Consolidated Financial Statements and Notes of
DATAGROUP SE, Pliezhausen
as of September 30, 2020

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Consolidated Financial Statements

Consolidated Statement of Financial Position

Assets			
Long-term assets			
Goodwill	1	62,500,872.13	64,027,252.93
Other intangible assets	2	26,330,764.75	18,621,571.41
Property, plant and equipment	3	75,933,347.01	60,072,310.90
Long-term financial assets[1)]	4	2,342,847.92	1,164,098.88
Capitalized contractual costs[2)]	5	17,774,913.65	15,836,238.01
Finance leasing receivables[1)]	6	20,254,057.62	12,928,417.83
Claims from reinsurance coverage for pension obligations	-	4,911,696.70	5,021,496.20
Other long-term assets	7	2,516,543.17	924,904.80
Deferred taxes	8	11,617,131.63	8,553,421.02
		224,182,174.58	**187,149,711.98**
Short-term assets			
Inventories[2)]	9	6,952,204.55	3,226,289.96
Contract assets	10	8,235,243.13	8,734,112.08
Trade receivables	11	41,255,080.46	45,591,448.88
Finance leasing receivables[3)]	6	8,004,360.51	4,352,737.95
Short-term financial assets[3)]	4	430,124.51	100,025.49
Other short-term assets	12	32,355,568.51	23,457,331.58
Cash and cash equivalents	13	63,937,088.85	47,464,919.66
		161,169,670.52	**132,926,865.60**
		385,351,845.10	**320,076,577.58**

1) The position “Finance leasing receivables” within the long-term assets was introduced. An amount of EUR 12,928,417.83 is reported for the previous year, which was shown in the annual financial statements as of September 30, 2019 under long-term financial assets.

2) The balance sheet item “Capitalized contract costs” was introduced for the reporting year. For the previous year, an amount of EUR 15,836,238.01 was reported, which was shown under inventories in the annual financial statements as of September 30, 2019.

3) The item “Finance leasing receivables” within the short-term assets was newly introduced. For the previous year, an amount of EUR 4,352,737.95 is reported, which was shown in the annual financial financial statements as of September 30, 2019 under short-term financial assets.

	Notes	30.09.2020	30.09.2019
		EUR	EUR
Liabilities			
Equity	14		
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		34,585,571.44	40,168,856.84
Accumulated other comprehensive income		-9,018,219.97	-6,710,435.17
Balancing item for foreign currency translation		-3,620.93	0.15
		66,151,595.08	**74,046,286.36**
Long-term liabilities			
Long-term financial liabilities	15	120,827,328.36	113,890,522.41
Pension provisions	17	72,789,978.98	37,701,654.98
Other provisions	17	9,483,619.66	1,913,629.79
Other long-term liabilities	20	482,670.65	1,001,526.60
Deferred taxes	8	2,435,645.41	2,501,195.19
		206,019,243.06	**157,008,528.97**
Short-term liabilities			
Short-term financial liabilities	15	34,578,912.63	17,483,040.02
Provisions	17	5,992,746.10	9,197,472.05
Contract liabilities	18	14,074,212.19	11,008,043.40
Trade payables	19	12,491,040.94	9,126,446.40
Income tax liabilities	-	6,998,812.33	7,367,712.83
Other liabilities	20	39,045,282.77	34,839,047.55
		113,181,006.96	**89,021,762.25**
		385,351,845.10	**320,076,577.58**

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Consolidated Income Statement

	Notes	01.10.2019 - 30.09.2020 EUR	01.10.2018 - 30.09.2019 EUR
Revenues	1	358,211,444.93	306,764,901.15
Other own work capitalised	-	1,742,666.86	776,807.08
Change in capitalized contractual costs[1)]	-	7,273,675.62	14,302,840.14
Total revenues		**367,227,787.41**	**321,844,548.37**
Other operating income	2	19,810,722.85	11,102,034.88
Material expenses / expenses for purchased services[1)]	3	119,143,829.64	105,446,746.25
Personnel expenses[1)]	4	187,990,593.26	153,241,486.39
Depreciation of property, plant and equipment and other intangible assets	5	32,818,885.14	23,254,922.98
Other operating expenses	6	26,097,955.18	27,377,864.37
Restructuring expenses	7	12,000,000.00	0.00
thereof impairment of capitalised contract costs EUR 5,335,000.00			
thereof recognition of provisions EUR 6,665,000.00			
Operating income		**8,987,247.04**	**23,625,563.27**
Financial income		795,694.54	456,784.79
Financial expenses		3,170,488.91	2,392,436.98
Financial result	8	**-2,374,794.37**	**-1,935,652.19**
Earnings before taxes		**6,612,452.68**	**21,689,911.08**
Taxes on income and profit	9	6,363,716.77	7,175,995.56
Net income		**248,735.90**	**14,513,915.52**

1) The item "Change in capitalized contract costs" has been introduced. In the previous year's financial statements, an amount of EUR 8,062,321.83 was shown under personnel expenses and an amount of EUR 6,240,518.31 under material expenses.

Consolidated Statement of Comprehensive Income

	Notes	01.10.2019 - 30.09.2020 EUR	01.10.2018 - 30.09.2019 EUR
Net income		**248,735.90**	**14,513,915.52**
Other earnings before taxes[1)]			
Recalculation of defined benefit obligations		-3,319,523.00	-4,030,921.00
Change in balancing items from currency conversion		-3,621.08	-24.05
Other earnings before taxes	10	-3,323,144.08	-4,030,945.05
Income tax effects on other income	10	-1,011,738.20	-1,261,000.93
Comprehensive income		**-2,062,669.98**	**11,743,971.40**

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

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Consolidated Statement of Cash Flows

	01.10.2019 - 30.09.2020	01.10.2018 - 30.09.2019
	EUR	EUR
Cash flows from operating activities		
Net income for the period	248,735.90	14,513,915.52
- thereof income tax refund EUR 84,164.51 (LFY EUR 659,093.86)		
- thereof income tax payment EUR 11,186,960.81 (LFY EUR 12,351,850.29)		
Interest received	-22,281.79	-359,213.98
Interest paid	1,963,357.76	1,138,664.94
Depreciation and amortisation of non-current assets	32,818,885.14	23,337,058.58
Changes in pension provisions	1,451,433.79	795,976.98
Gains (-) / losses (+) on disposals of non-current assets	421,012.07	35,937.18
Increase (-) / decrease (+) of receivables or liabilities to shareholders, related and associated companies	-49,202.48	-294,414.10
Increase (-) / decrease (+) of inventories, trade receivables and other assets	-4,537,927.85	-47,191,372.88
Increase (+) / decrease (-) of trade payables and other liabilities	1,083,863.62	12,587,716.75
Income out of business transaction	-11,570,708.49	0.00
Other non-cash transactions	-122,744.65	-41,795.80
Cash flow from operating activities	**21,684,423.01**	**4,522,473.19**
Cash flow from investing activities		
Cash inflow from sale of property, plant and equipment	754,130.18	140,869.45
Cash outflow for investment in property, plant and equipment	-17,002,404.79	-15,610,402.02
Cash inflow from intangible assets	22,621.79	17,151.27
Cash outflow for investments in intangible assets	-5,237,681.03	-3,061,652.10
Cash inflow from sale of financial assets	180,601.00	343,675.40
Cash outflow for investments in financial assets	-1,799,574.55	-1,039,750.00
Cash inflow from repayment of financial assets	100,011.49	0.00
Cash inflow/outflow from investments in fully consolidated companies	35,554,765.15	-21,715,884.73
Interest received	22,281.79	359,213.98
Net cash used in investing activities	**12,594,751.03**	**-40,566,778.75**
Cash flow from financing activities		
Cash outflow for dividend paid	-5,832,021.30	-4,998,875.40
Cash inflow (+) / outflow (-) for finance lease contracts (as lessee)	-1,466,523.32	-8,296,724.39
Cash outflow for the repayment of liabilities to banks	-8,416,668.00	-9,916,668.00
Cash inflow from receipt of liabilities to banks	0.00	69,000,000.00
Interest paid	-1,963,357.76	-1,138,664.94
Net cash used in financing activities	**-17,678,570.38**	**44,649,067.27**
Changes in cash and cash equivalents	**16,600,603.66**	**8,604,761.71**
Cash and cash equivalents at the beginning of the period	47,304,986.19	38,700,224.48
Cash and cash equivalents at the end of the period	63,905,589.85	47,304,986.19

Consolidated Statement of Changes in Equity

01.10.2019 to 30.09.2020	Subscribed capital	Capital reserve	Repayment of capital	Retained earnings	Accumulated other comprehensive income			Balancing item for foreign currency translation	Total
					Changes without effects on net income	Result from actuarial gains and losses	Sum		
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance at the beginning of the fiscal year	8,349,000.00	32,337,372.27	-98,507.73	40,168,856.84	-1,625,377.21	-5,085,057.96	-6,710,435.17	0.15	74,046,286.36
Dividend distribution	0.00	0.00	0.00	-5,832,021.30	0.00	0.00	0.00	0.00	-5,832,021.30
Consolidated profit	0.00	0.00	0.00	248,735.90	0.00	0.00	0.00	0.00	248,735.90
Other comprehensive income	0.00	0.00	0.00	0.00	0.00	-2,307,784.80	-2,307,784.80	-3,621.08	-2,311,405.88
Balance at the end of the fiscal year	**8,349,000.00**	**32,337,372.27**	**-98,507.73**	**34,585,571.44**	**-1,625,377.21**	**-7,392,842.76**	**-9,018,219.97**	**-3,620.93**	**66,151,595.08**

01.10.2018 to 30.09.2019	Subscribed capital	Capital reserve	Repayment of capital	Retained earnings	Accumulated other comprehensive income			Balancing item for foreign currency translation	Total
					Changes without effects on net income	Result from actuarial gains and losses	Sum		
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance at the beginning 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
Revaluation adjustment IFRS 15	0.00	0.00	0.00	46,561.88	0.00	0.00	0.00	0.00	46,561.88
Dividend distribution	0.00	0.00	0.00	-4,998,875.40	0.00	0.00	0.00	0.00	-4,998,875.40
Consolidated profit	0.00	0.00	0.00	14,513,915.51	0.00	0.00	0.00	0.00	14,513,915.51
Other comprehensive income	0.00	0.00	0.00	0.00	0.00	-2,769,920.07	-2,769,920.07	-24.05	-2,769,944.12
Balance at the end of the fiscal year	**8,349,000.00**	**32,337,372.27**	**-98,507.73**	**40,168,856.84**	**-1,625,377.21**	**-5,085,057.96**	**-6,710,435.17**	**0.15**	**74,046,286.36**

Development of Fixed Assets

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

01.10.2019 to 30.09.2020	Acquisition and production costs							Accumulated depreciation and amortisation							
	As at 01.10.2019	Exchange difference	Additions	Changes in the scope of consolidation	Disposals	Reclassification	As at 30.09.2020	As at 01.10.2019	Exchange difference	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2020	As at 30.09.2020	As at 30.09.2019
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Goodwill	**64,027,252.93**	**0.00**	**0.00**	**0.00**	**0.00**	**-1,526,380.80**	**62,500,872.13**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**62,500,872.13**	**64,027,252.93**
Other intangible assets															
1. Order backlog	8,288,000.00	0.00	0.00	5,468,000.00	0.00	0.00	13,756,000.00	4,140,666.00	0.00	2,149,438.00	0.00	0.00	6,290,104.00	7,465,896.00	4,147,334.00
2. Customer bases	26,894,400.00	0.00	0.00	2,284,000.00	0.00	1,529,000.00	30,707,400.00	20,200,991.00	0.00	2,314,202.00	0.00	0.00	22,515,193.00	8,192,207.00	6,693,409.00
3. Internally developed intangible assets Software	4,205,127.79	0.00	231,891.48	0.00	0.00	0.00	4,437,019.26	2,174,625.30	0.00	357,230.94	0.00	0.00	2,531,856.24	1,905,163.02	2,030,502.48
4. Acquired intangible assets Software etc.	27,878,066.95	0.00	5,005,789.55	5,413,969.14	812,263.81	695,244.99	38,180,806.82	22,127,741.02	0.00	3,155,578.96	4,853,897.14	723,909.02	29,413,308.10	8,767,498.72	5,750,325.93
	67,265,594.74	**0.00**	**5,237,681.03**	**13,165,969.14**	**812,263.81**	**2,224,244.99**	**87,081,226.08**	**48,644,023.32**	**0.00**	**7,976,449.90**	**4,853,897.14**	**723,909.02**	**60,750,461.34**	**26,330,764.74**	**18,621,571.41**
Property, plant and equipment															
1. Land and buildings	28,914,200.13	0.00	15,563,494.24	3,789,984.28	1,295,877.10	0.00	46,971,801.54	4,331,758.88	0.00	9,099,809.32	0.00	1,295,877.10	12,135,691.09	34,836,110.45	24,582,441.25
2. Technical equipment and machinery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other equipment, furniture and office equipment	90,446,561.60	-1,104.86	13,786,510.12	40,689,138.02	44,084,604.62	2,318,083.07	103,154,583.33	56,591,437.86	-337.13	15,738,921.45	35,685,004.77	42,974,468.33	65,040,558.62	38,114,024.71	33,855,123.74
4. Prepayments	1,634,745.91	0.00	3,215,894.67	461,876.76	2,977.43	-2,326,328.06	2,983,211.85	0.00	0.00	3,704.47	0.00	3,704.47	0.00	2,983,211.85	1,634,745.91
	120,995,507.63	**-1,104.86**	**32,565,899.03**	**44,940,999.06**	**45,383,459.15**	**-8,244.99**	**153,109,596.72**	**60,923,196.73**	**-337.13**	**24,842,435.24**	**35,685,004.77**	**44,274,049.90**	**77,176,249.71**	**75,933,347.01**	**60,072,310.90**
Long-term financial assets															
1. Shares in affiliated companies not included in the scope of consolidation	1.00	0.00	239,450.04	0.00	0.00	0.00	239,451.04	0.00	0.00	0.00	0.00	0.00	0.00	239,451.04	1.00
2. Loans to affiliated companies not included in the scope of consolidation	0.00	0.00	1,100,000.00	0.00	0.00	0.00	1,100,000.00	0.00	0.00	0.00	0.00	0.00	0.00	1,100,000.00	0.00
3. Investments	52,046.88	0.00	30,000.00	0.00	0.00	0.00	82,046.88	0.00	0.00	0.00	0.00	0.00	0.00	82,046.88	52,046.88
4. Securities	1,181,962.00	0.00	0.00	0.00	181,962.00	0.00	1,000,000.00	79,261.00	0.00	10,100.00	0.00	1,361.00	88,000.00	912,000.00	1,102,701.00
5. Receivables from lessees	136,970.52	0.00	0.00	0.00	136,970.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	136,970.52
6. Other loans	9,383.88	0.00	0.00	0.00	0.00	0.00	9,383.88	33.88	0.00	0.00	0.00	0.00	33.88	9,350.00	9,350.00
	1,380,364.28	**0.00**	**1,369,450.04**	**0.00**	**318,932.52**	**0.00**	**2,430,881.80**	**79,294.88**	**0.00**	**10,100.00**	**0.00**	**1,361.00**	**88,033.88**	**2,342,847.92**	**1,301,069.40** [6]
	253,668,719.58	**-1,104.86**	**39,173,030.10**	**58,106,968.20**	**46,514,655.48**	**689,619.20**	**305,122,576.73**	**109,646,514.94**	**-337.13**	**32,828,985.14**	**40,538,901.91**	**44,999,319.92**	**138,014,744.93**	**167,107,831.80**	**144,022,204.64**

6) Including receivables from lessees for which the values from 30.09.2019 are shown under "Finance leasing receivables".

01.10.2018 to 30.09.2019	Acquisition and production costs							Accumulated depreciation and amortisation							
	As at 01.10.2018	Adjustment from first-time adoption IFRS 16	Additions	Changes in the scope of consolidation	Disposals	Reclassification	As at 30.09.2019	As at 01.10.2018	Additions	Changes in the scope of consolidation	Disposals	As at 30.09.2019	As at 30.09.2019	As at 30.09.2018
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Goodwill	**46,555,845.34**	**0.00**	**0.00**	**17,471,407.59**	**0.00**	**0.00**	**64,027,252.93**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**64,027,252.93**	**46,555,845.34**
Other intangible assets														
1. Order backlog	5,733,000.00	0.00	0.00	2,555,000.00	0.00	0.00	8,288,000.00	2,688,418.00	1,452,248.00	0.00	0.00	4,140,666.00	4,147,334.00	3,044,582.00
2. Customer bases	23,252,400.00	0.00	0.00	3,642,000.00	0.00	0.00	26,894,400.00	17,607,251.00	2,593,740.00	0.00	0.00	20,200,991.00	6,693,409.00	5,645,149.00
3. Internally developed intangible assets Software	3,526,637.50	0.00	678,490.28	0.00	0.00	0.00	4,205,127.79	1,763,196.26	411,429.04	0.00	0.00	2,174,625.30	2,030,502.48	1,763,441.24
4. Acquired intangible assets Software etc.	24,718,589.07	0.00	2,379,362.69	1,232,786.95	452,671.76	0.00	27,878,066.95	19,913,577.40	1,976,800.69	672,881.42	435,518.49	22,127,741.02	5,750,325.93	4,805,011.67
	57,230,626.57	**0.00**	**3,057,852.97**	**7,429,786.95**	**452,671.76**	**0.00**	**67,265,594.74**	**41,972,442.66**	**6,434,217.73**	**672,881.42**	**435,518.49**	**48,644,023.32**	**18,621,571.41**	**15,258,183.91**
Property, plant and equipment														
1. Land and buildings	0.00	17,118,699.52	10,157,513.93	2,930,559.59	1,292,572.91	0.00	28,914,200.13	0.00	5,624,331.79	0.00	1,292,572.91	4,331,758.88	24,582,441.25	0.00
2. Technical equipment and machinery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other equipment, furniture and office equipment	67,747,493.37	1,880,499.82	15,497,297.44	8,212,124.85	2,939,695.87	48,841.99	90,446,561.60	45,445,236.05	11,196,373.46	2,708,483.99	2,758,655.64	56,591,437.86	33,855,123.74	22,302,257.32
4. Prepayments	48,841.99	0.00	1,634,745.91	0.00	0.00	-48,841.99	1,634,745.91	0.00	0.00	0.00	0.00	0.00	1,634,745.91	48,841.99
	67,796,335.36	**18,999,199.34**	**27,289,557.28**	**11,142,684.44**	**4,232,268.78**	**0.00**	**120,995,507.64**	**45,445,236.05**	**16,820,705.25**	**2,708,483.99**	**4,051,228.55**	**60,923,196.74**	**60,072,310.90**	**22,351,099.31**
Long-term financial assets														
1. Shares in affiliated companies not included in the scope of consolidation	0.00	0.00	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00
2. Investments	395,722.28	0.00	0.00	0.00	343,675.40	0.00	52,046.88	0.00	0.00	0.00	0.00	0.00	52,046.88	395,722.28
3. Securities	142,213.00	0.00	1,039,749.00	0.00	0.00	0.00	1,181,962.00	1,361.00	77,900.00	0.00	0.00	79,261.00	1,102,701.00	140,852.00
4. Receivables from lessees	1,279,811.86	0.00	0.00	0.00	1,142,841.34	0.00	136,970.52	0.00	0.00	0.00	0.00	0.00	136,970.52	1,279,811.86
5. Other loans	9,383.88	0.00	0.00	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
	1,827,131.02	**0.00**	**1,039,750.00**	**0.00**	**1,486,516.74**	**0.00**	**1,380,364.28**	**1,394.88**	**77,900.00**	**0.00**	**0.00**	**79,294.88**	**1,301,069.40** [6)]	**1,825,736.14** [6)]
	173,409,938.28	**18,999,199.34**	**31,387,160.26**	**36,043,878.98**	**6,171,457.28**	**0.00**	**253,668,719.58**	**87,419,073.59**	**23,332,822.98**	**3,381,365.41**	**4,486,747.04**	**109,646,514.94**	**144,022,204.64**	**85,990,864.69**

6) Including receivables from lessees for which the values from 30.09.2019 are shown under "Finance leasing receivables".

Notes to the Consolidated Financial Statements

1 Basic Principles of the Consolidated Financial Statements

1.1 General Information

DATAGROUP SE is the holding company of the DATAGROUP Group. The company is located at 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 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, where the range of services offered consists of highly qualified and specialized technology and solutions consultants as well as software developers.

1.2 Accounting Policies Under International Financial Reporting Standards (IFRS)

The consolidated financial statements of DATAGROUP SE for the fiscal year ending Wednesday, September 30, 2020 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 by the Management Board to the Supervisory Board for approval.

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, amounts were rounded up to thousand euros (TEUR) or million euros (EUR m). 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 can be found in the notes.

To improve the readability and informative value of the annual financial statements, the formats of the statement of financial position and the income statement were adjusted in the current fiscal year. This has also been done in the run-up to the implementation of a more efficient consolidation software, which was planned for fiscal year 2020/21. Concurrently, the uniform group-wide accounts structure has been adjusted as well.

Additionally, an individual item was created in the income statement for the risk provision of EUR 12,000,000.00 which has been set aside for the financial services sector in fiscal year 2019/2020.

For details we refer to Chapter 1.4 Accounting and Measurement Principles

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 considered 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, have to be applied for the first time in FY 2019/2020:

New or amended standards		Contents	First time application	EU-Endorsed	Major Impact on the Group
IFRIC 23	New	Clarifying interpretation for accounting for uncertainties related to income taxes	Fiscal Year 2019/2020	yes	none
IAS 28	Amended	Clarification that IFRS 9 is to be applied in certain cases to long-term investments in associated companies or joint ventures and therefore takes precedence over the regulations of IAS 28	Fiscal Year 2019/2020	yes	none
Improvements to IFRS (2015 - 2017)	Amended	Amendments to the standards IFRS 3, IFRS 11, IAS 12, IAS 23	Fiscal Year 2019/2020	yes	none
IAS 19	Amended	Clarification that the net obligation must be reassessed if changes are made to pension plans	Fiscal Year 2019/2020	yes	none
IFRS 9	Amended	Financial assets with a negative early repayment penalty	Fiscal Year 2019/2020	yes	none

The first-time application of these standards does not have any major impacts on the accounting of the DATAGROUP Group.

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, which have not been applied yet:

New or amended standards		Contents	First time application	EU-Endorsed	Major Impact on the Group
IFRS 3	Amended	Definition of a business operation	Fiscal Year 2020/2021	yes	none
IAS 1 and IAS 8	Amended	Definition of materiality	Fiscal Year 2020/2021	yes	none
Various	Amended	Changes to references to the Framework in IFRS standards	Fiscal Year 2020/2021	yes	none
IAS 39, IFRS 9 and IFRS 7	Amended	Reform of reference interest rates	Fiscal Year 2020/2021	yes	none
Various	Amended	Amendments to the standards IFRS 9, IAS 39, IFRS 7, IFRS 4 und IFRS 16: Interest Rate Benchmark Reform	Fiscal Year 2021/2022	no	none
IAS 16	Amended	Earnings before intended use	Fiscal Year 2022/2023	no	none
IAS 37	Amended	Onerous Contracts - the cost of performing a contract	Fiscal Year 2022/2023	no	none
IFRS 3	Amended	References to the Framework in IFRS standards	Fiscal Year 2022/2023	no	none
Various	Amended	Annual improvement concept 2018 - 2020	Fiscal Year 2022/2023	no	none
IAS 1	Amended	Presentation of financial statements - classification of debt as short and long term	Fiscal Year 2023/2024	no	none
IFRS 17	New	Insurance contracts	Fiscal Year 2023/2024	no	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.

1.3 Scope of Consolidation

1.3.1 Definition of the scope of consolidation

The consolidated financial statements include the subsidiaries on which the Group is able to exercise dominant control according to IFRS10. In addition to the holding company, DATAGROUP SE, 24 other domestic subsidiaries and two foreign subsidiaries 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, Cologne	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/Poland	100.0
16	DATAGROUP Invest 5 GmbH, Pliezhausen	100.0
17	DATAGROUP Financial IT Services GmbH, Düsseldorf	100.0
18	Almato AG, Stuttgart	100.0
19	DATAGROUP Service Desk GmbH, Pliezhausen	100.0
20	DATAGROUP Operations GmbH, Frankfurt am Main	100.0
21	DATAGROUP Enterprise Services GmbH, Siegburg	100.0
22	Enterprise IT Service Hungary Kft., Budapest/Hungary	100.0
23	DATAGROUP Defense IT Services GmbH, Siegburg	100.0
24	DATAGROUP Frankfurt GmbH, Neu-Isenburg	100.0
25	DATAGROUP Ulm GmbH, Ulm	100.0
26	Mercoline GmbH, Berlin	100.0
27	Portavis GmbH, Hamburg	93.0

The following companies have not been fully consolidated in the consolidated financial statements despite a control according to the principle of materiality.

No.	Name and location of the company	Stake in %
28	Almato Iberia S.L., Barcelona/Spain	100.0
29	Cloudeteer GmbH, Hamburg	24.0
30	InDemand Printing Solutions GmbH i.L., Cologne	100.0
31	DATAGROUP Invest 6 GmbH, Pliezhausen	100.0
32	DATAGROUP Pensions BS GmbH & Co. KG, Siegburg	100.0
33	DATAGROUP Pensions FIS GmbH & Co. KG, Düsseldorf	100.0

They were recognized at fair value.

At the time of acquisition, DATAGROUP had agreed on purchase options for further shares in Cloudeteer GmbH. It is therefore assumed that DATAGROUP exercises dominant control.

The company InDemand Printing Solutions GmbH i.I., Cologne was not included in the consolidated financial statements of the previous year 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. The company was liquidated in the fiscal year.

CHANGES IN THE SCOPE OF CONSOLIDATION

The following changes in the scope of consolidation occurred in FY 2019/2020:

- Acquisition of 93 % of the shares in Portavis GmbH
- Acquisition of 24 % of the shares in Cloudeteer GmbH
- Merger of Almato GmbH into DATAGROUP Mobile Solutions AG and change of name to Almato AG
- Foundation of Enterprise IT Services Hungary Kft.
- Foundation of DATAGROUP Invest 6 GmbH as well as DATAGROUP Pensions BS GmbH & Co. KG and DATAGROUP Pensions FIS GmbH & Co. KG

The purchase price allocation for the asset deal with IT Informatik GmbH, which had been classified as preliminary, was finalized in the fiscal year.

DATAGROUP Data Center GmbH changed its name to DATAGROUP Operations GmbH, IT-Digitalizacion 4.0 Industrial Internacional S.L. to Almato Iberia S.L. and UBL Informationssysteme GmbH to DATAGROUP Frankfurt GmbH.

ACQUISITION OF 93 % OF THE SHARES IN PORTAVIS GMBH

Under a purchase agreement dated January 17, 2020, DATAGROUP SE acquired 68 % of the shares in Diebold Nixdorf Portavis GmbH from WINCOR NIXDORF International GmbH. As part of the acquisition, option agreements for the acquisition of the other 32 % of the shares with the minority shareholders, Hamburger Sparkasse AG and Die Sparkasse Bremen AG, were either taken over or redesigned. These agreements include concrete figures for the purchase prices of the minority shares. Hamburger Sparkasse AG exercised the option to sell their stake of 25 % by letter dated September 1, 2020. Accordingly, 93% of the shares were owned by DATAGROUP SE at the balance sheet date. The payment for the 25 % stake was made on October 7, 2020.

DATAGROUP SE achieved control of the company after approval by the German Federal Cartel Office and payment of the purchase price for the 68 % minority shares on March 3, 2020.

The purchase prices for the 25 % stake of Hamburger Sparkasse AG and the 7 % stake of Die Sparkasse Bremen AG are accounted for in the current financial liabilities. DATAGROUP considers the option agreement with Die Sparkasse Bremen AG to be a standstill obligation and a debt financing instrument.

Diebold Nixdorf Portavis GmbH changed its name to Portavis GmbH on the basis of the purchase agreement.

Portavis GmbH has around 200 employees providing IT services to customers in the financial services sector and is expected to generate revenue of some EUR 60m in the current fiscal year. The company mainly supports Hamburger Sparkasse AG, Die Sparkasse Bremen AG and Hamburg Commercial Bank AG on the basis of long-term service agreements.

ACQUIRED ASSETS AND LIABILITIES

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

	Book value	Fair values at acquisition date
	EUR	EUR
Assets		
Intangible assets	560,072.00	8,312,072.00
Property, plant and equipment	9,254,796.77	9,254,796.77
Long-term financial assets	10,408,428.12	10,408,428.12
Inventories	111,148.89	111,148.89
Trade receivables	5,346,047.45	5,346,047.45
Other assets	3,395,948.27	3,395,948.27
Cash and cash equivalents	44,726,003.25	44,726,003.25
Deferred taxes	3,624,514.17	1,212,091.77
	77,426,958.92	**82,766,536.52**
Liabilities		
Financial liabilities	0.00	0.00
Pension provisions	30,317,367.21	30,317,367.21
Other provisions	2,867,900.72	2,867,900.72
Contract liabilities	7,899,283.62	7,899,283.62
Trade payables	10,876,712.42	10,876,712.42
Income tax liabilities	1,357,600.00	1,357,600.00
Other liabilities	2,386,276.54	2,386,276.54
	55,705,140.51	**55,705,140.51**
Balance of acquired assets and liabilities	**21,721,818.41**	**27,061,396.01**

CONSIDERATION

The purchase price for the 93 % stake amounts to a total of EUR 14,108,310.12. The purchase price for the outstanding 7 % stake is EUR 1,382,377.40.

NEGATIVE DIFFERENCE

The total amount of identifiable net assets is EUR 27,061,396.01.

As the consideration paid by DATAGROUP SE is EUR 14,108,310.12, there is a negative difference of EUR 11,570,708.49 under consideration of the interest of EUR 1,382,377.40 held by the minority shareholders. After a renewed review of the fair values of the assets, liabilities and contingent liabilities, the negative difference was fully recognized in the other operating income:

	EUR	EUR
Purchase price		14,108,310.12
Balance of identifiable net assets	27,061,396.01	
Minority interests[1)]	1,382,377.40	
Share of DATAGROUP SE		25,679,018.61
Lucky Buy		**-11,570,708.49**

1) reported under short-term financial liabilities

ANALYSIS OF THE CASH OUTFLOW ASSOCIATED WITH THE ACQUISITION

The transaction resulted in the following cash flows:

	EUR
Purchase price 68%	9,171,238.10
Purchase price 25%	4,937,072.02
Transaction costs of company acquisition	707,990.93
Cash acquired with the subsidiary	-44,726,003.25
Gesamt	**-29,909,702.20**

IMPACT ON REVENUES AND EARNINGS BEFORE TAX

In the period just ended, Portavis GmbH contributed EUR 39,699,279.94 to revenue and EUR 3,277,545.30 to consolidated earnings (before taxes). If the merger had taken place at the beginning of the fiscal year, revenue from the continuing operations would have amounted to some EUR 60,000,000.

ACQUISITION OF 24 % OF THE SHARES IN CLOUDETEER GMBH

Under a purchase agreement dated June 22, 2020, DATAGROUP SE acquired 24 % of the shares in Cloudeteer GmbH. Concurrently, the companies agreed on options for the acquisition of the remaining shares.

The purchase price for the outstanding 24 % stake is EUR 175,000.00. Transaction costs of EUR 14,951.40 have been incurred. The prices for the other shares will depend on the company’s results.

The Hamburg-based company brings in 26 experts for multi-cloud solutions as well as consulting services for companies on cloudification, IT governance, IT security, and regulatory requirements. Furthermore, Cloudeteer develops process and software solutions for the cloud, including the so-called OPS.Stack, which makes it possible to use multi-cloud dashboards displaying the real time of the most important metrics on different cloud models. The modules can also be used to analyze and optimize hybrid and private cloud solutions.

ADJUSTMENT OF THE PURCHASE PRICE ALLOCATION FOR THE ACQUISITION OF THE BUSINESS OPERATIONS OF IT-INFORMATIK GMBH FROM INSOLVENCY

Under a purchase and transfer agreement dated August 15, 2019, mobile fixed assets, inventories, software and other intangible assets of IT-Informatik GmbH were acquired from their insolvency estate (asset deal) by DATAGROUP Ulm GmbH. The transfer date was August 21, 2019. Additionally, the entire staff of IT-Informatik GmbH was taken over (transfer of undertakings according to § 613a German Civil Code (BGB).

On the balance sheet date a year earlier, a preliminary purchase price allocation had been carried out, as the fair values of the acquired assets, especially the customer portfolio, could not be fully assessed at this stage. Under consideration of the more recent insights, the fair values of the identifiable assets and liabilities from the asset deal with IT-Informatik GmbH at the time of acquisition are as follows:

	Book value	Fair values at acquisition date
	EUR	EUR
Assets		
Intangible assets	200,000.00	2,416,000.00
Property, plant and equipment	405,000.00	405,000.00
Inventories	85,000.00	85,000.00
Other assets	104,621.38	104,621.38
	794,621.38	**3,010,621.38**
Liabilities		
Other provisions	1,897,536.61	1,897,536.61
Other liabilities	1,269,852.77	1,269,852.77
Deferred taxes	0.00	689,619.20
	3,167,389.38	**3,857,008.58**
Balance of acquired assets and liabilities	**-2,372,768.00**	**-846,387.20**

When taking account of the paid purchase price of EUR 1,499,999.00, the adjusted goodwill is EUR 2,346,386.20.

Based on the purchase price allocation, the customer portfolio and the internally developed software in the total amount of EUR 2,216,000.00 were capitalized on September 30, 2020, under consideration of deferred tax liabilities of EUR 689,619.20. The goodwill decreases by EUR 1,526,380.80.

MERGER OF ALMATO GMBH INTO DATAGROUP MOBILE SOLUTIONS AG AND CHANGE OF NAME TO ALMATO AG

Under an agreement dated January 3, 2020, Almato GmbH was merged with the incorporating legal entity, DATAGROUP Mobile Solutions AG, with effect of October 1, 2019. The shareholder meeting of Almato GmbH and the Annual General Meeting of DATAGROUP Mobile Solutions AG, which were both held on January 3, 2020, have approved this merger agreement. The employment status of all employees of Almato GmbH employed at that time were assigned to DATAGROUP Mobile Solutions AG with all rights and duties as part of the transfer of undertakings according to § 613a BGB.

Additionally, the company of DATAGROUP Mobile Solutions AG was changed to Almato AG at the Annual General Meeting on January 3, 2020.

The merger and change of name were entered into the commercial register on January 29, 2020.

Along with the merger the business activities of the robot-based process optimization segment and the mobile app solutions segment were bundled.

FOUNDATION OF ENTERPRISE IT SERVICES HUNGARY KFT.

At the start of fiscal year 2019/2020, DATAGROUP Enterprise Services GmbH, Siegburg, founded Enterprise IT Services Hungary Kft, Budapest with a capital stock of HUF 3,000,000.00.

The purpose of this company is to provide IT infrastructure services for the East-European subsidiaries of the customers of DATAGROUP Enterprise Services GmbH. The company has ten employees and generated a sales volume of approx. EUR 400,000.00 on September 30, 2020.

FOUNDATION OF DATAGROUP INVEST 6 GMBH AS WELL AS DATAGROUP PENSIONS BS GMBH & CO. KG AND DATAGROUP PENSIONS FIS GMBH & CO. KG

In December 2019, all preparations were made and contracts signed to spin off precisely defined pension obligations of DATAGROUP Business Solutions GmbH and DATAGROUP Financial IT Services GmbH to the two non-corporate entities DATAGROUP Pensions BS GmbH & Co. KG and DATAGROUP Pensions FIS GmbH & Co. KG with the aim to subsequently sell these companies to an asset manager who is acting as a trustee. The two non-corporate entities were established for this purpose. DATAGROUP Business Solutions GmbH is acting as general partner of DATAGROUP Pensions BS GmbH & Co. KG, and DATAGROUP Financial IT Services GmbH as general partner of DATAGROUP Pension FIS GmbH & Co. KG.

Under an agreement dated November 25, 2019, DATAGROUP SE acquired Blitz S19-495 GmbH with a capital stock of EUR 25,000.00, which changed its name to DATAGROUP Invest 6 GmbH thereafter. This company is the sole limited partner of the two non-corporate entities.

However, these agreements on the sale of the stakes of the general partner as well as the limited partner to the two GmbH & Co KG did not materialize. The pension obligations are still held by DATAGROUP Business Solutions GmbH and DATAGROUP Financial IT Services GmbH.

The three entities do not have any operating business activities. They were not included in the consolidated financial statements due to absence of materiality. The entities are capitalized at amortized cost of EUR 64,791.34.

1.4 Accounting and Measurement Methods

1.4.1 Consolidation Principles

The balance sheet date of the fully consolidated subsidiaries included in the scope of consolidation is in line with the balance sheet date of the consolidated financial statements, with the exception of DATAGROUP Defense IT Services GmbH. The recently acquired DATAGROUP Ulm GmbH and Mercoline GmbH as well as Portavis GmbH had a short fiscal year with September 30, 2020 at the balance sheet date because of their integration into the processes and structures of DATAGROUP. The fiscal year of DATAGROUP Defense IT Services is identical with the calendar year. A short fiscal year is planned for January 1 to September 30, 2021.

Company mergers are recognized 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 recognizable 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 recognized 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 recognized 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 intra-company profits is applied to intra-company 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.

1.4.2 Accounting and Measurement Principles

Several standards and amendments of standards had to be adopted for the first time in this fiscal year. However, this did not necessitate a major adjustment of the accounting and measurement methods.

CHANGE IN PRESENTATION IN COMPARISON TO THE PREVIOUS YEAR

To improve the readability and informative value of the annual financial statements, the format of the statement of financial position and the income statement was adjusted in the fiscal year. This has also been done in the run-up to the implementation of a more efficient consolidation software, which was planned for fiscal year 2020/21. The uniform group-wide accounts structure has also been relaunched in this connection.

The balance sheet item "capitalized contract costs" was introduced in the year under review. A figure of EUR 17,774,913.65 was recognized on September 30, 2020. The prior-year figure was EUR 15,836,238.01 and has been reported under inventories in the consolidated financial statements of September 30, 2019.

"Changes in capitalized contract costs" was introduced in the year under review as an item in the income statement. A figure of EUR 7,273,675.62 was recognized on September 30, 2020. A figure of EUR 14,302,840.14 was recognized for the previous year, EUR 6,240,518.31 of which was recognized as material expenses and EUR 8,062,321.83 as personnel expenses in the consolidated financial statements of September 30, 2019.

“Receivables from finance lease” was newly introduced in the year under review as a balance sheet item both under non-current and current assets:

A figure of EUR 20,254,057.62 was recognized under non-current receivables from finance lease on September 30, 2020. The prior-year figure of EUR 12,928,417.83 was recognized under non-current financial assets in the consolidated financial statements of September 30, 2019.

A figure of EUR 8,004,360.51 was recognized under current receivables from finance lease on September 30, 2020. The reported prior-year figure is EUR 4,352,737.95. This figure was shown under current financial assets in the consolidated financial statements of September 30, 2019.

Additionally, an individual item has been provided for in the income statement for the risk provision of EUR 12,000,000.00 which will be set aside for the financial services sector in fiscal year 2019/2020.

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 recognized assets, liabilities and contingent liabilities. Management assumes that existing risks are sufficiently covered by the assumptions and judgments 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 recognized in the income statement when better information is available.

The discretionary decisions, estimates and assumptions taken are of particular significance for the following assets and liabilities:

- Intangible assets
- Capitalized contract costs
- Contract Assets
- Receivables from finance lease
- Trade receivables
- Earn-out obligations
- Provisions
- Accounting of leases according to IFRS 16

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 16,302,103.00 (previous year EUR 11,006,643.00), goodwill stood at EUR 62,500,872.13 on September 30, 2020 (previous year EUR 64,027,252.93). The reduction of goodwill by EUR 1,526,380.80 resulted from the subsequent implementation of the purchase price allocation for the asset deal with IT Informatik GmbH. There were no earn-out obligations on the balance sheet date or in the previous year.

Recoverability of capitalized contract costs undergoes regular checks and depends on management's assessments with regard to the future development of the corresponding agreements with customers. These assessments are highly dependent on estimates and assumptions. The capitalized contract costs were devalued by EUR 5,335,000.00 in the year under review. Additionally, provisions of EUR 6,665,000.00 were set up for long-term agreements with customers.

Project orders (mostly contractually agreed service contracts) which are not yet concluded are recognized over time - provided the respective conditions are met. The degree of completion is determined on the basis of input-oriented methods and has to be made by management with a certain level of discretion.

When accounting for receivables from finance lease assumptions are made on the profitability of the relevant contracts and the individual service obligations.

The risk of potential losses arising from the insolvency of customers was hedged by setting up valuation allowances for doubtful accounts. The valuation allowances were set up using an expected loss model according to IFRS 9.

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. For the recognition of provisions of EUR 88,266,344.74 (previous year EUR 48,812,756.82) assumptions and estimates had to be made by the management on the magnitude and likelihood of occurrence of an outflow of resources.

The assessment of right of use assets and lease liabilities related to agreements for buildings is subject to assumptions as to the contract period as well as cancellation and extension options.

The estimates and assumptions above are subject to regular reviews.

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

Revenue is recognized when control of the goods or services is passed to the customer. Control can be passed either over time or at a point in time.

Revenue from the sale of goods is recognized for a point in time. The invoice is regularly issued upon delivery or directly thereafter.

DATAGROUP makes certain assets available to customers under finance lease agreements. Due to the nature of the agreements revenue from these agreements is recognized over time, as soon as the assets made available to the customers are ready for use and have been accepted by the customer.

When software has been handed over to the customer, DATAGROUP usually acts as a principal. DATAGROUP acts as contact in the relationship with the customer, bears the major technical as well as economic risks and has the pricing power.

When services are provided, revenue is realized over time, as the customer simultaneously receives and consumes the benefit provided in the respective period.

Service revenues are based on orders in the form of work or service contracts. Services on the basis of service contracts are usually invoiced retrospectively at the end of the month on the basis of hours worked. Services provided within the scope of services contracts are invoiced after (partial) acceptance; interim payments are customary. Fixed fees for maintenance and other services are usually invoiced in advance on a monthly or quarterly basis.

The invoice usually had to be paid within fourteen days without deduction.

In terms of project orders on the basis of service contracts which are not yet concluded, DATAGROUP provides a customized asset without an alternative use and has a claim for payment at any time. Revenue thus is recognized over time according to IFRS 15.35c. The degree of completion is mainly determined on the basis of input-oriented methods.

Multi-component agreements, which include the supply of products or provision of services within a complete service portfolio, have to be separated into separately identifiable performance obligations, where a separate revenue contribution must be determined for every performance obligation which will then be recognized as revenue once the agreement is fulfilled.

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

Some contracts are designed in such a way that DATAGROUP performs activities at the start of the project, which are not related to the fulfillment 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 recognized for these contracts at first; the costs incurred will be capitalized as costs for the fulfillment of a contract. Revenue will be recognized 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.

IMPAIRMENT MODEL ACCORDING TO IFRS 9

Financial instruments are classified as follows:

	Valued at amortized cost	Valued at fair value through profit or loss	Valued at fair value through in equity
	EUR	EUR	EUR
AKTIVA			
Receivables from			
finance lease contracts	**x**		
Trade receivables	**x**		
Cash and cash equivalents	**x**		
Other (financial) assets			
Securities		**x**	
Other	**x**		
Financial receivables			
LIABILITIES			
Liabilities from			
finance lease contracts	**x**		
Trade payables	**x**		
Liabilities to			
financial institutions	**x**		
Other (financial) liabilities	**x**		
Financial liabilities			

Contract assets and receivables from finance lease contracts with customers are mainly generated in the project business. The expected credit losses for these assets were determined using a two-stage approach. In a first step, the Group has used the ratings of customers for whom a probability of default could be determined based on the present ratings. In a second step, the expected credit losses of the remaining positions were determined on the basis of actual losses incurred in the past.

Step one resulted in probabilities of default of less than 0.01 per cent. The actual losses incurred in the past, determined in step two, did not result in any probability of default for the remaining positions. Overall, the Group did not recognize a loss allowance owing to the lack of materiality.

The probability of default for **trade receivables** was determined on the basis of actual historical bad debt losses. The measurement based on individual companies did not result in any differences to the devaluation determined to date. The expected probability of default is less than 0.1 %; a loss allowance of TEUR 200 was recognized for expected losses in trade receivables.

Furthermore, the Group has recognized an allowance of TEUR 541 for the year under review related to individual facts, where the actual circumstances lead to very high probability of default.

No significant allowances were recognized for **cash and other assets**. The expected credit losses for cash and other assets are determined on the basis of available ratings. If no ratings exist, expected credit losses are processed on the basis of historical losses. No material probabilities of default have been determined for cash and other assets, so the Group did not recognize a loss allowance.

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 recognized in accordance with the acquisition method. Goodwill that may arise is measured at amortized 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 application, 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 recognized in the in-come 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 recognized 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 recognized. 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 “Solutions and Consulting” unit comprises the group companies, whose range of services offered consists of highly qualified and specialized technology and solutions consultants as well as software developers.

GOODWILL OF CASH-GENERATING UNITS:

	30.09.2020	30.09.2019	30.09.2018	30.09.2017	30.09.2016
	EUR	EUR	EUR	EUR	EUR
Services segment	32,230,200.68	33,756,581.48	17,437,871.20	17,437,871.20	16,331,151.62
Solutions and Consulting segment	30,270,671.45	30,270,671.45	29,117,974.14	22,192,268.03	22,192,268.03
Goodwill	**62,500,872.13**	**64,027,252.93**	**46,555,845.34**	**39,630,139.23**	**38,523,419.65**

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 multi-annual 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 5.42 % (2018/2019: 6.10 %) 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, licenses as well as non-competition obligations.

Acquired intangible assets with definite useful life are recognized at the cost of acquisition or production less the cumulative straight-line 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 straight-line method.

Brands acquired as part of company acquisitions are recognized 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 capitalized 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 capitalized provided the conditions under IAS 38.57 are met. Internally developed intangible assets with a definite useful life are recognized at the cost of production less the cumulative straight-line 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 straight-line 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 recognized in the income statement up to the amortized acquisition or production costs.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at amortized 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 straight-line method.

If there are indications of impairment, an impairment test is carried out. When the recoverable amount is lower than the amortized 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 recognized up to the amortized acquisition costs.

Based on the single lessee accounting model, the lessee has to capitalize a right of use asset in the lease asset and recognize a lease liability in the amount of the present value of future leasing payments. The costs at initial recognition are decisive for the initial measurement of the right of use asset. These costs include the initial lease liability, the lease payments made less incentives received, and the initial direct costs related to the acquisition of the lease. The lease liability results from the present value of the lease payments during the term of the contract. This mainly relates to real estate and car leasing agreements.

CAPITALIZED CONTRACT COSTS

The costs for the fulfillment of a contract incurred during the transition phase of projects and distributed over the operating phase are capitalized as expense under this item. The Group only capitalizes accrued costs, a (proportional) capitalization of contribution margins will not be recognized.

The amounts charged to the customers during the transition phase are not treated in this position but are deferred and recognized as a contract liability. The reversal of deferred credit leads to revenue which is distributed over the contractually agreed operating phase.

The capitalized contract costs are subject to regular impairment tests. If the remaining amount of the consideration still to be received exceeds the directly allocated costs, an impairment loss will be recognized.

Such an impairment test was performed in the year under review in connection with a large-scale project in the financial services sector, where the costs planned for future periods were higher than the expected consideration.

This led to the recognition of an impairment loss of EUR 5,335,000.00 in the period under review. An additional amount of EUR 6,665,000.00 was not recognized as a devaluation of further assets in connection with the large-scale project, but as a provision for onerous contracts.

The two expense items in the total amount of EUR 12,000,000.00 are related to the Services segment.

RECEIVABLES FROM FINANCE LEASE

This item shows the receivables from customers arising from sell-side finance lease agreements. Due to the nature of the agreements revenue from these agreements is regularly recognized, as soon as the assets made available to the customers are ready for use and have been accepted by the customer. This leads to the capitalization of the relevant receivables.

INVENTORIES

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

CONTRACT ASSETS

Contract assets are recognized if revenue was recorded due the fulfillment of a contractual performance obligation before the customer has made any payments or – independent of the maturity – the conditions for invoicing and thus for recognizing a liability are in place.

If the outcome of a construction contract can be reliably estimated, overall revenues expected for the individual contract are capitalized 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 capitalized construction contracts. Identifiable losses are immediately and fully recognized 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 capitalized. An expected loss is recognized 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 categorized as follows:

1. Assets and liabilities measured at amortized cost
2. Asset and liabilities measured at fair value through profit or loss
3. Asset and liabilities measured at fair value through other comprehensive income

A financial asset or a financial liability is initially measured at fair value plus, in the case of the first category, transaction costs.

The subsequent measurement of financial assets and liabilities of the first category is made at amortized cost or by using the effective interest method at the lower of the fair value. Risks are covered by impairment losses, which are recognized and reversed affecting net income.

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

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 2 and 3 (assets and liabilities that are recognized at their fair value). The book value can be considered a sufficient approximate value to the fair value for assets and liabilities of the category 1 (assets measured at amortized cost).

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 recognized in the income statement.

OTHER ASSETS

Other receivables and other assets are recognized at the lower of amortized 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.

PROVISIONS FOR PENSIONS

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 recognized 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 into account all recognizable 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.

CONTRACT LIABILITIES

A contract liability is recognized when a payment for customer is due (or already received, whichever is earlier) before the related performance obligation is satisfied and thus revenue was recognized.

Contract liabilities also include the amounts charged to customers for the transition phase which are due during the transition phase of projects. The reversal of deferred credit leads to revenue which is distributed over the operating phase.

OTHER LIABILITIES

Other liabilities are initially recognized at fair value less transaction costs and subsequently measured at amortized 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 recognized 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 statement of financial position. Additionally, deferred tax liabilities are recognized 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 utilized. 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 recognized 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, USE OF RIGHT ASSETS

At the beginning of the lease contract, the lessee recognizes 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 for leases in the sense of IFRS 16. 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 capitalized at the beginning is amortized 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, capitalizes 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.

Based on the single lessee accounting model, the lessee has to capitalize a right of use asset in the lease asset and recognize a lease liability in the amount of the present value of future leasing payments. This mainly relates to real estate and car leasing agreements.

The costs at initial recognition are decisive for the initial measurement of the right of use asset. These costs include the initial lease liability, the lease payments made less incentives received, and the initial direct costs related to the acquisition of the lease. The lease liability results from the present value of the lease payments during the term of the contract.

The determination of lease payments takes account of fixed payments, including de facto lease payments as well as variable payments that depend on an index or rate. Payments prior to the commencement date of the lease cannot be allocated to the leasing liability as they do not create a liability. The leasing payments are discounted with a rate which is based on the leases. If the rate cannot be determined, the Group uses its incremental borrowing rate, which is based on comparable financings.

The right of use asset is subsequently measured at amortized cost. This requires taking into account depreciation and amortization as well as changes in the fair value of the lease liability.

The term of the leasing contract is defined as non-terminable period of time which can include purchase options, extension options or termination rights. To be able to consider these options and rights when the term of the contract is determined, the lessee must be reasonably certain to exercise them or not. To assess the probability of an exercise or non-exercise, all important facts and circumstances have to be examined as to whether they provide a reasonable economic incentive for the lessee.

The term of a leasing contract must be remeasured when the non-terminable period of time has changed. The revaluation of the contract term also includes relevant events which had an impact on the probability of exercise options.

GOVERNMENT GRANTS

Government grants are recognized 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 recognized as income if it cannot be guaranteed with reasonable assurance that the conditions for the subsidies to be granted can be met.

2 Notes to the Consolidated Income Statement

2.1 Revenue

Revenue is divided as follows:

	2019/2020	2018/2019
	EUR	EUR
Service and maintenance	304,717,268.93	242,499,652.13
Trade	52,898,867.64	63,753,730.54
Others	595,308.36	511,518.47
Revenue	**358,211,444.93**	**306,764,901.15**

As in the previous years, DATAGROUP's revenue increased significantly (by 16.8 %). This increase has been generated both organically and inorganically. Organic growth is 2.0 %. The determination of organic growth does not include the companies which were acquired during the fiscal year and which are still in transformation nor does it include recurring revenue from large-scale projects.

DATAGROUP generates the majority of revenue (85.1 %, previous year: 79.1 %) with services and maintenance contracts which is in line with the strategic focus of the Group. The strong increase has mainly been driven by the acquisition of Portavis GmbH. Conversely, the proportion of commercial revenue in total revenue decreased from 20.8 % in the previous year to 14.8 %.

Foreign business still only plays a minor role for the DATAGROUP Group; 0.8 % (previous year 1.2 %) of revenue was generated abroad.

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.

2.2 Other operating income

Other operating income is composed as follows:

	2019/2020 EUR	2018/2019 EUR
Income from offsetting		
remuneration in kind	2,414,804.57	2,071,534.03
Income from reversal		
of provisions and		
liabilities	2,465,818.84	4,546,548.75
Income from revaluation of		
assets and		
liabilities	630,129.46	239,800.84
Rental income	232,291.73	206,475.41
Income from insurance		
compensation	56,443.71	646,994.35
Income from acquisition of		
business operations	11,570,708.49	0.00
Decrease accrual item Upfront-		
Payment from HPE-transaction	526,800.00	561,300.00
Refunding restructuring costs	0.00	1,074,251.00
Others	1,913,726.05	1,755,130.50
Other operating income		
income	**19,810,722.85**	**11,102,034.88**

The acquisition of Portavis had resulted in a one-time negative difference from the purchase price allocation (lucky buy) in the amount of EUR 11,570,708.49 recognized under other operating income.

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. The prior-year income from reimbursement of restructuring expenses of EUR 1,074,251.00 was offset by personnel expenses of the same amount resulting from a provision for restructuring.

DATAGROUP

2.3 Material expenses / Expenses for purchased services

Material expenses are composed as follows:

	2019/2020	2018/2019
	EUR	EUR
Material expenses	49,998,137.56	63,648,935.53
Expenses for purchased services	69,145,692.09	41,797,810.72
Material expenses / expenses for purchased services	**119,143,829.64**	**105,446,746.25**

The substantial reduction of material expenses is associated with a project-driven peak in commercial revenue of the previous year. The increase of expenses for purchased services is primarily due to the first-time consolidation of Portavis.

2.4 Personnel Expenses

Personnel expenses are composed as follows:

	2019/2020	2018/2019
	EUR	EUR
Wages and salaries	159,446,581.73	130,440,751.92
Social contributions	26,085,412.80	20,864,642.08
Expenses for pensions and other other benefits	2,458,598.73	1,936,092.39
Personnel expenses	**187,990,593.26**	**153,241,486.39**

2.5 Depreciation and Amortization

Depreciation and amortization refer to the following assets:

	2019/2020	2018/2019
	EUR	EUR
On intangible		
assets		
internally developed	357,230.94	411,429.04
purchased	7,619,218.96	6,022,788.69
On property, plant and equipment	24,842,435.24	16,820,705.25
Depreciation and amortisation	**32,818,885.14**	**23,254,922.98**

Depreciation and amortization have strongly increased in FY 2019/2020. This is mainly due to the acquisition of Portavis and also reflects the high investments in data centers as well as furniture and office equipment.

Amortization of disclosed hidden reserves and charges as part of the purchase price allocation amounts to EUR 4,672,540.00 (previous year: EUR 4,185,904.00).

Depreciation and amortization of EUR 10,853,364.45 are related to use of right assets (previous year: EUR 7,006,478.92).

2.6 Other operating expenses

Other operating expenses are as follows:

	2019/2020	2018/2019
	EUR	EUR
Travel and vehicle expenses	4,089,921.64	4,944,474.66
Occupancy costs	2,270,662.68	3,165,482.70
Ancillary personnel expenses	3,875,766.45	4,751,427.53
Administration expenses	6,887,745.24	6,038,850.52
Advertising expenses	2,203,903.80	2,310,296.01
Legal and		
advisory costs	3,824,825.54	2,899,572.52
Insurance and other		
contributions, fees and		
bank charges	1,550,120.28	1,305,529.84
Others	1,395,009.57	1,962,230.58
Other operating		
expenses	**26,097,955.18**	**27,377,864.37**

The office rents mainly include incidental rental costs.

Travel and vehicle expenses include, amongst others, non-leasing components from car leasing agreements, e.g. service charges. The decline in travel expenses in fiscal year 2019/2020 is due to Covid-19.

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 recognized in this fiscal year.

The item “Others” mainly includes expenses from the sale of assets, the increase in reserves for warranties and bad debts.

2.7 Risk provisions in financial services sector

In the past fiscal year, delays and increased costs related to the start-ups of new customers (transitions/boarding) in the financial services sector (DATAGROUP Financial IT Services GmbH) have weighed heavily on the earnings figures. For this reason, the capitalized contract costs were devalued by EUR 5,335,000.00 and provisions of EUR 6,665,000.00 were set up essentially for contingent losses. This adds up to EUR 12,000,000.00.

The Management Board has taken immediate measures to cut costs and improve the earnings situation. A management team experienced in restructuring from within the DATAGROUP group has been installed.

2.8 Financial result

The financial result is as follows:

	2019/2020 EUR	2018/2019 EUR
Financial income		
Investment income	110,252.44	133,624.28
Interest income from		
finance lease	569,133.80	45,540.68
Others	112,722.30	212,353.83
Revaluation earn-out		0.00
obligations	0.00	65,266.00
Other financial income	3,586.00	0.00
	795,694.54	**456,784.79**
Financial expenses		
Bank loans	1,222,534.42	1,136,539.19
Finance lease	884,172.27	456,501.97
Effective interest method	563,899.75	344,240.28
Factoring	325,548.12	287,450.26
Others	174,334.35	167,705.28
	3,170,488.91	**2,392,436.98**
Financial result	**-2,374,794.37**	**-1,935,652.19**
Interest result	**-2,478,532.81**	**-2,053,551.47**

Financial expenses for bank loans declined by ca. 8 % in the fiscal year. This increase is mainly attributable to the issue of promissory note loans of EUR 69,000,000.00 during the previous year and the first-time effect on earnings for a whole year in FY 2019/2020.

Expenses and income from finance lease have increased substantially during the fiscal year in comparison to the previous year. This is mainly attributable to a large-scale project in the financial services sector.

2.9 Income Taxes

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

	2019/2020	2018/2019
	EUR	EUR
Actual taxes	**7,958,767.12**	**10,282,462.32**
Deferred taxes		
from different times of		
valuation	-1,785,686.35	-2,822,700.08
from losses carried forward	190,636.00	-283,766.68
	-1,595,050.35	**-3,106,466.76**
Income taxes	**6,363,716.77**	**7,175,995.56**

Deferred taxes arising from temporary differences in valuation are taxes on amortization of assets capitalized as part of company acquisitions in the amount of EUR 1,454,094.44 (previous year EUR 1,302,653.33). They result in a decrease of the tax burden.

The DATAGROUP entities have paid taxes on income and profit mainly in Germany so far. The individual tax rates – depending on the trade tax of the different municipalities – are between 27.900 % and 33.850 % (previous year 27.900 % and 32.275 %). 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:

				2019/2020	2018/2019
				EUR	
Earning before taxes				6,612,452.68	21,689,911.07
Group tax rate:	31.60%	(LFY	31.60%)		
Expected tax expenses				2,089,535.05	6,854,011.90
Tax expenses and income of earlier years				-543,675.38	-64,681.85
Non-deductible operating expenses as well as					
trade tax additions and reductions				2,644,473.38	362,187.20
Non-recognised deferred taxes on permanent differences				-3,644,056.49	23,832.21
Tax rate change for deferred taxes				-0.93	-94,285.08
Differences to local tax rates				74,485.25	-57,993.97
Impact from the revaluation and the non-capitalization					
of tax losses carried forward				5,742,955.89	152,925.15
Actual tax expense				**6,363,716.77**	**7,175,995.56**
Actual tax rate:	96.24%	(LFY	33.08%)		
(corresponds to the relations between actual tax expenses and earnings before taxes)					

In FY 2019/2020, the actual tax rate is 96.24 % (previous year: 33.08 %). The substantial increase over the previous year is due to special effects from the non-capitalization of deferred taxes on tax-loss carry-forwards, the non-recognition for tax purposes of the provisions for onerous contracts that were set up as part of risk provisioning, and to the adjustment of permanent differences in valuation that are not subject to taxation. The latter relates to the lucky buy in connection with the acquisition of Portavis GmbH as well as to the losses and risk provisions in the financial services sector. Earnings (EBT) resulting from these two circumstances were processed without deferred taxes.

2.10 Other comprehensive income

	2019/2020	2018/2019
	EUR	EUR
Other earnings before taxes		
Recalculation of defined benefit obligations		
of pensions provisions	-3,319,523.00	-4,030,921.00
Change in balancing items from		
currency conversion	-3,621.08	-24.05
Other earnings before taxes	**-3,323,144.08**	**-4,030,945.05**
Income tax effecs on other income	-1,011,738.20	-1,261,000.93
Comprehensive income	**-2,311,405.88**	**-2,769,944.12**

The negative effect of EUR 3,319,523.00 from the assessment of pension provisions results from the revaluation of the receivable from DXC Technology EntServ Deutschland GmbH in connection with the takeover of pension obligations. This led to a negative result of EUR 4,126,238.00. The offsetting effect of EUR 806,715.00 is the result of a slight increase in actuarial interest rates in comparison to September 30, 2019; this has reduced the present value of the pension obligations.

3 Notes to the Consolidated Statement of Financial Position

3.1 Goodwill

Goodwill changes in the fiscal year were as follows:

	2019/2020	2018/2019
	EUR	EUR
Services		
Opening balance	33,756,581.48	17,437,871.20
Additions	0.00	16,318,710.28
Reclassification	-1,526,380.80	0.00
	32,230,200.68	**33,756,581.48**
Solutions and Consulting		
Opening balance	30,270,671.45	29,117,974.14
Addition	0.00	1,152,697.31
	30,270,671.45	**30,270,671.45**
Goodwill	**62,500,872.13**	**64,027,252.93**

The purchase price allocation for the asset deal with IT-Informatik GmbH, which had been prepared on a provisional basis on September 30, 2019, was finalized as per September 30, 2020. The customer portfolio and the internally developed software in the total amount of EUR 2,216,000.00 were additionally capitalized; deferred tax liabilities of EUR 689,619.20 were recognized on the liabilities side. As a result, goodwill decreased by EUR 1,526,380.80.

The acquisition of Portavis GmbH did not result in the capitalization of goodwill as it was a lucky buy.

3.2 Other intangible assets

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

	30.09.2020	30.09.2019
	EUR	EUR
Order backlog /		
customer bases	15,658,103.00	10,840,743.00
Internally developed intangible		
assets		
Software	1,905,163.02	2,030,502.48
Purchased intangible		
assets	8,767,498.72	5,750,325.93
Other intangible assets	**26,330,764.74**	**18,621,571.41**

An economic useful life of between two and five years was determined for the capitalized order backlog; customer relationships have useful lives of between three and eight years. The acquired intangible assets are generally amortized 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 recognized in this fiscal year.

3.3 Property, plant and equipment

	30.09.2020	30.09.2019
	EUR	EUR
Land and buildings	34,836,110.45	24,582,441.25
Furniture and office		
equipment	38,114,024.71	33,855,123.74
Advance payments charged	2,983,211.85	1,634,745.91
PPE	**75,933,347.01**	**60,072,310.90**

Capitalized right of use assets of property, plant and equipment are recognized as follows according to IFRS 16:

	30.09.2020	30.09.2019
	EUR	EUR
Buildings	34,836,110.45	24,582,441.25
Automotive	2,930,489.73	2,223,168.66
Rights of use	**37,766,600.18**	**26,805,609.91**

Property, plant and equipment includes the assets of newly acquired companies in the amount of EUR 14,832,775.00. The remaining increase is mainly attributable to investments in servers, network, storage and data backup systems as well as in office equipment.

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

3.4 Non-Current and Current Financial Assets

Financial assets are composed as follows:

	30.09.2020 Remaining term up to 1 year	30.09.2020 Remaining term 1 to 5 years	30.09.2020 Remaining term over 5 years	30.09.2020 Total
	EUR	EUR	EUR	EUR
Shares in affiliated companies	0.00	0.00	239,451.04	239,451.04
Investments	0.00	0.00	82,046.88	82,046.88
Securities	0.00	0.00	912,000.00	912,000.00
Other loans	430,124.51	1,100,000.00	9,350.00	1,539,474.51
Financial assets	**430,124.51**	**1,100,000.00**	**1,242,847.92**	**2,772,972.43**

	30.09.2019 Remaining term up to 1 year	30.09.2019 Remaining term 1 to 5 years	30.09.2019 Remaining term over 5 years	30.09.2019 Total
	EUR	EUR	EUR	EUR
Shares in affiliated companies	0.00	0.00	1.00	1.00
Investments	0.00	0.00	52,046.88	52,046.88
Securities	50,014.00	180,601.00	922,100.00	1,152,715.00
Other loans	50,011.49	0.00	9,350.00	59,361.49
Financial assets	**100,025.49**	**180,601.00**	**983,497.88**	**1,264,124.37**

The increase in other loans is attributable to a loan granted to the newly acquired but non-consolidated Cloudeteer GmbH.

3.5 Capitalized contract costs

The incurred costs for the fulfillment of a contract are capitalized as and distributed as expense over the operating phase. The capitalized contract costs were reported under inventories in the previous year's financial statements. Changes in capitalized contract costs have also been shown separately since the current fiscal year – as an individual item within total revenues. Year-on-year comparisons have been adjusted accordingly.

The Group only capitalizes accrued costs, a (proportional) capitalization of contribution margins will not be recognized. A devaluation of EUR 5,335,000.00 was made in the financial services sector in the current fiscal year.

The capitalized contract costs are mainly related to several customer projects in the banking environment. The amounts charged to the customers during the transition phase are not treated in this position but are deferred and recognized as a contract liability. The reversal of deferred credit leads to revenue which is distributed over the operating phase.

3.6 Non-current and current receivables from finance lease

Receivables from finance lease are composed as follows:

	30.09.2020 Remaining term up to 1 year	30.09.2020 Remaining term 1 to 5 years	30.09.2020 Remaining term over 5 years	30.09.2020 Total
	EUR	EUR	EUR	EUR
Receivables from				
customer lease	8,004,360.51	19,750,076.61	503,981.01	28,258,418.13
Receivables from customer lease	**8,004,360.51**	**19,750,076.61**	**503,981.01**	**28,258,418.13**

	30.09.2019 Remaining term up to 1 year	30.09.2019 Remaining term 1 to 5 years	30.09.2019 Remaining term over 5 years	30.09.2019 Total
	EUR	EUR	EUR	EUR
Receivables from				
customer lease	4,352,737.95	12,457,828.15	470,589.68	17,281,155.78
Receivables from customer lease	**4,352,737.95**	**12,457,828.15**	**470,589.68**	**17,281,155.78**

Receivables from customer leasing mainly relate to a large-scale project in the financial services sector. The IT goods that were purchase and provided to the customer are pre-financed and will be settled by the customer over their lifetime as part of Managed Services.

3.7 Other non-financial assets

	30.09.2020	30.09.2019
	EUR	EUR
Receivables from tax authorities	798,364.26	354,902.92
Deposits	599,956.51	486,773.50
Others	1,118,222.40	83,228.37
Other non-current assets	**2,516,543.17**	**924,904.79**

The item "Others" mainly includes deferred charges. The strong increase was driven by the first-time consolidation of Portavis GmbH.

3.8 Deferred taxes

	30.09.2020	30.09.2019
	EUR	EUR
Deferred tax assets on		
Losses carried forward	2,905,644.00	3,096,280.00
Provisions	22,231,310.09	18,578,516.40
Contract liabilities	1,679,144.11	1,500,773.00
Financial liabilities	13,692,899.19	9,938,427.38
	40,508,997.39	**33,113,996.78**
Balancing	-28,891,865.76	-24,560,575.76
Deferred tax assets	**11,617,131.63**	**8,553,421.02**

	30.09.2020	30.09.2019
	EUR	EUR
Deferred tax liabilities on		
Goodwill	0.00	2,558.25
Other intangible assets	5,132,904.00	4,031,371.82
Property, plant and equipment	4,702,371.88	4,193,911.51
Financial assets	8,215,786.63	5,191,279.30
Inventories	1,030,714.02	137,821.73
Contract assets	1,731,148.41	1,702,532.96
Other assets	1,475,124.45	1,436,827.93
Other liabilities	9,039,461.78	10,365,467.45
	31,327,511.17	**27,061,770.95**
Balancing	-28,891,865.76	-24,560,575.76
Deferred tax liabilities	**2,435,645.41**	**2,501,195.19**

Deferred taxes on losses carried forward are subject to a regular 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 capitalized on losses carried forward were largely recognized without a need for valuation allowance.

However, the deferred taxes for the losses of DATAGROUP Financial IT Services GmbH (including risk provisions) are categorized as non recoverable. This leads to a significant distortion in the tax result with a tax rate of 96.2 %.

Of the deferred taxes reported in the balance sheet, a total of EUR 1,011,738.20 (previous year: EUR 1,261,000.93) was recorded without influencing the income statement. They relate to the revaluation of defined benefit commitments.

3.9 Inventories

The following assets are recorded under inventories:

	30.09.2020	30.09.2019
	EUR	EUR
Work in progress	77,629.06	682,071.89
Finished goods and		
merchandise, gross	6,873,654.68	2,537,704.01
Prepayments	920.81	6,514.06
Inventories	**6,952,204.55**	**3,226,289.96**

The item “Finished goods and merchandise” mainly comprises hardware and software. Of the inventories, a total of EUR 288,458.44 (previous year: EUR 107,616.22) was pledged as collateral for loan liabilities to banks. The respective credit facility has not been utilized as at 9/30/2020.

3.10 Contract Assets

	30.09.2020	30.09.2019
	EUR	EUR
Construction contracts		
gross	4,822,703.84	10,573,879.73
Prepayments received	1,455,461.69	3,392,340.60
Construction contracts net	3,367,242.15	7,181,539.13
Claims on customers - Service		
provided but not yet invoiced	4,868,000.98	1,552,572.95
Short-term		
contract assets	**8,235,243.13**	**8,734,112.08**

The decline in construction contracts is due to the finalization of a large-scale project in the current fiscal year.

3.11 Trade receivables

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

	30.09.2020	30.09.2019
	EUR	EUR
Trade receivables gross	41,995,770.93	46,661,994.92
Valuation allowance	-740,690.47	-1,070,546.04
Trade receivables	**41,255,080.46**	**45,591,448.88**
Factoring volume	14,269,825.81	12,917,619.78

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

	2019/2020	2019/2020	2019/2020	2019/2020
	Specific valuation allowance	General valuation allowance	Total	Trade receivables gross
	EUR	EUR	EUR	EUR
Opening balance	**526,846.04**	**543,700.00**	**1,070,546.04**	**46,661,994.92**
Additions through changes in the scope of consolidation	0.00	10,755.07	10,755.07	
Consumption	441,848.47	403,054.12	844,902.59	
Additions	455,791.95	48,500.00	504,291.95	
Closing balance	**540,789.52**	**199,900.95**	**740,690.47**	**41,995,770.93**

With the exception of retention of title – agreed in commercial transactions to some extent – trade receivables are not collateralized. Hence, the DATAGROUP Group is exposed to the risk that bad debts may arise in an amount equal to the book values. This was taken into account by recognizing specific valuation allowances and entering further reductions to factor in expected impairments that may exceed this figure.

3.12 Other Current Assets

Other assets shown under current assets are composed as follows:

	30.09.2020	30.09.2019
	EUR	EUR
Receivables from		
affiliated companies	5,165.49	78,418.00
Receivables from companies		
in which participating		
interests are held	335,456.39	345,513.60
Receivables from tax		
authorities	9,117,692.35	5,195,099.70
Receivables from factoring	3,777,312.38	5,088,402.26
Others	19,119,941.90	12,749,898.02
Other current		
assets	**32,355,568.51**	**23,457,331.58**

The item “Others” mainly includes deferred charges.

3.13 Cash and cash equivalents

Cash and cash equivalents only include bank deposits and cash:

	30.09.2020	30.09.2019
	EUR	EUR
Bank deposits	63,921,412.58	47,448,618.79
Cash on hand	15,676.27	16,300.87
Cash and cash equivalents	**63,937,088.85**	**47,464,919.66**

3.14 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.

AUTHORIZED CAPITAL

The Management Board is authorized 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 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 (authorized capital I 2018). The Management Board has made no use of this authorization to date.

The Management Board is authorized 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 (authorized capital II 2018). The Management Board has made no use of this authorization to date.

RETAINED EARNINGS

At the Annual General Meeting on 3/3/2020 it was resolved to distribute a dividend of EUR 0.70 per no-par share entitled to dividend for FY 2018 / 2019. The amount paid for 8,331,459 no-par shares totaled EUR 5,832,021.30.

The Management Board has proposed to carry the net income forward.

EARNINGS PER SHARE

In the fiscal year, the company generated earnings per share of 3 cents. The prior-year figure was 174 cents per share. Earnings per share were 147 cents per share when excluding the risk provisions in the financial services sector and would be 3 cents per share after taking into account the risk provisions.

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 2019/2020 and the previous year 2018/2019.

ACCUMULATED OTHER COMPREHENSIVE INCOME

Beyond the consolidated net income of EUR 248,735.90 (previous year EUR 14,513,915.52) generated in the fiscal year, accumulated other comprehensive income of EUR -2,307,784.80 (previous year EUR -2,769,920.07) was generated. Other comprehensive income relates to actuarial losses from the valuation of pension provisions of EUR -3,319,523.00, which are reduced by deferred taxes on this item in the amount of EUR -1,011,738.20.

In summary, the development of the accumulated other comprehensive income in FY 2019 / 2020 compared to FY 2018 /2019 is as follows:

	2019/2020	2018/2019
	EUR	EUR
As at 01.10.	**-6,710,435.17**	**-3,940,515.10**
Other result	-2,307,784.80	-2,769,920.07
As at 30.09.	**-9,018,219.97**	**-6,710,435.17**

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 -3,621.08 (previous year: EUR -24.05).

REPAYMENT OF CAPITAL/TREASURY SHARES

The company was authorized 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 authorization 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 authorization 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.

3.15 Non-Current and Current Financial Liabilities

The tables below show the composition and maturity of the financial liabilities on 9/30/2020 and on 9/30/2019:

	30.09.2020 Remaining term up to 1 year	30.09.2020 Remaining term 1 to 5 years	30.09.2020 Remaining term over 5 years	30.09.2020 Total
	EUR	EUR	EUR	EUR
Liabilities to financial institutions	12,314,275.69	42,472,620.25	35,690,853.73	90,477,749.67
Liabilities from finance lease	15,945,187.52	33,744,515.10	8,919,339.28	58,609,041.90
Liability purchase price payment acquisiton Portavis GmbH	6,319,449.42	0.00	0.00	6,319,449.42
Financial liabilities	**34,578,912.63**	**76,217,135.35**	**44,610,193.01**	**155,406,240.99**

The prior-year figures are shown below:

	30.09.2019 Remaining term up to 1 year	30.09.2019 Remaining term 1 to 5 years	30.09.2019 Remaining term over 5 years	30.09.2019 Total
	EUR	EUR	EUR	EUR
Liabilities to financial institutions	8,728,887.40	54,779,620.11	35,578,276.58	99,086,784.09
Liabilities from finance lease	8,754,152.62	17,981,099.71	5,551,526.01	32,286,778.34
Financial liabilities	**17,483,040.02**	**72,760,719.82**	**41,129,802.59**	**131,373,562.43**

There were no earn-out obligations from acquisitions on September 30, 2020 or on September 30, 2019.

3.16 Hedging Instrument

A hedging instrument from the takeover of pension obligations had been entered in the balance sheet in the previous years in connection with the acquisition of part of the business operations from Hewlett-Packard GmbH (HPE, now DXC Technology).

On August 31, 2020, a final settlement was created for the cash settlement claim resulting from the takeover of pension obligations. The hedging relationship ceased to exist.

DATAGROUP

3.17 Non-Current and Current Provisions

Provisions are composed as follows:

	30.09.2020	30.09.2020	30.09.2020	30.09.2019
	Short-term	Long-term	Total	Total
	EUR	EUR	EUR	EUR
Provisions for				
pensions	0.00	72,789,978.98	72,789,978.98	37,701,654.98
Other provisions				
from unfavourable contractual				
relationships	0.00	0.00	0.00	92,400.00
for restructuring	1,807,993.94	6,665,000.00	8,472,993.94	2,918,078.57
for other personnel costs	476,546.10	2,631,704.92	3,108,251.02	2,870,779.18
for warranties	437,946.44	0.00	437,946.44	534,655.50
for other obligations	3,270,259.62	186,914.74	3,457,174.36	4,695,188.59
Provisions	**5,992,746.10**	**82,273,598.64**	**88,266,344.74**	**48,812,756.82**

Provisions in the fiscal year developed as follows:

	01.10.2019 As at	2019/2020 Exchange rate difference	2019/2020 Changes in the scope of consolidation	2019/2020 Consumption
	EUR	EUR	EUR	EUR
Provisions for				
pensions	37,701,654.98	0.00	30,317,367.21	1,042,338.00
Other provisions				
from unfavourable contractual				
relationships	92,400.00	0.00	0.00	85,200.00
for restructuring	2,918,078.57	0.00	0.00	1,857,374.53
for other personnel costs	2,870,779.18	0.00	1,620,665.49	1,572,122.23
for warranties	534,655.50	0.00	37,564.93	203,864.93
for other obligations	4,695,188.59	0.00	1,209,670.30	2,762,191.96
Provisions	**48,812,756.82**	**0.00**	**33,185,267.93**	**7,523,091.65**

	2019/2020 Reversal	2019/2020 Allocation of interest	2019/2020 Allocation	30.09.2020 As at
	EUR	EUR	EUR	EUR
Provisions for				
pensions	759,283.00	462,079.00	6,110,498.79	72,789,978.98
Other provisions				
from unfavourable contractual				
relationships	7,200.00	0.00	0.00	0.00
for restructuring	1,060,704.04	0.00	8,472,993.94	8,472,993.94
for other personnel costs	562,597.51	5,532.00	745,994.09	3,108,251.02
for warranties	158,950.00	0.00	228,540.94	437,946.44
for other obligations	1,210,236.86	0.00	1,524,744.29	3,457,174.36
Provisions	**3,758,971.41**	**467,611.00**	**17,082,772.05**	**88,266,344.74**

PROVISIONS FOR PENSIONS

Provisions for pensions are set up to cover defined benefit commitments made to individual – partially former – employees of Portavis GmbH, DATAGROUP Enterprise Services GmbH, DATAGROUP Business Solutions GmbH, DATAGROUP Financial IT Services GmbH, DATAGROUP Operations GmbH and DATAGROUP Stuttgart GmbH. The strong increase in pension obligations on September 30, 2020 relates to the acquisition and first-time consolidation of Portavis GmbH.

Part of the financial funds that are necessary to cover the pension obligations of DATAGROUP Enterprise Services GmbH, DATAGROUP Financial IT Services GmbH and DATAGROUP Operations GmbH are managed by a trustee, other pension obligations of DATAGROUP Enterprise Services GmbH and of DATAGROUP Business Solutions GmbH are partially covered by reinsurance policies. The pension obligations of Portavis GmbH and DATAGROUP Stuttgart GmbH do not have reinsurance cover.

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 2019/2020, employer contributions to statutory pension insurance amounted to EUR 12,500,000.00 (previous year ca. EUR 10,000,000.00) 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 2018 G using the following parameters:

	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
	DATAGROUP Enterprise Services GmbH	DATAGROUP Business Solutions GmbH	DATAGROUP Financial IT Services GmbH	DATAGROUP Operations GmbH	DATAGROUP Stuttgart GmbH	Portavis GmbH
	%	%	%	%	%	%
Actuarial interest	1.20	0.80	1.10	1.20	0.95	0.80
Pension trend	1.75	1.75	1.75	1.75	1.75	1.75
Remuneration trend	2.00	0.00	2.50	2.50	0.00	3.00

	2018/2019	2018/2019	2018/2019	2018/2019	2018/2019
	DATAGROUP Enterprise Services GmbH	DATAGROUP Business Solutions GmbH	DATAGROUP Financial IT Services GmbH	DATAGROUP Operations GmbH	DATAGROUP Stuttgart GmbH
	%	%	%	%	%
Actuarial interest	1.15	0.75	1.00	1.00	0.85
Pension trend	1.75	1.75	1.75	1.75	1.75
Remuneration trend	2.00	2.00	2.50	2.50	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:

	30.09.2020	30.09.2019	30.09.2018	30.09.2017	30.09.2016
	EUR	EUR	EUR	EUR	EUR
Projected benefit obligation of the defined benefit obligation	122,957,879.53	90,897,809.53	69,714,205.36	66,503,433.62	64,661,039.33
Fair value of the plan assets	50,167,900.55	53,196,154.55	29,104,598.00	28,910,245.69	22,832,142.00
Provisions for pensions	**72,789,978.98**	**37,701,654.98**	**40,609,607.36**	**37,593,187.93**	**41,828,897.33**

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

	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2018/2019	2018/2019	2018/2019	2018/2019	2018/2019	2018/2019
	DATAGROUP Enterprise Services GmbH	DATAGROUP Business Solutions GmbH	Portavis GmbH	DATAGROUP Financial IT Services GmbH	DATAGROUP Operations GmbH	DATAGROUP Stuttgart GmbH	Total	DATAGROUP Enterprise Services GmbH	DATAGROUP Business Solutions GmbH	DATAGROUP Financial IT Services GmbH	DATAGROUP Operations GmbH	DATAGROUP Stuttgart GmbH	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Projected benefit obligation on 01.10.	**62.668.713,00**	**15.249.682,36**	**0,00**	**11.699.268,00**	**831.234,17**	**448.912,00**	**90.897.809,53**	**44.570.090,00**	**13.872.201,36**	**10.884.104,00**	**0,00**	**387.810,00**	**69.714.205,36**
Additions out of changes in the scope of consolidation/ out of transfer of employees	0,00	0,00	30.317.367,21	0,00	0,00	0,00	30.317.367,21	0,00	0,00	0,00	0,00	0,00	0,00
Current service cost	1.468.237,00	37.305,00	395.654,79	292.883,00	43.387,00	3.799,00	2.241.265,79	654.898,00	7.759,00	308.151,00	42.409,00	3.042,00	1.016.259,00
Pension payments	37.036,00	642.699,00	247.052,00	191.064,00	0,00	13.610,00	1.131.461,00	40.252,00	631.561,00	242.041,00	0,00	12.826,00	926.680,00
Interest expenses	720.459,00	111.962,00	140.787,00	116.038,00	9.559,00	3.758,00	1.102.563,00	1.002.374,00	244.016,00	201.807,00	14.338,00	6.865,00	1.469.400,00
Reclassification	0,00	0,00	0,00	0,00	0,00	0,00	0,00	625.845,00	0,00	-918.664,00	699.378,17	0,00	406.559,17
Expected projected benefit obligation on 30.09.	**64.820.373,00**	**14.756.250,36**	**30.606.757,00**	**11.917.125,00**	**884.180,17**	**442.859,00**	**123.427.544,53**	**46.812.955,00**	**13.492.415,36**	**10.233.357,00**	**756.125,17**	**384.891,00**	**71.679.743,53**
Actuarial gains and losses													
from changes in financial mathematical assumptions	-278.231,00	-91.056,00	4.771,00	161.968,00	37.570,00	-6.808,00	-171.786,00	15.855.758,00	1.757.267,00	1.465.911,00	75.109,00	64.021,00	19.218.066,00
from changes based on experience	0,00	-28.268,00	-575.145,00	273.369,00	32.340,00	-175,00	-297.879,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	**-278.231,00**	**-119.324,00**	**-570.374,00**	**435.337,00**	**69.910,00**	**-6.983,00**	**-469.665,00**	**15.855.758,00**	**1.757.267,00**	**1.465.911,00**	**75.109,00**	**64.021,00**	**19.218.066,00**
Projected benefit obligation on 30.09.	**64.542.142,00**	**14.636.926,36**	**30.036.383,00**	**12.352.462,00**	**954.090,17**	**435.876,00**	**122.957.879,53**	**62.668.713,00**	**15.249.682,36**	**11.699.268,00**	**831.234,17**	**448.912,00**	**90.897.809,53**

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

	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2018/2019	2018/2019	2018/2019	2018/2019	2018/2019	2018/2019
	DATAGROUP Enterprise Services GmbH	DATAGROUP Business Solutions GmbH	Portavis GmbH	DATAGROUP Financial IT Services GmbH	DATAGROUP Operations GmbH	DATAGROUP Stuttgart GmbH	Total	DATAGROUP Enterprise Services GmbH	DATAGROUP Business Solutions GmbH	DATAGROUP Financial IT Services GmbH	DATAGROUP Operations GmbH	DATAGROUP Stuttgart GmbH	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Active employees	57,613,815.00	345,579.00	20,673,924.00	5,342,244.00	911,315.17	126,242.00	85,013,119.17	56,453,122.00	309,319.36	5,251,946.00	801,510.17	124,327.00	62,940,224.53
Former employees with vested pension entitlement	5,269,134.00	1,261,123.00	5,399,004.00	2,867,008.00	42,775.00	84,595.00	14,923,639.00	4,694,063.00	2,211,088.00	2,085,478.00	29,724.00	85,306.00	9,105,659.00
Pensioners	1,659,193.00	13,030,224.36	3,963,455.00	3,815,808.00	0.00	179,239.00	22,647,919.36	1,521,528.00	12,729,275.00	4,020,065.00	0.00	191,028.00	18,461,896.00
Widows and orphans	0.00	0.00	0.00	327,402.00	0.00	45,800.00	373,202.00	0.00	0.00	341,779.00	0.00	48,251.00	390,030.00
Projected benefit obligations on 30.09.	**64,542,142.00**	**14,636,926.36**	**30,036,383.00**	**12,352,462.00**	**954,090.17**	**435,876.00**	**122,957,879.53**	**62,668,713.00**	**15,249,682.36**	**11,699,268.00**	**831,234.17**	**448,912.00**	**90,897,809.53**

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

	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2018/2019	2018/2019	2018/2019	2018/2019	2018/2019	2018/2019
	DATAGROUP Enterprise Services GmbH	DATAGROUP Business Solutions GmbH	Portavis GmbH	DATAGROUP Financial IT Services GmbH	DATAGROUP Operations GmbH	DATAGROUP Stuttgart GmbH	Total	DATAGROUP Enterprise Services GmbH	DATAGROUP Business Solutions GmbH	DATAGROUP Financial IT Services GmbH	DATAGROUP Operations GmbH	DATAGROUP Stuttgart GmbH	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Fair value of plan assets on 01.10.	**45,508,823.00**	**1,736,962.55**	**0.00**	**5,522,487.00**	**427,882.00**	**0.00**	**53,196,154.55**	**21,327,971.00**	**1,739,370.00**	**6,037,257.00**	**0.00**	**0.00**	**29,104,598.00**
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	0.00	0.00	0.00	0.00	0.00	0.00
Additions to plan assets	3,216.00	18,716.00	0.00	146,981.00	43,876.00	0.00	212,789.00	7,737,969.00	17,824.00	0.00	0.00	0.00	7,755,793.00
Payments from plan assets	0.00	92,339.00	0.00	0.00	0.00	0.00	92,339.00	0.00	92,339.00	0.00	0.00	0.00	92,339.00
Expected income or expenses from plan assets	566,728.00	12,739.00	0.00	55,914.00	5,103.00	0.00	640,484.00	1,085,473.00	30,611.00	116,102.00	8,771.00	0.00	1,240,957.00
Reclassification	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-427,882.00	427,882.00	0.00	0.00
Expected fair value of plan assets on 30.09.	**46,078,767.00**	**1,676,078.55**	**0.00**	**5,725,382.00**	**476,861.00**	**0.00**	**53,957,088.55**	**30,151,413.00**	**1,695,466.00**	**5,725,477.00**	**436,653.00**	**0.00**	**38,009,009.00**
Actuarial gains and losses	-3,894,825.00	62,602.00	0.00	42,855.00	180.00	0.00	-3,789,188.00	15,357,410.00	41,496.55	-202,990.00	-8,771.00	0.00	15,187,145.55
Fair value of plan assets on 30.09.	**42,183,942.00**	**1,738,680.55**	**0.00**	**5,768,237.00**	**477,041.00**	**0.00**	**50,167,900.55**	**45,508,823.00**	**1,736,962.55**	**5,522,487.00**	**427,882.00**	**0.00**	**53,196,154.55**

The plan assets refer to trust assets and claims resulting from insurance policies.

Pension expenses are reflected in the income statement as follows:

	2019/2020	2018/2019
	EUR	EUR
Current service		
= Personnel expenses	2,241,265.79	1,016,259.00
Interest income	640,484.00	1,240,957.00
Interest expenses	1,102,563.00	1,469,400.00

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

	2019/2020	2018/2019
	EUR	EUR
Revaluation from defined benefit		
obligations from		
Pension provisions	-3,319,523.00	-4,030,921.00
Claims from reinsurance coverage		
for pension obligations	0.00	0.00
Total	**-3,319,523.00**	**-4,030,921.00**

The negative effect of EUR 3,319,523.00 from the valuation of pension provisions results from the revaluation of the receivable from DXC Technology EntServ Deutschland GmbH in connection with the takeover of pension obligations. This led to a negative result of EUR 4,126,238.00. The offsetting effect of EUR 806,715.00 is the result of a slight increase of the actuarial interest rates in comparison to September 30, 2019; this has reduced the present value of the pension obligations.

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:

	2019/2020	2018/2019
	Increase or decrease of projected benefit obligation	Increase or decrease of projected benefit obligation
	%	%
Interest -0.5%	10.60	12.38
Interest +0.5%	-9.33	-10.57
Pension trend -0.5%	-5.73	-6.69
Pension trend +0.5%	6.15	7.44
Life expectancy -1 year	-2.83	-3.17
Life expectancy +1 year	2.64	3.17

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

	2020/2021
	EUR
Pension payments	1,527,936.00
Annuity payments	
from plan assets	0.00
Employer's contribution	
for plan assets	101,882.00
Total	**1,629,818.00**

The average remaining time to maturity of the obligations (duration) is approximately 16 years.

3.18 Contract liabilities

Contract liabilities are composed as follows:

	30.09.2020	30.09.2019
	EUR	EUR
Payments received		
on transition projects	6.157.817,73	6.843.628,44
on production orders	67.511,68	188.093,23
Other	2.304.879,16	1.001.335,19
Payments received	8.530.208,57	8.033.056,86
Deferred income as far as		
customer relationship regarding	5.544.003,62	2.974.986,54
Short-term		
contract liabilities	**14.074.212,19**	**11.008.043,40**

The received prepayments and the deferred credit, provided they result from contracts with customers, are reported under contract liabilities.

This position – shown as “Prepayments received for transition projects” – also includes the amounts invoiced to customers for the transition. The reversal of deferred credit leads to revenue which is distributed over the operating phase.

3.19 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.

3.20 Other liabilities

Other liabilities are composed as follows:

	30.09.2020	30.09.2020	30.09.2020	30.09.2019
	Short-term	Long-term	Total	Total
	EUR	EUR	EUR	EUR
Liabilities to				
affiliated companies	197,766.46	0.00	197,766.46	38,181.69
Liabilities to companies				
in which participating				
interests are held	1,234,235.19	0.00	1,234,235.19	1,526,332.16
Liabilities to				
tax authorities	4,498,259.04	0.00	4,498,259.04	4,567,819.98
Liabilities to				
personnel	18,765,083.30	0.00	18,765,083.30	18,452,693.27
Liabilities related to				
outstanding invoices	11,900,783.97	0.00	11,900,783.97	4,144,102.13
Other liabilities	2,449,154.81	482,670.65	2,931,825.46	7,111,444.92
Other				
liabilities	**39,045,282.77**	**482,670.65**	**39,527,953.42**	**35,840,574.15**

4 Supplementary Disclosures on Financial Instruments

4.1.1 Classification of Financial Instruments

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

Category	30.09.2020	30.09.2020	30.09.2020
	I	II	
	Valued at amortized cost	Valued at fair value through profit or loss	Total
	EUR	EUR	EUR
ASSETS			
Financial assets	1,860,972.43	912,000.00	2,772,972.43
Receivables from			
finance lease contracts	28,258,418.14	0.00	28,258,418.14
Contract assets	8,235,243.13	0.00	8,235,243.13
Trade receivables	41,255,080.46	0.00	41,255,080.46
Cash and cash equivalents	63,937,088.85	0.00	63,937,088.85
Other (financial) assets	5,879,128.12	0.00	5,879,128.12
Financial receivables	**149,425,931.13**	**912,000.00**	**150,337,931.13**
LIABILITIES			
Liabilities from			
finance lease contracts	20,392,283.73	0.00	20,392,283.73
Contract liabilities	14,074,212.19	0.00	14,074,212.19
Trade payables	12,491,040.94	0.00	12,491,040.94
Liabilities to			
financial institutions	90,477,749.67	0.00	90,477,749.67
Other (financial) liabilities	20,212,715.91	0.00	20,212,715.91
Financial liabilities	**157,648,002.44**	**0.00**	**157,648,002.44**

Category	30.09.2019 I Valued at amortized cost EUR	30.09.2019 II Valued at fair value through profit or loss EUR	30.09.2019 Total EUR
ASSETS			
Financial assets	1,264,124.37	0.00	1,264,124.37
Receivables from			
finance lease contracts	17,181,155.78	0.00	17,181,155.78
Contract assets	8,734,112.08	0.00	8,734,112.08
Trade receivables	45,591,448.88	0.00	45,591,448.88
Cash and cash equivalents	47,464,919.66	0.00	47,464,919.66
Other (financial) assets	6,356,113.52	1,152,715.00	7,508,828.52
Financial receivables	**126,591,874.29**	**1,152,715.00**	**127,744,589.29**
LIABILITIES			
Liabilities from			
finance lease contracts	5,310,010.56	0.00	5,310,010.56
Contract liabilities	11,008,043.40	0.00	11,008,043.40
Trade payables	9,126,446.40	0.00	9,126,446.40
Liabilities to			
financial institutions	99,086,784.09	0.00	99,086,784.09
Other (financial) liabilities	6,432,723.84	0.00	6,432,723.84
Financial liabilities	**130,964,008.29**	**0.00**	**130,964,008.29**

Category II "Measured at fair value through profit or loss", according to IFRS 9, includes shares in affiliated companies and fixed interest securities payable to the holder. They are recognized at their fair value. As the securities are all listed, the fair value corresponds to the share price at the respective balance sheet date (Level 1). The book value corresponds to the fair value of the shares in affiliated companies. No hidden reserves have to be disclosed.

Financial instruments which have been allocated to category I according to IFRS 9 are valued at amortized cost. 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.

There are no financial instruments that are allocated to category III "measured at fair value through other comprehensive income" in the current or in the previous fiscal year.

Net income from financial instruments is composed as follows (in comparison to the previous year):

	2019/2020	2019/2020	2019/2020
	Valued at amortized cost	Valued at fair value through profit or loss	Total
	EUR	EUR	EUR
Net result			
Interest result			
interest income	602,314.60	6,537.50	608,852.10
interest expense	-1,836,675.38	0.00	-1,836,675.38
Currency translation	-12,532.23	0.00	-12,532.23
Result from valuation			
through profit or loss			
at fair value	0.00	-10,114.00	-10,114.00
Value adjustment and			
Gain /loss on disposal	369,379.60	0.00	369,379.60
	-877,513.41	**-3,576.50**	**-881,089.91**

	2018/2019	2018/2019	2018/2019
	Valued at amortized cost	Valued at fair value through profit or loss	Total
	EUR	EUR	EUR
Net result			
Interest result			
interest income	51,985.73	48,478.34	100,464.07
interest expense	-1,614,398.57	0.00	-1,614,398.57
Currency translation	-4,514.48	0.00	-4,514.48
Result from valuation			
through profit or loss			
at fair value	0.00	-80,991.00	-80,991.00
Value adjustment and			
Gain /loss on disposal	-458,744.36	0.00	-458,744.36
	-2,025,671.68	**-32,512.66**	**-2,058,184.34**

4.1.2 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, a simplified consolidated statement of financial position is prepared on a monthly basis.

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 fulfill payment obligations or raise the required funds. The key determinant to minimize 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 statement of cash flows 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 9/30/2020 – also in a yoy comparison with 9/30/2019 – can be summarized as follows:

	Book value 30.09.2020	Cash flow 2020/2021	Cash flow 2021/2022	Cash flow 2022/2023	Cash flow 2023/2024	Cash flow 2024/2025et sqq.
	EUR	EUR	EUR	EUR	EUR	EUR
Total (interest and redemption payments)						
Liabilities from finance lease contracts	20,392,283.73	6,393,740.42	5,726,960.73	4,540,065.54	4,030,518.07	538,995.70
Contract liabilities	14,074,212.19	14,074,212.19	0.00	0.00	0.00	0.00
Trade payables	12,491,040.94	12,491,040.94	0.00	0.00	0.00	0.00
Liabilities to financial institutions	90,477,749.67	13,201,011.23	801,930.00	9,801,930.00	34,160,900.00	36,304,460.00
Other liabilities	20,212,715.91	20,199,450.26	0.00	0.00	0.00	13,265.65
	157,648,002.44	**66,359,455.04**	**6,528,890.73**	**14,341,995.54**	**38,191,418.07**	**36,856,721.35**
thereof interest payments						
Liabilities from finance lease contracts		374,562.94	252,079.36	147,191.69	57,460.03	6,702.71
Liabilities to financial institutions		940,349.23	801,930.00	801,930.00	660,900.00	804,460.00
Other liabilities		0.00	0.00	0.00	0.00	0.00
		1,314,912.17	**1,054,009.36**	**949,121.69**	**718,360.03**	**811,162.71**

DATAGROUP

	Book value 30.09.2019 EUR	Cash flow 2019/2020 EUR	Cash flow 2020/2021 EUR	Cash flow 2021/2022 EUR	Cash flow 2022/2023 EUR	Cash flow 2023/2024et sqq. EUR
Total (interest and redemption payments)						
Liabilities from finance lease contracts	5,310,010.56	3,803,618.96	1,763,477.54	1,096,697.85	235,961.44	56,858.35
Contract liabilities	11,008,043.40	11,008,043.40	0.00	0.00	0.00	0.00
Trade payables	9,126,446.40	9,126,446.40	0.00	0.00	0.00	0.00
Liabilities to financial institutions	99,086,784.09	9,828,751.13	13,169,512.23	801,930.00	801,930.00	79,606,390.00
Other liabilities	6,432,723.84	6,428,200.19	0.00	0.00	0.00	4,523.65
	130,964,008.29	**40,195,060.08**	**14,932,989.77**	**1,898,627.85**	**1,037,891.44**	**79,667,772.00**
thereof interest payments						
Liabilities from finance lease contracts		110,615.51	46,666.84	16,015.41	3,557.99	282.76
Liabilities to financial institutions		1,252,149.66	940,349.23	801,930.00	801,930.00	1,606,390.00
Other liabilities		0.00	0.00	0.00	0.00	0.00
		1,362,765.17	**987,016.07**	**817,945.41**	**805,487.99**	**1,606,672.76**

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 minimize 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. In this connection, the company has taken up new promissory note loans in the amount of EUR 69,000,000.00 as in the previous year 2018/2019. The current promissory note loans with a total volume of EUR 90,000,000.00 have terms of between three and seven years and generally have fixed rates. Given that costs for interest hedge are low, 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 363,000.00 (previous year EUR 133,000.00). It was taken into account in this respect that there is a floor rule at the reporting date in relation to the 6-month 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 recognized in other income. 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 minimized by a broad spectrum of customers and regular credit checks, particularly when business is taken up.

The corona pandemic in the current fiscal year did not result in any particularly high write-downs on trade receivables.

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

	2019/2020 Specific valuation allowance	2019/2020 General valuation allowance	2019/2020 Total	2019/2020 Trade receivables gross
	EUR	EUR	EUR	EUR
Opening balance	**526.846,04**	**543.700,00**	**1.070.546,04**	**46.661.994,92**
Additions through changes in				
Consumption	441.848,47	403.054,12	844.902,59	
Additions	455.791,95	48.500,00	504.291,95	
Closing balance	**540.789,52**	**199.900,95**	**740.690,47**	**41.995.770,93**

	2018/2019 Specific valuation allowance	2018/2019 General valuation allowance	2018/2019 Total	2018/2019 Trade receivables gross
	EUR	EUR	EUR	EUR
Opening balance	**1,167,260.33**	**348,300.00**	**1,515,560.33**	**32,751,644.28**
Additions through changes in				
the scope of consolidation	16,478.22	0.00	16,478.22	
Consumption	187,934.51	32,700.00	220,634.51	
Reversal	910,000.00	0.00	910,000.00	
Additions	441,042.00	228,100.00	669,142.00	
Closing balance	**526,846.04**	**543,700.00**	**1,070,546.04**	**46,661,994.92**

5 Capital Management

As part of the capital management process, the DATAGROUP Group primarily aims at optimizing 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):

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

On September 30, 2020, the DATAGROUP Group had an economic equity ratio of 17.2 % after 23.4 % on 9/30/2019. When adjusted for the effects from the application of IFRS 15/16, the economic equity ratio is 19.5 %. In FY 2019/2020, the company reached a net debt/EBITDA ratio of 1.29 after 1.4 in the previous year. When adjusted for the new accounting standards, the ratio is 0.66.

The covenant “net debt to EBITDA” is below the conditions to be observed and consequently are complied with.

The covenant “economic equity ratio” in connection with the promissory note loans of EUR 69,000,000.00 taken up in 2019 is no longer required. The agreed economic equity ratio for the other promissory note loans has not been achieved. Talks with the consortium banks are nearing completion, and the company expects that there will be no major economic consequences from having failed to meet the “economic equity ratio”.

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.

6 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.

	30.09.2020	30.09.2019
	EUR	EUR
Cash and cash equivalents	63,937,088.85	47,464,919.66
Marketable securities	0.00	0.00
Bank overdrafts	-31,499.00	-159,933.47
Financial resource fund	**63,905,589.85**	**47,304,986.19**

Cash flows are determined in accordance with the indirect method.

CASH FLOW FROM OPERATING ACTIVITIES

In the period under review, cash flow from operating activities were EUR 21,684,423.01 (previous year EUR 4,522,473.19). The increase in cash flow from operating activities was mainly driven by special effects in the financial services sector in the previous year. The figures in fiscal year 2019/2020 also include negative effects from the financial services sector and the start-up of DATAGROUP Ulm GmbH. Notwithstanding these effects, DATAGROUP can generate positive cash flow with its core business even in a market environment that is characterized by pandemic-driven uncertainty.

CASH FLOW FROM INVESTING ACTIVITIES

In FY 2019/2020, the Group's cash inflow from investment activities was EUR 12,594,751.03 (previous year: cash outflow of EUR 40,566,778.75). This development is attributable to the acquisition of Portavis GmbH; the Group's overall cash inflow from investments in fully consolidated companies was EUR 35,554,765.15. The increase in cash outflow for investments in property, plant and equipment from EUR 15,610,402.02 in FY 2018/2019 to EUR 17,002,404.79 in FY 2019/2020 was driven by the acquisition of new companies which, for the first time, have made investments as affiliated entities which were included in the consolidated financial statements. Investments in property, plant and equipment have declined when adjusted for this effect. The investments were primarily related to hardware (servers, network infrastructure, workplace systems and data backup systems). Intangible assets include investments for the OneHR project.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash outflows from financing activities amounted to EUR 17,678,570.38 in the fiscal year after cash inflows of EUR 44,649,067.27 in the previous year. The change is due to the issue of promissory note loans in FY 2018/2019 – this led to a cash inflow of EUR 69,000,000.00 at that time. In the fiscal year, DATAGROUP repaid bank loans of EUR 8,416,668.00 (previous year: EUR 9,916,668.00). The dividend payment in the period under review amounted to EUR 5,832,021.30 (previous year EUR 4,998,875.40).

7 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 and Consulting” segment comprises the group companies, where the range of services offered consists of highly qualified and specialized 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.

The disclosures on segment reporting in accordance with IFRS 8 “Operating segments” have been adjusted in the year under review. The prior-year figures are presented in line with the adjusted methodology.

Segment reporting

	Services 2019/2020 EUR	Solutions & Consulting 2019/2020 EUR	Others & Consolidation 2019/2020 EUR	Total 2019/2020 EUR	Services 2018/2019 EUR	Solutions & Consulting 2018/2019 EUR	Others & Consolidation 2018/2019 EUR	Total 2018/2019 EUR
Revenues with external customers	264,891,395.68	92,060,523.72	1,259,525.52	358,211,444.93	220,328,903.20	85,575,430.28	860,567.67	306,764,901.15
Revenues with other segment	28,288,723.32	10,193,481.90	-38,482,205.22	0.00	11,928,441.14	9,187,216.07	-21,115,657.21	0.00
Revenue of the segment	**293,180,119.00**	**102,254,005.62**	**-37,222,679.70**	**358,211,444.93**	**232,257,344.34**	**94,762,646.35**	**-20,255,089.54**	**306,764,901.15**
Material expenses / expenses for purchased services	116,128,191.64	34,921,702.22	-31,906,064.22	119,143,829.64	98,428,644.60	24,324,763.23	-17,306,661.58	105,446,746.25
Personnel expenses	130,013,105.87	48,468,557.11	9,508,930.28	187,990,593.26	96,117,190.82	49,610,856.10	7,513,439.47	153,241,486.39
Regular depreciation and amortisation	24,216,905.44	3,369,382.71	5,232,596.99	32,818,885.14	13,805,321.83	4,542,129.99	4,907,471.16	23,254,922.98
Operating income	**-1,998,926.15**	**10,754,175.55**	**231,997.64**	**8,987,247.04**	**25,220,307.00**	**10,103,968.68**	**-11,698,712.41**	**23,625,563.27**
Interest income				653,488.91				323,160.51
Interest expenses				3,132,021.72				2,311,445.98
Earnings before taxes				**6,612,452.68**				**21,689,911.08**
Taxes on income and profit				6,363,717.18				7,175,995.56
Net income for the period				**248,735.49**				**14,513,915.52**
Headcount on reporting date	**1,929**	**648**	**86**	**2,663**	**1,717**	**735**	**53**	**2,505**
Investments[1]	**33,163,749.56**	**2,370,975.57**	**3,638,304.97**	**39,173,030.10**	**26,650,843.97**	**2,790,166.59**	**1,946,148.67**	**31,387,159.24**
Investments from changes in the scope of consolidation	**14,108,310.12**	**0.00**	**0.00**	**14,108,310.12**	**21,499,000.00**	**2,500,000.00**	**0.00**	**23,999,000.00**
Assets total segment aggregated balance sheet	280,647,547.37	53,061,125.54	318,344,584.08	652,053,256.99	196,298,181.13	55,272,819.09	254,520,037.06	506,091,037.29
intrasegment consolidation	-15,729,247.71	-1,805,277.28	-18,713,582.60	-36,248,107.59	-14,916,184.26	-2,229,740.16	-18,028,443.89	-35,174,368.31
Assets total segment	**264,918,299.66**	**51,255,848.26**	**299,631,001.48**	**615,805,149.40**	**181,381,996.87**	**53,043,078.93**	**236,491,593.18**	**470,916,668.98**
intersegment debt consolidation	-74,205,254.31	-6,949,631.00	-67,137,653.18	-148,292,538.49	-39,758,754.16	-2,193,105.44	-42,540,534.82	-84,492,394.42
capital consolidation	-14,205,058.97	-54,918.67	-67,900,788.17	-82,160,765.81	-14,205,058.97	-54,918.67	-52,087,719.34	-66,347,696.98
Assets	**176,507,986.38**	**44,251,298.59**	**164,592,560.13**	**385,351,845.10**	**127,418,183.74**	**50,795,054.82**	**141,863,339.02**	**320,076,577.58**
Liabilities total segment aggregated balance sheet	225,862,801.47	37,412,697.31	240,465,397.32	503,740,896.10	132,952,707.59	43,046,797.85	189,697,548.51	365,697,053.95
intrasegment consolidation	-15,729,247.71	-1,805,277.28	-18,713,582.60	-36,248,107.59	-14,916,184.26	-2,229,740.16	-18,028,443.89	-35,174,368.31
Liabilities total segment	**210,133,553.76**	**35,607,420.03**	**221,751,814.72**	**467,492,788.51**	**118,036,523.33**	**40,817,057.69**	**171,669,104.62**	**330,522,685.64**
intersegment debt consolidation	-67,071,848.30	-7,263,452.70	-73,957,237.49	-148,292,538.49	-43,372,649.73	-3,971,631.25	-37,148,113.44	-84,492,394.42
Liabilities	**143,061,705.46**	**28,343,967.33**	**147,794,577.23**	**319,200,250.02**	**74,663,873.60**	**36,845,426.44**	**134,520,991.18**	**246,030,291.22**

Segment reporting by geographies

	Germany 2019/2020 EUR	EU countries 2019/2020 EUR	Third country 2019/2020 EUR	Total 2019/2020 EUR	Germany 2018/2019 EUR	EU countries 2018/2019 EUR	Third country 2018/2019 EUR	Total 2018/2019 EUR
Revenues with external customers	**355,327,405.23**	**2,402,011.72**	**482,027.98**	**358,211,444.93**	**303,093,100.24**	**3,247,154.65**	**424,646.26**	**306,764,901.15**

1) uncluding additions to usage rights from IFRS 16

The “Services” segment generated revenues of EUR 293,180,119.00 in the fiscal year. These are EUR 60,922,774.66 or 26.23 % more than in FY 2018 / 2019. EBITDA stood at EUR -1,998,926.15 (previous year EUR 25,220,307.00) under consideration of the losses and risk provisions set up in the financial services sector. The EBITDA margin stood at 11.7 % after 16.8 % in the previous year.

Revenues in the “Solutions and Consulting” segment rose by 7.91 % to EUR 102,254,005.62. The EBITDA margin of this segment was 13.8 % after 15.5 % 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.

8 Events After the Reporting Period

Despite the second lockdown and the strong economic slowdown in large segments of the German economy in the wake of the corona pandemic, DATAGROUP had a good start to the new fiscal year. The encouraging results of the fourth quarter have been sustained over the first weeks of the fiscal year just started. Projects aimed at improving the productivity are starting to take effect. The SQUARE project, for instance, is geared to standardize the decentralized structure of independent market units and central production units within the whole DATAGROUP group. By centralizing and standardizing our HR and ERP platforms in the OneERP and OneHR projects, DATAGROUP expects to achieve cost savings and to harmonize the production processes. Almato, a subsidiary specialized in Robotic Process Automation and mobilization of business applications, which at first had been hit by postponements and cancellations of orders due to coronavirus, can also announce a good start to the new fiscal year with several new projects.

9 Other Information

9.1 Employees

In FY 2019/2020 DATAGROUP employed on average 2,587 people (previous year 2018/2019 2,155). On September 30, 2020, the number of employees totaled 2,663 (previous year: 2,505). When also accounting for management and apprentices, the headcount was 2,822 on 9/30/2020. DATAGROUP employed 117 apprentices on 9/30/2020.

9.2 Management Board

The members of the company's management board are:

Mr. Hans-Hermann Schaber

- Chief Executive Officer
- Chief Financial Officer (CFO) / Human Resources / Organization

Mr. Dirk Peters

- Chief Officer Sales & Marketing

Mr. Andreas Baresel

- Chief Production Officer

Mr. Peter Schneck

- Chief Officer Investor Relations, Mergers & Acquisitions and Legal Affairs

9.3 Supervisory Board

The members of the company's supervisory board are:

Mr. Heinz Hilgert

- Managing Director TransVise GmbH, Frankfurt a.M.
- Chairman

Dr. Carola Wittig

- Presiding Judge at the Stuttgart district court

Mr. Hubert Deutsch (from October 23, 2019)

- Chief Executive Officer of Blank Holding GmbH

9.4 Total Remuneration of the Members of the Management Board

The total remuneration of the members of the management board added up to EUR 3,752,448.25. This amount includes variable remuneration of EUR 1,374,912.92.

The total remuneration includes remuneration for the operational management of subsidiaries in the amount of EUR 514,543.65 (thereof EUR 230,000.00 variable).

9.5 Total Remuneration of the Members of the Supervisory Board

The total remuneration of the members of the supervisory board amounted to EUR 89,000.00 in the fiscal year.

9.6 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 Verwaltungs GmbH, HHS Grundstücks- und Beteiligungsgesellschaft mbH & Co. KG, HHS Beteiligungsgesellschaft mbH (HHS) and their subsidiaries as well as the limited partners of HHS Grundstücks- und Beteiligungsgesellschaft mbH & Co. KG 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 524,200.00 (previous year EUR 175,200.00) for services provided by DATAGROUP SE to HHS, HHS Verwaltungs GmbH and their subsidiaries. Furthermore, DATAGROUP SE provided other services to HHS in the amount of EUR 57,411.48 (previous year EUR 57,298.00). DATAGROUP SE received goods and services from HHS in the amount of EUR 256,991.00 (previous year EUR 200,000.00).

In the year under review, DATAGROUP SE received goods or services from subsidiaries of HHS in the amount of EUR 259,406.53 (previous year EUR 227,931.16). DATAGROUP SE provided services to several subsidiaries of HHS totaling EUR 146,547.43 in the year under review (previous year EUR 108,338.52).

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 0.00 at the reporting date (previous year EUR 0.00). In the fiscal year, interest income amounted to EUR 1,793.57 (previous year interest expenses of EUR 17,236.22 and interest income of EUR 1,257.08).

All transactions above were settled at fair market conditions.

9.7 Leases

The DATAGROUP Group is both a lessor and a lessee and has signed operating lease and finance lease contracts on the sales side. 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.

The right of use assets are assets related to lease agreements for buildings or car leasing agreements.

	Buildings	Automotive
	EUR	EUR
Book value of the rights of use		
as of the reporting date	34,836,110.45	2,930,489.73
depreciation amounts	9,099,809.32	1,753,555.13
interest expense	528,021.90	79,733.49

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

	30.09.2020 up to 1 year	30.09.2020 1 to 5 years	30.09.2020 over 5 years	30.09.2020 Total
	EUR	EUR	EUR	EUR
Leasing obligations				
Minimum leasing payments	16,628,787.82	36,349,680.60	9,188,114.81	62,166,583.23
Present value	15,945,187.52	33,744,515.10	8,919,339.28	58,609,041.90
Leasing claims				
Minimum leasing payments	8,482,219.56	21,735,054.96	514,222.71	30,731,497.24
Present value	8,004,360.51	19,799,559.67	454,497.95	28,258,418.14

	30.09.2019 up to 1 year	30.09.2019 1 to 5 years	30.09.2019 over 5 years	30.09.2019 Total
	EUR	EUR	EUR	EUR
Leasing obligations				
Minimum leasing payments	8,857,671.05	20,077,686.13	6,201,782.28	35,137,139.46
Present value	8,754,152.62	17,981,099.71	5,551,526.01	32,286,778.34
Leasing claims				
Minimum leasing payments	4,493,006.91	13,351,553.02	566,952.63	18,411,512.56
Present value	4,352,737.95	12,457,828.15	470,589.68	17,281,155.78

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

The leasing contracts for software and hardware – with DATAGROUP companies both as a lessor and a lessee – have terms to maturity of between 36 and 60 months, and up to 120 months in individual cases. The calculated internal interest rates on which the leasing relationships are based are mainly between 1.5 % and 4.5 %. Lease agreements for buildings may have terms of up to 12 years. Vehicle leasing contracts usually have a term of between three and four years.

9.8 Transactions Not Included in the Balance Sheet

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

9.9 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:

	2019/2020	2018/2019
	EUR	EUR
Fees for audit services	405,338.07	262,530.60
Tax advisory services	98,080.52	92,272.29
Other services	100,347.84	261,321.12
Auditor's fees	**603,766.43**	**616,124.01**

Of these expenses, EUR 619,020.00 (previous year EUR 494,051.53) were deferred at the balance sheet date. The result from the settlement of the provision created in the previous year was EUR 6,265.53 (previous year EUR 6,620.68).

The significant increase in fees for audit services is due to the fact that the number of group companies subject to audit has grown from eleven to fifteen companies.

9.10 Inclusion in the Consolidated Financial Statement of HHS Verwaltungs GmbH

The company will be included in the consolidated financial statement of HHS Verwaltungs GmbH, Pliezhausen, on September 30, 2020 (largest scope of consolidation). This company is entered in the commercial register of Stuttgart under HRB 768480. The consolidated financial statement is to be published in the German Electronic Federal Gazette (Bundesanzeiger).

9.11 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."

9.12 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 as well as the Annual General Meeting of Almato AG decided 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 9/30/2020. The resolutions were disclosed in the German Electronic Federal Gazette in accordance with § 325 HGB

9.13 Proposal for the Appropriation of Net Income

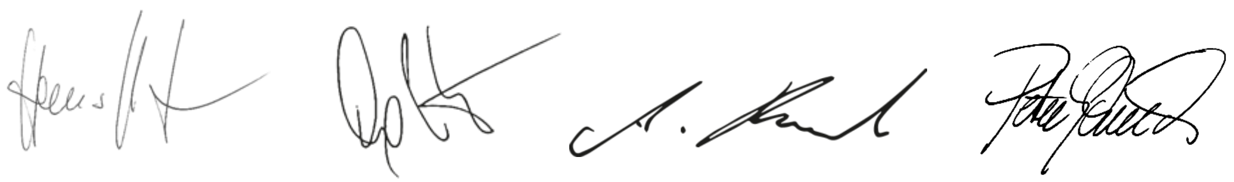
The Management Board proposes to the Annual General Meeting to carry the net income of EUR 11,894,238.40 forward.

9.14 Authorization to Disclose the Consolidated Financial Statement of the Previous Year

The authorization to disclose the consolidated financial statements of the previous year ending September 30, 2019 was granted by the management board on January 1, 2020. Disclosure was made in a timely manner on our website at the end of January 2020, in the electronic commercial register on October 15, 2020.

Pliezhausen, December 17, 2020

DATAGROUP SE



Max H.-H. Schaber	Dirk Peters	Andreas Baresel	Peter Schneck
CEO	Chief Officer Sales & Marketing	Chief Production Officer	Chief Officer Investor Relations, Mergers & Acquisitions and Legal Affairs

Group Management Report

1 Group Overview

DATAGROUP Group (as of 9/30/2020)[1]

ORGANIZATIONAL 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: Services as well as Solutions and Consulting.

At the beginning of March 2020, DATAGROUP expanded its Services segment by acquiring Portavis GmbH. Portavis provides IT services for customers in the financial services sector and has around 200 employees. Together with DATAGROUP Financial IT Services, which was acquired in 2017, Portavis has a vertical industry focus on IT services for banks and financial service providers. DATAGROUP holds a stake of 93 % in Portavis by now and has a purchase option for the remaining 7 % which are held by Sparkasse Bremen, a customer of Portavis. It is planned to exercise this option after conclusion of a long-term service contract with Sparkasse Bremen.

[1] DATAGROUP Berlin, DATAGROUP Munich and DATAGROUP Defense IT Services are sub-areas of DATAGROUP Business Solutions

In June 2020, DATAGROUP acquired 24 % of the shares in Cloudeteer, a cloud native start-up based in Hamburg. The company is focused on consulting and services in the area of multi-cloud solutions and also develops its own multi-cloud solutions such as multi-cloud dashboards and automated cloud reports. The company will not be integrated into the Group but is to maintain its start-up spirit, so as to be more flexible in the public cloud market. However, DATAGROUP has already negotiated purchase options for the remaining shares in Cloudeteer.

The central supply units, DATAGROUP Operations, DATAGROUP Enterprise Services, DATAGROUP Service Desk, and DATAGROUP Inshore Services are specialized production units, providing services for the DATAGROUP market units as internal competence and service centers within the DATAGROUP Group. The market units in the "Services" segment which are located all over Germany support our customers on site.

Within the DATAGROUP Group, DATAGROUP SE assumes the central controlling, financing and management functions for the investments held. Furthermore, it provides central services such as accounting, human resources, and the central IT services for the Group's entities. DATAGROUP SE also provides accounting and human resources services for the main shareholder, HHS Beteiligungsgesellschaft mbH and its subsidiaries against payment of customary compensation.[2]

Since the IPO in 2006, DATAGROUP SE has acquired 25 companies. The acquisition strategy primarily focuses on IT service companies in Germany. It is based on two strategic orientations: "buy-and-build" (i.e. the acquired companies complement or strengthen DATAGROUP's existing service portfolio) and "buy-and-turnaround" (i.e. the acquired companies are in turnaround situations and need strategic restructuring).

DATAGROUP SE generally integrates the acquired companies into the Group. In this process, the individual companies remain unchanged as much as possible to maintain customer proximity and not to jeopardize the proximity the mid-market agility and the customer relationships that to some extent have been existing for decades.

The companies are generally managed under the nationwide uniform DATAGROUP brand and newly acquired companies are renamed after a transition period.

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

FOCUS OF ACTIVITY, SALES MARKETS AND COMPETITIVE POSITION OF DATAGROUP

DATAGROUP is one of the leading IT service providers for German Mittelstand companies, as proven by regular mentions in relevant studies such as Lünendonk, Whitelane and brand eins.[3] The company works exclusively for business customers and is focused on German Mittelstand and large companies as well as public authorities. As a large mid-market company, DATAGROUP stands out for its personal closeness to the customers and the contact at eye level.

[2] HHS Beteiligungsgesellschaft mbH is the asset-managing investment holding of CEO and founder of DATAGROUP SE, Max H.-H. Schaber. The company is fully owned by Mr. Schaber and his family. HHS Beteiligungsgesellschaft holds approx. 53.5 % in DATAGROUP SE (as at November 30, 2020). HHS is also invested in other companies, which, however, are not in competition with DATAGROUP.

[3] Best IT Service Provider in 2020 (Brand eins and Statista, brandeins/thema, cf. https://kiosk.brandeins.de/products/it-dienstleister-2020)
Top 10 Customer Satisfaction IT Outsourcing (Whitelane and Navisco)
Leader Managed Hosting and Managed Services (ISG Provider Lens NextGen Private/Hybrid Cloud, cf. https://www.datagroup.de/wp-content/uploads/2020/08/PHCDC-QuadRpt-Customize-Full-length-GermanyGER-2020-07-17-Final.pdf)
Top 10 IT Service Company (Lünendonkliste)
Top 10 Mid-Sized Family Company (Wirtschaftswoche and innofact, cf. https://www.wiwo.de/my/unternehmen/mittelstand/grosse-uebersicht-ranking-das-sind-die-besten-familienunternehmen/25947854.html?ticket=ST-744154-tppkYnDxshc4GXQLJhWn-ap1)

FULL OUTSOURCING OFFER CORBOX

At the heart of DATAGROUP's portfolio is the full outsourcing offer CORBOX (Corporate IT out of the box), which primarily addresses companies with 250 to 5,000 IT workstations and annual revenue of between EUR 100m and EUR 5bn.

Larger customers are also provided with selective IT services from DATAGROUP's full outsourcing offering. The CORBOX consists of a modular portfolio of IT services from which DATAGROUP customers can flexibly choose those services which optimally support their company – from individual modules to all-in-one solutions.

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 compatibility of the different applications.

The CORBOX infrastructure has been modernized again in 2020. Alongside express routes for common hyperscalers and an optimization for hybrid cloud models, DATAGROUP has also improved the connections between the data centers in terms of their efficiency. Additionally, customers are offered a portal for self-service processes as well as full automation of provisioning and settlement.

The nine different service families offered by CORBOX cover many areas of corporate IT and supply all services required for IT operations from a single source. This includes the full breadth of cloud and data center services, management of applications and SAP systems, the support of stationary and mobile IT workstations as well as the relevant IT infrastructure, and the service desk as the competent and reliable central contact for all questions and error messages of users.

Defined service level agreements guarantee maximum performance and cost transparency. The security of all centralized CORBOX services is guaranteed by ISO 27001-certified DATAGROUP data centers (a tenant in so-called colocation centers) in Germany (Frankfurt am Main and Düsseldorf). Continuous monitoring of performance, capacities and security status guarantees high availability of services.

CERTIFICATIONS AND CERTIFICATES

Since September 2012, DATAGROUP has been ISO 20000-certified – this is the highest possible ISO certification for professional IT service management. DATAGROUP undergoes the extensive testing procedure on a regular basis to design its IT services according to industry standards and to consistently improve them. A control audit of ISO 20000 in July 2020 was the most recent audit undertaken.

All CORBOX services are based on ISO 20000-certified processes according to ITIL® and meet the quality criteria of industrial production. Customers benefit from a consistently high process quality, service quality and security making corporate IT a reliable and efficient means of production for success in business.

The basis of the CORBOX is a holistic IT service management system which in its core includes a state-of-the-art information security management on the basis of certifications of ISO 27001 native and ISO 27001 on the basis of IT Grundschutz (BSI). The ISO 27001 certifications extend to the data center services and the related necessary IT operations management. All central IT systems are operated by DATAGROUP Operations GmbH in a so-called colocation model in mirrored data centers in Frankfurt and Düsseldorf. DATAGROUP has rented space at a data center operator with the corresponding special expertise. These data centers have a state-of-the-art equipment in terms of security, access control, fire protection and emergency power supply and are managed by a specialized real-estate company. This approach reduces the capital intensity of our business, while we enjoy the highest possible standard in data center equipment.

DATAGROUP operates its own hardware and software as well as customer-specific systems in these data centers.

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 recognized standard. “IT Service Management”, the management system for the comprehensive business process is reviewed once a year according to the international standard ISO 20000. This includes the IT service management system for all services in the service catalog with all its processes and functions as specified in the CORBOX model. It was first certified in 2012, followed by a re-certification in 2018.

Additionally, DATAGROUP is certified according to ISO 27018, ISO 14001, IDW PS 951, and the TSI.Standard V4.1 Level 3 as well as ISAE 3402. Subsidiary DATAGROUP Business Solutions is also certified according to ISO 9001.

DATAGROUP’s subsidiaries, DATAGROUP Financial IT Services and Portavis, which was acquired in 2020, have specialized market units enjoying many years of experience, manifold expertise and which have all the necessary certifications for the financial services market with its high requirements. As such, the IT service provider is optimally positioned to also seize new growth opportunities that offered in the highly regulated financial services sector.

2 Basic Conditions

OVERALL ECONOMY UNDER PRESSURE

There were signs of a positive trend of the German economy at the beginning of the year. The Federal Government expected the economy to expand 1.1 % in its annual economic report, which was stronger than in 2019[4]. However, things turned out quite different than projected due to the coronavirus pandemic, and both the world economy and the German economy have come under massive pressure. The German economy experienced its steepest decline in the post-war period. When adjusted for price changes, the Government projects a decline in gross domestic product (GDP) in 2020 by 5.8 % on average.[5] The second quarter was hit particularly hard with a decline of 9.7 % compared to the prior-year period. However, the economy has rebounded since May and the Government expects the GDP to grow by 4.4 % next year and to return to pre-crisis level early in 2022.[6]

DIGITAL INDUSTRY IN THE ERA OF COVID-19

The digital industry saw a strong start to 2020. Industry association Bitkom initially projected sales to expand 1.5 % after 2.0 % in 2019.[7] The industry has been affected by the coronavirus pandemic to a varying degree over the course of the year. Whilst demand for hardware and collaboration solutions increased strongly[8], others in the industry suffered from the economic slowdown and growing uncertainty among companies. Overall, however, the industry was affected to a lesser extent than the economy as a whole.[9] In April 2020, the Bitkom digital index dropped to -18.7 points, its all-time-low since 2006[10], whilst it had only just reached its highest level since May 2019 with 26.9 points early in 2020.[11] In the spring of 2020, companies were pessimistic about the future due to the pandemic. 60 % said that orders were postponed, and 49 % of the companies surveyed had put their investments on hold.[12] 74 % of the ICT companies expected their 2020 sales to be lower than planned on the back of the pandemic.[13]

However, market sentiment turned around over the course of the months. The ifo Business Climate index turned positive by 2.4 points for the first time in August 2020 and the ifo digital index climbed to 12.3 points.[14] Although Bitkom, Germany's digital association, expects sales of the digital industry to decline by 3.3 % to EUR 163.5bn in 2020, it also projects growth of 2 % to EUR 166.7bn for 2021. This would partially make up for the slump in sales.[15]

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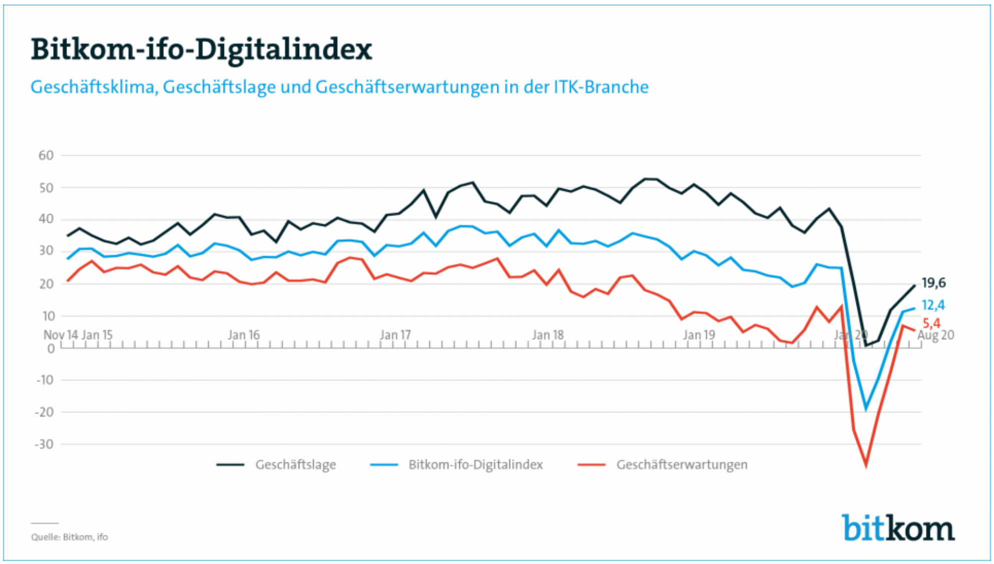
[4] January 29, 2020: German Economy Regains Momentum https://www.bundesregierung.de/breg-de/aktuelles/wirtschaftsbericht-2020-1716486, latest access 10/6/2020
[5] September 1, 2020: Government Interim Projection https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2020/09/20200901-interimsprojektion-der-bundesregierung.html, latest access 10/8/2020
[6] ibid.
[7]1.2m jobs in the Bitkom industry for the first time ever, https://www.bitkom.org/Presse/Presseinformation/Erstmals-12-Millionen-Jobs-in-der-Bitkom-Branche, latest access 10/12/2020
[8] https://www.bitkom.org/Presse/Presseinformation/Digitalbranche-sieht-erste-Silberstreifen, latest access 11/30/2020
[9] May 3, 2020: Due to Covid-19: Three out of four digital companies expect sales to decline, https://www.bitkom.org/Presse/Presseinformation/Wegen-Corona-Drei-von-vier-Digital-Unternehmen-erwarten-Umsatzeinbussen, latest access 10/8/2020
[10] April 29, 2020: Digital index moves to negative territory,
[10] https://www.bitkom.org/Presse/Presseinformation/Digitalindex-rutscht-tief-ins-Minus, latest access 10/6/2020
[11] January 14, 2020: 1.2m jobs in the Bitkom industry for the first time ever, https://www.bitkom.org/Presse/Presseinformation/Erstmals-12-Millionen-Jobs-in-der-Bitkom-Branche, latest access 10/8/2020
[12] April 3, 2020: Digital economy tells its staff to work from home throughout the countryhttps://www.bitkom.org/Presse/Presseinformation/Digitale-Wirtschaft-schickt-ihre-Mitarbeiter-flaechendeckend-ins-Homeoffice, latest access 10/8/2020
[13] https://www.bitkom.org/Presse/Presseinformation/Wegen-Corona-Drei-von-vier-Digital-Unternehmen-erwarten-Umsatzeinbussen
[14] September 3, 2020: Business climate stabilizing in the digital industry, https://www.bitkom.org/Presse/Presseinformation/Geschaeftsklima-in-der-Digitalbranche-stabilisiert-sich, latest access 10/6/2020
[15] June 29, 2020: Digital industry sees first silver lining, https://www.bitkom.org/Presse/Presseinformation/Digitalbranche-sieht-erste-Silberstreifen, latest access 10/6/2020



Companies increasingly rely on mobile working. In the spring of 2020, working from home has been introduced for 33 % of the employees for the first time and 43 % of the existing regulations were significantly expanded.[16] That said, higher sales generated with products and software for mobile working and mobile communication and collaboration did not compensate for the decline in the project business and in IT consulting.[17] Early in 2020, Bitkom projected sales to increase by 2.7 % to EUR 95.4bn for the information technology segment. The industry association anticipated IT services (including project business and IT consulting) to grow above average by 2.4 % to EUR 41.9bn and the software segment to expand 6.4% to EUR 27.6bn.[18] In June 2020, Bitkom corrected its forecast for information technology downwards by 5.6 % to EUR 88.2bn.[19]

EXPERIENCED IT SERVICE PROVIDERS STILL IN DEMAND

Experienced IT service providers continue to be in demand during times of economic worries to accelerate digitization. A representative study by Bitkom among German companies revealed that 37 % of all managing directors and management boards do not get on with digitization, 58 % said they were digital latecomers.[20] In the current situation, companies predominantly invest in basic operations and existing systems. 43 % of the IT managers want to invest massively in the reliability of their data, IT solutions and IT processes. Investments in the modernization of existing individual software and legacy systems also play a major role. 41 % invest in IT optimizations to reduce costs and increase efficiency.[21] The pandemic once more has shown how advantageous it is for companies to have well prepared digital processes and structures. According to the Lünendonk study, 64 % of the companies therefore plan to increase their budget in 2021 to develop and modernize the IT landscape, and 57 % want to increase their budget for IT strategy and consulting services in IT architecture.[22]

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[16] March 28, 2020: Coronavirus pandemic: Working from home is growing strongly, https://www.bitkom.org/Presse/Presseinformation/Corona-Pandemie-Arbeit-im-Homeoffice-nimmt-deutlich-zu, latest access 10/6/2020
[17] June 29, 2020: Digital industry sees first silver lining, https://www.bitkom.org/Presse/Presseinformation/Digitalbranche-sieht-erste-Silberstreifen, latest access 10/6/2020
[18] January 14, 2020: 1.2m jobs in the Bitkom industry for the first time ever, https://www.bitkom.org/Presse/Presseinformation/Erstmals-12-Millionen-Jobs-in-der-Bitkom-Branche, latest access 10/6/2020
[19] ICT markets, https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland.html, latest access 10/12/2020
[20] January 20, 2020: Bitkom on the digital competitiveness in Germany, https://www.bitkom.org/Presse/Presseinformation/Bitkom-zur-digitalen-Wettbewerbsfaehigkeit-in-Deutschland, latest access 10/8/2020
[21] 2020 Lünendonk Study: The Market for IT Consulting and IT Services in Germany, p4
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The CORBOX, DATAGROUP's modular full IT outsourcing portfolio, offers IT basic services as well as the foundation for the digitalization of companies. Having a large number of IT experts, the company is well prepared to fulfill the need for consulting services and thus to benefit from the IT investments of user companies. This is reflected by the first positive results of the new fiscal year 2020/2021. All in all, DATAGROUP had only been affected to a limited degree by the coronavirus pandemic despite Bitkom's forecasts on the ICT market. The customers' investments in IT services remained stable. Furthermore, the projects aimed at improving the productivity are starting to take effect. This includes, for instance, the SQUARE project, which is geared to standardize the decentralized structure of independent market units and central production units within the whole DATAGROUP Group, and to centralize the HR and ERP platforms. The project business, which initially had been affected by postponements of projects due to Covid-19, has picked up again in the new fiscal year. Subsidiary Almato, a specialist in automation and mobilization, has initiated several new projects.

[22] 2020 Lünendonk Study: The Market for IT Consulting and IT Services in Germany, p4

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

3.1 Results of Operations

Revenue amounted to TEUR 358,211, EBITDA before risk provisions was TEUR 53,807, EBIT before risk provisions was TEUR 20,988. (EBITDA TEUR 41,807, EBIT TEUR 8,988, each after risk provisions).

NET INCOME AND EARNINGS FIGURES

Net income stood at TEUR 249 in FY 2019/2020 after TEUR 14,514 in the previous year. EPS - earnings per share - amounted to EUR 0.03 in comparison to EUR 1.74 in the previous year. When adjusted for risk provisions in the financial services sector, EPS were EUR 1.47. The Management Board of DATAGROUP SE will propose to the Annual General Meeting to carry the net income forward.

The Group's results of operations in FY 2019/2020 were mainly driven by two special effects:

In the past fiscal year, earnings figures were hit hard by delays and increased costs related to the start-ups of new customers (transitions/boarding) in the financial services sector (DATAGROUP Financial IT Services GmbH) and the effects of the coronavirus pandemic in the project business. The Management Board has taken immediate measures to cut costs and improve the earnings situation. A management team experienced in restructuring from within the DATAGROUP Group has been installed at DATAGROUP Financial IT Services. The first results have already become visible and are expected to lead to a significant improvement of earnings in the financial services sector. To this day, all known financial risks have been covered by **risk provisions** in the amount of TEUR 12,000 for the next two years. Specifically, capitalized contract costs from transition projects were devalued by TEUR 5,335 and provisions were set up in the amount of TEUR 6,665. Additionally, the company generated another operating loss (without interest expenses) of approx. TEUR 12,700.

Conversely, a figure of TEUR 11,571 from the **first consolidation of Portavis GmbH** was recognized through profit and loss in other operating income. This is the amount by which the company's identifiable acquired net income exceeds the purchase price.

The **EBT** – earnings before taxes – was TEUR 6,613 in the period under review, while it came in at TEUR 21,690 in FY 2018/2019.

Tax expenses were TEUR 6,364 at a tax rate of 96.2 % and thus almost as high as the EBT. This is due to the fact that the EBT includes expenses which do not lead to a reduction of tax expenses. Losses incurred by DATAGROUP Financial IT Services GmbH (EBT) of EUR 25.1m (including risk provision of EUR 12.0m) cannot be offset against tax. On the other hand, the lucky buy effects of EUR 11.6m from the acquisition of Portavis GmbH are not subject to taxation.

The **financial result** stood at TEUR -2,375 in FY 2019/2020 after TEUR -1.936 in the previous year.

EBIT – earnings before interest and taxes – decreased by 11.2 % compared to the previous year before risk provisioning in the financial services sector. It totaled TEUR 20,988 in the period under review after TEUR 23,626 in the previous year. EBIT after risk provisions amounts to TEUR 8,988.

Depreciation and amortization were up from TEUR 23,255 in the previous year to TEUR 32,819 in FY 2019/2020. Amortization of order backlog and customer portfolios and other assets capitalized as part of the purchase price allocation increased by TEUR 487 to TEUR 4,673. Other depreciation increased by TEUR 9,077 to TEUR 28,146, which was also driven by acquisitions.

No goodwill amortization was necessary in FY 2019/2020 or in the previous years. The goodwill impairment test carried out did not point to any need for amortization.

EBITDA – earnings before taxes, financing, depreciation and amortization – amounted to TEUR 53,807 in FY 2019/2020 (before risk provisions) after TEUR 46,881 in the previous year. This is an increase of 14.8 %. EBITDA after risk provisions amounts to TEUR 41,807. On March 3, 2020 at DATAGROUP's Annual General Meeting, management projected EBITDA of more than EUR 55m for FY 2019/2020. This forecast was suspended on April 27, 2020 on the grounds of the pandamic-related effects, especially at Almato AG, and delayed start-ups in the financial services sector.

REVENUE AND ORDER BOOK

DATAGROUP has been growing on the basis of its stated strategy for years, which is driven by both acquisitions and operating growth. As a result, the DATAGROUP Group has reported incremental sales in the last years which were significant to some extent: In the fiscal years from 2005/2006 to 2019/2020, revenue rose by 20.1 % p.a. on average. In FY 2019/2020, revenue was up 16.8 % after 12.7 % in FY 2018/2019. Revenue amounted to TEUR 358,211 in the fiscal year after TEUR 306,765 in the previous year. This means that the prior-year guidance of “another significant increase in revenue” has been fulfilled. The outlook of more than EUR 375m in revenue, which was first given at the Annual General Meeting on March 3, 2020, was suspended on April 27, 2020 due to the above challenges in the overall market and mainly because of delays and cost increases in the financial services sector.

Over the last fiscal years, DATAGROUP has focused on the expansion of the cloud and outsourcing business. As in the prior-year period, the proportion of services has retained its high level in the period under review and increased by 79.1 % to 85.1 %.

The Solutions and Consulting segment generated revenue (including revenue with other segments) of TEUR 102,254 (previous year TEUR 94,763). The Services segment generated revenue of TEUR 293,180 (previous year TEUR 232,257). These figures include the inter-segment revenues.

As in the previous years, the business activities of the DATAGROUP Group primarily focus on Germany. The proportion of foreign business totaled TEUR 2,884 or 0.8 % in FY 2019/2020 (previous year TEUR 3,672 or 1.2 %).

While DATAGROUP predominantly enters medium and long- term contractual relationships in the service business leading to well predictable revenues, the commercial business has a stronger focus on short-term contractual relationships and therefore is subject to larger fluctuations. This also applies to the project business, which was hit by negative effects at the beginning of the coronavirus pandemic.

GROSS PROFIT

Gross profit was up 14.6 % yoy to TEUR 248,085. The gross profit margin decreased from 70.5 % in FY 2018/2019 to 69.3 % in the current fiscal year.

The adjusted disclosure “changes in capitalized contract costs” (booked under personnel expenses and material costs in the previous year’s financial statements and as an individual item within total revenues on September 30, 2020) leads to an adjustment of the gross profit. The gross profit in the previous year’s financial statements was TEUR 208,336 with a margin of 67.7 %. The adjusted gross profit 2018/2019 is TEUR 216,398 with a margin of 70.5 %.

PERSONNEL EXPENSES

Personnel expenses totaled TEUR 187,991 in the fiscal year after TEUR 153,241 in the previous year. This increase is mainly attributable to acquisitions and the newly acquired Portavis. Additionally, personnel expenses increased disproportionately even in comparison to revenue, namely by 22.7 % (revenue +16.8 %). This is due to extraordinarily high commercial revenue in the previous year while the increase in personnel expenses has been comparatively linear over the last years.

3.2 Financial and Asset Position

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, taking out and extending bank loans, finance lease and factoring, are subject to constant review and are optimized and adjusted as necessary.

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

In the prior-year period 2018/2019, DATAGROUP placed promissory note loans with a total volume of TEUR 69,000 and a duration 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

Figures in EUR	30.09.2020	30.09.2019	30.09.2018	30.09.2017	30.09.2016
ASSETS					
Non-current assets	224,182	187,150	114,448	102,268	92,178
Current assets	161,170	132,927	101,002	110,526	67,568
	385,352	**320,077**	**215,450**	**213,390**	**159,746**
LIABILITIES					
Equity	66,152	74,046	67,255	59,581	28,367
Non-current liabilities	206,019	157,009	86,707	95,881	97,367
Current liabilities	113,181	89,022	61,488	57,928	34,012
	385,352	**320,077**	**215,450**	**213,390**	**159,746**

The balance sheet total increased by 20.4 % or EUR 65.3m year-on-year. The higher balance sheet total is attributable to the first-time consolidation of Portavis. The repayment of bank loans (including promissory note loans) in the amount of TEUR 8,416 lead to opposite effects.

Both the acquisition of Portavis and the comprehensive income (including result from the revaluation of pension obligations) lead to a decline in the equity ratio of the DATAGROUP Group from 23.1 % on September 30, 2019 to 17.2 % on September 30, 2020. When adjusted for the effects from IFRS 15 and 16, the equity ratio is 19.5 %.

Driven by cash outflows for the financing of start-up costs and cost increases in the financial services sector, amongst others, liquid funds decreased by approx. EUR 17.8m. The acquisition of Portavis has increased cash by EUR 29.9m net (acquired cash position less purchase price). Bank loans of EUR 8.4m were repaid, the dividend payout was EUR 5.8m. Investments – especially in data centers, furniture and office equipment as well as HR and ERP platforms – totaled EUR 22.2m. The cash capex less own work amounted to EUR 20.5m. Under consideration of cash flow from operating activities of EUR 23.7m and due to the effects mentioned explicitly here, liquid funds increased to TEUR 63,906 after TEUR 47,305 on September 30, 2019. The net working capital as a difference between current assets and current liabilities increased from TEUR 43,905 on September 30, 2019 to TEUR 47,989 on September 30, 2020. The free cash flow as a difference between operating cash flow and net investments in PPE and intangible assets has improved considerably and stands at TEUR 221 after TEUR -13,992 in the previous year.

Goodwill declined by TEUR 1,526 due to the purchase price allocation from the asset deal with IT Informatik GmbH (today DATAGROUP Ulm GmbH) which was finalized in FY 2019/2020. The acquisition of Portavis did not lead to any goodwill (lucky buy). Other intangible assets increased by TEUR 7,709. As part of the purchase price allocations, intangible assets such as brands, order book and customer relations increased by TEUR 9,968 (additions), while depreciation on these assets amounted to TEUR 4,673.

The investment activity as a proportion of assets (without goodwill) to the balance sheet total increased to 27.1 % on 9/30/2020, while it stood at 24.9 % on 9/30/2019. In addition to order backlog and customer relationships resulting from acquisitions, fixed assets mainly include the DATAGROUP data centers, furniture and office equipment of the DATAGROUP entities as well as the use of right assets from rental contracts and car leasing contracts.

Inventories increased from TEUR 3,226 on September 30, 2019 to TEUR 6,952. This increase is related to projects. Inventory turnover (inventory to sales) rose from 1.1 % in the previous year to 1.9 % on September 30, 2020.

To provide for a more transparent presentation, the capitalized contract costs from transition projects that were booked under inventories in the previous year's financial statements have been recognized separately with the previous year's figures being adjusted accordingly.

Contract costs of TEUR 9,291 which accrued during the fiscal year were included in the balance sheet item "capitalized contract costs". TEUR 2,018 were assigned to expenses during the operating phase. Additionally, the capitalized contract costs were devalued by TEUR 5,335 – shown as risk provisions in the financial services sector.

Trade receivables declined by TEUR 4,336 to TEUR 41,255 despite the first-time consolidation of Portavis. In consequence of reporting date effects (billing of transition services shortly before the balance sheet date) receivables were at a higher level in the previous year.

Financial liabilities increased year-on-year – from TEUR 131,374 on September 30, 2019 to TEUR 155,406 at the balance sheet date. This is due to the conclusion of finance lease contracts – leasing liabilities increased by TEUR 26,322. Additionally, liabilities were recognized on the liabilities side for the purchase of outstanding shares in Portavis to the tune of TEUR 6,319. The repayment of bank loans in the amount of TEUR 8,417 had an opposite effect.

Net debt decreased slightly – from TEUR 65,745 on September 30, 2019 to TEUR 63,044 at the balance sheet date.

Provisions increased by TEUR 39,454 to TEUR 88,266. The acquisition of Portavis contributed to this increase with TEUR 33,185, the set-up of provisions for risk provisions in the financial services sector with TEUR 6,665. This balance sheet item mainly includes provisions for pension obligations (TEUR 72,290 – thereof TEUR 30,036 for Portavis – after TEUR 37,702 on September 30, 2019). The projected benefit obligations for the defined benefit obligations (gross provisions for pensions) rose by TEUR 1,743, with a slight rise in the actuarial interest and under consideration of accrued interest and deferred benefits. The reduction of plan assets by TEUR 3,028, which mainly results from a non-recurring effect, leads to another increase of net provisions. The Group has made allowances for other personnel expenses in the amount of TEUR 4,916.

LIQUIDITY DEVELOPMENT

The cash position of the DATAGROUP Group has grown by TEUR 16,601 in the period under review, mainly due to the acquisition of Portavis. Cash outflows in FY 2019/2020 resulted from start-up costs and cost increases in the financial services sector. The operating cash flow totaled TEUR 21,684, cash capex was TEUR 20,497.

OVERALL STATEMENT

The results of operations of the DATAGROUP Group in FY 2019/2020 were mainly driven by a strong negative non-recurring effect in the financial services sector as well income from the first-time consolidation of Portavis GmbH. DATAGROUP has initiated the necessary measures to cut costs and improve the earnings situation in the financial services sector. The risk provisions recognized in the financial statements of September 30, 2020 cover all risks at DATAGROUP Financial IT Services GmbH for the next two years which are known at this stage.

The profitability of the remaining core business continues to provide the Group with the necessary room for a sustainable implementation of the long-term growth strategy. This is impressively reflected by the key performance indicators: When excluding the expenses for risk provisions, EBITDA stood at TEUR 53,807 in FY 2019/2020 despite a loss of EUR 12.7m at DATAGROUP Financial IT Services. Net income stood at TEUR 12,249 and revenue at TEUR 358,211 (after risk provisions: EBITDA TEUR 41,807, net income TEUR 249). Particularly the company's focus on business with outsourcing and cloud services will present major opportunities in the future as well.

Cash flow from operating activities was TEUR 21,684 in the period under review. The equity ratio is 17.2 %. Liquid funds amounted to TEUR 63,906. The key figures from our balance sheet reflect a sufficiently good asset position even after the special effects of the fiscal year.

4 Stock

DEVELOPMENT OF THE DATAGROUP SHARES

From a capital market participant's perspective, fiscal year 2019/2020 has been heavily influenced by the coronavirus pandemic. From the beginning of the fiscal year in October 2019 until mid-February 2020, the DAX rose sharply from 12,470 to some 13,800 points. At the onset of the coronavirus pandemic, however, the DAX slumped massively by almost 40 % to some 8,400 points by mid-March. All over the world, investors feared a far-reaching economic crisis and sent markets crashing around the globe. Swift action on part of the German federal government and the adoption of several packages of measures to combat the economic consequences of the coronavirus pandemic helped to quickly stabilize the DAX. It recovered all of the losses up until the end of DATAGROUP's fiscal year on September 30, 2020 and closed at 12,761 points.

The DATAGROUP stock started with a price of EUR 49.50 on the first trading day of the new fiscal year, on October 1, 2019, and developed positively at first. The all-time-high of the current fiscal year, but also in DATAGROUP's history as a listed company, was reached on February 11 with EUR 72.20. However, the stock was unable to escape the subsequent downward trend of the global stock exchanges and lost almost half of its value within just a few days, trading at EUR 38.15, its 52-week low, on March 16, 2020. The stock started a short impressive recovery thereafter, which quickly turned into sideways movement. The stock's closing price at the end of the fiscal year was EUR 44.60, some 10 % below the opening price at the start of the fiscal year.

We have convinced our investors by the broadly diversified customer portfolio and the high share of long-term contracts with recurring revenue. Our shareholders also appreciate the company's sustainable growth. Over the last five years, revenue has grown by 17.9 % p.a. on average until today. Countless company acquisitions have also helped to achieve this growth.

As well as the regular operational business performance, our discussions with investors centered around the impacts of the special situation of DATAGROUP Financial IT Services and of the coronavirus pandemic on DATAGROUP. During our regular analyst calls on the quarterly figures we reported in detail about the measures to overcome the consequences of the coronavirus in the company and the possible impacts on our business operations as well as the economic consequences. In the second half of the fiscal year, we had extensive discussions with our investors about the delayed start-ups in the banking sector, which were a significant burden to the results.

Certain topics on the macro-economic environment during the discussion with our shareholders also involved the possible impacts of the coronavirus pandemic on the German Mittelstand companies and the local industry as well as possible adverse effects to the business operations of our customers due to supply bottlenecks, business interruptions or insolvencies.

DATAGROUP'S MARKET CAPITALIZATION AMOUNTED TO SOME EUR 372M AT THE END OF THE FISCAL YEAR COMPARED TO EUR 405M AT THE END OF FY 2018/2019. SHARE PERFORMANCE AFTER THE END OF THE FISCAL YEAR

The share price development has been mixed since the start of the fiscal year and the price stood at EUR 45.20 on November 30, 2020. Most recently, there was new momentum resulting from the inclusion into the coverage universe of US investment bank Stifel with the recommendation to buy the shares at a price target of EUR 57.00 as well as from share purchases by the management.

CEO Max H.-H. Schaber and his fellow Board Member Andreas Baresel purchased shares with a total value of approx. EUR 9.2m and at a price of EUR 46.00 per share through their respective investment companies. This price exceeded the market value at the time of purchase by EUR 2. The shares had previously been held by COO Dirk Peters.

DATAGROUP continued its intensive investor relations efforts by attending to a number of investor conferences and conducted many conversations with their shareholders on the fourth quarter figures published on November 16, 2020 as well as the preliminary results of FY 2020.

IN A DIALOG WITH THE SHAREHOLDERS

The Management Board and the investor relations team of DATAGROUP SE maintain an extensive exchange with investors, analysts and representatives of the financial media. Transparent and continuous communication with the shareholders is an important concern for DATAGROUP. For this reason, DATAGROUP does not only seek to meet but to significantly exceed 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 – and also communicates 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 company’s current course of business at conferences, either in public presentations or individual meetings. The conferences and investor meetings were held virtually with the help of modern video conference technology and largely unaffected by the coronavirus pandemic. The German Equity Forum and the Equity Forum Spring Conference in Frankfurt were major investor and analyst events in Germany in the past fiscal year. As in the last years, DATAGROUP attended the conferences of Baader Bank, Berenberg Bank, M.M. Warburg as well as Quirin Bank. Foreign investors had the opportunity to meet up with DATAGROUP at the Berenberg Pan European Conference at Pennyhill Park and at the Berenberg Opportunities Conference (both in London), as well as in Geneva and Paris at the conferences hosted by CF&B. Additionally, DATAGROUP presented itself at the Deutsche Börse Scale conferences in Dublin and London.

For the first time in the company’s history, the DATAGROUP management answered the questions of potential investors in Chicago, New York and Salt Lake City during a US roadshow. Prior to the adoption of travel restrictions in the wake of the coronavirus pandemic, the management was on roadshows in Frankfurt, London, Paris, and Zurich and had several one-on-ones with fund managers and analysts. One-on-one meetings with investors have not been possible anymore from mid-February. Instead, these meetings were shifted to electronic media.

DATAGROUP provides its shareholders with comprehensive information on the company’s website. Additionally, business news are shared internationally on DGAP distribution services. During the quarterly conference calls on the company’s figures, the Management Board informed private and institutional investors on the current business performance and responded to questions and comments of investors and analysts.

ESG REPORTING

The abbreviation “ESG” stands for “environmental, social, and governance” and covers all areas dealing with environmental, social or corporate responsibility. Investors are increasingly concerned that the companies they are invested in also act responsibly. This primarily applies to compliance with social standards, sustainable and environmentally conscious management as well as the observation of the legal and de facto regulatory framework of good corporate governance. Early in October 2020, DATAGROUP published an ESG Report for the first time. This report deals with the different aspects of lived corporate governance in human resources, environmental and social areas. As a partially owner-managed family company, however, social and environmental responsibility is at the heart of DATAGROUP not only since the invention of the ESG investing. Countless initiatives for social and cultural commitment, for energy-efficient management and sustainable governance have been initiated by and together with employees of the DATAGROUP family. Interested readers will find the complete ESG Report in the publications sections on our website under datagroup.de/esg.

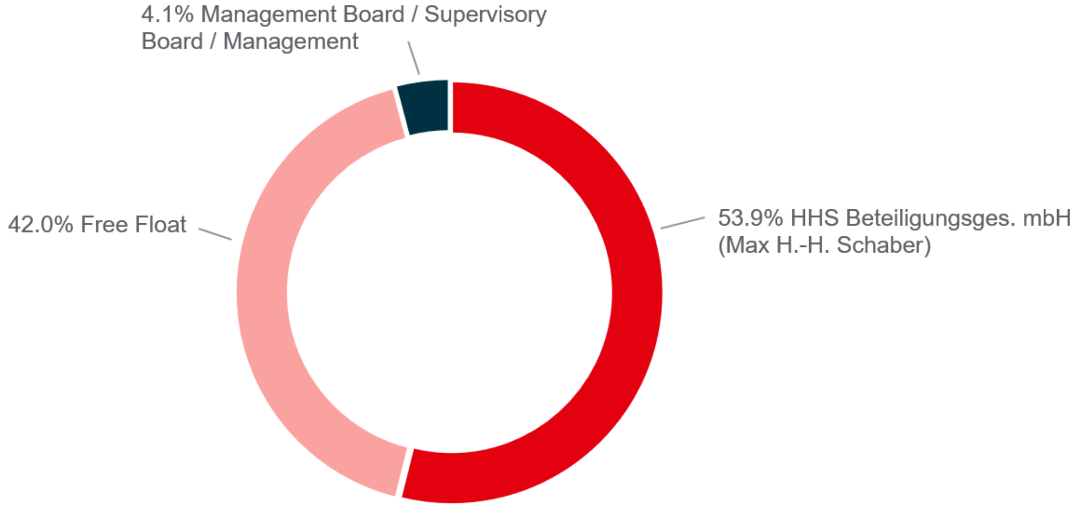
ANALYST RECOMMENDATIONS

The DATAGROUP shares are covered by a number of research analysts. DATAGROUP is currently covered by the analysts of Baader Bank, Berenberg Bank, Edison, Hauck & Aufhäuser, M.M. Warburg Bank, Stifel Europe, and Quirin Bank. HSBC suspended its research coverage because of a restructuring of the European research.

OVERVIEW OF THE ANALYST RATINGS ON 11/30/2020

Bank	Analyst	Rating	Price Target	Date
Berenberg	Gustav Froberg	Hold	EUR 60.00	11/25/2020
Stifel Europe	Yannik Siering	Buy	EUR 57.00	11/24/2020
M.M. Warburg Investment Research	Andreas Wolf	Buy	EUR 60.00	11/23/2020
Baader Helvea	Knut Woller	Sell	EUR 35.00	11/20/2020
Quirin Privatbank AG	Sebastian Droste	Buy	EUR 65.80	11/16/2020
Hauck & Aufhäuser	Tim Wunderlich	Buy	EUR 52.00	5/28/2019
Edison Investment Research	Milosz Papst	Qualitative Analysis, no rating		2/7/2020

SHAREHOLDER STRUCTURE ON NOVEMBER 30, 2020 ON THE BASIS OF AGM REGISTRATIONS IN 2020 AND PUBLISHED TRANSACTIONS



Shareholder structure of DATAGROUP SE (as at 11/30/2020)

In addition to the long-standing main shareholder, HHS Beteiligungsgesellschaft mbH, the asset-managing investment holding of the family of CEO and founder Max H.-H. Schaber, the members of the Management and Supervisory Boards also hold some 4.5 % of the shares as per November 30, 2020. The free float is mainly comprised of institutional investors, family offices and, to a small extent, private investors.

ANNUAL GENERAL MEETING AND DIVIDEND

The Annual General Meeting traditionally took place on March 3, 2020 at the company's headquarters in Pliezhausen. A total of 174 shareholders and shareholder representatives accepted the invitation, which means 65.7 % 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. It was decided to increase the dividend from 60 to 70 cents per share. The company distributed a total amount of EUR 5,832,021.30m[23] to its shareholders, corresponding to some 40 % of net income in FY 2018/2019 in the amount of EUR 14,532,128.04m[24]. The aim of the dividend policy pursued by the management is to regularly distribute 40 % of the operating net income. This principle has been the basis for the distributions of the previous years. The Management Board intends to continue the existing policy of a dividend continuity in the future as well.

For comprehensive information on the topic "Annual General Meeting" please visit the section "Annual General Meeting" on the DATAGROUP website (https://www.datagroup.de/hauptversammlung)

[23] Treasury shares held by the company are not eligible for dividend payment pursuant to § 71b AktG. Accordingly, the company's 17,541 treasury shares did not receive a dividend.
[24] This is the net income according to the annual financial statements of DATAGROUP SE on September 30, 2019 which were prepared according to the German Commercial Code (HGB)

KEY TRADING DATA OF DATAGROUP

Stock Exchange Segment	Open Market and Scale segment of the Frankfurt stock exchange
Ticker Symbol	D6H
WKN	A0JC8S
ISIN	DE000A0JC8S7
Reuters	D6HG
Bloomberg	D6H GR
Stock Exchanges	Frankfurt, XETRA, Stuttgart, Munich, Düsseldorf, Berlin-Bremen
Designated Sponsor	Hauck & Aufhäuser Privatbankiers
Total Number of Shares	8,349,000
Amount of the Share Capital	EUR 8,349,000.00
Opening Price	September 14, 2006

IN A DIALOG WITH 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 FAZ, Wirtschaftswoche, Focus Money, Der Aktionär, Der Aktionärsbericht, Börsen-Zeitung, Börse Online, das Nebenwerte Journal, Euro, Südwest Presse, Hot Stocks Europe, Smart Investor, der Fonds Analyst und Effecten Spiegel and in numerous online forums.

5 Risks and Opportunities

DATAGROUP's risk policy is geared to an early identification of major corporate risks or those jeopardizing the company's continued existence. Management Board and Supervisory Board are regularly and promptly informed about any identifiable risk. Risks and opportunities are analyzed on an ongoing basis both individually and centrally in the operating entities and by the parent company respectively and are documented as part of a uniform group-wide risk management system. All the Group's entities act in line with this uniform group-wide process. DATAGROUP responds very quickly to identifiable risks, e.g. by adjusting cost structures and sales efforts.

Risk management system

It is the task of risk management to systematically assess risks with the help of a uniform risk catalog, 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 standardized early warning systems, the operating entities compile standardized half-yearly risk reports according to uniform risk catalogs. Risks are identified with the help of the risk catalog 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, short-term income statement and a qualitative management summary. A separate risk assessment takes account of the specific risks arising from the acquisition of companies.

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 analyze internal and external potential which may positively drive business development in a sustainable manner.

OPPORTUNITIES ARISING FROM AN INCREASING DIGITIZATION

Opportunities for DATAGROUP mainly arise from the continuing trend towards digitization and cloudification of the IT systems. More than ever before, the coronavirus pandemic has proven that decentralized work with the help of cloud-based collaboration solutions will permanently change our way of working and living.

Digitization of business processes and IT-based automation of processes and procedures will take the load off people in all areas of life. Digitization also means for companies that they remain competitive in an international comparison. For this reason, DATAGROUP has acquired a minority stake in Cloudeteer and thus access to the respective expertise in this area. The continuing trend towards digitization and cloudification of the IT systems is an opportunity for DATAGROUP to offer additional services to existing customers or attract new customers for the comprehensive CORBOX offering. DATAGROUP responds to new technologies by providing related offers to its customers, for instance in cloud technologies, and consistently adds new services to its offering.

OPPORTUNITIES ARISING FROM ACQUISITIONS

Prices for acquisitions are going down especially in times of economic uncertainties. More business owners are seeking security and stability and a safe harbor enabling them to continue life's work in a meaningful way. DATAGROUP offers a sustainable perspective in a strong network of affiliated companies, especially for mid-market IT companies. As the coronavirus pandemic continues, there may be additional opportunities for interesting takeovers in addition to the possibilities for acquisitions available at all times. DATAGROUP continuously checks takeover offers which are brought to the attention of the company by M&A consultants or directly by business owners themselves. Additionally, DATAGROUP specifically addresses companies which may complement the portfolio.

BUSINESS-RELATED 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.

MARKET AND COMPETITIVE RISKS

The market for information technology is characterized by a strong competition that has prevailed for years and is expected to further intensify over the next few years. The current fiscal year has been adversely affected by the coronavirus pandemic on the market side. Industry association Bitkom expects IT services spendings to decline for the first time in 2020. The decline is estimated to amount to 5.4 %, the market volume to EUR 38.7bn.[25]

Demand for decentralized IT solutions ("home office") has increased due to the pandemic. Cloud computing has received a great deal of attention as one of the most important technology and market trends. It is precisely here that DATAGROUP is very well positioned thanks to its data centers in Düsseldorf, Frankfurt and Nuremberg. 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.

[25] Source: Bitkom ICT Market Data https://www.bitkom.org/sites/default/files/2020-08/bitkom_itk_marktzahlen_juni_2020_kurzfassung.pdf

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. Organization 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 Operations 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 recognized 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 catalog 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 provisioning 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 customers is continuously expanded. DATAGROUP constantly strives to adapt its product portfolio to the customers' changing needs and to adapt the corresponding qualifications of the employees as well. The risk of a disruptive change of the technological environment is currently regarded as negligible.

IT SECURITY / CYBER SECURITY

A fraudulent or malicious endangerment to IT security or a cyber-attack to the systems of DATAGROUP or one of the customer systems looked after by DATAGROUP may have considerable adverse effects on DATAGROUP and its customer and performance relationships as well as on the reputation and may also result in massive legal and financial risks. Based on a large increase in the number of cyber-attacks, DATAGROUP continuously strengthens its efforts to protect its resources, systems and data.

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 enough financial funds are available. All subsidiaries are part of a central liquidity planning securing the Group's solvency.

DATAGROUP's business activities are also financed by promissory note loans. Based on the contracts concluded, DATAGROUP must comply with certain minimum relations for the covenants "net debt to EBITDA" and "economic equity ratio". By taking appropriate measures, the Management Board ensures that the covenants are complied with. In connection with the earnings development in FY 2019/2020, however, the minimum relation for the covenant "economic equity ratio" was not met on September 30, 2020. Talks with the consortium banks are nearing completion, and the company expects that there will be no major economic consequences from having failed to meet the "economic equity ratio".

The Group's default risks associated with receivables are manageable according to the Management Board, as a major part of revenue is generated with public authorities as well as other customers which the Management Board considers as solid and solvent. Additionally, the default risk is secured by credit assessment programs. The customers go through the credit assessment program – as a result of which the bad debt losses are at low levels. Bad debt losses amounted to TEUR 157 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 current favorable interest level DATAGROUP placed promissory note loans with an overall volume of TEUR 69,000 in April 2019, which have a term of up to seven years and fixed interest rates for the most part.

If DATAGROUP SE or its subsidiaries were to enter non-euro markets or were 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.

Pension obligations carried as liabilities represent a long-term obligation which will lead to a significant cash outflow in periods to come. The Group will have to provide these liquid funds at a given time. Based on the long-term nature and the complexity of the assessment, these pension obligations are subject to a large number of estimates and assumptions. This in turn leads to the risk of having to increase the obligation going forward.

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.

The strong expansion of DATAGROUP Financial IT Services GmbH and the acquisition of Portavis GmbH boosted the sales share with DATAGROUP's customers in the financial services sector in the last fiscal year. The aim is to achieve a sales share of some 25 % with customers from the financial services sector in the next fiscal year. These customers are closely monitored and supervised by the Management Board in cooperation with the executive boards to identify possible emerging risks as early as possible and to counter these risks. Nonetheless, the loss of one or several of these key accounts may adversely affect net assets or the financial position of the Group at least in the short term. Risks arising from the services provided and from the development of the personnel and operating costs in these customer situations may lead to adverse effects on net assets, financial position, and results of operations.

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 organization 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.

6 Outlook

DEVELOPMENT OF THE MACRO-ECONOMIC ENVIRONMENT

Since March 2020, the German economy is facing historic challenges in the wake of the Covid-19 crisis with short-, medium- and long-term impacts that are difficult to assess. At the end of July, the Federal Statistical Office reported a historic decline of the gross domestic product by 10.1 % in the second quarter. A gradual easing of the restrictions led to a significant rebound of the German economy from May onwards. The industry was able to notably increase production and sales in May and June.

Since September, however, Germany is again faced with strong restrictions on everyday life due to lockdowns that vary from region to region. The future economic development will significantly depend on the national and international course of the pandemic. Some economies of the German commercial partners are still strongly burdened by the pandemic. For this reason, an assessment of the macro-economic development and its impacts is only possible to a limited extent at this stage in time.

BUSINESS DEVELOPMENT AND STRATEGY

DATAGROUP is very well positioned with its CORBOX full outsourcing offer and the consulting and solutions specialists to continue to grow profitably. DATAGROUP combines a highly standardized 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. In the next fiscal year, 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. The Group continues to make consistent investments in the improvement of the CORBOX portfolio offering to address the specific needs of customers regarding so-called hybrid cloud models amongst others.

Furthermore, DATAGROUP is working on different projects to improve productivity. The SQUARE project is geared to standardize the decentralized structure of independent market units and central production units within the whole DATAGROUP group. This project involves the reorganization of production and market functions as well as processes and responsibilities. By centralizing and standardizing the HR and ERP platforms in the OneERP and OneHR projects, DATAGROUP expects to achieve cost savings and to improve and harmonize the production processes.

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 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

Looking ahead to the new fiscal year, the Management Board of DATAGROUP is cautiously optimistic. Apart from the manifold uncertainties resulting from the coronavirus pandemic, the risk-adverse approach of DATAGROUP will ensure the continuation of a consistent and profitable management. Diversification will remain one of the major strategies of DATAGROUP for sustainable business: The company avoids risky cyclic project business as well cluster risks in the customer structure. The set-up with numerous local companies has proved to be successful also during the pandemic. Business operations are focused on solid Mittelstand customers with recurring business in long-term contract relationships. Even though it is difficult to assess the macro-economic prospects at present, the management currently anticipates another moderate growth in revenue and a strong increase in profitability (i.e. EBITDA and EBIT before risk provisions) for fiscal year 2020/2021 compared to the previous year, without consideration of possible acquisitions. No assessment can be made at present as to how far extraordinary special effects from the coronavirus pandemic, which may not yet be visible today - such as increased insolvencies in the customer environment - may have a negative impact on the results.

Uncertainties may also arise from the further development of DATAGROUP Financial IT Services GmbH.

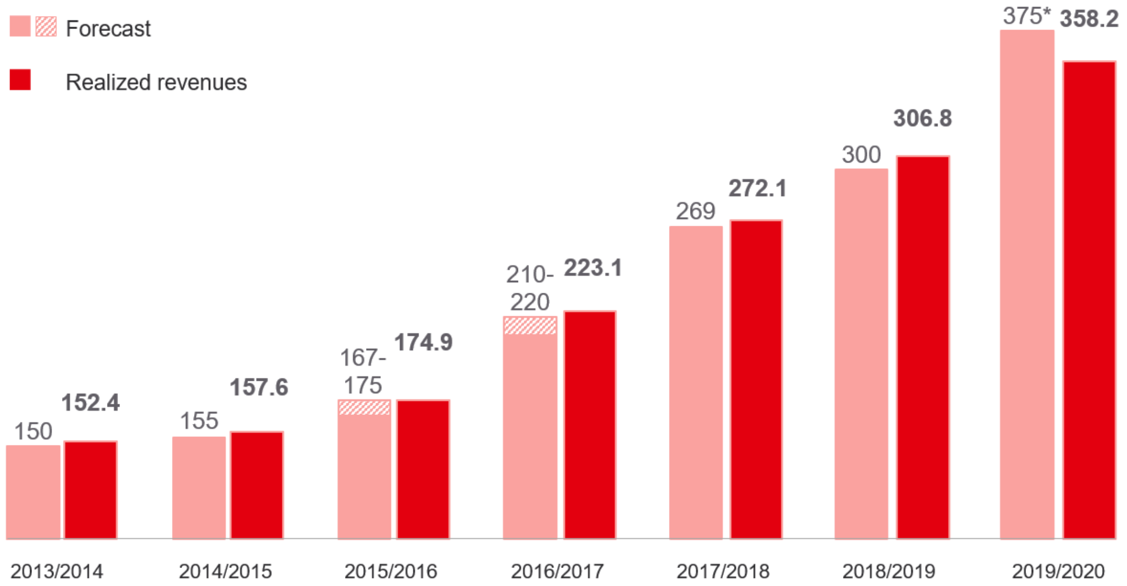
HISTORIC DEVELOPMENT OF FORECASTS

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 traditionally provides an outlook for the next fiscal year 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.

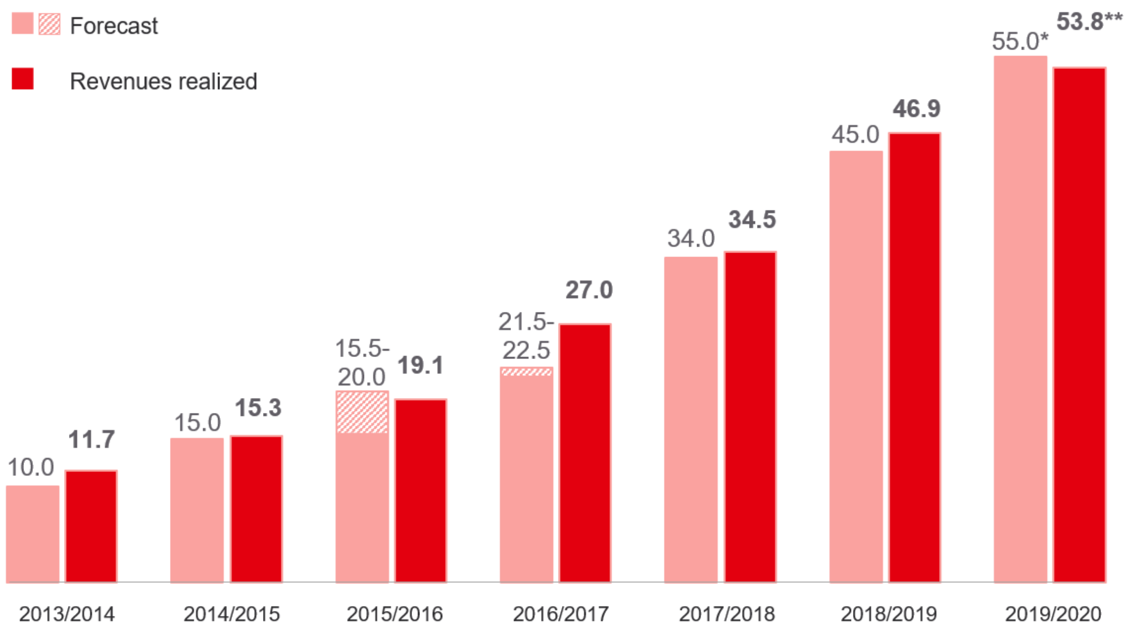
Management's financial outlook for the past fiscal year was revenue of EUR 375m and EBITDA of more than EUR 55m. The outlook was suspended on April 27, 2020 because of the coronavirus pandemic.

In its Management Report on September 30, 2019, the Management Board projected a moderate increase in revenue and stable profitability (measured as EBITDA to total revenue), without the inclusion of possible acquisitions. This outlook was fulfilled in terms of revenue. However, the company failed to meet the outlook in terms of profitability, which was mainly attributable to the losses and the additional risk provision in the financial services sector.



* Sales forecast was suspended on 04/27/2020 due to Covid-19

Figure 6.1: Comparison of forecast and revenue in EUR m



* Sales forecast was suspended on 04/27/2020 due to Covid-19

** Before risk provisions

Figure 6.2: Comparison of forecast and EBITDA in EUR m

7 Internal Corporate Management System

The key instrument for the entire Group's corporate manage- ment 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, 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 2019/2020 DATAGROUP employed on average 2,587 people (previous year 2018/2019 2,155). On September 30, 2020, the number of employees totaled 2,663 (previous year: 2,505). Including management and apprentices, the headcount totaled 2,822 on September 30, 2019.

DATAGROUP traditionally is very committed to recruit and support junior employees. On September 30, 2020, the company employed a total of 117 apprentices (128 on 09/30/2019), 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 customized 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).

ADJUSTMENTS TO THE GROUP STRUCTURE

The scope of consolidation has been further expanded in the period under review due to the acquisition of 93 % of the shares in Portavis. Furthermore, the company acquired 24 % of the shares in Cloudeteer GmbH.

Under a purchase agreement dated January 17, 2020, DATAGROUP SE acquired 68 % of the shares in Diebold Nixdorf Portavis. The transfer date was March 3, 2020. As part of the acquisition, option agreements for the acquisition of the remaining 32 % stake held by the minority shareholders were taken over or redesigned at fixed purchase prices. Hamburger Sparkasse AG exercised the option to sell their stake of 25 % by letter dated September 1, 2020. Accordingly, 93% of the shares were owned by DATAGROUP SE at the balance sheet date. The acquired company changed its name to Portavis GmbH.

Portavis has around 200 employees providing IT services to customers in the financial services sector and is expected to generate revenue of some EUR 60m in the current fiscal year. The company mainly supports Hamburger Sparkasse AG, Die Sparkasse Bremen AG and Hamburg Commercial Bank AG on the basis of long-term service agreements.

Under a purchase agreement dated June 22, 2020, DATAGROUP SE acquired 24 % of the shares in Cloudeteer GmbH. Concurrently, the companies agreed on options for the acquisition of the remaining shares.

The Hamburg-based company brings in 26 experts for multi-cloud solutions as well as consulting services for companies on cloudification, IT governance, IT security, and regulatory requirements. Furthermore, Cloudeteer develops process and software solutions for the cloud, including the so-called OPS.Stack, which makes it possible to use multi-cloud dashboards displaying the real time of the most important metrics on different cloud models. The modules can also be used to analyze and optimize hybrid and private cloud solutions.

Under an agreement dated January 3, 2020, Almato GmbH was merged with the incorporating legal entity, DATAGROUP Mobile Solutions AG, with effect of October 1, 2019. The employment status of all employees of Almato GmbH employed at that time were assigned to DATAGROUP Mobile Solutions AG with all rights and duties as part of the transfer of undertakings according to § 613a BGB. Additionally, DATAGROUP Mobile Solutions AG changed its name to Almato AG at the Annual General Meeting on January 3, 2020.

The merger bundles the activities around the mobilization of business applications and the development of software robots.

At the start of fiscal year 2019/2020, DATAGROUP Enterprise Services GmbH, Siegburg, founded Enterprise IT Services Hungary Kft, Budapest. The purpose of this company is to provide IT infrastructure services for the East-European subsidiaries of the customers of DATAGROUP Enterprise Services GmbH.

DEPENDENCY REPORT

The Management Board compiled a report for FY 2019/2020 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, December 17, 2020

DATAGROUP SE

Max H.-H. Schaber CEO	Dirk Peters Chief Officer Sales & Marketing	Andreas Baresel Chief Production Officer	Peter Schneck Chief Officer Investor Relations, Mergers & Acquisitions and Legal Affairs