1,405,874.53**
Income tax effecs on other income	-571,329.00	418,922.16
Comprehensive income	**-1,450,905.09**	**986,952.37**

1. Goodwill

Goodwill has changed in the ficsal year as follows:

Figures in EUR	2017 / 2018	2016 / 2017
Services		
Opening balance	17,428,917.87	16,325,268.29
Additions	0.00	1,103,649.58
	17,428,917.87	**17,428,917.87**
Solutions and Consulting		
Opening balance	22,192,268.03	22,192,268.03
Addition	6,925,706.11	0.00
	29,117,974.14	**22,192,268.03**
Others (Holding)		
Opening balance	8,953.33	5,883.33
Additions	0.00	3,070.00
	8,953.33	**8,953.33**
Goodwill	**46,555,845.34**	**39,630,139.23**

2. Other Intangible Assets

In a comparison with last year's reporting date, other intangible assets are composed as follows::

Figures in EUR	30.09.2018	30.09.2017
Order backlog / customer bases	8,689,731.00	10,485,563.00
Internally developed intangible assets		
Software	1,763,441.24	1,647,896.50
Purchased intangible assets	4,805,011.67	3,799,400.54
Other intangible assets	**15,258,183.91**	**15,932,860.04**

An economic useful life of three years was determined for the capitalised order backlog; customer relationships have useful lives of between three and eight years. The acquired intangible assets are generally amortised over a period of between three and five years, in some cases also up to 15 years. Internally developed intangible assets have useful lives of between three and ten years.

Expenses for research and development of the DATAGROUP Group had a manageable extent in the fiscal year. Regarding development activities of the DATAGROUP Group, reference is made to the explanations in the consolidated management report under section 8. Other information – Research and development activities. There were no directly attributable expenses recognised in this fiscal year.

3. Property, Plant and Equipment

Figures in EUR	30.09.2018	30.09.2017
Technical equipment	0.00	13,004.00
Furniture and office equipment	22,302,257.32	19,224,313.71
Advance payments charged	48,841.99	13,260.00
PPE	**22,351,099.31**	**19,250,577.71**

Property, plant and equipment include assets of EUR 1,426,555.60 (previous year: EUR 2,395,802.00) acquired within the context of finance lease contracts.

The useful lives of property, plant and equipment are between one and ten years, in some cases also up to 33 years.

4. Non-Current and Current Financial Assets

Financial assets are structured as follows:

Figures in EUR	30.09.2018 Remaining term up to 1 year	30.09.2018 Remaining term 1 to 5 years	30.09.2018 Remaining term over 5 years	30.09.2018 Total
Investments	0.00	0.00	395,722.28	395,722.28
Receivables from shareholder	547.42	0.00	0.00	547.42
Securities	53,105.00	140,852.00	0.00	193,957.00
Receivables from finance lease	1,239,270.95	1,279,811.86	0.00	2,519,082.81
Other loans	0.00	0.00	9,350.00	9,350.00
Financial assets	**1,292,923.37**	**1,420,663.86**	**405,072.28**	**3,118,659.51**

Figures in EUR	30.09.2017 Remaining term up to 1 year	30.09.2017 Remaining term 1 to 5 years	30.09.2017 Remaining term over 5 years	30.09.2017 Total
Investments	0.00	0.00	523,922.41	523,922.41
Receivables from shareholder	0.00	0.00	0.00	0.00
Securities	105,739.00	0.00	0.00	105,739.00
Receivables from finance lease	2,295,766.62	2,112,078.40	0.00	4,407,845.02
Other loans	0.00	0.00	9,350.00	9,350.00
Financial assets	**2,401,505.62**	**2,112,078.40**	**533,272.41**	**5,046,856.43**

5. Other Non-Current Assets

Figures in EUR	30.09.2018	30.09.2017
Receivables from tax authorities	166,808.44	163,988.10
Deposits	473,269.53	564,607.44
Others	18,077,553.88	14,943,874.19
Other non-current assets	**18,717,631.85**	**15,672,469.73**

The position "Others" mainly refers to Hewlett-Packard GmbH (HPE, now DXC Technology) and results from the transaction carried out in FY 2015 / 2016 in the context of which employees were taken over. It is the interest-bearing long-term component of the compensation from the takeover of pension obligations.

6. Deferred Taxes

Deferred taxes were set up for the following asset and liability items:

Figures in EUR	30.09.2018	30.09.2017
Deferred tax assets on		
Losses carried forward	2,812,515.60	2,902,195.00
Property, plant and equipment	174,148.40	146,964.03
Inventories	0.00	8,989.23
Construction contracts	39,071.26	232,757.49
Other assets	56,952.44	87,317.58
Provisions	12,316,123.02	12,361,600.20
Financial liabilities	3,636,973.94	4,197,601.09
	19,035,784.66	**19,937,424.62**
Balancing	-14,409,186.81	-15,355,123.18
Deferred tax assets	**4,626,597.85**	**4,582,301.44**
Deferred tax liabilities on		
Other intangible assets	3,279,294.92	3,867,548.83
Financial assets	628,717.39	1,230,500.50
Other liabilities	11,445,301.99	12,172,792.90
	15,353,314.30	**17,270,842.23**
Balancing	-14,409,186.81	-15,355,123.18
Deferred tax liabilities	**944,127.49**	**1,915,719.05**

Deferred taxes on losses carried forward are subject to a regular, at least quarterly, impairment test. It is examined whether and to which extent existing losses carried forward are expected to be offset against the positive results of an individual group company within the next five years. In the current and in the previous fiscal year, deferred taxes capitalised on losses carried forward were largely recognised without a need for valuation allowance.

Of the deferred taxes reported in the balance sheet, a total of EUR 571,329.00 (previous year: EUR 418,922.16) was recorded with a resulting increase in equity, without influencing the income statement. They relate to the revaluation of defined benefit commitments.

7. Inventories

The following assets are recorded under inventories:

Figures in EUR	30.09.2018	30.09.2017
Work in progress	21,000.00	62,601.21
Finished goods and merchandise, gross	1,911,040.29	3,364,051.89
Prepayments	39,987.54	37,554.50
Inventories	**1,972,027.83**	**3,464,207.60**

The item "Finished goods and merchandise" mainly comprises hardware and software. Of the inventories, a total of EUR 213,114.61 (previous year: EUR 316,684.19) was pledged as collateral for loan liabilities to banks. The respective credit facility has not been utilised on September 30, 2018.

8. Trade Receivables

At the balance sheet date, trade receivables were as follows:

Figures in EUR	30.09.2018	30.09.2017
Trade receivables gross	32,751,644.28	27,136,577.11
Valuation allowance	-1,515,560.33	-377,067.83
Trade receivables	**31,236,083.95**	**26,759,509.28**

Over the course of the fiscal year, valuation allowances developed as follows:

	2017/2018	2017/2018	2017/2018
Figures in EUR	Specific valuation allowance	General valuation allowance	Total
Opening balance	**107,767.83**	**269,300.00**	**377,067.83**
Additions through changes in the scope of consolidation	0.00	10,600.00	10,600.00
Consumption	800.00	28,800.00	29,600.00
Additions	1,060,292.50	97,200.00	1,157,492.50
Closing balance	**1,167,260.33**	**348,300.00**	**1,515,560.33**

With the exception of retention of title – agreed in commercial transactions to some extent – trade receivables are not collateralised. Hence, the DATAGROUP Group is exposed to the risk that bad debts may arise in an amount equal to the book values. This has been taken into account by recognising reasonable – also generalised – specific provisions. On September 30, 2018, the DATAGROUP Group held no receivables which were overdue but not impaired.

9. Construction Contracts

Under consideration of advance payments received on the assets and liabilities sides of the balance sheet, construction contracts look as follows:

Figures in EUR	30.09.2018	30.09.2017
Construction contracts, gross	8,345,008.60	4,189,555.15
Prepayments received	2,032,322.27	2,010,434.22
Construction contracts, net	**6,312,686.33**	**2,179,120.93**
Excess of assets	**6,464,163.64**	**2,558,761.35**
Excess of liabilities	**151,477.31**	**379,640.42**
Construction contracts, net	**6,312,686.33**	**2,179,120.93**

The construction contracts include order costs of EUR 6,554,841.50 (previous year: EUR 3,347,753.14). Recognised gains amount to EUR 1,790,167.10 (previous year: EUR 841,802.01).

Order revenues in the current fiscal year totalled EUR 18,093,137.12 (previous year: EUR 10,673,673.06).

10. Other Current Assets

Other assets shown under current assets are composed as follows:

Figures in EUR	30.09.2018	30.09.2017
Receivables from affiliated companies	33,227.57	4,377.36
Receivables from companies in which participating interests are held	456,083.72	381,329.00
Receivables from tax authorities	7,064,140.55	4,336,725.72
Receivables from factoring	3,135,417.05	3,137,491.58
Others	10,647,302.50	14,303,719.23
Other current assets	**21,336,171.39**	**22,163,642.89**

The item "Others" includes an amount from the transaction with DXC Technology. This amount refers to the short-term interest-bearing component of the compensation from the takeover of pension obligations. It is also accrued income.

11. Cash and Cash Equivalents

Cash and cash equivalents only include bank deposits and cash:

Figures in EUR	30.09.2018	30.09.2017
Bank deposits	38,686,196.41	53,164,337.17
Cash on hand	14,295.27	14,693.70
Cash and cash equivalents	**38,700,491.68**	**53,179,030.87**

12. Equity

The equity development is shown in the overviews of the consolidated statement of changes in equity.

SUBSCRIBED CAPITAL

The company's share capital amounts to EUR 8,349,000.00 and is distributed in 8,349,000 no-par value bearer shares. The pro rata amount of the share capital is EUR 1.00 per no-par share.

AUTHORISED CAPITAL

The management board was authorised by a resolution of the Annual General Meeting of March 8, 2018, with the consent of the supervisory board, to increase the company's share capital once or several times by a nominal amount of EUR 3,339,600.00 until March 7, 2023 by issuing new no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 per no-par share against contributions in cash and/or in kind (authorised capital I 2018). The management board has made no use of this authorisation to date.

The management board is authorised by a resolution of the Annual General Meeting of March 8, 2018, with the consent of the supervisory board, to increase the company's share capital once or several times up to a nominal amount of EUR 834,900.00 until March 7, 2023 by issuing new no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 per no-par share against contributions in cash and/or in kind (authorised capital II 2018). The management board has made no use of this authorisation to date.

CONTINGENT CAPITAL

The management board is authorised by a resolution of the Annual General Meeting of March 12, 2015, with the consent of the supervisory board, to issue, once or several times, options or convertible bonds in the name of the bearer, profit participation rights or profit participating bonds, or a combination of these instruments (collectively "bonds") up to a total nominal value of EUR 30,000,000.00 until March 11, 2020 with or without maturity date and to grant or impose on holders or creditors of the equally privileged bonds option rights or obligations or conversion rights or obligations relating to new no-par value bearer shares of DATAGROUP SE with a pro rata amount of the share capital up to a total of EUR 3,795,000.00, according to the conditions attached to these bonds. The bonds may feature a fixed or variable interest rate. Furthermore, the interest rate may fully or partially depend on the dividend amount of DATAGROUP SE, as is also the case for a participating bond. The management board has made no use of this authorisation to date.

GENERATED GROUP EQUITY

At the Annual General Meeting on March 8, 2018 it was resolved to distribute a dividend of EUR 0.45 per no-par share entitled to dividend for FY 2016 / 2017. The amount paid for 8,331,459 no-par shares totalled EUR 3,749,156.55.

For FY 2017 / 2018, the management board proposes to distribute a dividend of EUR 0.60 per no-par share entitled to dividend.

EARNINGS PER SHARE

In the fiscal year, the company generated earnings per share of 155 cents. The previous year's value stood at 141 cents per share.

The calculation for earnings per share is based on the average weighted number of ordinary shares outstanding during the period under review. This number consistently stood at 8,331,459 during FY 2017 / 2018. In the previous year, the calculation of earnings per share was based on 7,940,000 shares. When taking the 8,331,459 shares as a basis, earnings per share would have amounted to 134 cents.

ACCUMULATED OTHER COMPREHENSIVE INCOME

Beyond the consolidated net income of EUR 12,873,310.65 (previous year EUR 11,198,994.24) generated in the fiscal year, accumulated other comprehensive income of EUR -1,450,929.29 (previous year EUR 986,952.37) was generated. Other comprehensive income relates to actuarial losses from the valuation of pension provisions of EUR -2,022,234.09, which are reduced by deferred taxes on this item in the amount of EUR 571,329.00.

In summary, the development of the accumulated other comprehensive income in FY 2017 / 2018 compared to FY 2016 / 2017 is as follows:

Figures in EUR	2017 / 2018	2016 / 2017
As at 01.10.	**-2,489,585.81**	**-3,476,538.18**
Other result	-1,450,929.29	986,952.37
As at 30.09.	**-3,940,515.10**	**-2,489,585.81**

Another effect is due to the changes in the balancing item arising from the currency translation of financial statements prepared in foreign currencies using the exchange rate on the balance sheet date in the amount of EUR 24.20.

REPAYMENT OF CAPITAL / TREASURY SHARES

The company was authorised by the Annual General Meeting on March 22, 2017 to acquire treasury shares which in aggregate account for 10 % of the share capital existing at the time of the adoption of the resolution on March 22, 2017, or – if this value is lower – of the existing share capital registered at the time the shares are acquired. The shares acquired under this authorisation together with other shares of the company which it has already acquired and still holds, or which are to be assigned to the company pursuant to §§ 71 et seq. of the German Stock Corporation Act (Aktiengesetz) may not, at any time, exceed 10 % of the respective share capital. This authorisation is valid until March 21, 2022.

Treasury shares are mainly acquired with the aim to use them as consideration within the context of the acquisition of companies, parts of companies, share or other interests in companies.

In the fiscal year, the company's shares held in treasury remained unchanged at 17,541 shares or nominally EUR 17,541.00. This corresponds to 0.21 % of the share capital.

13. Non-Current and Current Financial Liabilities

The tables below show the composition and maturity of the financial liabilities on September 30, 2018 and on September 30, 2017:

Figures in EUR	30.09.2018 Remaining term up to 1 year	30.09.2018 Remaining term 1 to 5 years	30.09.2018 Remaining term over 5 years	30.09.2018 Total
Liabilities to financial institutions	9,942,905.69	29,763,680.85	0.00	39,706,586.54
Liabilities from finance lease	2,089,596.12	1,914,639.57	0.00	4,004,235.69
Liabilities for the earn-out from the acquisition of subsidiaries	305,000.00	1,790,266.00	0.00	2,095,266.00
Fare value of derivative financial instruments	0.00	9,095,400.64	0.00	9,095,400.64
Financial liabilities	**12,337,501.81**	**42,563,987.06**	**0.00**	**54,901,488.87**

Figures in EUR	30.09.2017 Remaining term up to 1 year	30.09.2017 Remaining term 1 to 5 years	30.09.2017 Remaining term over 5 years	30.09.2017 Total
Liabilities to financial institutions	7,873,811.89	31,111,046.40	9,000,000.00	47,984,858.29
Liabilities from finance lease	3,252,436.75	3,601,261.03	0.00	6,853,697.77
Liabilities for the earn-out from the acquisition of subsidiaries	0.00	0.00	0.00	0.00
Fare value of derivative financial instruments	0.00	8,978,605.64	0.00	8,978,605.64
Financial liabilities	**11,126,248.64**	**43,690,913.07**	**9,000,000.00**	**63,817,161.70**

The earn-out obligations incurred with the acquisition of the ALMATO GmbH had a value of EUR 2,095,266.00 on September 30, 2018. The company's improved data records on September 30, 2018 compared to the calculation at the time of the first consolidation on January 1, 2018 led to expenses from the revaluation of the earn-out obligation of EUR 16,532.00.

14. Hedging Instrument

In FY 2015 / 2016, DATAGROUP Enterprise Services GmbH acquired part of the business operations from Hewlett-Packard GmbH (HPE, now DXC Technology) on September 1, 2016. As part of this contract, the company took over pension obligations which were valued with EUR 50,793,008.00 in total on September 1, 2016. These obligations are backed by trust assets in the amount of EUR 21,085,249.36, which were transferred to the trustee appointed by DATAGROUP. The difference of EUR 29,707,758.64 EUR was recognised as cash settlement claim as per September 30, 2016. It has a term until August 31, 2020. A derivative is embedded in the cash settlement claim in the form of an interest rate future. The value of the interest rate derivative is determined by the underlying interest rate at the respective valuation date.

The discount interest rate acts as a reference for the pension obligation portfolio determined on September 1, 2016, as stipulated in the contract. The interest rate is aligned to the interest rates for the IFRS valuation of pension obligations with a duration of 16 years.

Based on the contractual conditions, the derivative can significantly modify the cash flows from the host contract. The economic features and risks of the two components of the hybrid financial instrument are not closely related. As such, host contract and derivative must be recognised separately, as the company does not exercise the fair value option.

DATAGROUP has designated the derivative as hedging instrument on October 1, 2016 to offset the part of the change in value of the pension obligation which results from changes of the discount rate (fair value hedge).

According to the regulations of IAS 39 and by determining a company-specific approach in the sense of IAS 8.10, part of the pension obligations that were transferred to DATAGROUP when it acquired a division were designated as host of the hedging relationship. Only the interest-driven change in value of the pension obligation is designated as host, to hedge the existing individual risk of the financial debt.

Changes in value of the hedging instrument and the host of a fair value hedge are basically recognised through profit and loss. As this would disrupt the principle of changes in value recognised directly in equity in the present case, the accounting rules of the host are applied to the hedging instrument. As well as the ineffective part of the changes in the fair value, changes in value related to the hedged risk are accounted for in the other comprehensive income.

The purpose of the hedging instrument is to offset interest-driven adjustments of pension provisions from the pension obligations acquired on September 1, 2016. The derivative has a term until August 31, 2020. The development of the pension provision from an offer or from other inventory changes is explicitly not hedged. Based on the chosen contractual structure, the hedging instrument is calculated at an actuarial interest resulting from an assumed remaining term of the pension obligation (duration) of 16 years. This was 1.18 % on September 30, 2016. The value of the instrument was EUR 0.00 as per September 30, 2016. A duration of more than 20 years has to be assumed for the determination of the pension provision; the respective actuarial interest was 1.40 % on September 30, 2016.

The underlying interest rates and the values of the hedging instrument and the respective host can be found in the table below:

Date	Actuarial interest rate		Specific interst-driven change of the underlying provision	Value derivative hedging instrument	Ineffective part
	Host business	Hedging instrument	(- = surplus- of assets)	(- = liability-item)	
			I	II	III
Figures in EUR					= I - II
01.10.2016	1.40 %	1.18 %	0.00	0.00	0.00
30.09.2017	2.20 %	1.90 %	-9,091,850.00	-8,978,606.00	113,244.00
30.09.2018	2.25 %	1.91 %	-9,585,425.00	-9,095,401.00	490,024.00

15. Non-Current and Current Provisions

Provisions are composed as follows:

	30.09.2018	30.09.2018	30.09.2018	30.09.2017
Figures in EUR	Current	Non-current	Total	Total
Provisions for pensions	**0.00**	**40,609,607.36**	**40,609,607.36**	**37,593,187.93**
Other provisions				
from unfavourable contractual relationships	83,600.00	91,000.00	174,600.00	255,800.00
for restructuring	1,623,844.35	0.00	1,623,844.35	2,139,183.80
for other personnel costs	1,168,982.46	773,356.40	1,942,338.86	1,556,123.04
for warranties	268,400.00	0.00	268,400.00	165,100.00
for other obligations	4,140,101.23	161,170.76	4,301,271.99	4,638,533.59
Provisions	**7,284,928.04**	**41,635,134.52**	**48,920,062.56**	**46,347,928.36**

Provisions for unfavourable contracts relate to an excessive lease agreement.

Provisions for other personnel expenses include a provision of EUR 418,600.00 related to government grants for setting up business premises in Mecklenburg-Vorpommern. Grants received in the last years were fully recognised on the liabilities side, as the conditions under which the allowance is granted were not fully met.

Provisions in the fiscal year developed as follows:

Figures in EUR	01.10.2017 As at	2017 / 2018 Changes in the scope of consolidation	2017 / 2018 Consumption	2017 / 2018 Reversal	2017 / 2018 Allocation of interest	2017 / 2018 Allocation	30.09.2018 As at
Provisions for pensions	**37,593,187.93**	**0.00**	**926,317.40**	**532,119.57**	**749,750.40**	**3,725,106.00**	**40,609,607.36**
Other provisions							
from unfavourable contractual relationships	255,800.00	0.00	81,850.00	0.00	650.00	0.00	174,600.00
for restructuring	2,139,183.80	0.00	1,943,001.81	7,547.50	0.00	1,435,209.86	1,623,844.35
for other personnel costs	1,556,123.04	0.00	732,908.56	172,966.46	7,132.50	1,284,958.34	1,942,338.86
for warranties	165,100.00	0.00	101,400.00	0.00	0.00	204,700.00	268,400.00
for other obligations	4,638,533.59	189,770.00	2,236,927.86	982,582.38	0.00	2,692,478.64	4,301,271.99
Provisions	**46,347,928.36**	**189,770.00**	**6,022,405.63**	**1,695,215.91**	**757,532.90**	**9,342,452.84**	**48,920,062.56**

PENSION PROVISIONS

Provisions for pensions are set up to cover defined benefit commitments made to individual – partially former – employees of DATAGROUP Enterprise Services GmbH, DATAGROUP Business Solutions GmbH, DATAGROUP Financial IT Services GmbH and DATAGROUP Stuttgart GmbH.

Part of the financial funds that are necessary to cover DATAGROUP Enterprise Services GmbH's pension obligations are managed by a trustee, other pension obligations of DATAGROUP Enterprise Services GmbH, DATAGROUP Financial IT Services GmbH and of DATAGROUP Business Solutions GmbH are partially covered by reinsurance policies.

The DATAGROUP entities have both defined contribution and defined benefit pension obligations.

Defined contribution obligations mainly exist in the context of the statutory pension obligation. In FY 2017 / 2018, employer contributions to statutory pension insurance amounted to EUR 8,500,000.00 (previous year ca. EUR 7,500,000.00) in the DATAGROUP Group.

Defined benefit obligations are based on individual pension commitments, which to some extent were acquired following the transfer of undertakings pursuant to § 613a German Civil Code (Bürgerliches Gesetzbuch, BGB). All of these are closed pension schemes; it is currently not planned that other active employees can acquire entitlements. There are obligations for employees, pensioners and also for individual former employees with vested pension entitlement.

Based on the existing pension schemes, old-age pensions, invalidity pensions as well as widow's and orphan's pensions are granted. The magnitude of pension obligations generally depends on the years of service and the salary of the eligible person. A one-off payment in the event of death is granted for part of the pension commitments provided that death occurs before the person reaches retirement age. In the event of survival, i.e. retirement age is reached, the pensioner can choose between a regular monthly payment or a one-off disbursement.

To cover the pension commitments, the company partially has signed trust agreements to secure the accrued trust assets as well as reinsurance policies. The trust assets available at the balance sheet date are fully netted out against pension provisions. Entitlements arising from the reinsurance policies are only netted out if they are pledged to the pension beneficiaries.

The provision is calculated with the projected unit credit method on the basis of the Heubeck actuarial charts 2005 G using the following parameters:

Figures in %	2017/2018 DATAGROUP Enterprise Services GmbH	2017/2018 DATAGROUP Business Solutions GmbH	2017/2018 DATAGROUP Financial IT Services GmbH	2017/2018 DATAGROUP Stuttgart GmbH	2016/2017 DATAGROUP Enterprise Services GmbH	2016/2017 DATAGROUP Business Solutions GmbH	2016/2017 DATAGROUP Financial IT Services GmbH	2016/2017 DATAGROUP Stuttgart GmbH
Acutarial interest	2.25	1.80	2.05	1.80	2.20	1.75	2.00	1.75
Pension trend	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Remuneration trend	2.00	2.00	2.00	0.00	2.00	2.00	3.00	0.00

In view of the divergent inventory structure, different actuarial interest rates were chosen for drawing up the reports of the individual group companies. While DATAGROUP Enterprise Services GmbH only has an active inventory, the other DATAGROUP entities have mixed inventories.

The pension obligations of DATAGROUP Stuttgart GmbH do not depend on salary.

The projected benefit obligation of the defined benefit obligation and the fair values of the plan assets arising from trust assets and reinsurance policies can be extrapolated as follows:

Figures in EUR	30.09.2018	30.09.2017	30.09.2016	30.09.2015	30.09.2014
Projected benefit obligation of the defined benefit obligation	69,714,205.36	66,503,433.62	64,661,039.33	14,573,986.00	13,702,557.00
Fair value of the plan assets	29,104,598.00	28,910,245.69	22,832,142.00	1,751,644.00	1,757,749.42
Provisions for pensions	**40,609,607.36**	**37,593,187.93**	**41,828,897.33**	**12,822,342.00**	**11,944,807.58**

Over the course of the fiscal year, the projected benefit obligation for the pension obligations has developed as follows:

Figures in EUR	2017/2018 DATAGROUP Enterprise Services GmbH	2017/2018 DATAGROUP Business Solutions GmbH	2017/2018 DATAGROUP Financial IT Services GmbH	2017/2018 DATAGROUP Stuttgart GmbH	2017/2018 Total	2016/2017 DATAGROUP Enterprise Services GmbH	2016/2017 DATAGROUP Business Solutions GmbH	2016/2017 DATAGROUP Financial IT Services GmbH	2016/2017 DATAGROUP Stuttgart GmbH	2016/2017 Total
Projected benefit obligation on 01.10.	**40,649,898.40**	**14,429,543.36**	**11,029,795.86**	**394,196.00**	**66,503,433.62**	**47,804,522.00**	**16,420,914.33**	**0.00**	**435,603.00**	**64,661,039.33**
Additions out of changes in the scope of consolidation / out of transfer of employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,987,695.96	0.00	10,987,695.96
Current service cost	1,113,397.00	21,863.00	394,859.00	3,036.40	1,533,155.40	1,096,233.00	24,531.00	25,636.92	3,411.00	1,149,811.92
Pension payments	236,189.00	600,271.00	169,369.00	12,827.40	1,018,656.40	30,688.00	602,323.00	13,722.09	12,826.00	659,559.09
Interest expenses	868,889.00	247,265.00	216,110.00	6,786.00	1,339,050.00	669,264.47	193,437.00	30,185.07	5,150.00	898,036.54
Reclassification	0.00	0.00	-209,258.42	0.00	-209,258.42	0.00	0.00	0.00	0.00	0.00
Expected projected benefit obligation on 30.09.	**42,395,995.40**	**14,098,400.36**	**11,262,137.44**	**391,191.00**	**68,147,724.20**	**49,539,331.47**	**16,036,559.33**	**11,029,795.86**	**431,338.00**	**77,037,024.66**
Actuarial gains and losses										
from changes in financial mathematical assumptions	-721,459.40	-174,691.00	-332,076.44	-3,381.00	-1,231,607.84	-9,219,726.60	-1,607,015.97	0.00	-36,302.00	-10,863,044.57
from changes based on experience	2,895,554.00	-51,508.00	-45,957.00	0.00	2,798,089.00	330,293.53	0.00	0.00	-840.00	329,453.53
Total	**2,174,094.60**	**-226,199.00**	**-378,033.44**	**-3,381.00**	**1,566,481.16**	**-8,889,433.07**	**-1,607,015.97**	**0.00**	**-37,142.00**	**-10,533,591.04**
Projected benefit obligation on 30.09.	**44,570,090.00**	**13,872,201.36**	**10,884,104.00**	**387,810.00**	**69,714,205.36**	**40,649,898.40**	**14,429,543.36**	**11,029,795.86**	**394,196.00**	**66,503,433.62**

The projected benefit obligations are distributed among the pension beneficiaries as follows:

Figures in EUR	2017/2018 DATAGROUP Enterprise Services GmbH	2017/2018 DATAGROUP Business Solutions GmbH	2017/2018 DATAGROUP Financial IT Services GmbH	2017/2018 DATAGROUP Stuttgart GmbH	2017/2018 Total	2016/2017 DATAGROUP Enterprise Services GmbH	2016/2017 DATAGROUP Business Solutions GmbH	2016/2017 DATAGROUP Financial IT Services GmbH	2016/2017 DATAGROUP Stuttgart GmbH	2016/2017 Total
Active employees	41,164,748.00	652,735.00	6,016,629.00	95,530.00	47,929,642.00	39,567,033.40	1,059,431.00	6,996,987.33	92,161.00	47,715,612.73
Former employees with vested pension entitlement	2,181,647.00	1,963,588.00	1,299,013.00	89,451.00	5,533,699.00	829,122.00	2,447,932.00	803,051.00	88,592.00	4,168,697.00
Pensioners	1,223,695.00	11,255,878.36	3,568,462.00	158,168.00	16,206,203.36	253,743.00	10,922,180.36	3,229,757.53	166,930.00	14,572,610.89
Widows and orphans	0.00	0.00	0.00	44,661.00	44,661.00	0.00	0.00	0.00	46,513.00	46,513.00
Projected benefit obligations on 30.09.	**44,570,090.00**	**13,872,201.36**	**10,884,104.00**	**387,810.00**	**69,714,205.36**	**40,649,898.40**	**14,429,543.36**	**11,029,795.86**	**394,196.00**	**66,503,433.62**

Over the course of the fiscal year, the fair value of the plan assets has developed as follows:

Figures in EUR	2017/2018 DATAGROUP Enterprise Services GmbH	2017/2018 DATAGROUP Business Solutions GmbH	2017/2018 DATAGROUP Financial IT Services GmbH	2017/2018 DATAGROUP Stuttgart GmbH	2017/2018 Total	2016/2017 DATAGROUP Enterprise Services GmbH	2016/2017 DATAGROUP Business Solutions GmbH	2016/2017 DATAGROUP Financial IT Services GmbH	2016/2017 DATAGROUP Stuttgart GmbH	2016/2017 Total
Fair value of plan assets on 01.10.	**21,050,699.00**	**1,742,349.00**	**6,117,197.69**	**0.00**	**28,910,245.69**	**21,085,248.00**	**1,746,894.00**	**0.00**	**0.00**	**22,832,142.00**
Additions out of changes in the scope of consolidation / out of transfer of employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,095,029.36	0.00	6,095,029.36
Additions to plan assets	0.00	16,976.00	127,856.00	0.00	144,832.00	0.00	16,167.00	0.00	0.00	16,167.00
Payments from plan assets	0.00	92,339.00	0.00	0.00	92,339.00	34,549.00	92,339.00	0.00	0.00	126,888.00
Expected income or expenses from plan assets	439,960.00	29,807.00	119,532.60	0.00	589,299.60	0.00	20,490.00	22,168.33	0.00	42,658.33
Reclassification	0.00	0.00	-209,258.42	0.00	-209,258.42	0.00	0.00	0.00	0.00	0.00
Expected fair value of plan assets on 30.09.	**21,490,659.00**	**1,696,793.00**	**6,155,327.87**	**0.00**	**29,342,779.87**	**21,050,699.00**	**1,691,212.00**	**6,117,197.69**	**0.00**	**28,859,108.69**
Actuarial gains and losses	-162,688.00	42,577.00	-118,070.87	0.00	-238,181.87	0.00	51,137.00	0.00	0.00	51,137.00
Fair value of plan assets on 30.09.	**21,327,971.00**	**1,739,370.00**	**6,037,257.00**	**0.00**	**29,104,598.00**	**21,050,699.00**	**1,742,349.00**	**6,117,197.69**	**0.00**	**28,910,245.69**

The plan assets refer to trust assets and claims resulting from insurance policies. Pension expenses are reflected in the income statement as follows:

Figures in EUR	2017/2018	2016/2017
Current service = Personnel expenses	1,533,155.40	1,149,811.92
Interest income	589,299.60	42,658.33
Interest expenses	1,339,050.00	898,036.54

The revaluation of the defined benefit obligations is recognised in the other income. It is composed as follows:

Figures in EUR	2017/2018	2016/2017
Revaluation from defined benefit obligations from		
provisions for pension obligations	-1,868,073.29	10,584,728.04
Accounts receivable from reinsurance	-37,390.00	-200,247.51
Hedging instrument	-116,795.00	-8,978,606.00
Total	**-2,022,258.29**	**1,405,874.53**

To illustrate the range of possible fluctuations in the provision resulting from a change in the calculation of the underlying parameters a sensitivity analysis was conducted with different scenarios. To this end, the most important parameters for the calculation of the provision have changed in two directions each. Only one parameter was adjusted in every single scenario, the other remained unchanged. The adjustment of the most important parameters led to the following results:

Figures in %	2017/2018 Increase or decrease of projected benefit obligation	2016/2017 Increase or decrease of projected benefit obligation
Interest -0.5 %	11.40	11.42
Interest +0.5 %	-9.61	-8.32
Pension trend -0.5 %	-6.18	-6.55
Pension trend +0.5 %	6.84	7.24
Life expectancy -1 year	-2.86	-2.35
Life expectancy +1 year	2.84	2.31

The following cash inflows and outflows for pension obligations can be expected in the next fiscal year (- = inflows):

Figures in EUR	2018/2019
Pension payments	834,341.00
Annuity payments from plan assets	0.00
Employer's contribution for plan assets	126,173.00
Total	**960,514.00**

The average remaining time to maturity of the obligations (duration) is approximately 22 years.

16. Trade Payables

Trade payables can be fully classified as current. If liabilities are related to deliveries, they are partially subject to the customary retention of title.

17. Other Liabilities

Other liabilities are composed as follows:

Figures in EUR	30.09.2018 Short-term	30.09.2018 Long-term	30.09.2018 Total	30.09.2017 Total
Liabilities to affiliated companies	31,860.36	0.00	31,860.36	254,719.96
Liabilities to companies in which participating interests are held	1,842,983.21	0.00	1,842,983.21	2,414,633.21
Repayments received	1,483,399.48	0.00	1,483,399.48	307,905.42
Liabilities to tax authorities	4,573,036.51	0.00	4,573,036.51	3,821,085.51
Liabilities to personnel	14,228,787.15	0.00	14,228,787.15	13,456,702.81
Liabilities related to outstanding invoices	3,552,498.48	0.00	3,552,498.48	5,912,667.15
Other liabilities	3,843,070.91	1,563,513.35	5,406,584.26	5,682,912.87
Other liabilities	**29,555,636.10**	**1,563,513.35**	**31,119,149.45**	**31,850,626.93**

Classification of Financial Instruments

The financial instruments of the DATAGROUP Group can be classified as follows:

Category	30.09.2018 I	30.09.2018 II	30.09.2018 III	30.09.2018 IV	30.09.2018	30.09.2017 I	30.09.2017 II	30.09.2017 III	30.09.2017 IV	30.09.2017
Figures in EUR	Assets at fair value through profit or loss	Loans and receivables	Liabilities	Derivative financial instrument (hedging instrument)	Total	Assets at fair value through profit or loss	Loans and receivables	Liabilities	Derivative financial instrument (hedging instrument)	Total
Assets										
Receivables from finance lease contracts	0.00	2,519,082.81		0.00	2,519,082.81	0.00	4,407,845.02		0.00	4,407,845.02
Trade receivables	0.00	31,236,083.95		0.00	31,236,083.95	0.00	26,759,509.28		0.00	26,759,509.28
Cash and cash equivalents	0.00	38,700,491.68		0.00	38,700,491.68	0.00	53,179,030.87		0.00	53,179,030.87
Other (financial) assets	193,957.00	26,382,416.56		0.00	26,576,373.56	105,739.00	25,645,620.09		0.00	25,751,359.09
Financial receivables	**193,957.00**	**98,838,075.00**		**0.00**	**99,032,032.00**	**105,739.00**	**109,992,005.26**		**0.00**	**110,097,744.26**
Liabilities										
Liabilities from finance lease contracts	0.00		4,004,235.69	0.00	4,004,235.69	0.00		6,853,697.77	0.00	6,853,697.77
Trade payables	0.00		5,419,052.91	0.00	5,419,052.91	0.00		4,454,387.66	0.00	4,454,387.66
Liabilities to financial institutions	0.00		39,706,586.54	0.00	39,706,586.54	0.00		47,984,858.29	0.00	47,984,858.29
Other (financial) liabilities	0.00		4,390,984.20	9,095,400.64	13,486,384.84	0.00		3,500,553.36	8,978,605.64	12,479,159.00
Financial liabilities	**0.00**		**53,520,859.34**	**9,095,400.64**	**62,616,259.98**	**0.00**		**62,793,497.08**	**8,978,605.64**	**71,772,102.72**

Category I "Assets at fair value through profit or loss" only includes no-par value bearer securities measured at fair value. As the securities are all stock-listed, the fair value corresponds to the share price at the respective balance sheet date (Level 1).

Financial instruments allocated to categories II and III are valued at amortised acquisition costs. This value approach is considered a sufficient approximate value to the fair value (Level 3), so there is no need for a fair value disclosure.

The derivative financial instrument is assigned to category IV. The value approach for the hedging instrument is determined using the publicly available input factor "Actuarial interest for pension obligations with a duration of 16 years" (Level 2). The book value corresponds to the fair value. The DATAGROUP Group does not use any other derivative financial instruments.

Net income and other result from financial instruments are composed as follows:

Figures in EUR	2017/2018 Assets at fair value through profit or loss	2017/2018 Loans and receivables	2017/2018 Liabilities	2017/2018 Derivative financial instrument (hedging instrument)	2017/2018 Total	2016/2017 Assets at fair value through profit or loss	2016/2017 Loans and receivables	2016/2017 Liabilities	2016/2017 Derivative financial instrument (hedging instrument))	2016/2017 Total
Net result										
Interest result	5,964.06	174,854.07	-1,482,025.04	0.00	-1,301,206.91	33,543.90	208,515.06	-1,832,914.51	0.00	-1,590,855.54
Currency translation	0.00	-2,604.05	0.00	0.00	-2,604.05	0.00	-1,698.14	0.00	0.00	-1,698.14
Result from valuation through profit or loss at fair value	-3,995.00	0.00	0.00	0.00	-3,995.00	-8,444.64	0.00	0.00	0.00	-8,444.64
Value adjustment and gain / loss on disposal	0.00	-279,725.87	-10,761.17	0.00	-290,487.04	0.00	-148,984.94	44,337.71	0.00	-104,647.23
	1,969.06	**-107,475.85**	**-1,492,786.21**	**0.00**	**-1,598,293.00**	**25,099.26**	**57,831.98**	**-1,788,576.80**	**0.00**	**-1,705,645.56**
Comprehensive income										
Result from valuation at fair value	0.00	0.00	0.00	-116,795.00	-116,795.00	0.00	0.00	0.00	8,978,605.64	8,978,605.64

RISK MANAGEMENT

The DATAGROUP Group mainly has to face – related to the financial instruments – default, liquidity and interest rate risks. The currency risk is virtually insignificant, as the companies of the Group are all located in Germany and purchase and/or deliver goods and services from or to non-euro countries only to a negligible extent.

The central tool of the DATAGROUP Group to control financial opportunities and risks is a so-called rolling forecast system for sales planning and monitoring of revenues and contribution margins. In connection with a monthly income statement, this system allows a very precise statement on revenues, which is always up to date. Current costs and investments are adjusted on the basis of these monthly data to be able to meet the planned corporate results. Furthermore, monthly consolidated accounts are prepared in a simplified form.

Liquidity planning, which is prepared on a monthly basis for the entire Group, serves to provide an overview of the liquidity level determined within the DATAGROUP Group and the individual group companies, as well as the control of the expected liquidity development. Weekly liquidity planning is based on a planning horizon until September 30 of the current fiscal year, but at least on the following five weeks. Medium-term planning of financial resources exceeding this horizon is prepared as needs arise.

Regarding a more detailed description of the financial risks of the DATAGROUP Group we refer to the Group management report, section 5. Risks and Opportunities.

LIQUIDITY RISKS

A liquidity risk is the risk of not being able to fulfil payment obligations or raise the required funds. The key determinant to minimise the liquidity risks is the earnings power of the DATAGROUP Group, i.e. the ability to always generate sufficient operating cash flows. In this respect, we refer to the consolidated cash flow statement. The excess cash flows from the operations of the DATAGROUP entities are the basis to fulfil any future repayment and interest payment obligations, particularly those arising from existing loan and finance lease agreements. Interest payment and repayment obligations as at September 30, 2018 – also in a yoy comparison with September 30, 2017 – can be summarised as follows:

Figures in EUR	Book value 30.09.2018	Cash flow 2018/2019	Cash flow 2019/2020	Cash flow 2020/2021	Cash flow 2021/2022	Cash flow 2022/2023 et seq.
Total (interest and redemption payments)						
Liabilities from finance lease contracts	4,004,235.69	2,157,989.53	1,673,914.69	222,391.31	45,391.15	0.00
Trade payables	5,419,052.91	5,419,052.91	0.00	0.00	0.00	0.00
Liabilities to financial institutions	39,706,586.54	10,664,643.31	9,007,917.66	12,508,612.23	141,030.00	9,141,030.00
Other liabilities	4,390,984.20	2,600,718.20	621,142.00	1,169,124.00	0.00	0.00
	53,520,859.34	**20,842,403.96**	**11,302,974.35**	**13,900,127.54**	**186,421.15**	**9,141,030.00**
thereof interest payments						
Liabilities from finance lease contracts		68,393.41	24,276.14	2,450.18	331.25	0.00
Liabilities to financial institutions		747,708.11	591,249.66	279,449.23	141,030.00	141,030.00
Other liabilities		0.00	0.00	0.00	0.00	0.00
		816,101.53	**615,525.80**	**281,899.41**	**141,361.25**	**141,030.00**

Figures in EUR	Book value 30.09.2017	Cash flow 2017/2018	Cash flow 2018/2019	Cash flow 2019/2020	Cash flow 2020/2021	Cash flow 2021/2022 et seq.
Total (interest and redemption payments)						
Liabilities from finance lease contracts	6,853,697.77	3,376,830.51	1,963,543.09	1,479,468.25	198,373.13	45,391.15
Trade payables	4,454,387.66	4,454,387.66	0.00	0.00	0.00	0.00
Liabilities to financial institutions	47,984,858.29	8,731,791.36	10,627,626.05	9,007,917.66	13,008,613.23	9,282,060.00
Other liabilities	3,500,553.36	3,500,553.36	0.00	0.00	0.00	0.00
	62,793,497.08	**20,063,562.89**	**12,591,169.14**	**10,487,385.91**	**13,206,986.36**	**9,327,451.15**
thereof interest payments						
Liabilities from finance lease contracts		124,393.76	61,421.01	21,406.66	2,355.67	331.25
Liabilities to financial institutions		981,633.11	710,958.05	591,249.66	279,449.23	282,060.00
Other liabilities		0.00	0.00	0.00	0.00	0.00
		1,106,026.88	**772,379.07**	**612,656.32**	**281,804.90**	**282,391.25**

That the Group's liquidity risk is manageable is reflected in the fact that the current-account credit facility granted at the reporting date has not been used.

INTEREST RATE RISKS

The DATAGROUP Group has to face the risk that higher cost of capital has to be raised for the required loans when the interest rate level increases. The Group's financing requirements result from both current business and acquisition activities.

To minimise the risk, liquidity requirements expected in the medium-term – not only related to the expansion of the Group – are financed by placing promissory note bonds and signing medium-term loan agreements, generally at fixed interest rates. The current promissory note bonds with a total volume of EUR 37,500,000.00 have terms of between three and seven years and generally have fixed rates. Given manageable costs for interest hedge, the interest rate risk is sufficiently limited. An increase or decrease in the interest level by 100 basis points would have improved or deteriorated the pre-tax profit of the DATATGROUP Group by EUR 106,000.00 (previous year EUR 108,000.00). It was taken into account in this respect that there is a floor rule at the reporting date in relation to the Euribor reference rate of 0 % for interest-sensitive liabilities to banks. For this reason, the interest income will only be adversely affected if the Euribor base rate exceeds the zero threshold again and turns positive. The floor rules also lead to the fact that a further decline in the interest rate level would not have a positive impact on the interest income of DATAGROUP as there is no interest sensitivity when the Euribor rates are negative.

Additionally, DATAGROUP has to face the risk of higher savings efforts in case of a declining interest level and therefore decreasing interest income, to be able to fulfil the medium to long-term obligations of pension payments. On the balance sheet, this risk is accounted for by an increase in pension provisions. An increase in pension provisions due to the actuarial interest rate is not reflected in the financial result but directly reduces equity as it is recognised in other income. To hedge this risk for the pension obligations taken over from DXC Technology DATAGROUP has acquired a hedging instrument. Details can be found in section III.14. Hedging Instrument. There are no additional impacts on equity resulting in either profit or loss.

DEFAULT RISKS

DATAGROUP faces the risk of not being able to satisfy justified claims, particularly those arising in the operating business. There is a risk that individual customers may become insolvent. This risk is minimised by a broad spectrum of customers and regular credit checks, particularly when business is taken up.

Impairments on trade receivables developed as follows in the fiscal year:

Figures in EUR	2017/2018 Specific valuation allowance	2017/2018 General valuation allowance	2017/2018 Total	2017/2018 Trade receivables gross
Opening balance	**107,767.83**	**269,300.00**	**377,067.83**	**27,136,577.11**
Additions through changes in the scope of consolidation	0.00	10,600.00	10,600.00	
Consumption	800.00	28,800.00	29,600.00	
Additions	1,060,292.50	97,200.00	1,157,492.50	
Closing balance	**1,167,260.33**	**348,300.00**	**1,515,560.33**	**32,751,644.28**

The higher valuation allowance was caused by special factors. In the period under review, the DATAGROUP Group had bad debts for trade receivables of EUR 172,404.44 (previous year EUR 66,366.84). This corresponds to 0.06 % of revenues after 0.03 % in the previous year.

V. Capital Management

As part of the capital management process, the DATAGROUP Group primarily aims at optimising the existing capital structure and having sufficient liquidity to ensure the necessary scope for organic growth and further company acquisitions. In connection with taking up promissory loan bonds, the DATAGROUP Group must also ensure a contractually fixed minimum ratio for the following balance sheet figures (so-called covenants):

- Economic equity ratio: economic equity (= sum of equity and subordinated loans) to balance sheet total in percent
- Total net debt to EBITDA

On September 30, 2018, the DATAGROUP Group had an economic equity ratio of 31.9 % after 28.9 % on September 30, 2017. In FY 2017 / 2018, the company reached a net debt / EBITDA ratio of 0.4 after 0.2 in the previous year. The covenants are well above the scheduled conditions.

The management board is regularly informed about the development of these ratios. The DATAGROUP Group is not subject to any other external minimum capital requirements.

VI. Notes to the Cash Flow Statement

The cash flow statement shows the change in cash and cash equivalents (financial resource fund) during the period under review. The financial resource fund comprises cash, sight deposits and short-term, highly liquid financial investments that can be converted to cash immediately and are subject to only minor price fluctuation risks. A financial investment is only allocated to the financial resource fund, when the residual term does not exceed a period of three months. Bank overdrafts which are repayable on demand and form an integral part of the company's cash management are also allocated to the financial resource fund. Cash flows are determined in accordance with the indirect method.

CASH FLOW FROM OPERATING ACTIVITIES

In the period under review, cash flows from operating activities were EUR 18,990,021.28 (previous year EUR 32,476,903.59). The decline in cash flows from operating activities was mainly caused by the following effects:

- In the previous year: Incoming payments in connection with a transaction carried out with DXC Technology as at September 1, 2016
- Higher tax payments to financial authorities
- Advance financing of large-scale projects: Higher volume of construction orders in progress

In connection with the acquisition of part of the business operations from DXC Technology and the related takeover of employees and their pension and other entitlements, DATAGROUP Enterprise Services GmbH received compensation and other payments which led to positive special effects of EUR 9.2m in the last fiscal year. In the current fiscal year, DATGROUP received another special payment of EUR 3.0m.

Payments on income taxes to tax authorities have grown significantly compared to the previous year. This is due to one-time tax refunds received in the previous year and to higher instalments for income taxes for various companies within the Group. Overall, these effects lead to a decline in operating cash flow by ca. EUR 4.3m, whilst the calculated tax rate and tax expenses have only changed to a minor extent compared to the previous year.

In comparison to the previous year, the development of the operating cash flows has also been characterised by unusually high levels of advance financing of customer orders. The cash flow effect from the higher backlog, especially of production orders, amounts to ca. EUR 3.6m.

In total, cash flows from operating activities in FY 2017 / 2018 have a similar level as in the previous year.

CASH FLOW FROM INVESTING ACTIVITIES

Cash outflows from investing activities totalled EUR 19,103,667.06 (previous year EUR 19,749,570.01) in the period under review. Acquisitions made in the context of the expansion strategy resulted in payments for investments in fully consolidated companies in the net amount of EUR 4,819,076.53, i.e. after deduction of liquid funds as part of the transactions (previous year EUR 10,499,129.74). Investments in property, plant and equipment and in intangible assets in the amount of EUR 14,807,356.59 (previous year EUR 10,456,613.35) were mainly caused by the expansion of the CORBOX infrastructure and investments in the DATAGROUP sites.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash outflows from financing activities amounted to EUR 14,364,992.36 in the fiscal year after cash inflows of EUR 16,027,320.77 in the previous year. In the fiscal year, DATAGROUP repaid bank loans of EUR 8,250,001.00 (previous year: EUR 250,000.00). The 10 % capital increase in the previous year led to a cash inflow of EUR 21,129,868.90, whereas there were no respective incoming payments in FY 2017 / 2018. The dividend payment in the period under review amounted to EUR 3,749,156.55 (previous year EUR 2,271,737.70). Finance lease agreements led to net cash outflows of EUR 973,983.07 in the current fiscal year (previous year EUR 1,076,791.49).

VII. Segment Information

The operating subsidiaries in the DATAGROUP Group are divided into two segments "Services" and "Solutions and Consulting". These segments are based on the service portfolio on which the respective companies are focused:

The **"Services"** segment comprises all subsidiaries primarily providing IT services. In particular, these IT services include the provision of IT workplaces (selection and procurement, on-site implementation, exchange and disposal of old equipment), services of our certified DATAGROUP data centers as well as service desk services.

The **"Solutions und Consulting"** segment comprises the group companies, where the range of services offered consists of highly qualified and specialised technology and solutions consultants as well as software developers.

The registered offices and branches of the DATAGROUP entities are exclusively based in Germany. For this reason, a regional reporting is only helpful to a limited extent.

Segment reporting was prepared in accordance with IFRS 8 "Operating segments" and is based on the so-called "management approach", i.e. it is oriented towards the internal reporting in the DATAGROUP Group. Internal reporting, which is updated on a monthly basis, is subject to the same accounting and measurement principles as external reporting in the consolidated financial statements. Financial result, taxes and depreciation resulting from purchase price allocation are only shown at Group level and not allocated to individual segments. Transactions undertaken between the segments are calculated at market prices.

SEGMENT REPORTING

Figures in EUR	Services 2017/2018	Solutions & Consulting 2017/2018	Others & Consolidation 2017/2018	Total 2017/2018	Services 2016/2017	Solutions & Consulting 2016/2017	Others & Consolidation 2016/2017	Total 2016/2017
Revenues with external customers	192,962,730.88	78,657,943.43	478,879.05	272,099,553.36	147,489,380.78	75,129,004.09	523,294.49	223,141,679.36
Revenues with other segment	4,583,439.05	7,943,956.57	-12,527,395.62	0.00	3,946,438.27	6,299,838.54	-10,246,276.81	0.00
Revenue of the segment	**197,546,169.93**	**86,601,900.00**	**-12,048,516.57**	**272,099,553.36**	**151,435,819.05**	**81,428,842.63**	**-9,722,982.32**	**223,141,679.36**
Material expenses / expenses for purchased services	72,599,350.95	17,494,012.60	-9,692,553.41	80,400,810.14	51,591,374.97	20,645,431.53	-8,005,982.60	64,230,823.90
Personnel expenses	79,876,782.42	48,522,375.71	6,335,247.74	134,734,405.87	70,406,840.11	43,557,152.24	5,887,234.05	119,851,226.40
Regular depreciation and amortisation	6,898,395.36	2,673,255.01	4,467,988.09	14,039,638.46	2,116,991.41	2,623,162.83	3,710,942.59	8,451,096.83
Operating income	**20,491,394.49**	**8,095,833.91**	**-8,163,423.63**	**20,423,804.77**	**15,611,478.77**	**5,611,420.71**	**-2,633,209.70**	**18,589,689.77**
Interest income				340,589.47				685,210.75
Interest expenses				2,398,923.54				2,760,135.59
Earnings before taxes				**18,478,593.68**				**16,598,661.85**
Taxes on income and profit				5,605,283.03				5,399,667.61
Net income for the period				**12,873,310.65**				**11,198,994.24**
Headcount on reporting date	**1,231**	**695**	**45**	**1,971**	**1,151**	**610**	**29**	**1,790**
Investments	**12,490,591.86**	**1,897,056.81**	**1,144,774.34**	**15,532,423.00**	**10,434,263.43**	**2,695,448.75**	**928,653.93**	**14,058,366.11**
Investments from changes in the scope of consolidation	**0.00**	**8,678,734.00**	**0.00**	**8,678,734.00**	**17,083,270.39**	**0.00**	**27,000.00**	**17,110,270.39**
Assets total segment	**129,021,184.61**	**41,946,450.54**	**128,991,515.92**	**299,959,151.07**	**120,603,160.59**	**37,940,546.81**	**127,778,909.03**	**286,322,616.43**
intersegment consolidation	-11,098,711.38	-3,359,758.11	-70,051,107.72	-84,509,577.21	-4,902,681.53	-1,469,655.18	-66,559,915.54	-72,932,252.25
Assets	**117,922,473.23**	**38,586,692.43**	**58,940,408.20**	**215,449,573.86**	**115,700,479.06**	**36,470,891.63**	**61,218,993.49**	**213,390,364.18**
Liabilities total segment	**80,833,373.92**	**34,754,370.40**	**59,686,226.90**	**175,273,971.22**	**74,596,732.10**	**32,732,065.76**	**63,620,635.34**	**170,949,433.20**
intersegment consolidation	-2,209,861.11	-1,764,448.16	-23,104,716.57	-27,079,025.84	-2,577,911.31	-2,534,506.48	-12,028,030.71	-17,140,448.50
Liabilities	**78,623,512.81**	**32,989,922.24**	**36,581,510.33**	**148,194,945.38**	**72,018,820.79**	**30,197,559.28**	**51,592,604.63**	**153,808,984.70**

Segment reporting by geographies

Figures in EUR	Germany 2017/2018	EU countries 2017/2018	Third country 2017/2018	Total 2017/2018	Germany 2016/2017	EU countries 2016/2017	Third country 2016/2017	Total 2016/2017
Revenues with external customers	**266,853,594.61**	**4,639,979.98**	**605,978.77**	**272,099,553.36**	**219,728,899.43**	**2,603,516.88**	**809,263.05**	**223,141,679.36**

The Services segment generated revenues of EUR 197,546,169.93 in the fiscal year. These are EUR 46,110,350.88 or 30.45 % more than in FY 2016 / 2017. EBITDA was EUR 27,389,789.86 (previous year EUR 17,728,470.18). The EBITDA margin stood at 13.9 % after 11.7 % in the previous year.

Revenues in the Solutions and Consulting segment rose by 6.35 % to EUR 86,601,900.00. The EBITDA margin of this segment was 12.4 % after 10.1 % in the previous year.

Revenues in the "Others & Consolidation" segment are related to services provided to other group companies, particularly by DATAGROUP SE, as well as countervailing consolidation entries.

VIII. Other Information

1. Employees

In FY 2017 / 2018 DATAGROUP employed on average 1,915 people (previous year 2016 / 2017 1,776). On September 30, 2018, the number of employees totalled 1,971 (on September 30, 2017 1,790). When also accounting for management and apprentices, the headcount was 2,097 on September 30, 2018. DATAGROUP employed 87 apprentices on September 30, 2018.

2. Management Board

The members of the company's management board are:

Mr. Hans-Hermann Schaber
- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO) / Human Resources / Organisation

Mr. Dirk Peters
- Chief Operating Officer (COO)
- Chief Service Management Officer

Mr. Andreas Baresel (from October 1, 2018)
- Chief Production Officer (CPO)
- Production Manager

3. Supervisory Board

The members of the company's supervisory board are:

Mr. Heinz Hilgert
- Managing Director TransVise GmbH, Frankfurt a.M.
- Chairman

Mr. Dr. Helmut Mahler
- Managing Director of Code White GmbH, Stuttgart
- Deputy Chairman (from July 24, 2018)

Mrs. Dr. Carola Wittig
- Presiding Judge at the Stuttgart district court
- Deputy Chairman (until July 24, 2018)

4. Total Remuneration of the Members of the Management Board

The total remuneration of the members of the management board added up to EUR 3,861,528.65. This amount includes variable remuneration of EUR 1,623,198.00.

The total remuneration includes remuneration for the operational management of subsidiaries in the amount of EUR 830,333.14 (thereof EUR 300,000.00 variable).

5. Total Remuneration of the Members of the Supervisory Board

The total remuneration of the members of the supervisory board amounted to EUR 95,000.00 in the fiscal year.

6. Transactions with Affiliated and Associated Companies and/or Persons

The management board members and managing directors of the individual DATAGROUP entities, their close family members, HHS Beteiligungsgesellschaft mbH (HHS) and its subsidiaries were identified as affiliated and associated companies and/or persons.

Transactions with affiliated and associated companies and persons mainly relate to clearing transactions, current account and loan relationships as well as service contracts.

DATAGROUP SE charges HHS a group contribution of EUR 175,200.00 (previous year EUR 175,200.00) for services provided by DATAGROUP SE to HHS and its subsidiaries. Furthermore, DATAGROUP SE provided other services to HHS in the amount of EUR 128.23 (previous year EUR 29,953.10). DATAGROUP SE received goods and services from HHS in the amount of EUR 72,800.00 (previous year EUR 354,476.44).

In the year under review, DATAGROUP SE received goods or services from subsidiaries of HHS in the amount of EUR 197,123.45 (previous year EUR 0.00). DATAGROUP SE provided services to several subsidiaries of HHS totalling EUR 89,576.02 in the year under review (previous year EUR 471.82).

In the fiscal year, DATAGROUP SE granted HHS an overdraft in the total amount of EUR 6,000,000.00. The loan amounted to EUR 547.42 at the reporting date (previous year EUR 0.00). In the fiscal year, interest expenses amounted to EUR 29,291.16 (previous year interest income of EUR 79,460.99).

All transactions above were settled at fair market conditions.

7. Contingent Liabilities

There are no contingent liabilities.

8. Leasing Relationships

Economic ownership of leased assets is allocated to the contract partner which bears the major risks and benefits associated with ownership. Leases are categorised into operating lease and finance lease. The DATAGROUP Group has signed both operating lease and finance lease contracts and acts as lessor as well as lessee.

In particular, the DATAGROUP entities signed rental and lease contracts for using or financing data centers, for hardware and software, as well as for buildings and cars. Various companies of the DATAGROUP Group offer their major customers also financing solutions for the procurement of their IT infrastructure as a total package along with services and maintenance services. Refinancing is undertaken by professional leasing providers, to some extent by the suppliers' leasing companies. Finance leases are leasing transactions with IT solutions, no matter whether DATAGROUP acts as lessor or lessee. The other rental and lease contracts are recognised as operating leases in the annual accounts in accordance with IAS 17.

Book values = present values as well as minimum leasing payments can be depicted as shown below:

	30.09.2018	30.09.2018	30.09.2018	30.09.2018
Figures in EUR	up to 1 year	1 to 5 years	over 5 years	Total
Leasing obligations				
Finance lease				
Minimum leasing payments	2,157,989.53	1,941,697.15	0.00	4,099,686.68
Present value	2,089,596.12	1,914,639.57	0.00	4,004,235.69
Operating lease				
Minimum leasing payments	7,155,039.83	15,721,602.87	5,705,588.01	28,582,230.70
Leasing claims				
Finance lease				
Minimum leasing payments	1,277,889.51	1,294,860.19	0.00	2,572,749.70
Present value	1,239,270.95	1,279,811.86	0.00	2,519,082.81

	30.09.2017	30.09.2017	30.09.2017	30.09.2017
Figures in EUR	up to 1 year	1 to 5 years	over 5 years	Total
Leasing obligations				
Finance lease				
Minimum leasing payments	3,376,830.51	3,686,775.62	0.00	7,063,606.13
Present value	3,252,436.75	3,601,261.03	0.00	6,853,697.77
Operating lease				
Minimum leasing payments	7,656,711.59	12,793,057.53	3,798,569.72	24,248,338.84
Leasing claims				
Finance lease				
Minimum leasing payments	2,364,079.54	2,155,709.53	0.00	4,519,789.07
Present value	2,295,766.62	2,112,078.40	0.00	4,407,845.02

The contracts with customers (with DATAGROUP entities as a lessor) do not have any non-guaranteed residual values.

The terms of the finance lease contracts – with DATAGROUP entities both as a lessee and a lessor – are between 36 and 60 months. The calculated internal interest rates on which the leasing relationships are based are mainly between 1.5 % and 4.5 %.

Leasing agreements from operating leasing are very diverse – due to the different underlying circumstances. Vehicle leasing contracts usually have a term of between three and four years.

9. Transactions Not Included in the Balance Sheet

There are no transactions that are not included in the balance sheet.

10. Auditors' Fees

BANSBACH GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, (BANSBACH) was commissioned to perform the audit of the accounts. The annual financial statements include the following expenses for the services of BANSBACH:

Figures in EUR	2017 / 2018	2016 / 2017
Fees for audit services	255,765.27	216,906.02
Tax advisory services	155,290.45	139,326.35
Other services	149,801.91	127,614.00
Auditor's fees	**560,857.63**	**483,846.37**

Of these expenses, EUR 463,012.86 (previous year EUR 372,750.00) were deferred at the balance sheet date. The result from the settlement of the provision created in the previous year was EUR -9,988.58 (previous year EUR -18,822.70).

11. Inclusion in the Consolidated Financial Statement of HHS Beteiligungsgesellschaft mbH

The company will be included in the consolidated financial statement of HHS Beteiligungsgesellschaft mbH, Pliezhausen, on September 30, 2018 (largest scope of consolidation). HHS Beteiligungsgesellschaft mbH is entered in the commercial register of Stuttgart under HRB 353224. The consolidated financial statement ending September 30, 2018 is to be published in the German Electronic Federal Gazette (Bundesanzeiger).

12. Notification from Shareholders (Pursuant to § 20 para. 4 AktG)

In a letter dated January 22, 2006, HHS Beteiligungsgesellschaft mbH (previously DATAGROUP GmbH), Pliezhausen, notified DATAGROUP SE (previously DATAGROUP IT Services Holding AG), Pliezhausen, as follows: "DATAGROUP GmbH, Pliezhausen, informs you in accordance with § 20 para. 1, clause 3 in connection with § 16 para. 1 AktG (German Stock Corporation Act) that the company directly holds a majority share in DATAGROUP IT Services Holding AG."

13. Exemption Pursuant to § 264 para. 3 HGB (German Commercial Code)

The shareholder meetings of DATAGROUP Stuttgart GmbH, DATAGROUP Bremen GmbH, DATAGROUP IT Solutions GmbH and DATAGROUP Consulting GmbH decided as well as the extraordinary Annual General Meeting of DATAGROUP Mobile Solutions AG to make use of the exemption under § 264 para. 3 HGB and suspend the preparation and publication of the notes and the management report on September 30, 2018. The resolutions were disclosed in the German Electronic Federal Gazette in accordance with § 325 HGB

14. Proposal for the Appropriation of Net Income

The management board will propose to the Annual General Meeting to distribute a dividend of EUR 0.60 per no-par share entitled to dividend from the retained earnings of EUR 20,213,410.81. The remaining amount is to be carried forward.

15. Authorisation to Disclose the Consolidated Financial Statement of the Previous Year

The authorisation to disclose the consolidated financial statements of the previous year ending September 30, 2017 was granted by the management board on January 23, 2018. Disclosure was made in a timely manner on our website at the end of January 2018, in the electronic commercial register on October 8, 2018.

Pliezhausen, January 18, 2019
DATAGROUP SE

The Management Board

Hans-Hermann Schaber   Dirk Peters   Andreas Baresel

Authorisation to Disclose the Consolidated Financial Statement

On January 22, 2019, the management board decided to release the consolidated financial statements of DATAGROUP SE ending September 30, 2018 for publication.

Auditors' Report

We have audited the consolidated financial statement of DATAGROUP SE, Pliezhausen, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes including segment reporting and Group management report for the fiscal year from October 1, 2017 to September 30, 2018. The preparation of the consolidated financial statement and the Group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a Paragraph 1 in combination with Paragraph 3 HGB ("Handelsgesetzbuch", German Commercial Code), as well as the supplementary provisions of the articles of incorporation are the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and generally accepted German standards for audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Those standards require that we plan and perform the audit such that misstatement materially affecting the presentation of net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. As part of the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluation of the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of DATAGROUP SE, Pliezhausen, for the fiscal year from October 1, 2017 to September 30, 2018 comply with the IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a Paragraph 1 in combination with Paragraph 3 HGB, as well as the supplementary provisions of the articles of incorporation, and give a true and fair view of net assets, financial position and results of operations of the Group in accordance with these requirements.

The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, January 18, 2019

BANSBACH GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft	**Dr. Neubert** Auditor	**Tiemann** Auditor

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We think differently.
We work differently.
We find better solutions.