

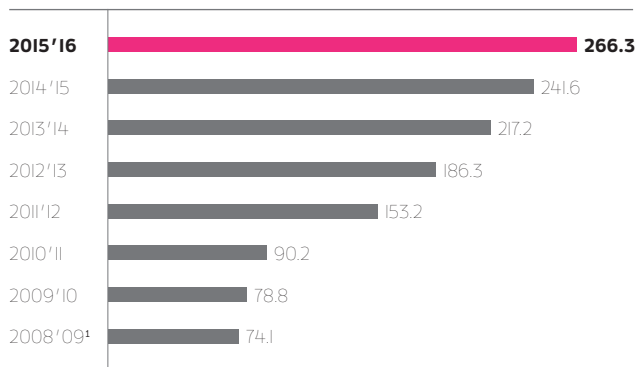
all for one  
STEEB



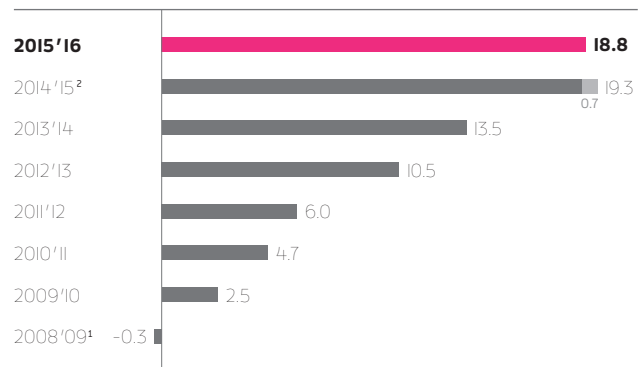
The Digitisers  
**Annual Report 2015|16**

# On Course for Sustainable Success.

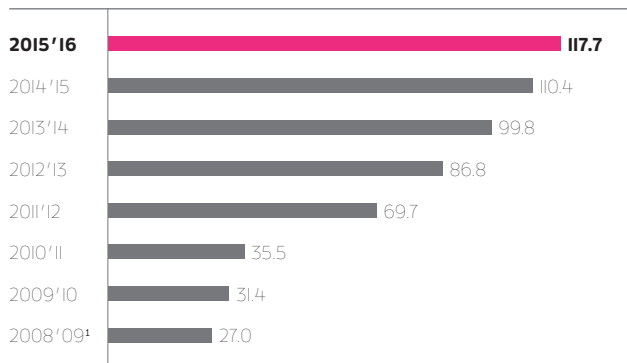
Sales in EUR million



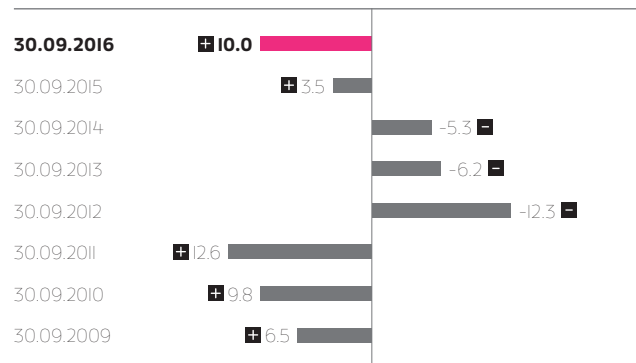
EBIT in EUR million



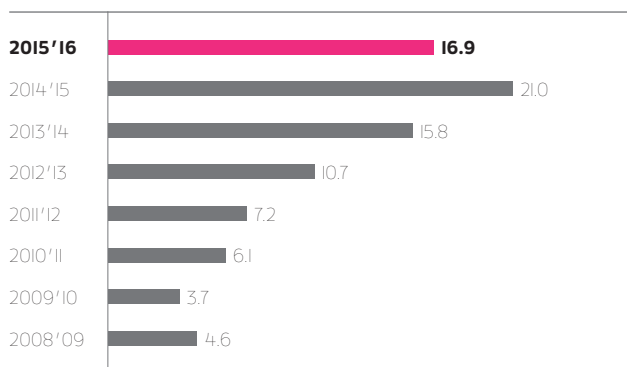
Recurring Revenues in EUR million



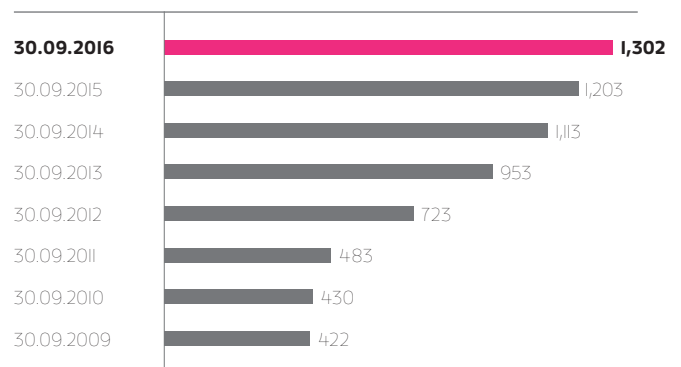
Net Debt  $\blacksquare$  /Liquidity  $\oplus$  in EUR million



Operative Cash Flow in EUR million



Headcount at Year End



<sup>1</sup> Continuing operations

<sup>2</sup> One-time special effect

# Key Figures.

IFRS in EUR millions unless otherwise stated	10/2015 – 9/2016	10/2014 – 9/2015	Difference	in %
<b>Earnings Situation</b>				
Sales revenues	266.3	241.6	24.7	10
EBITDA	27.4	27.5	-0.1	0
EBITDA margin (in %)	10.3	11.4		
EBITA	23.4	23.9	-0.5	-2
EBIT	18.8	19.3	-0.4	-2
EBIT margin (in %)	7.1	8.0		
Earnings after tax	12.3	11.5	0.8	7
<b>Balance Sheet</b>				
Total assets	155.8	168.0	-12.2	-7
Equity	60.4	53.8	6.6	12
Equity ratio (in %)	39	32		
Net liquidity	10.0	3.5	6.5	185
<b>Employees</b>				
Number of employees (at end of financial year)	1,302	1,203	99	8
Full-time equivalents (ø)	1,116	1,030	86	8
<b>Share</b>				
Number of shares (ø)	4,982,000	4,982,000	0	0
Share price (at end of financial year, in EUR)	53.79	54.00	-0.21	0
Market capitalisation (at end of financial year)	268.0	269.0	-1.0	0
Earnings per share (in EUR)	2.46	2.30	0.16	7
<b>Non-financial performance indicators</b>				in percentage points
Employee retention (in %)	94.6	95.6		-1.0
Health index (in %)	97.1	97.0		0.1



**All for One Steeb Headquarters**  
Filderstadt (Stuttgart)

## All for One Steeb.

All for One Steeb AG is **the Number 1 in the German-speaking SAP market** and a leading IT service provider. The full-service provider's portfolio comprises **end-to-end services and solutions** across the entire IT value chain – from management and technology consulting, to SAP industry solutions and cloud applications, all the way to highly scalable hosting and cloud services from its data centers in Germany.

All for One Steeb orchestrates **highly available IT operations of all business-related IT systems – including SAP solutions as well as Microsoft Exchange or SharePoint**. This is why market observers rank All for One Steeb amongst the leading IT service providers for outsourcing and cloud services, SAP HANA, business analytics and performance management, human capital and application management services, as well as communications and collaboration.

As an **SAP platinum partner**, All for One Steeb and its more than **1,300 employees** are a dedicated and reliable general contractor serving over **2,000 clients** – mostly small to mid-sized enterprises from the manufacturing and consumer goods industries – in Germany, Austria and Switzerland.

As a **founding member of United VARs**, the worldwide largest alliance of SAP channel partners, All for One Steeb has a reach that extends beyond markets where German is spoken and guarantees customers a comprehensive portfolio of consulting and services together with the best on-site support in some 80 countries across the globe.

**Helping businesses get ahead** with the right solutions, reliable services and new inspiration: This is precisely our purpose as a leading IT service provider and the Number 1 in the German-speaking SAP market.

# At a Glance.

Financial Year from 1 October 2015 to 30 September 2016.

06	<b>1. Interview of Board of Directors – Digitalisation as a Growth Driver</b>
10	<b>2. The Share – Transparent and Sustainable</b>
12	<b>3. Corporate Governance Report</b>
16	<b>4. Report of Supervisory Board</b>
	<b>5. Group Management Report</b>
21	Principles of the Group
26	Report on Economic Position
34	Opportunities and Risk Report
44	Supplementary Report
46	Outlook
21	Other Information
	<b>6. Consolidated Financial Statements</b>
51	Income Statement and Other Comprehensive Income
52	Balance Sheet
53	Cash Flow Statement
54	Statement of Changes in Equity
	<b>7. Notes to the Consolidated Financial Statements</b>
55	General
63	Explanatory Notes to the Consolidated Financial Statements
87	Consolidated Statement of Changes in Fixed Assets
	<b>Additional Information</b>
88	<b>8. Responsibility Statement</b>
89	<b>9. Auditor’s Report</b>
90	<b>10. IR Service / Disclaimer</b>

# 1. Digitalisation as Growth Driver.

Just hype, a revolution, a passing fad? It's none of these. The digital transformation is moving its way to the midmarket sector and becoming a part of everyday life. All for One Steeb AG has been investing aggressively to help businesses flourish by getting them on the digital track more rapidly. With success – as the headway we're making clearly shows.

In less than an hour you can customise and order your dream car using an online configurator. And although the manufacturer can actually build that vehicle in fewer than 24 hours, it often takes half a year or more before that car is safely in the customer's garage. In short: Something's not quite right here. Problems can be complex and the combination of overlapping processes can cause many difficulties. Each link in the supply chain has to be made not only much faster, but more flexible and agile as well. Accomplishing this is a challenge for the company as a whole and not just for individual departments, such as marketing, sales or production.

What does all this mean for All for One Steeb AG and its digital agenda? To get the answers we spoke with Lars Landwehrkamp (CEO) and Stefan Land (CFO):

**The digitalisation of business processes is growing in scope and importance. Even established industries are taking transformation seriously. How has the financial year 2015/16 gone for All for One Steeb?**

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**Landwehrkamp:** The trend is clearly one of companies striving to become real-time enterprises. For our customers this means transformation throughout every corporate department and line of business. This is why all-encompassing customer service and support, one of our business model's greatest strengths, is of such crucial value to digitalisation projects and opens so many doors for us. We improved all types of revenues significantly in 2015/16, while simultaneously making large and careful investments in expanding our portfolio, such as in SAP HANA and cloud services. We are on track and the progress we're making is according to plan. It all holds great promise for the future as well.

**Are small and mid-sized businesses still hesitant when it comes to the cloud?**

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**Landwehrkamp:** The cloud adaption is picking up tremendous speed. What's most in demand are managed private cloud services from our data centers in Germany. In our role as an orchestrator of multi-cloud landscapes, we are increasingly also integrating public cloud resources, including those from Amazon Web Services, Microsoft and SAP, to go along with the on-site information technology in our customers' data centers. With that, our service model offers exactly what our customers need as they move toward a digital business: innovation, flexibility, stability and security in one highly affordable framework.





**Lars Landwehrkamp**  
CEO



**Stefan Land**  
CFO

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**Although cloud solutions mean subscribing instead of buying, your licensing revenues were still better than the record level of 2013/14. How does that work?**

**Land:** The ERP solution and its associated in-memory database form the digital core, or nerve center, of the entire business. We're seeing a noticeable rise in demand for SAP HANA. From a licensing perspective, the use of SAP ERP, the SAP Business Suite on HANA, or SAP S/4HANA from our managed private cloud, is mostly based on conventional licensing models. This is the reason why digitalisation and the cloud are also driving up our one-time revenues from the sale of licenses. In addition to the ERP core applications, more and more applications are being utilised from the cloud on a strictly pay-as-you-use basis, such as to manage customer relationships, supply chains and applicants, to control machinery, or to oversee collaborations. The portfolio has become enormous and is helping generate additional recurring revenues from cloud subscriptions. This is where our association with public cloud providers really pays off.

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**The EBIT declined somewhat despite a solid increase in sales. How did that happen?**

**Land:** The prior-year EBIT includes a one-time positive special effect, which means that on an adjusted basis, the EBIT again increased slightly in 2015/16. The increase over that of the prior year was much more significant in terms of earnings before taxes and net Group earnings. Down the road we expect our business to become more scalable by increasing the amount of recurring cloud revenues so that we can further consolidate what is already a high degree of long-term stability and implement additional improvements in efficiency. This is why we specifically invested in technology and expanding our digitalisation solutions. Major parts of these investments, for example in knowledge management, proprietary solutions, enlarging the workforce, and in digital marketing, will only lead to a further increase in operating results at a later date. Consequently, we were unable to keep our budgeted operating margin entirely on par with the prior year during the financial year 2015/16. In light of this, and based on our strategic planning, we want to sustain and improve profitable growth for years to come. We see great opportunities here.

## Six acquisitions in the last six years. How will this trend play out in the future?

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**Landwehrkamp:** In order to ensure we can deliver all-encompassing support to customers in digitalisation projects, we must also continue to grow faster than would otherwise be possible through healthy organic growth alone. This is why we are working so diligently on acquisitions and pursuing a clear strategy to that end. We not only consider the strategic fit, but also very carefully examine whether the corporate cultures are compatible. After all, this is the only way we can keep management and the workforce on board. We do not, however, participate in restructuring projects. Our buy & build strategy is well known on the market. And although we're constantly receiving lots of offers, only very few suitable projects worth considering remain at the end of the day. The ones that do, however, fit all the better. This strategy has worked very well for us so far and we will continue along this path.

## You seem to be succeeding at that. What was the reasoning behind the B4B Solutions acquisition?

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**Landwehrkamp:** B4B was »born in the cloud«. Its entire solutions portfolio, not to mention all the processes directed towards the customers, are geared entirely to the cloud. The company has grown and developed superbly since its founding in 2012. Recurring revenues from software subscriptions and support account for about half of its sales. Together with B4B we want to quickly and decidedly scale-up this business approach and have transferred our own cloud business unit to it for this purpose. Cloud partners like B4B are the keys that grant access to digital transformation for many small and mid-sized businesses, as well as for the service and sales units of larger midmarket companies.

## Revenues have risen sharply. How much growth is currently organic?

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**Land:** B4B was taken over as at 1 November 2016 and is therefore not yet included with respect to revenue for 2015/16. We're continuing to see purely organic growth in the upper single-digit percentage range despite the company's now high absolute volume of business. Everything beyond that is mostly the result of recent acquisitions and something we can't quantify precisely because of the rapidly completed integration and the shared business approach.

»All-encompassing customer service and support, one of our business model's greatest strengths, is of crucial value to digitalisation projects.«

Lars Landwehrkamp

## So you are still pursuing a multi-brand strategy around your core brand?

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**Landwehrkamp:** Exactly, because that's how decision-makers from specialised departments find their way to us when the time comes to digitalise their processes. Our philosophy for each brand is always to maintain a clear profile and thus little interchangeability. As we work diligently on brand awareness, maintenance and building, we not only formulate what the brand aspires to be and is committed to, but live these attributes in a manner that is credible, authentic, personable and competent.

## Digital transformation is globalising the business. To what new countries is this development leading you?

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**Landwehrkamp:** Our focus remains on what is known as the DACH region, namely Germany, Austria and Switzerland.



land. At the same time, we've expanded United VARs to make it the world's biggest and most-powerful alliance of SAP channel partners, and one that is now on the ground in some 80 countries. With its SAP global VAR status, United VARs is making outstanding progress in concert with such global players as IBM, Atos and Accenture, is driving knowledge management through newly formed centers of excellence, and serves SAP as an important sounding board for thoughts and questions about its new software products. This is why we're able deliver the best quality to our customers on site all over the world, and do so with much less risk than we could using our own resources.

»Our business should become more scalable by increasing recurring cloud revenues.«

Stefan Land

#### **What do your people have to say about All for One Steeb as an employer?**

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**Landwehrkamp:** HANA and the cloud are revolutionary platforms for reimagining the future of business and sources of many exciting tasks and challenges. What's more, our company promotes a culture of performance, not just one of showing up to work, and invests a great deal in employee training and professional development. People appreciate that. We have a workforce retention rate of 95%, which is a very good average. We also score well in rankings and on employer review sites. As a matter of fact, we were recently recognised as one of »Germany's Most Family-Friendly Companies« based on how our employees rated us. Nevertheless, finding, recruiting and developing people demands an enormous effort on our part. The labour market is simply much too tight.

#### **Despite these favourable developments, the share price is stagnant from a financial year perspective. Why is that?**

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**Land:** As a rule, we've always refrained from commenting about the share price, preferring instead to address the direction the company and our business are taking. Analysts downgraded the stock to »sell« after shares were listed in some cases at prices of more than EUR 75 in the first months of the financial year 2015/16. It's worth noting that the share was still only EUR 1.50 in March of 2009. Our market capitalisation has multiplied many times over. As a result, our stock is not only much more visible, but also more susceptible to fluctuations in the market as a whole, even without any direct reference to our business performance.

#### **Where do you want to take All for One Steeb in the next few years?**

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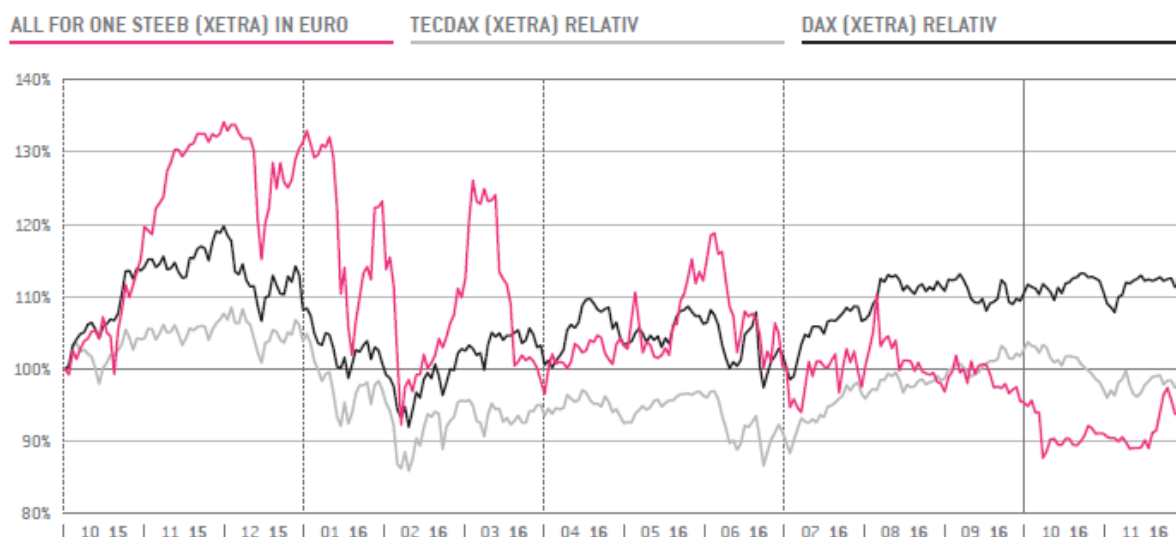
**Land:** Digital transformation provides us with new and unparalleled opportunities and yet naturally increases our risk profile. The financial year 2015/16 was again a very good one. Moving into the future, we intend to make substantial and focused investments, concentrate on expanding our robust and well-established business model, continue to grow strongly, particularly in terms of recurring revenues, and to press ahead with sustained value creation. I think that in only a few years we will be significantly larger within our core market of Germany, Austria and Switzerland, and that we also have potential when it comes to margins.

**Landwehrkamp:** We have an exceptionally good foundation on which to accomplish this. We are the number 1 on the SAP market in the DACH region and have the requisite industry and technology skills. We know the market and the market knows us. And we have the kind of portfolio that can be expanded to turn digitalisation into yet another growth driver.

## 2. The Share – Transparent and Sustainable.

All for One Steeb AG also enjoys an excellent reputation among investors, who value the transparency of its reporting along with the reliably good business performance. Investors also appreciate the tangible payoff that arises from the company's sustainable dividend policy.

Share Performance 2015/16



All for One Steeb AG prides itself on communicating in a manner that is continuous, transparent and candid. We attend to institutional investors and the investing public, just as intensively as we do to analysts and the financial and business press. We regularly report in detail about the company's business developments during individual discussions hosted at All for One Steeb and those conducted at investor events, press meetings and trade shows, as well as during telephone and analyst conferences. Investors can find a broad range of continuously updated information about All for One Steeb and its stock in the Investor Relations tab of the corporate website ([www.all-for-one.com/ir-english](http://www.all-for-one.com/ir-english)).

### A Volatile Year

As a reminder, the share price was only EUR 1.50 in March of 2009. Since then All for One Steeb AG's market capitalisation has multiplied several times over. As a result, the stock is not only much more visible, but likewise more susceptible to fluctuations in the market as a whole, even without any direct reference to our business performance. The share closed at EUR 56.40 on 1 October 2015, the first day of our financial year. A mere two months later, on 30 November 2015, the stock peaked at prices of more than EUR 75 per share. In response, analysts downgraded the stock to »sell«. The stock was listed at EUR 53.79 at the close of the financial year on 30 September 2016. Consequently, the price declined by minus 4.6% over the course of the year. The share's performance in comparison to the DAX and TecDAX also underscores what was a volatile year.

## Sustainable Dividend Policy

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Our business model is robust and consistently generates gains and growth. The dividend distribution in the financial year 2015/16 increased from 70 euro cents (for 2013/14) to EUR 1.00 per share (for 2014/15). Among other business, a recommendation will be made to the annual general meeting on 16 March 2017 that a distribution be made of EUR 1.10 per share entitled to dividends. Hence the dividend payout ratio would be 45% (2014/15: 43%) as measured against the 2015/16 Group earnings after tax of EUR 12.3 million EUR (2014/15: EUR 11.5 million). We intend to continue with our sustainable dividend policy in the future.

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### KEY FIGURES

ISIN / WKN	DE0005110001 / 511 000
Market Segment	Prime Standard
Stock Exchange Centre	Frankfurt Stock Exchange
Date of Listing	30 November 1998 (then: AC-Service AG)
Indices	CDAX, Prime All Share, Technology All Share, DAXsector All Software, DAXsector Software, DAXsubsector All IT-Services, DAXsubsector IT-Services
Designated Sponsor	BankM
Highest Price Financial Year 2015/16*	EUR 75.67 (30 November 2015)
Lowest Price Financial Year 2015/16*	EUR 52.09 (9 February 2016)
Price at Start of Financial Year 2015/16*	EUR 56.40 (1 October 2015)
Price at End of Financial Year 2015/16*	EUR 53.79 (30 September 2016)
Market Capitalisation**	EUR 268.0 million
Earnings per Share in Financial Year 2015/16	EUR 2.46
Share Capital	EUR 14.95 million
Number of Shares	4,982,000 registered shares

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### SHAREHOLDERS' STRUCTURE

Unternehmens Invest AG	approx. 25%
UIAG Informatik-Holding GmbH	approx. 25%
BEKO HOLDING GmbH & Co KG	approx. 12%
Qino Capital Partners AG	approx. 10%
Management and Supervisory Board	approx. 4%
Free float	approx. 24%

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\* end-of-day share price (XETRA)

\*\* based on closing share price on 30 September 2016 (XETRA) and 4,982,000 shares

## 3. Corporate Governance Report.

We improved and enhanced our corporate governance throughout the reporting year. Corporate governance embodies the kind of management work and controls that are responsible, accountable, transparent, and geared towards delivering long-term value.

For us, corporate governance, compliance, and integrity are the very essence of everything we do on a daily basis for our shareholders, business partners, employees and relationships with the public. Moreover, we are convinced that good corporate governance is an essential foundation for sustaining the success of any business. We regularly draw upon the recommendations made by the Government Commission on the German Corporate Governance Code as a source of ideas, suggestions and guidance for improving and enhancing the way we control and manage our company. These recommendations were most recently updated in the 5 May 2015 version of the code and published in the Federal Gazette on 12 June 2015. Because no new recommendations were made in the 2015/16 reporting year, this 5 May 2015 version of the code continues to apply.

The following Corporate Governance Report by the management board and supervisory board also includes the Corporate Governance Statement.

### Declaration of Conformity and Corporate Governance Statement

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The Declaration of Conformity by the supervisory board and management board prepared in accordance with §161 »Aktien-gesetz« and the Corporate Governance Statement pursuant to §289a of the German Commercial Code (hereafter called »Handelsgesetzbuch« or »HGB«) can be found in the Investor Relations section of the company's website [www.all-for-one.com](http://www.all-for-one.com). The Declarations of Conformity approved and published in February 2016 and in September 2016 reflect our efforts to maintain high standards of corporate governance.

### Shareholders and the Annual General Meeting

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The shareholders of All for One Steeb AG exercise their rights before or during the annual general meeting. Each registered share carries one vote in accordance with §13 of the company articles of association. The chairman of the supervisory board chairs the annual general meeting. The annual general meeting decides on all its tasks and duties as prescribed by law.

### Supervisory Board

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The primary task of the supervisory board is to advise and oversee the management board. In accordance the company articles of association, the company's supervisory board consists of six members, two of whom are employee representatives. The responsibilities und obligations of the supervisory board are as regulated in the »Aktien-gesetz«, the company articles of association and in the standing rules of the supervisory board and its committees.

## Management Board

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As the governing body of a stock corporation, the management board directs the business and, in accordance with the provisions of stock corporation law, is bound to the interests and the business policies of the company. In exercising its executive authority, the management board is committed to the company's interests and to increasing its sustainable enterprise value. It reports to the supervisory board comprehensively and on a regular basis about all issues concerning business performance, the corporate strategy and potential risks. The responsibilities and obligations of the management board are as regulated in the »Aktiengesetz«, the company articles of association, the standing rules and in the management board's schedule of responsibilities.

## The Work of the Management Board and Supervisory Board

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The management board and supervisory board maintain a close and trusted relationship as they work in the interest of the company. The chairman of the supervisory board coordinates the work of the supervisory board and chairs its meetings. The supervisory board also appointed committees. The management board usually participates in the meetings of the supervisory board, reports orally and in writing about the individual agenda items and proposed resolutions, and answers questions put forth by the members of the supervisory board.

In accordance with §6 of the company articles of association, the supervisory board appoints the members of the management board and establishes the standing rules and a schedule of responsibilities for the management board. The chairman of the supervisory board decides if the members of the management board should take part in the supervisory board meetings. And finally, the supervisory board establishes standing rules for itself. The supervisory board provides details about its activities in its annual report to the shareholders at the annual general meeting.

## Diversity

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As regards the composition of the management board, the supervisory board evaluates the personal and professional sides of candidates using such criteria as industry knowledge, experience, technical expertise and international qualities. When reviewing recommendations for election to a seat on the supervisory board, the supervisory board seeks to nominate suitable members by focusing on the interests of the company.

Likewise, both the supervisory board and the management board support a policy of equal opportunities for men and women to participate in holding management positions, and follow the recommendations of the German Corporate Governance Code by promoting diversity when filling such executive positions. In so doing we strive to give appropriate consideration to women. In the summer of 2015 we set ourselves the goal of increasing the share of women in All for One Steeb AG's second level of management to at least 10% by 30 June 2017 (30 September 2016: 0%) and in the company's third level of management to at least 20% (30 September 2016: 17%).

As we also pay attention to diversity in the configuration of the management and supervisory boards, the supervisory board decided in May 2015 that we will achieve the target of having a 20% share of women (30 September 2015: 0%) serving on the management board by 30 June 2017. Consequently, the share of women on the supervisory board will increase to at least 16.66% by 30 September 2017 (30 September 2016: 0%). Qualifications and professional competence will continue to be the decisive criteria when filling all positions within the company.

## Transparency

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We attach great importance to an information policy that stresses the disclosure of information that is uniform, comprehensive and timely. This is why the company informs all interest groups about the company's situation and all significant changes and developments within the business on a

regular and timely basis. The most important communication tools used for this purpose are the Internet and the company's website. Reporting is also made in the annual report, in interim reports and quarterly statements, as well as through meetings and conferences with the press and analysts.

Furthermore, information is also published in the form of press releases and ad hoc announcements. The company also complies with the disclosure requirements regarding such matters as voting rights announcements. Disclosures, announcements, presentations and reports are also available in the Investor Relations and the Press sections of the company's website. The company has also prepared, and continually maintains and updates, the statutory insider list pursuant to §15b German Securities Trading Act (hereafter called »Wertpapierhandelsgesetz« or »WpHG«) and article 18 of the European Market Abuse Directive. The individuals included in this list have been informed of their statutory duties and the sanctions associated with access to insider information.

In line with the principle of fair disclosure, all shareholders and significant target groups are treated equally when it comes to the disclosure of information. For statutory reasons principal shareholders may receive some information in advance if such is required for preparing its group financial statements, group interim reporting, business plans and budgets. The recipients of such information are formally bound to treat this information as confidential and not disclose it to others.

## Accounting and Auditing

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The company's consolidated financial statements are prepared in accordance with IFRS, and the annual financial statements in accordance with the »Handelsgesetzbuch«. Once prepared by the management board, the consolidated financial statements and the annual financial statements are audited by the auditors, approved and finalised by the super-

visory board, and then published within 90 days after the end of the financial year. Interim reports in the form of two quarterly statements and one half-year financial report are also published for the first three quarters of a financial year. The auditors do not review the interim reports.

## Key Performance Indicators and Control Systems

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Sales revenues and operating earnings (EBIT) are the key financial figures used in the financial management of the Group. These control parameters are aligned with one another with an eye toward pursuing as sustainable and profitable a path to growth as possible. The company also employs non-financial control parameters.

As part of its overall responsibility for the Group, the management board is required in accordance with §91, section 2 »Aktiengesetz« to establish a risk early warning system to identify existential risks as early as possible. This risk early warning system is an integral part of the planning, budgeting, control and reporting processes. The management board has also established a group-wide compliance management system. A detailed description of the risk management system, the internal control system and the compliance management system is included in the Opportunities and Risk Report section of the Group Management Report.

## Compensation Report

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The management board's compensation system is explained in the Group Management Report. The notes to the consolidated financial statements also provide detailed information about compensation for each member of the management board and supervisory board divided into fixed and variable components as well as benefits granted and type of inflow. This disclosure of the management board's compensation complies with the current recommendations of the German Corporate Governance Code. The structure of the compensation system is reviewed regularly.



## Stock Option Programmes and Similar Incentive Systems

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There are currently no stock option programmes or similar incentive systems in place for the members of the supervisory board or the management board.

## Shares Held by Board Members

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The members of the management board and the supervisory board hold shares in All for One Steeb AG as shown in the following table:

SHARES	30.09.2016 Direct	30.09.2016 Indirect	30.09.2015 Direct	30.09.2015 Indirect
<b>Supervisory Board</b>				
Josef Blazicek	6,500	12,000	6,500	12,000
Peter Brogle	42,513	0	42,513	0
Peter Fritsch	24,000	0	24,000	0
Friedrich Roithner (until 10 August 2016)	0	0	0	0
Jörgen Dalhoff	250	0	250	0
Detlef Mehlmann	0	0	0	0
<b>Management Board</b>				
Lars Landwehrkamp	50,000	22,500	50,000	22,500
Stefan Land	32,000	0	32,000	0
	<b>155,263</b>	<b>34,500</b>	<b>155,263</b>	<b>34,500</b>

Supervisory board member Josef Blazicek indirectly controls Qino Capital Partners AG, Hünenberg/Switzerland. The holdings of this company total 513,062 shares (30 September 2015: 506,537 shares). Supervisory board member Peter Fritsch performs management duties at BEKO HOLDING GmbH & Co KG, Nöhagen/Austria, in his capacity as managing director and shareholder. This company's holdings total 576,742 shares (30 September 2015: 576,742 shares). All changes in the amount of stock held by the members of the management board and the supervisory board are disclosed in accordance with statutory regulations and also made available to the public on the company's website.

## 4. Report of the Supervisory Board.

Dear Shareholders,

The cloud is having a huge impact on enterprise software innovation and demand. Not only is information technology becoming a business innovator, it also serves as the starting point for digitalised enterprise processes and business models. Throughout the financial year 2015/16, we on the supervisory board carefully analysed the opportunities and risks associated with digital transformation. Our business model is robust. A leading position in our target market and a high share of recurring revenues provide a strong footing for continued investments in the digital future. Likewise, our 2015/16 results show that we are growing our business successfully as planned.

A shift in our shareholder structure led to a change in the membership of the company's supervisory board. Friedrich Roithner, the CFO of Pierer Industrie AG, Wels/Austria, which withdrew as a shareholder in the company, relinquished his seat on All for One Steeb AG's supervisory board effective 11 August 2016. Paul Neumann, a member of the management board of Unternehmens Invest AG, Vienna/Austria, and managing director of UIAG Informatik-Holding GmbH, also of Vienna, took his place on the supervisory board through a court appointment on 11 November 2016. This meant that what is a 6-person supervisory board according to our articles of association had only five members for a brief period of time in the financial year 2015/16. This did not, however, impair the supervisory board's ability to work or make a quorum. No other personnel changes were made in the supervisory board.

The supervisory board diligently carried out the duties required of it as prescribed by law, the company articles of association, the standing rules and the German Corporate Governance Code – particularly that of advising and overseeing the management board – during the financial year 2015/16. The supervisory board was briefed thoroughly and regularly – usually through written, but also verbal reports by the management board – about the course of business, the direction the company is taking, the position of the company and Group, the earnings, assets and financial situation including the return on equity, the risk situation, risk management and compliance and also about all fundamental issues relating to corporate planning and budgeting (including financial, capital and human resource budgeting),

as well as developments, decisions and plans of particular importance for the company. These also included extraordinary events to the extent such were required to be reported. The supervisory board also requested additional and more in-depth reports in isolated cases and as deemed necessary. The management board ensured that the supervisory board was provided with all the required information at all times, and forwarded the essential decision-making documents and files to the members of the supervisory board on a timely basis prior to each of the supervisory board meetings. There was no cause to warrant special investigative or auditing actions. Acquisition projects, integration projects and the further development of the strategy to respond to the advancing digital transformation were the primary orders of business in the financial year 2015/16. During the times between supervisory board meetings, the respective chairman of the supervisory board was in continuous contact – including personal discussions – with the management board, and gathered information about the latest business developments, the status of the projects and other important actions and decisions.

### Focus of the Supervisory Board Meetings

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During its meetings, the supervisory board regularly concerned itself with overseeing the projects, as well as with business developments, planning, budgeting, compliance management and corporate governance within the company. The supervisory board gathered information about the risk situation and further improvements in risk management, especially in regard to the risk early warning and internal control system. In so doing, and by having made spot checks of specific cases and instances, the board expressed its confidence in the effectiveness and efficiency of the accounting-based control system. No grounds were found for raising any objections. The board also discussed acquisition projects in great detail, and is satisfied that a comprehensive due diligence and auditing system is in place. Enhancing diversity within the company and dealing with new legal requirements and legislative reforms were also the focus of the supervisory board's work during the reporting year. Furthermore, the supervisory board carried

out and then discussed an efficiency review of its own activities, and incorporated the review's findings and conclusions into its work.

The supervisory board came together for nine meetings in the reporting year, some of which were in the form of telephone conferences. There were also a number of co-ordinating discussions made by telephone, as well as decisions made electronically, by telephone or in writing. The following matters were discussed specifically:

On **16 October 2015**, during its first meeting of the current reporting year, the supervisory board dealt with the corporate strategy and the multi-year planning as explained by the management board. The major subjects of the financial-statements meeting on **14 December 2015** were presented in the supervisory board's report to the annual general meeting on 17 March 2016 and in the Annual Report 2014/15. This meeting focused on consultations and in-depth discussions of the documentation relating to the annual accounts, as well as finalising the annual financial statements and approving of the consolidated financial statements. The main focus of the telephone conference of the supervisory board held on **25 January 2016** was the approval of the agenda of the annual general meeting. The primary subjects discussed during the supervisory board meeting on **4 February 2016** were the latest business developments, the forecast for the financial year, the status of an acquisition project, the Declaration of Conformity with the German Corporate Governance Code and the pending annual general meeting. In the supervisory board meeting on **24 March 2016** (telephone conference) the supervisory board dealt with contracts concerning corporate financing and long-term site planning. Corporate strategy was the focus of the meeting on **10 May 2016**. In its meeting on **11 May 2016** the supervisory board reviewed the business performance of the first half of the financial year and the draft of the half-year financial report. Other key items on the meeting's agenda were a detailed discussion of the outlook for the full year, new legislation and the additional investment in the further expansion of the cloud business. In another telephone conference on **27 July 2016** the supervisory board discussed an acquisition project and a business unit within a subsidiary. The final meeting of the financial year 2015/16 took place on **22 September 2016**. The business performance after nine months, progress made in pursuit of diversity, new legislation, and the outlook for the full 2015/16 year were discussed during this meeting. The plans for the financial year 2016/17 were the primary focus of this meeting. In addition, an acquisition

project was examined and an updated Declaration of Conformity with the German Corporate Governance Code was approved in keeping with the company's commitment to applying good corporate governance practices.

The supervisory board dealt primarily with the examination and authorisation of an acquisition project during its meeting conducted by telephone on **24 October 2016**.

Each member of the board took part in at least 50% of the meetings in the financial year 2015/16.

## Committees

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Specifically, the **audit committee** monitors the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, the audit of the annual accounts and in particular the auditor's independence, qualifications and performance, including the commissioning of additional, non-auditing services. The audit committee also reviews the effectiveness of the compliance management system. The audit committee consists of three members. The committee chairman is supervisory board member Peter Fritsch. The other committee members during the 2015/16 reporting year were the chairman of the supervisory board Josef Blazicek and, until his withdrawal on 11 August 2016, the supervisory board member Friedrich Roithner, at which time (beginning on 11 August 2016) supervisory board member Peter Brogle was elected the new member of the audit committee. The audit committee held three meetings during the reporting year. The major subjects of this meeting on **8/9 December 2015** and **14 December 2015** were presented in the supervisory board's report to the annual general meeting on 17 March 2016 and in the Annual Report 2014/15. The meeting focused on consultations and in-depth discussions of the annual financial statements. In its meeting on **16 March 2016**, the audit committee established the audit focal points for the internal audit for the financial year 2015/16. Prior to this, on **12 January 2016**, the decision was made about the appointment of the auditor for the 2015/16 annual and consolidated financial statements through input and information circulated by telephone.

The **human resources committee** consists of three members. The chairman of the supervisory board Josef Blazicek is committee chairman and co-ordinates the committee's work. The other committee members during the reporting year were the supervisory board members Peter Brogle and, until his withdrawal on 11 August 2016, Friedrich Roithner,

at which time (beginning on 11 August 2016) supervisory board member Peter Fritsch was elected the new member of the human resources committee. This committee is primarily responsible for making recommendations to the supervisory board regarding the appointment and removal of members of the management board, for the handling of agreements with company directors, for making preparations for setting the compensation of company directors, as well as for reviewing the management board's compensation system. The members of the human resources committee had a number of different co-ordinating discussions by telephone in November and December 2015. On 14 December 2015 the management board's variable compensation for the financial year 2014/15 was approved in a resolution that was circulated to each member.

## Annual and Consolidated Financial Statements and Management Reports

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The annual general meeting of 17 March 2016 elected the Stuttgart offices of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, («KPMG») to be the auditors of the company and consolidated financial statements for the financial year 2015/16. The audit committee contracted with KPMG to carry out the audit. KPMG examined the annual financial statements and management report, as well as the consolidated financial statements and Group management report prepared by the management board pertaining to the financial year 2015/16, and issued them an unqualified audit opinion.

The documents relating to the annual accounts and the audit reports from the auditor for the financial year 2015/16 were duly submitted for review to the audit committee and the supervisory board. The audit committee discussed the documents at length and in detail with the auditor and management board, which were present at its meeting on **6 December 2016** and prepared the supervisory board resolution approving the annual and consolidated financial statements in its meeting on **7 December 2016**. The auditor reported about the findings of its audit in the audit committee meeting on 6 December 2016. The auditor's explanations, especially those regarding the earnings, assets and financial situation of the company and the Group, were then discussed at length and in detail. All of the audit committee's questions were answered. The audit committee was satisfied that there was no evidence of bias or conflicts of interest on the part of the auditor. The audit committee was also briefed in depth about the services KPMG provided that were not part of the audit itself. In line

with its supervisory function, the audit committee also reviewed the Group's internal control and risk management system as well as its compliance management system during its meeting of 8 December 2016 and expressed confidence in its effectiveness. The risk management records for the financial year 2015/16 were presented for examination to the audit committee and supervisory board on a timely basis. Furthermore, the risk manager and the head of internal auditing reported directly to the audit committee about the findings in their reports. The compliance officer also outlined the group-wide compliance management system and was questioned by the audit committee about compliance violations. All of the audit committee's questions were answered.

During the supervisory board meeting convened on **7 December 2016** to finalise the financial statements, the audit committee reported to the supervisory board about its deliberations with the auditor and the management board, its oversight and monitoring of the accounting process, and the findings of its own audit. Furthermore, the audit committee described to the supervisory board how, as part of its supervisory function, it concerns itself with the Group's internal control and risk management system, the internal audit and the compliance management system and how it was satisfied with the systems' effectiveness and appropriateness. The supervisory board also expressed its confidence in the effectiveness and appropriateness of the internal control and risk management system and the compliance management system following its own thorough review. The risk manager, the compliance officer, the head of internal auditing, and the management board answered all of the questions that the supervisory board had about this subject. The auditor also gave a detailed report to the supervisory board about the audit and the findings that were presented and discussed earlier in the audit committee meeting. The supervisory board carefully discussed the documents relating to the annual accounts in the presence of the auditor on 7 December 2016 and concluded that the audit by KPMG was conducted properly and that the audit reports and the audit itself comply with statutory requirements. The auditor and the management board answered all of the questions raised by the supervisory board. In its evaluation of the situation of the company and the Group, the supervisory board concurred with the assessment expressed by the management report in the respective Group and company management reports. Based on the final results of its own examination of the annual financial statements, the consolidated financial statements, and the management reports, the supervisory board raised no objections to the annual and consolidated financial statements prepared by

the management board, followed the audit committee's recommendations, and concurred with the findings of the auditor. On 7 December 2016, the supervisory board approved the annual and consolidated financial statements prepared by the management board. The annual financial statements for All for One Steeb AG were thereby finalised pursuant to §172 of the German Stock Corporation Act (hereafter called »Aktiengesetz«). After a long and careful discussion, the supervisory board approved the management board's recommendation as presented for the appropriation of the net earnings. Also during its meeting on 7 December 2016, the supervisory board discussed the current business situation and the agenda for the annual general meeting scheduled for 16 March 2017.

## Dependent Company Report

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The management board prepared a report about relationships with affiliated companies pursuant to §312 »Aktiengesetz«. The auditor examined this report and issued the following audit opinion:

»Based on our audit and review in accordance with professional standards, we certify that:

1. The actual information contained in the report is accurate.
2. The consideration paid by the company for the transactions listed in the report was not inappropriately high.«

The management board informed the audit committee and the supervisory board promptly about the Dependent Company Report and the audit report that the auditor prepared concerning it. The audit committee and the supervisory board thoroughly examined and discussed these documents again in its meetings on 6 and 7 December 2016. These examinations did not give rise to any objections.

## Corporate Governance

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During the financial year 2015/16, the supervisory board and the management board were both extensively involved in improving and enhancing corporate governance within All for One Steeb AG and reviewed the recommendations that the Government Commission on the German Corporate Governance Code made in the version of the code dated 5 May 2015 and which took effect on 12 June 2015.



**Josef Blazicek**  
Vorsitzender des Aufsichtsrats

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The management board and supervisory board fulfilled their obligation to prepare a joint Declaration of Conformity pursuant to §161 »Aktiengesetz« in February and in September 2016. The wording of the Declarations of Conformity were published on the company's website. Additional information about corporate governance can be found in the Corporate Governance Report in the annual report.

No conflicts of interest arose between the members of the management board and supervisory board during the reporting period, such as would be required to be reported to the supervisory board or about which the annual general meeting would have to be informed.

The supervisory board would like to thank the management board, the entire management team and all the employees from each of the companies within the Group for their hard work and personal dedication. They have taken All for One Steeb AG another major step forward. The supervisory board has no doubts that the company will be able to give its customers the right answers on digital transformation and, in light of that, sees very good opportunities for a successful expansion and enhancement of the business.

Filderstadt, 7 December 2016  
For the Supervisory Board

Josef Blazicek  
Chairman of the Supervisory Board

## 5. Group Management Report.

Group Management Report of All for One Steeb AG.  
Financial Year from 1 October 2015 to 30 September 2016.

	<b>1. Principles of the Group</b>
21	1.1. General Information
21	1.2. Strategy
22	1.3. Business Model and Portfolio
24	1.4. Customers
24	1.5. Employees
26	1.6. Internal Management System: Financial and Non-Financial Performance Indicators
	<b>2. Report on Economic Position</b>
26	2.1. Economy and the Market
27	2.2. Acquisitions
28	2.3. Business Performance
29	2.3.1. Earnings Situation
31	2.3.2. Assets and Financial Situation
33	2.3.3. Overall Financial Position
	<b>3. Opportunities and Risk Report</b>
34	3.1. Opportunities Management
35	3.2. Risk Management System
36	3.3. Internal Control System
37	3.4. Risk Management Method and Reporting
38	3.5. List of Individual Risks
44	3.6. Overall Risk Profile
44	<b>4. Supplementary Report</b>
45	<b>5. Outlook</b>
	<b>6. Other Information</b>
46	6.1. Dependent Company Report
47	6.2. Corporate Governance Statement
47	6.3. Compensation Report
47	6.4. Information Concerning Takeovers



## 1. Principles of the Group

### 1.1. General Information

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All for One Steeb AG, Filderstadt/Germany, is the leading IT and SAP full-service provider in the German-speaking SAP market. The company is listed on the Prime Standard of the Frankfurt Stock Exchange (ISIN DE0005110001, WKN 511 000).

#### **The All for One Steeb Group**

Unless otherwise indicated or apparent from context, the designations »All for One Steeb AG«, »All for One Steeb«, »company«, and »Group« as used in this Group Management Report indicate the All for One Steeb AG Group including its subsidiaries.

#### **Financial Year**

The financial year 2015/16 of All for One Steeb AG began – deviating from the calendar year – on 1 October 2015 and ended on 30 September 2016. The corresponding prior year period covers the timeframe of 1 October 2014 to 30 September 2015.

#### **Segment Information**

Our integrated business model is designed to provide as dependable and all-encompassing a portfolio of customer service and support as possible. In light of this, we do not review profitability and decisions regarding the allocation of Group resources in terms of individual segments, but on an integrated basis instead. All for One Steeb has had one single operating segment since May 2014.

#### **Percentages**

All percentages were calculated on values given in KEUR.

#### **Forward-Looking Statements**

This Group Management Report contains statements pertaining to the future performance of All for One Steeb AG and to future economic conditions and developments. These statements represent estimates and projections that we made based on the information that was available to us at the time this Group Management Report was prepared. Actual results may differ materially from the results forecast here in the event that the underlying assumptions do not

materialise or additional risks arise. No warranty can be made as to the accuracy of any such forward-looking statements.

### 1.2. Strategy

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All for One Steeb AG considers itself a leading IT service provider and the Number 1 in the German-speaking SAP mid-market. With services and solutions covering the entire IT value chain, we focus on ensuring a sustainable and successful digital transformation of companies and their enterprise processes, business models and networks. As a strategic partner for all things relating to information technology and business, our objective is to generate high rates of recurring revenues by delivering comprehensive and continuous support to our customers. Cloud services from our data centers in Germany play a key role in this. Our industry focus is directed primarily toward businesses within the machinery and equipment manufacturing, automotive and consumer goods sectors in countries where German is spoken. As a founding member of United VARs, the global alliance of leading SAP midmarket partners, we offer what are mostly export-oriented clients an extensive portfolio of services and consulting along with on-site support in some 80 countries around the world.

The advance of the digital transformation provides us with a broad range of market opportunities. During the reporting year, and in order to actively use and benefit from these opportunities, we fine-tuned our strategy and intensified our progression from being an SAP full-service provider to becoming a strategic partner for all aspects of information technology and business. The demand for our services now goes beyond the midmarket and extends to specialist departments of major corporations. Market observers, including Experton (Experton AG, Ismaning), PAC (Pierre Audoin Consultants GmbH, Munich) and Crisp (Crisp Research AG, Kassel), also rank us among the leading IT service providers in such submarkets as cloud services, business analytics and performance management, human capital and application management services, as well as managed communications and collaboration (*see such reports as the Cloud Vendor Benchmark, Experton, 2016; HANA Vendor Benchmark, Experton, 2016; SAP Consulting & Systems Integration Services in Germany, PAC, 2015; SAP Application Management*

*Services in Germany, PAC, 2015; SAP Hosting Services in Germany, PAC, 2015; Vendor Universe, Managed Public Cloud Provider, Crisp Research, 2016).*

### 1.3. Business Model and Portfolio

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Our integrated business model of being a one-stop shop allows us to provide our clients with all-encompassing services and support from a single source. Our extensive range of offerings is tailored toward digitalising all our customers' enterprise processes – including communication, collaboration and productivity – and also includes management and technology consulting, software licenses and cloud subscriptions (SAP, Microsoft and others), proprietary industry solutions on the basis of SAP S/4HANA, advice and guidance as part of implementation, rollout and optimisation projects, in-house developed add-ons for specialised departments, digitalisation project development and execution (Industry 4.0, the Internet of Things), software support and maintenance, and comprehensive application management, outsourcing and cloud services.

Our private cloud data centers are located in Frankfurt am Main. This means that our customers' data and applications are subject to extremely strict safeguards and security regulations. Besides offering businesses customised, yet dynamic, IT sourcing models for designing and progressively enacting their digitalisation strategies, we can also optimally scale our services by integrating public cloud resources from such providers as Amazon Web Services, Microsoft (Office 365, Azure) and SAP within our hybrid cloud portfolio.

Our integrated portfolio also encompasses add-on solutions and services for the SAP ERP HCM (Enterprise Resource Planning Human Capital Management) platform and SAP SuccessFactors that form the basis for offering extensive implementation, consulting and support services that extend all the way to recurring HR Business Process Outsourcing Services. Besides the more traditional administrative HCM requirements, our portfolio of products and services is increasingly being determined by strategic human resource initiatives from the cloud, such as employee portals (employee self-service), candidate management (e-recruitment), management appraisals, and workforce training and develop-

ment (talent management). To a greater extent this also includes service offerings, such as on the basis of SAP SuccessFactors (human capital management) and Concur (travel and expenses management). Thanks to the acquisition of Grandconsult GmbH, Filderstadt, in April 2015, we have also significantly expanded our solutions and consulting portfolio for management and technology consulting and are also supporting more and more large corporations from within their own data centers.

Overall, our portfolio and business model are geared towards the kind of new growth fields that will only get bigger as digital transformation continues to revolutionise the industry.

#### **Industry-Focused Products and Services**

One major pillar of All for One's integrated business model is formed by its proprietary SAP industry solutions. These are carefully pre-configured to the typical business processes of specific branches of industry, are very economical to implement and can be run either within the All for One Steeb data centers, at the customer's facilities or in hybrid mode. Within All for One Steeb AG these are predominately the industry solutions for the manufacturing and the consumer goods industry. Proprietary industry solutions specifically developed for the wide-ranging demands of human resource management and for the SAP Business ByDesign cloud software are also available. Along with that, numerous in-house-developed add-on solutions are being offered to meet the management and organisational challenges faced by specialist departments of our target industries. Characteristically tailored to specific industry needs, these add-on solutions not only improve the user friendliness of the SAP software, but also considerably reduce SAP project implementation costs. As a result, we further improved the degree of penetration within our key markets during the reporting year.

#### **Sales Organisation and Customer Service and Support**

We use our own sales, consulting and support resources to serve our customers in Germany, Austria and Switzerland. In addition to direct sales teams that mostly cover specific regions and subjects, we also have an extended indirect sales channel in the form of our »All for One Steeb Business Partner Programme« with more than 100 partners with whom we collaborate as if »from one source« to support our clients

as completely and comprehensively as possible. Our consulting and advisory services in countries where German is spoken are provided in close touch with the customers from a number of locations. We expanded our service center in Turkey during the reporting year as a means of supplementing our service and support facilities in German-speaking countries. As a means of supplementing our service and support facilities in German-speaking countries, we further expanded our service center in Turkey during the reporting year.

All for One Steeb founded the United VARs partner network back in 2006 to provide worldwide support to its small and mid-sized customers. Leading SAP partners in their respective countries have joined this alliance. They offer internationally operating customers in some 80 countries across the world a wide range of professional on-site services and support based on uniform quality standards and recognised project methods. What began as a mere partner network was given a powerful marketing, sales and co-ordination infrastructure in the form of United VARs LLP, which All for One Steeb and other partners established in November 2011. Besides helping organise support and services to core clients worldwide, United VARs also promotes the acquisition of new international customer projects. According to its own estimates, United VARs is now the worldwide largest alliance of SAP channel partners. The year 2015 saw United VARs being inducted into that small group of select SAP partners that have earned the designation SAP global value-added reseller. This allows All for One Steeb to create a tremendous degree of efficiency to benefit its clients on a global scale.

#### **Partnership with SAP, the SAP Ecosystem and Further Significant Partnerships**

The partnership with SAP is the hub of our daily business. By its own estimates, All for One Steeb directly, with regards to software maintenance and outsourcing contracts and cloud subscriptions, serves the largest installed base of SAP mid-market customers within the German-speaking region. SAP software and related services form the core of the company's portfolio of products and services. SAP underscores the important role that All for One Steeb AG plays within the SAP midmarket segment by having presented it with numerous awards and granting it the highest partner status. All for One Steeb not only belongs to that small circle of partners

which were hand picked to join SAP's exclusive platinum partner programme, but was likewise validated as an SAP-Certified Provider of Hosting Services, SAP-Certified Provider of Cloud Services, SAP-Certified Provider of SAP HANA Operations Services, SAP-Certified Provider of Application Management Services and as Special Expertise Partner. A special Joint Research & Development Lab directly within the SAP PartnerPort in Walldorf is maintained in order to enable close feedback with SAP in developing new reference architectures and operating solutions for SAP HANA. Through our intensive collaboration with SAP on all company levels, All for One Steeb is able to offer its clients the highest level of planning security, efficiency and cost-effectiveness. Our working relationship with Microsoft was also significantly enhanced during the reporting year. We are also a Microsoft Gold Hosting Partner and a Gold Access and Identity Partner. In addition to SAP, All for One Steeb also works closely together with such technology partners as NetApp, Cisco and VmWare.

#### **Brand Strategy**

Primarily through purchases, All for One Steeb has regularly acquired a number of valuable brands in recent years, which are well established within their respective market segments. For this reason we are pursuing a multi-brand strategy, the heart of which is formed by the strong appeal of the »All for One Steeb« (Das SAP Haus, full-service provider) master brand, which in turn reinforces the »avantum« (business analytics, corporate performance management), »Grandconsult« (management and technology consulting), »KWP« (human capital management), »OSC« (SAP ERP, SAP Business One, North Germany), »Process Partner« (Switzerland, solutions for project service providers) and »WEB-MAXX« (Microsoft, managed communications and collaboration) family of brands. All for One Steeb AG secured yet another popular brand, this time in what is still a relatively young SAP Cloud market, through its acquisition of B4B Solutions GmbH, Graz/Austria, that was made after the balance sheet date (see section 4, Supplementary Report).

#### **Competition**

All for One Steeb faces intense competition. Besides ERP manufacturers outside of SAP, our competitors include SAP system resellers and internationally operating IT outsourcing and technology service providers. Our company also competes with consultancies specialised in SAP HCM, business

analytics and corporate performance, the SAP consulting units of major international IT services groups, as well as with providers of human resources and business analytics software other than from SAP.

#### 1.4. Customers

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As a strategic partner we help customers with their digital transformation to improve the way they compete, make their business processes more efficient and consistent, enhance the security and availability of critically important software applications and systems, and keep them performing successfully on the market. We also support them with software and technology innovations not only when developing new business models, but in the planning, control and analysis of business performance as well (real time enterprises, SAP HANA, SAP S/4HANA). We work closely with our clients on every level. Because our extensive customer communications programme includes regular event formats, we can actively promote the exchange of experiences among our customers, and provide them with early insights into and the opportunity of helping shape new developments and applications.

#### 1.5. Employees

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For an IT services company like All for One Steeb AG, sustained business success is closely linked to highly qualified and motivated employees. A consistent and sustained programme of human-resource-related activities forms an essential pillar of our corporate development. With these activities we aim to maintain and promote our employees' commitment to performance with an eye towards outstanding service quality and customer satisfaction, as well as to further enhance All for One Steeb's outstanding image as an employer of choice. Besides the skills of our employees, our sustained success is due primarily to our corporate culture with its clear objectives and the values we actively live every day. In conjunction with targeted recruiting campaigns, we saw further improvement in both the quantity and quality of applications for open positions. Contributing to this were special incentive programmes (such as an employee referral programme) and the continuing public visibil-

ity from having earned the awards as Germany's »Best Employer in ITC« (Great Place to Work, 2014) and »Best Employers in Germany« (*Focus Spezial*, 2016) awards.

In its efforts to promote training and education, All for One Steeb has expanded its co-operation with the Duale Hochschule Baden-Württemberg Ravensburg (DHBW), a state university that employs a dual system of theoretical and practical training. This co-operation helps train students pursuing a Bachelor of Science dual-study degree in the university's Department of Business Informatics. Furthermore, the company supervises and advises on college-degree-related semester and final-year projects, arranges internships for school-age and college students, employs student hires and apprentices and also offers trainee programmes for graduates.

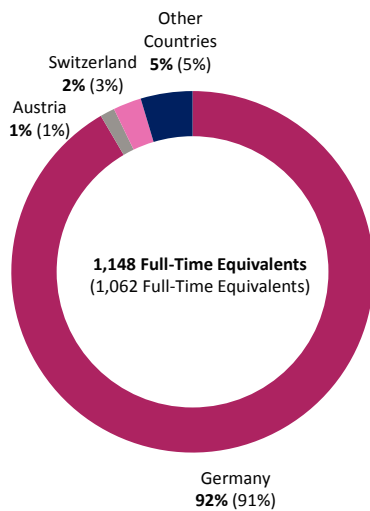
Salaries consist of performance-based variable components in addition to a fixed rate of compensation. The amount of these variable components depends on the scope and responsibilities of the job and position within the company.

The ability to continue with our expansion strategy categorically depends on further increasing our staffing levels. The situation remains tight on the labour market. This is why we have reinforced our recruiting staff and efforts, are continuing to expand our German-language support and service site in Istanbul, and have significantly accelerated our training activities. Our current reporting year's employee retention rate was 94.6% (2014/15: 95.6%) and the health index score was 97.1% (2014/15: 97.0%). How these two non-financial performance indicators are measured is explained in section 1.6, Internal Management System.

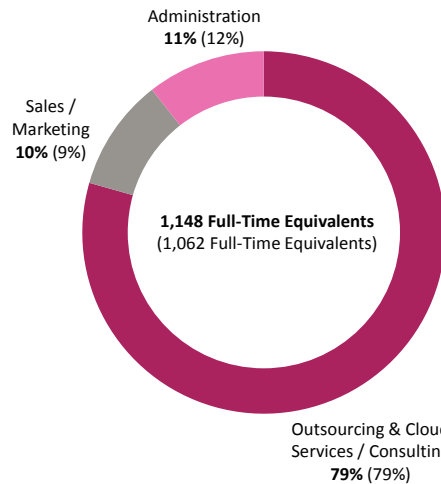
Thanks to new hires, staffing strength as at 30 September 2016 increased 8% to 1,302 employees (30 September 2015: 1,203 employees) of which 45 were apprentices and trainees (prior year: 48). The average personnel capacity increased from 1,030 (2014/15) to 1,116 (2015/16) full-time equivalents. Of the 1,148 full-time equivalents as at 30 September 2016 (30 September 2015: 1,062), a total of 1,051 were in Germany (30 September 2015: 966), 15 in Austria (30 September 2015: 15), 29 in Switzerland (30 September 2015: 31) and 53 full-time equivalents were in the other countries (30 September 2015: 50).

The following charts show the percentage distribution of full-time equivalents as at 30 September 2016:

**Distribution of Full-Time Equivalents by Country**



**Distribution of Full-Time Equivalents by Field of Work**



Of the 1,148 full-time equivalents (30 September 2015: 1,062), 912 were employed in the areas of consulting, outsourcing and cloud services (30 September 2015: 840), 121 were in administration (30 September 2015: 127) and 115 were in sales and marketing (30 September 2015: 95) as at 30 September 2016.

### Diversity in the Company

Qualifications, professional competence and »cultural fit« are our decisive criteria when filling assignments and positions. Likewise, we support a policy of equal opportunities for men and women to participate in holding management positions and strive to always give appropriate consideration to women. In the summer of 2015 we set ourselves the goal of increasing the share of women in All for One Steeb AG's (parent company, not including subsidiaries) second level of management to at least 10% by 30 June 2017 (30 September 2016: 0%) and in the company's third level of management to at least 20% (30 September 2016: 17%). To achieve our diversity goals and to improve the compatibility of work and family life, we offer part-time working arrangements at management levels, enable working from a home office, and support our people in finding and selecting appropriate types of childcare. The online recruitment advertising campaign we launched during the current reporting year marked the first time we specifically targeted female applicants. The rise in the share of women enrolled in the apprentice and trainee programmes we introduced at the beginning of the financial year 2016/17 compared to similar undertakings of the prior year is just one indication of how successful our initiatives for promoting diversity have been. In October 2016 we were recognised as one of »Germany's Most Family-Friendly Companies« for that year based on rankings compiled jointly by the well-known media brand *Freundin* (Hubert Burda Media) and the employer review site Kununu.

And because we also pay attention to diversity in the configuration of the management and supervisory boards, the supervisory board decided in May 2015 that we will achieve the target of having a 20% share of women (30 September 2016: 0%) serving on the management board by 30 June 2017. In addition, the share of women on the supervisory board will increase to at least 16.66% as at 30 September 2017 (30 September 2016: 0%).

## 1.6. Internal Management System: Financial and Non-Financial Performance Indicators

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Because »human resources« is such a critical factor in so many ways within a services company such as All for One Steeb AG, our group-wide management and control parameters include the following **non-financial performance indicators**:

### Employee Retention

The success of our business depends in no small part to the quality we offer our clients, business partners, suppliers and shareholders. Personnel continuity and the ability on this basis to establish and maintain business partner relationships that are stable, sustainable, and resilient play a tremendous role in how the quality of our service and support is perceived. The control indicator we use for this purpose is the employee retention rate (100% minus the ratio of undesired separations to the staffing strength at the beginning of the reporting period, plus additions to the workforce during the reporting year).

### Health Index

The aim of our health management programme is to maintain and enhance our workforce's high level of capabilities and effectiveness. We also want to proactively counteract potential health-related absences. A health index (100% minus the number of sick days relative to the scheduled working days of a given reporting period) serves as a control indicator to help us achieve these objectives.

A standardised system was used to calculate, analyse and plan these non-financial indicators on a group-wide basis and then monitor them in terms of achieving the benchmarks and their impact on attaining the financial objectives. For this reason, our Outlook (see section 5) also includes information pertaining to non-financial performance indicators. Other non-financial performance indicators at the individual company, department and team leadership levels are used for fine tuning purposes. These involve what are primarily qualitative goals. As an example, specific qualification programmes are an integral part of the performance objective agreements for many employees in the consulting field. Besides non-financial performance indicators, All for One Steeb AG's internal management system also encompasses **financial performance indicators**. As was the case in the

prior year, the same two control indicators of sales revenues and operating results (EBIT) were again used in the current 2015/16 reporting year. Both control indicators are aligned with an eye towards pursuing – consistent with the business planning – as sustainable and profitable an approach to growth as possible and are re-adjusted annually in terms of their absolute figures. Indicators such as orders on hand, new orders and order range ratios are still not quantified on a Group-wide basis and therefore not used for management and control purposes on the Group level.

## 2. Report on Economic Position

### 2.1. Economy and the Market

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#### Overall Economic Development

The unstable situations of last year, such as the Ukraine conflict, the euro crisis and the economic slowdown in China, one of Germany's key export markets, continued to plague the current 2015/16 reporting year. On top of these came the refugee crisis and Brexit, to name only two other factors that contributed to a generally volatile mood within the economy as a whole. Although the monthly Ifo Business Climate Index, the most important indicator of German business sentiment, fell sharply in August 2016, a mere one month later it soared to its highest level since May 2014 (*Source: SPIEGEL ONLINE, 26 September 2016*). In light of this, leading economic research institutions raised their forecasts for Germany's gross domestic product (GDP) for the full 2016 year from what was originally 1.6% to 1.9% (*Source: SPIEGEL ONLINE, 29 September 2016*).

There remains a delicate balance between confidence and restraint within our highly export-dependent key industries, particularly the machinery and equipment manufacturing sector and the automotive segment. As it did for 2015, the VDMA German Engineering Federation expects that the value of produced goods will stagnate in 2016 as well (*Source: VDMA, 5 October 2016*). The ZVEI German Electrical and Electronic Manufacturers Association sees itself on track with its forecast of a gain of 1% for 2016 (*Source: ZVEI, 11 October 2016*). Many of our customers from the automotive supplier industry are members of the ZVEI. The projection of economic output gaining some 2% in 2016 appears to be achievable within the consumer goods industry (*Source:*



*GfK Consumer Climate Study, September 2016*). In order to lessen our dependence on those target markets that rely heavily on exports, we again expanded the range of products and services we can offer to the consumer goods industry during this reporting year, a sector that benefits from good domestic economic activity.

### **IT Market Developments and their Impact on All for One Steeb**

The German market for IT services is expected to expand much faster than the economy as a whole in 2016. The shortage of highly skilled and qualified workers will, however, remain the biggest impediment to growth. In March of 2016 Germany still had 43,000 vacant positions for IT specialists (*Source: BITKOM, 10 March 2016*).

The ongoing digitalisation of the economy provided added impetus for business during the reporting year. And so, the market for enterprise software solutions continued to grow and incorporate new spheres of application, such as the Internet of Things, Industry 4.0, enterprise data analysis (business analytics), the use of mobile devices in business environments (mobile solutions), high-speed data processing (in-memory computing), customer relationship management, and the provision of such solutions from the cloud. Thus it comes as no surprise that during the current reporting year SAP SE, the world's largest maker of enterprise software, intensified the marketing of its SAP HANA real-time application platform, introduced an entirely new generation of business software with SAP S/4HANA, and expanded its portfolio of cloud applications enormously. SAP's leading partners, including All for One Steeb, are most notably the ones playing an ever-bigger role in marketing this extended range of products. IDC is just one of many market observers projecting a high rate of compound annual growth for the emerging SAP Cloud Ecosystem submarket (*Source: IDC, 2014; see also section 5, Outlook*).

Ongoing internationalisation, increasing demands for process optimisation along the entire value chain, and the advancing digitalisation of business processes were sources of

an overall robust demand in terms of investments in IT during the reporting year. As a result, All for One Steeb AG again posted much higher rates of growth than the market for IT services during the current 2015/16 reporting year and was able to make additional gains in market share.

## **2.2. Acquisitions**

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We view acquisitions as investments in customers, employees, know-how and growth. For this reason we use strategic acquisitions to enlarge the Group beyond our normal organic growth.

### **Grandconsult**

We reported in detail in the Annual Report 2014/15 about the share purchase agreement for the majority acquisition of Grandconsult GmbH (formerly: Grandconsult DEXINA GmbH), Filderstadt, that was closed with an effective date of 1 April 2015. An initial allocation of the fair value acquisition costs of the obtained assets and liabilities, together with their carrying amounts immediately prior to the business combination, was also undertaken as at the acquisition date. The final verification and entry of the purchase price allocation, which had hitherto been categorised as preliminary, were made in the current reporting year (see section F, Scope of the Consolidation and Changes in Group Structure in the notes to the consolidated financial statements).

### **OSC**

The 60% interest in OSC AG, Lübeck, was enlarged to 100% with an effective date of 1 October 2016 (see section 4, Supplementary Report).

### **B4B Solutions**

An acquisition of 70% of the shareholdings in the cloud specialist B4B Solutions GmbH, Graz/Austria, was closed with an effective date of 1 November 2016 (see section 4, Supplementary Report).

## 2.3. Business Performance

### Key Figures: Business Performance

in EUR millions	10/2015 – 9/2016	10/2014 – 9/2015	Δ in %*
Sales revenues	266.3	241.6	10
EBITDA	27.4	27.5	0
EBIT	18.8	19.3	-2
<i>EBIT margin (in %)</i>	7.1	8.0	
EBT	17.4	16.1	8
Employees (Ø number)	1,256	1,159	8

\* deviations result from the calculation of values in KEUR

- Sales increased by 10% to EUR 266.3 million. Robust business model with all types of revenue substantially higher
- EBIT declines by 2% to EUR 18.8 million; the EBIT margin was 7.1% (prior year: 8.0%). Prior-year EBIT (EUR 19.3 million) includes a positive special effect (EUR 0.7 million). EBIT gain of plus 2% over adjusted prior-year figure
- EBT increases by 8% to EUR 17.4 million
- Earnings after tax rises by 7% to EUR 12.3 million
- Net liquidity increases to EUR 10.0 million (30 September 2015: EUR 3.5 million)
- 1,302 employees (30 September 2015: 1,203 employees)
- Equity ratio of 39% (30 September 2015: 32%)
- Sales forecast slightly exceeded, EBIT in line with expectations

All for One Steeb AG continued to execute its growth strategy in the financial year 2015/16. In eight-year comparison (continuing operations, acquisitions included) sales increased 259% to EUR 266.3 million (sales 2008/09: EUR 74.1 million) and the EBIT improved from minus EUR 0.3 million (2008/09) to plus EUR 18.8 million (2015/16). The current EBIT margin is 7.1% (2014/15: 8.0%). The share of recurring revenues to total revenues is 44% (2014/15: 46%). Our strong market position, unwavering focus on the customer, integrated business model, successful steps toward what is becoming an increasingly decisive digital transformation, and our buy & build strategy contributed greatly to these developments.

#### Forecast 2015/16 and Actual Performance

We published our forecast for the full financial year 2015/16 on 2 November 2015, which projected sales ranging from EUR 255 million to 265 million and an EBIT of between EUR 17.5 million and 19.5 million. We closed the financial year 2015/16 with revenues of EUR 266.3 million (2014/15: EUR 241.6 million) and an EBIT of EUR 18.8 million (2014/15: EUR 19.3 million). The sales forecast was slightly exceeded and the EBIT forecast achieved.

Predictions were made with respect to developments in the non-financial performance indicators for the first time for the financial year 2015/16. We set targets for the current reporting year of maintaining (+/- 0.5 percentage points) the employee retention rate (2014/15: 95.6%) and the health index (2014/15: 97.0%). The employee retention rate was 94.6% and the health index was 97.1% in the financial year 2015/16. The methodology for calculating these two non-financial performance indicators, which are uniformly determined and managed throughout the Group, is explained in section 1.6, Internal Management System.

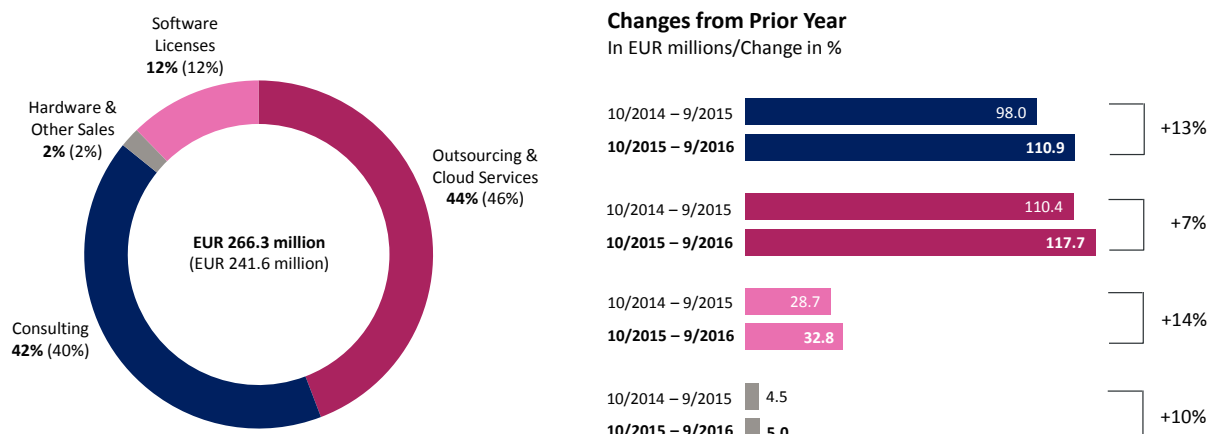
## 2.3.1. Earnings Situation

### Sales Performance: Strong Growth in All Types of Revenue

More and more of our small and mid-sized customers are finding digitalisation to be well within their reach. Our solutions and services for such innovations as SAP HANA, SAP S/4HANA, Microsoft Exchange, SharePoint and Skype for Business from the cloud are increasingly being sought after. During the reporting period All for One Steeb AG generated sales of EUR 266.3 million, which is an increase of 10% over 2014/15 (EUR 241.6 million). We posted substantial gains in all types of revenue through our integrated business model of being a full-service provider for all things relating to SAP, information technology and business.

### Sales by Type

The following charts illustrate the performance of sales revenues classified in the following categories: (Deviations result from the calculation of values in KEUR)

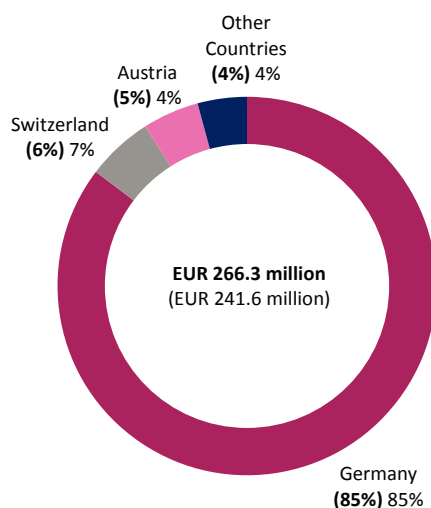


More enterprise software is being »consumed« from the cloud and run in external data centers. Our managed cloud services benefit as digital transformation goes from being an option to a requirement. The amount of recurring revenues from outsourcing and cloud services (including software maintenance) increased during the reporting period by 7% to EUR 117.7 million (2014/15: EUR 110.4 million). The rise in the number of digitalisation projects has also led to a substantial improvement in consulting revenues. The share of recurring revenues from outsourcing and cloud services (including software maintenance) account for 44% of total sales revenues (2014/15: 46%). Similarly, revenues from the sale of SAP licenses grew a significant 14% to EUR 32.8 million (2014/15: EUR 28.7 million). Although existing customers are using SAP HANA more often than traditional relational database platforms, the new customer business is where we are seeing its greatest demand. In addition, SAP S/4HANA – introduced in February 2015 as the successor to the SAP Business Suite – is being implemented to a greater extent among midmarket customers.

There is also a correspondingly high demand for consulting services. Our consulting team's good level of utilisation led to an increase in consulting revenues of 13% to EUR 110.9 million (2014/15: EUR 98.0 million. In April 2015 we also reinforced our technology consulting operations by taking over a majority interest in Grandconsult GmbH as part of a strategic acquisition. Our consulting teams have an extremely heavy workload in spite of these additional resources.

## Sales by Country

The distribution of sales revenues by country (based on the domicile of the customer) for the current reporting period changed slightly compared to the financial year 2014/15 and is illustrated below:



EUR 227.2 million (share of sales: 85%) of the sales revenues in the reporting period were attributable to Germany – a gain of 11% over the EUR 204.2 million in the prior year (share of sales 2014/15: 85%). Sales revenues in Switzerland decreased by 11% to EUR 15.1 million (2014/15: EUR 17.0 million). Sales revenues in Austria increased a remarkable 31% to EUR 12.9 million (2014/15: EUR 9.9 million). The revenues of EUR 11.2 million generated in the other countries also surpassed those of the prior year (2014/15: EUR 10.6 million).

## Earnings Performance

### Key Figures: Earnings Performance

in EUR millions*	10/2015 – 9/2016	10/2014 – 9/2015	Δ in %**
<b>Sales revenues</b>	<b>266.3</b>	<b>241.6</b>	<b>10</b>
Cost of materials and purchased services	-96.5	-85.0	14
Personnel expenses	-110.0	-99.5	10
Depreciation and amortisation	-8.6	-8.3	4
Other operating expenses/income	-32.4	-29.5	10
<b>EBIT</b>	<b>18.8</b>	<b>19.3</b>	<b>-2</b>
Financial result	-1.4	-3.1	-55
<b>EBT</b>	<b>17.4</b>	<b>16.1</b>	<b>8</b>
Income tax	-5.1	-4.7	10
<b>Earnings after tax</b>	<b>12.3</b>	<b>11.5</b>	<b>7</b>

\* some rounding differences

\*\* deviations result from the calculation of values in KEUR

## New Investments and Spending to Develop Future Growth Segments / Prior-Year Earnings Include a One-Time Positive Special Effect

The current reporting year was marked by increased capital investments and expenditures to access emerging growth fields and new sources of revenue. This engagement allowed us to broaden the concept behind our data centers and invest in new technologies, enhance our digital marketing and strengthen our sales efforts. We re-engineered our industry and add-on solutions based on SAP S/4HANA. We also invested heavily in both training and knowledge management with a view toward digital transformation. The prior-year earnings include a one-time positive special effect from a reversal of a provision that is discussed in more detail in the following paragraph.

The other operating income of the current reporting year was EUR 2.7 million (2014/15: EUR 2.9 million) and includes substantially increased subsidies for marketing costs on account of the sharp increase in revenues from the sale of software licenses. The other operating income of the prior year (EUR 2.9 million) includes a one-time positive earnings contribution in the amount of EUR 0.7 million from the reversal of a provision for what was a faster-than-expected transfer of customers to our data centers from the ORGA transaction that was effected in 2013.

The cost of materials (including purchased services) rose at a disproportionately greater rate than did sales and increased 14% to EUR 96.5 million (2014/15: EUR 85.0 million). This increase is due primarily to having drawn upon more consulting resources from our partner network. The cost of materials ratio (cost of materials to sales) increased from 35% (2014/15) to 36% (2015/16). This change is due mostly to the slight decline in licensing sales and the disproportionately large increase in consulting revenues. Personnel expenses rose proportionally to sales performance and increased 10% to EUR 110.0 million (2014/15: EUR 99.5 million). The share of personnel expenses to sales revenues was unchanged from the prior-year level of 41% (2015/16). Other operating expenses improved 8% to EUR 35.1 million (2014/15: EUR 32.4 million). The ratio of these expenses to total sales was an unchanged 13% (2015/16). Depreciation and amortisation increased to EUR 8.6 million, for a gain of 4% over that of the prior year (2014/15: EUR 8.3 million), and was mostly a result of investments in technology to enhance our data centers and expand our cloud services. This figure includes EUR 4.6 million (2014/15: EUR 4.6 million) for the regular amortisation of other intangible assets.

The EBITDA was EUR 27.4 million (2014/15: EUR 27.5 million). The corresponding EBIT was EUR 18.8 million (2014/15: EUR 19.3 million). The EBIT margin decreased from 8.0% (2014/15) to 7.1% (2015/16). Adjusted for the special effect discussed earlier, the EBIT for 2014/15 was EUR 18.5 million. When compared to this adjusted prior-year figure, the current reporting year's EBIT (2015/16: EUR 18.8 million) posted a gain of 2%.

The financial result for the reporting year improved by EUR 1.7 million to minus 1.4 million. The greater part of the prior-year financial result of minus EUR 3.1 million includes purchase price obligations to be paid in the future from the acquisition of a subsidiary (see section J of the notes to the consolidated financial statements in Annual Report 2014/15), which underwent much smaller value adjustments in the current reporting year. Furthermore, financial liabilities totalling EUR 14.5 million from the issuance of promissory notes were discharged in the current reporting year.

The EBT therefore increased by 8% to EUR 17.4 million (2014/15: EUR 16.1 million). Income taxes rose to EUR 5.1 million (2014/15: EUR 4.7 million). The Group's arithmetical tax rate (income tax/EBT) was an unchanged 29%. Consequently, the earnings after tax were EUR 12.3 million (2014/15: EUR 11.5 million) for a plus of 7%. The average number of shares outstanding in the reporting period was an unchanged 4,982,000 (2015/16). Earnings per share were EUR 2.46 (2014/15: EUR 2.30). Despite greater investments and expenditures for developing emerging growth segments, both the earnings after tax and the earnings per share improved even further in the current reporting year.

The other comprehensive income was minus EUR 0.7 million (2014/15: EUR minus 0.8 million) and was dominated by revaluations of employee retirement benefit plans in the amount of minus EUR 0.9 million (2014/15: minus EUR 1.1 million) following major changes in the interest rate and – in the prior year – the exchange rate in Switzerland.

### 2.3.2. Assets and Financial Situation

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#### **Financial Management Principles and Objectives**

Financial management at All for One Steeb is primarily understood as liquidity management, capital structure management and the management of interest rates and currencies. Another key focus of financial management is the monitoring of and compliance with the terms and conditions of loan agreements used to fund the company. The Opportunities and Risk Report (section 3) provides more details about financial and liquidity risks.

## Key Asset and Financial Indicators

	Unit	30.09.2016	30/09/2015	Δ in %*
Equity to assets	%	86	71	20
Days of sales outstanding	days	50	54	-7
Cash	EUR million	32.4	41.0	-21
Net liquidity	EUR million	10.0	3.5	185
Equity ratio	%	39	32	22
Return on equity	%	21.5	22.8	-5
Return on total capital	%	7.6	7.1	7

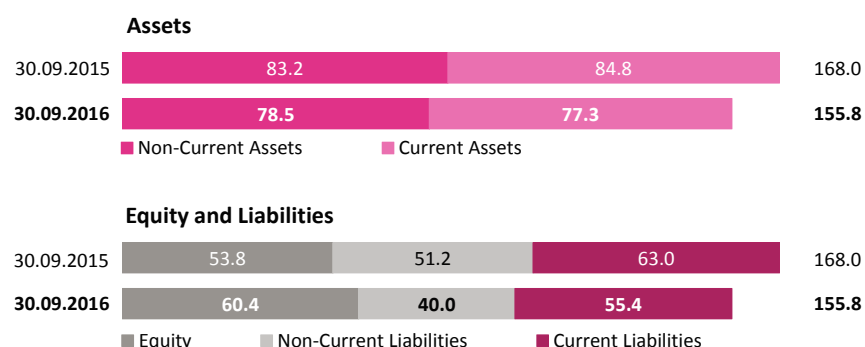
\* deviations result from the calculation of values in KEUR

### Group Balance Sheet

Despite the sharp increase in business volume total assets declined significantly to EUR 155.8 million (30 September 2015: EUR 168.0 million). The following developments were the primary contributors to this contraction:

#### Balance Sheet Structure

in EUR millions  
(figures may contain rounding differences)



**Non-current assets** decreased from EUR 83.2 million (30 September 2015) to EUR 78.5 million (30 September 2016). This change is mainly due to a decline in other intangible assets (minus EUR 4.2 million) in the course of regular amortisation. The decrease in goodwill by EUR 0.4 million to EUR 19.6 million (30 September 2015: EUR 20.0 million) is primarily attributable to the final determination of what until 30 September 2015 was the preliminary purchase price allocation for Grandconsult GmbH (see section F, Scope of the Consolidation and Changes in Group Structure in the notes to the consolidated financial statements). Tangible fixed assets decreased by EUR 0.5 million and amounted to EUR 9.3 million (30 September 2016).

**Current assets** decreased significantly from EUR 84.8 million (30 September 2015) to EUR 77.3 million (30 September 2016). This change is attributable for the most part to the decline in cash and cash equivalents from EUR 41.0 million as at 30 September 2015 to EUR 32.4 million as at 30 September 2016. Promissory notes totalling EUR 14.5 million were repaid in the reporting year and dividends totalling EUR 5.5 million (including distributions to non-controlling interests) were distributed. Furthermore, income tax payments in a total amount of EUR 10.1 million were made (see the Cash Flow and Investments section for more information). Due to what has been years of continuously good earnings performance, both the tax losses brought forward within the Group and the deferred tax assets capitalised thereon have, for the most part, been exhausted (see notes 14 and 15, section K, in the notes to the consolidated financial statements).

Despite a major expansion of the business, trade accounts receivable only improved by EUR 0.8 million to 37.1 million (30 September 2016). The DSO (days of sales outstanding) were reduced from 54 to 50 days as a result of intensive receivables management.

The decline in **non-current liabilities** by EUR 11.2 million to 40.0 million (30 September 2016) is due primarily to changes in other liabilities (minus EUR 11.3 million). Future purchase price obligations owed from the acquisition of a subsidiary were reclassified as current liabilities.

**Current liabilities** declined by EUR 7.6 million to 55.4 million (30 September 2016). It was primarily the repayment of promissory notes totalling EUR 14.5 million in the reporting year that led to a reduction in current financial liabilities from EUR 16.0 million (30 September 2015) to EUR 1.0 million (30 September 2016). The current income tax liabilities also decreased (minus EUR 4.1 million). Trade accounts payable posted a modest increase (plus EUR 1.4 million) on account of the larger volume of business. The increase in other liabilities from EUR 29.1 million (30 September 2015) to EUR 39.9 million (30 September 2016) is mostly a result of a future payment obligation for the acquisition of a subsidiary (see section 4, Supplementary Report). The decline in cash and cash equivalents was offset by a major reduction in financial liabilities so that net liquidity increased from EUR 3.5 million (30 September 2015) to EUR 10.0 million (30 September 2016).

Equity improved by EUR 6.6 million to 60.4 million (30 September 2016). The equity ratio also improved from 32% (30 September 2015) to 39% (30 September 2016). The return on equity (earnings after income tax divided by the average equity) was 21.5% (2014/15: 22.8%). The return on total capital (earnings after income tax divided by the average total assets) rose from 7.1% (2014/15) to 7.6% (2015/16).

Overall the structure of the Group balance sheet as at 30 September 2016 shows a significant contraction (minus EUR 12.2 million) compared to the prior year, which is attributable primarily to transactions of a one-time nature, such as the repayment of promissory notes.

#### **Cash Flow and Investments**

Despite a virtually unchanged level of earnings – the EBITDA was EUR 27.4 million and therefore only EUR 0.1 million below the corresponding prior-year figure – the cash flow from operating activities improved considerably by EUR 4.1 million to 16.9 million (2014/15: EUR 21.0 million). This is mostly the result of higher amounts of income tax paid totalling EUR 10.1 million, of which EUR 4.7 million relate to prior-

year periods. The income tax paid in the 2014/15 reporting year only totalled EUR 2.7 million.

Cash flows from investing activities totalled minus EUR 2.9 million in the current reporting period (2014/15: minus EUR 6.8 million). The prior year was negatively impacted by the cash outflow of a purchase price payment totalling EUR 1.7 million for the acquisition of Grandconsult GmbH. Net cash of EUR 3.8 million (2014/15: EUR 5.7 million) was used to purchase intangible assets, tangible fixed assets and other assets, which pertain primarily to investments in technology to further improve the scalability of the data centers. The free cash flow (operating cash flow less cash flows from investing activities) remained virtually unchanged compared with the prior year and amounted to EUR 14.0 million (2014/15: EUR 14.2 million) in the current reporting year.

Total cash flows from financing activities were minus EUR 22.7 million (30 September 2015: minus EUR 6.8 million). This increased cash outflow is mainly a result of the repayment of promissory notes totalling EUR 14.5 million and the distribution of increased dividends in the amount of EUR 5.5 million (2014/15: EUR 3.7 million).

Cash funds as at 30 September 2016 totalled EUR 32.4 million (30 September 2015: EUR 41.0 million).

#### 2.3.3. Overall Financial Position

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We successfully forged ahead with our progression from being an SAP full-service provider to becoming a strategic partner for all aspects of information technology and business during the financial year 2015/16. In addition to expanding the business organically and further integrating the acquisitions undertaken during the previous year, we also made preparations for other specific acquisitions (see section 4, Supplementary Report). The earnings situation is stabilised by a continuously high share of recurring revenues despite significant growth. The balance sheet contracted even as business volume increased. Equity, the equity ratio, and net liquidity all improved considerably. Furthermore, the Group maintained a sustained operating cash flow, generated a positive free cash flow, reported cash and cash equivalents totalling EUR 32.4 million (30 September 2016) and enjoys a sound financial position. Operational funding lines of credit in the amount of EUR 9.1 million are also



available, which offer additional short-term financial flexibility. Looking beyond the current reporting period that ended on 30 September 2016, and after these first few weeks of the financial year 2016/17, we continue to regard the business situation of All for One Steeb AG as very robust.

### 3. Opportunities and Risk Report

The All for One Steeb Group operates in a dynamic market environment and is managed in a value based manner. We systematically identify and evaluate opportunities and risks in order to successfully implement our strategy, grow profitably, and achieve our goals and forecasts. We closely link the way we manage opportunities and risks so that even when the opportunities and risk situations change, we can still effectively exploit business opportunities, while identifying and pro-actively managing potential risks early on. We further refined our extensive risk management system and our internal control system as well as expanding our compliance management system. Our fundamental aim is to reach a balance between opportunities and risks.

#### 3.1. Opportunities Management

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The innovative power and quality of our solutions and services are often critical to our customers' business. We show customers how they can use these to not only improve their enterprise processes, but create and expand new business models as well. The smart use of new technologies makes our operations more efficient and helps us productively use and exploit new opportunities.

Our work focuses on those submarkets, industries and specialised departments in which we can secure and maintain leading positions. An essential part of our opportunities management effort is carefully examining the current and future needs of our customers and their industry-specific success factors in particular with regard to the digital transformation. We analyse market, industry and technology trends and, in particular, the opportunities presented by SAP innovations and also increasingly Microsoft and their related software solutions, and how these can be employed to benefit our customers. We always take a values-based approach to opportunities in order to enhance the enterprise value for our shareholders. We also assess opportunities in terms of investments, personnel resources, capabilities, and other

factors that are vital for best accessing and using the identified opportunities. We then reconcile these with the appropriate risk mitigation measures in order to strike a careful balance between opportunities and risks.

Our revenues and earnings forecasts (see section 5, Outlook) take into consideration that portion of the following described opportunities, which we consider as being likely to arise. Not taken into consideration, however, were the opportunities from the trend towards further consolidation on the market, such as through acquisitions.

#### **Opportunities Arising from Significantly Expanding the Customer Base**

The strong growth in business offers improved opportunities for subsequent sales and the stronger penetration of our expanded customer base. What's more, there is the opportunity to again increase the share of recurring revenues and improve the predictability and scalability of our business. A better-than-expected penetration of our markets could also have a positive impact on our earnings, assets and financial situation and result in what would be favourable deviations in our revenues and earnings forecasts (see section 5, Outlook).

#### **Opportunities Arising from Greater Visibility on the Target Markets**

Although there was a significant increase in business volume, it is the combination of a much larger core customer base and our clear focus on key industries within selected mid-market segments, specialised departments, and countries where German is spoken, which provides us with greater opportunities of being the first choice for customers seeking a consulting, solutions, and services partner for their IT projects for the digitalisation of business processes and business models. All for One Steeb is also listed in many market profiles and is often named in the media. Strong and effective direct selling, along with sales through partners, contribute to further expanding the portfolio of reference customers. The character of being a quality-conscious and economically sound service partner that offers its customers exceptional long-term investment prospects has not only afforded the company a very good reputation on the market, but offers good opportunities for a greater and more successful sales performance. Very good positioning in the SAP midmarket segment and our high visibility within the SAP organisation provide us with good opportunities for

selling SAP licenses, also from the cloud. Doing so would expand the portfolio of software maintenance agreements and cloud services, which in turn can lead to a rise in recurring revenues. Our earnings, assets and financial situation could benefit from any major improvement in our visibility on the market, which in turn could lead to favourable deviations in our revenues and earnings forecasts (see section 5, Outlook).

### **Opportunities Arising from an Expanded**

#### **Partner Programme**

As the leading SAP full-service provider on our markets, we remain highly focused and work closely and carefully with selected partners. Doing so allows us to comprehensively and efficiently serve our customers as if from one source without having to diminish our otherwise clear operational focus. Our »All for One Steeb Business Partner Programme« has given us a real competitive edge. This indirect sales channel comprises more than 100 partners in countries where German is spoken, who work the market in close coordination with our own direct salesforce. The support provided by these partners enables us to better penetrate our current target markets and sell additional SAP licenses and cloud subscriptions. As another example, these All for One Steeb Business Partners also help place SAP licenses and cloud subscriptions with companies outside our target segments. On a worldwide scale, our co-operation with United VARs – now an SAP Global VAR – ensures low-risk and well-established worldwide customer service and support of a very high quality in around 80 countries. Our direct sales performance influences our earnings, assets and financial situation. Better-than-expected performance could therefore also lead to favourable deviations in our revenues and earnings forecasts (see section 5, Outlook).

#### **Opportunities as a Full-Service Provider and Strategic Partner for IT & Business**

SAP's high pace of innovation and the increasing inclusion of Microsoft-based solutions guarantee a significantly expanded portfolio of services and solutions. We saw an increased demand for consulting and specialised integration skills relating to the implementation and use of new technologies and initiatives. The fact that small and mid-sized companies are the ones most apt to prefer the benefits that come from having a one-stop resource, provides us, in our role as full-service provider and strategic partner for IT & Business, a greater opportunity of implementing new and expanded

solution packages, supplementing existing solutions, and providing customers with continuing and integrated support for issues regarding digitalisation. Expanding our full range of products and services also improves the opportunities of not only comprehensively supporting customers during economic downturns, but also of using and going beyond the portfolio they have already purchased to gradually sell them our entire line of products and services. Because major corporations are the first movers when it comes to new trends and issues, we have expanded our consulting services accordingly. We increasingly work for large businesses, particularly in the fields of business analytics and corporate performance management, human resource services and solutions, management and technology consulting, and software services from the cloud. This gives us the opportunity of accelerating the transfer of these kinds of services to larger midmarket companies and greatly improving the value of our services for small to mid-sized customers as well. Our earnings, assets and financial situation will not be the only thing that benefits if these trends – such as companies digitally transforming their business – are realised more quickly and comprehensively than planned. Such an accelerated development could also lead to favourable deviations in our revenues and earnings forecasts (see section 5, Outlook).

### **Opportunities Arising from the Trend Towards**

#### **Consolidation in the Market**

This same high pace of innovation at SAP should continue to accelerate the trend towards specialisation and consolidation among its system resellers and consultancies. Being one of the biggest and strongest SAP full-service providers within our target markets creates opportunities for us to apply our buy & build strategy and use acquisitions to pursue external growth and gain additional market shares beyond our organic growth targets (see section 5, Outlook). The opportunities presented by further successful acquisitions could in part significantly influence our earnings, assets and financial situation. Because they are so difficult to predict, these opportunities are not reflected in our revenues and earnings forecasts (see section 5, Outlook).

## **3.2. Risk Management System**

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All for One Steeb AG is exposed to a number of different risks. As part of its overall responsibility for the Group in

accordance with §91, section 2 »Aktiengesetz«, the management board established a system for risk management and internal controls especially for the purpose of identifying, analysing and implementing effective countermeasures against existential risks as early as possible. This system is also designed to adequately ensure achievement of the projected financial, operational and strategic goals as well as compliance with rules and regulations. Risk early warning and internal controls are integral parts of our budgeting, control, and reporting processes and as such are firmly anchored within our business processes and workflows in the form of a number of monitoring and management mechanisms. Consequently, this system represents an important cornerstone for making our business decisions. The entities included in the risk consolidation are the same as those within the scope of the consolidation for these consolidated financial statements. All identified risks (gross risks, i.e. before exposure-mitigating countermeasures) are recognised for the purpose of risk reporting and hence also include those risks that have largely been avoided thanks to appropriate countermeasures. The actual reporting is divided into various risk groups (see section 3.5, List of Individual Risks).

The basic structure of the risk management organisation has not changed from the prior year. The organisation is headed by the risk manager under whose leadership the risk management team performs its operational risk management functions. Risk officers from the various areas and departments of the lead operating company form the core of this team. The subsidiaries also appoint risk officers. They continuously monitor the development of risks and the effectiveness of measures to limit risks within their respective areas or subsidiaries, and on the basis of this prepare a risk analysis and assessment and report regularly to the risk manager. The risk handbook prescribes a standardised method, documents the risk management processes, and provides tools for continuously recording and tracking the results. The risk management team periodically attends workshops under the direction of the risk manager. The findings and results of these workshops are incorporated into the risk report that the risk manager prepares and submits to management. Alongside this, individual risks are monitored on a decentralised basis within each of the departments and subsidiaries by means of special analyses and additional assigned duties and responsibilities. The management board and the risk manager discuss the identified

risks in detail, examine and update countermeasures and assess any residual exposure.

This risk management system is fully integrated within the organisational and operational structure and provides the foundation for risk early warning and control.

### 3.3. Internal Control System

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The internal control system is based on the pillars of the »four-eye principle«, »separation of duties«, »integrated reporting« and »internal audits«. Here is where controlling plays a key role. The »four-eye principle« is operationally implemented and monitored within the Group with the help of structured and uniform policies, such as signatory guidelines, operational rules, and organisational guidance. Another effective control and security mechanism is the carefully crafted and tailored rights and authorisations concept that applies across the entire management organisation, and which precisely defines and limits the access and activities of individuals and groups of people to what are predominantly SAP-based applications and functional features. The SAP systems and applications, along with their respective rights and authorisation concepts, were further enhanced with respect to the acquisitions that were made (see section 2.2, Acquisitions, also prior years). The »separation of duties« relating to critical business processes enhances the security, reliability and quality of the workflow. Individual groups of people are also assigned horizontal duties, so that a system of mutual checks and balances is implemented across the various departments and areas of responsibility.

Integrated reporting includes a detailed planning, control and reporting system with numerous analyses and reports about the Group's situation, position and outlook. The planning process runs from the bottom up and on a monthly basis. In addition, regular forecasting is carried out for the individual companies and operating units, in order to further improve management controls, to recognise any discrepancies or deviations as early as possible and to be able to counteract them with appropriate measures. The current Group information system is supplemented by management meetings and business reviews on various levels within the individual departments and companies. At these meetings and reviews, risks are also discussed, tracked and evaluated, and documented in reports and minutes.

In addition, selected companies and Group processes and procedures undergo a separate audit each year which, among other things, examines their compliance with internal regulations and the quality of the internal control system. The audit manager reports the findings of these internal audits directly to the management and supervisory boards. Five companies and Group-wide processes underwent an internal audit during the current reporting year.

Our Group-wide standardised compliance management system is designed to ensure adherence to all laws, ordinances, regulations, guidelines, contractual obligations and voluntary commitments, as well as conformity with standards and was expanded during the reporting year. Key components included conducting systematic training of the workforce on matters relevant to compliance and enhancing the information privacy management system by supplementing the information privacy management system by such attributes as information security and defence against internet threats. The first steps were also made in establishing a Group-wide organisation to ensure tax compliance and avoid tax regulation uncertainties.

### 3.4. Risk Management Method and Reporting

We use the following tables to assess identified risks in terms of their probability of occurrence and their impact on our earnings, assets and financial situation and our revenues and earnings forecasts:

Probability of Occurrence	Description
Less than 1%	Unlikely
1% to 5%	Remote
6% to 10%	Infrequent
11% to 30%	Probable
31% to 50%	Frequent

Accordingly, we classify risks with a probability of occurrence of less than 1% as »unlikely«. On the other hand, risks that occur on a »frequent« basis have a probability of occurrence of between 31% and 50%. Our risk catalogue does not include those risks with a probability of occurrence greater than 50%. In addition to our own experience and outside appraisals, we also include comparative values from other market participants in our assessment.

The severity or degree of damage that these identified risks can present range from »negligible« to »critical« according to the following scale. This rating depends on the expected impact the damage will have on our earnings, assets and financial situation as well as on our revenues and earnings forecasts (see section 5, Outlook). The time frame for the assessment of these impacts corresponds at least to the forecast period specified in the Outlook section.

Severity / Degree of Damage	Description
1	Negligible
2	Minor
3	Moderate
4	Serious
5	Critical

We have compiled both assessments – namely the probability of occurrence and severity/degree of damage – in the form of risk priority benchmarks in the following risk matrix. In this way, the corresponding risk classification, which ranges from »low risk« to »medium risk« up to »high risk«, is determined for each individual risk.

Risk Matrix of All for One Steeb AG

Severity / Degree of Damage	Critical (5)					
	Serious (4)			High Risk		
	Moderate (3)			Medium Risk		
	Minor (2)		Low Risk			
	Negligible (1)					
		Unlikely (1)	Remote (2)	Infrequent (3)	Probable (4)	Frequent (5)
		Probability				

3.5. List of Individual Risks

The following provides a list of risk factors that we have identified and are addressing as part of our risk management system. We do not quantify the individual risks depicted here according to a consistent Group-wide methodology for the purpose of internal control and management. These individual risks are instead classified qualitatively as part of an overall assessment of their probability of occurrence and severity. We distinguish between three risk categories: low, medium and high. In the interests of providing a balanced consideration of opportunities and risks, our revenues and earnings forecasts (see section 5, Outlook) appropriately take into account both the aforementioned opportunities and the following risks in proportion to their overall qualitative assessment.

The following table provides a concise overview of individual risks that also includes risk assessments. This list shows those risks most inclined to endanger our earnings, assets and financial situation, as well as our revenues and earnings projections:

## Individual Risks

	Probability of occurrence	Impact	Risk category
<b>Environmental risks</b>			
Risks associated with social, political, overall economic and regulatory developments	Probable	Serious	High
Market and industry risks	Infrequent	Moderate	Medium
<b>Strategy risks</b>			
Risks associated with the dependency on strategic partners, particularly SAP	Infrequent	Critical	High
<b>Financial risks</b>			
Financial and liquidity risks	Unlikely	Critical	Medium
<b>Operational risks</b>			
Risks associated with the operation of data centers	Remote	Serious	Medium
Cyber risks	Remote	Serious	Medium
Risks associated with human resources	Infrequent	Moderate	Medium
Risks associated with acquisitions	Infrequent	Moderate	Medium
Project risks	Infrequent	Moderate	Medium
Risks associated with bad debts and customer insolvencies	Infrequent	Moderate	Medium

## ENVIRONMENTAL RISKS

The »environmental risks« category is where we address and examine the risks that stem from social, political, overall economic and regulatory changes and developments. This category also includes risks attributable to changes to the markets and industries in which we and our customers operate. Our more detailed assessment of these risks is as follows:

### Risks Associated with Social, Political, Overall Economic and Regulatory Developments

The situation in the Ukraine, the euro crisis, the refugee crisis, Brexit, and the social and political developments in Germany, Austria and Switzerland are engaged in what is a continuous state of crisis mode. This in turn results in significant risks for the state of the economy. Some of our target markets, such as machinery and equipment manufacturing and the automotive supplier sector, are highly dependent on exports. For this reason their ability to grow and expand beyond domestic demand is determined to a great extent by the health and condition of global sales and procurement markets. Overall, there appears to be a mixed economic mood that is strongly marked by contending currents. Chronic setbacks are possible at any time and with very little notice. The enactment of stricter regulatory requirements can also adversely inhibit our business performance. These would include such things as changes in legislation and regulations, along with how they are interpreted both in the areas of taxation and accounting, and in terms of adherence to targets set under climate policy, energy management and concerning air pollutant emissions.

The ramifications of the risks discussed above are mostly beyond our control. Although difficult to estimate, we categorise it as »probable« that such risks will materialise. We consider the potential impact on our earnings, assets and financial situation, the other risks discussed in this report, and on our revenues and earnings forecasts (see section 5, Outlook) to be »serious«. For this reason we have categorised these risks in our overall assessment as »high«.

### Market and Industry Risks

The information technology market is undergoing a major transformation as a result of such innovations as big data, cloud computing, Industry 4.0 and the Internet of Things. And so when examining the market and industry risk situation during the current reporting year, we gave special attention to the consequences of the digital transformation and the risks involved. The marketing of cloud solutions could be hindered, for example, by a lack of customer confidence and the concerns they may have about security, integration capabilities, scalability, configurability and reliability. A sustained and successful marketing of cloud solutions could, on the other hand, lead to temporarily weaker-than-planned one-time revenues from the sale of conventional software licenses before these, after a few years, can be over-compensated for by what would be lower, yet recurring, revenues from using cloud-based software. On top of this there is the risk that enterprise software landscapes will increasingly detour around our private cloud data centers on their way to public cloud environments, which major infrastructure providers are establishing as an extension to their existing service portfolios. Additional risks arise from the way our business is so highly focused on specific industries. Machinery and equipment manufacturers, along with automotive suppliers, represent the sorts of industries that are particularly dependent on the export business. The advancing market consolidation, technical innovations, and new business models could cause an increasingly stressful competitive market. This in turn could place a higher-than-expected strain on margins, endanger consultant utilisation rates, and put a damper on the sale of software licenses, software maintenance, and cloud services.

In order to mitigate market and industry risks, we diligently pressed ahead during the current reporting year with our expanded strategy and considerably expanded our core customer base and portfolio of products and services. Approaching department heads at customer enterprises and introducing them to our solutions helps us provide customers with more in-depth and all-encompassing services and support. As what is called a trusted advisor, we increasingly assume the role of a »conductor« who »orchestrates« our customers' entire enterprise software landscape and can help shape not only its operation, but how customers can best begin or undertake digital transformation. We are also flexibly broadening our managed private cloud services by the addition of public cloud services. Unlike many of our

competitors, and since 2007, we have been consistently utilising the co-location services of leading providers and their facilities for the data centers that we use ourselves. Besides giving added flexibility and scalability, these co-location services also help minimise risk. All of this not only enhances the benefits and value – including the flexibility, agility and speed of our services – we can provide our customers, but also helps reduce the impact that constant pressure for lower prices has on margins.

Despite these measures, there remain market and industry risks whose probability of occurrence we estimate as being »infrequent«. We consider the potential impact on our earnings, assets and financial situation, the other risks discussed in this report, and on our revenues and earnings forecasts (see section 5, Outlook) to be »moderate«. For this reason we have categorised these risks in our overall assessment as »medium«.

### STRATEGY RISKS

We mostly include the risks associated with our dependence on strategic partners and their software solutions, technologies and partner models under »strategy risks«. Here is where SAP plays a key role. Our more detailed assessment of these risks is as follows:

#### Risks Associated with the Dependency on Strategic Partners, Particularly SAP

The strategy of being a full-service provider focused on a particular solutions portfolio – especially that of SAP – creates a high degree of dependency on this world's largest maker of enterprise software. The continued success for existing and future SAP products and their technologies on the market, the sustainability of SAP's midmarket strategy, and the terms and conditions for partner sales that go with it, cannot be predicted with any certainty. All for One Steeb AG, continues to work closely and intensively with SAP on all levels. During the reporting year we managed to further cement the SAP global value-added reseller agreement in place between SAP and United VARs, our partner alliance that provides global service and support to our customers. This gives United VARs partners such as All for One Steeb not only tremendous visibility, but a capacity to act for the benefit of customers of all sizes and in our dealings with SAP itself. SAP also wants to expand its share of partner-generated



business, especially in the rapidly growing market for software solutions from the cloud. This means that the performance of SAP Platinum Partners like All for One Steeb is also important for SAP's own business direction and development. Management is also in regular and close contact with the decision-makers at SAP to lend weight to the standpoints and concerns of the partners and the needs of the midmarket-sector customers. On the European level, All for One Steeb has for years been an integral member of the SAP Partner Executive Council (PEC), and on the national level a member of the SAP Executive Circle (Germany) since this reporting year.

Because many of our customers run software applications from Microsoft along with those from SAP, we also expanded our managed communications and collaboration activities during the reporting year. Inevitably, and in addition to SAP, this leads to a certain – although much lesser – dependency on the world's leading provider of e-mail communications software and its technology, product and partner strategies. Successfully expanding our managed cloud services business leads to further strategic partnerships beyond SAP and Microsoft, including with such technology leaders as NetApp and Cisco. This naturally creates a higher degree of dependency on technology and product strategies and the risks that go along with it, and which are also reflected in the risk assessment that follows.

We assess as »infrequent« the probability that those risks associated with the dependency on strategic partners, particularly SAP, will materialise. We do, however, consider their potential impact on our earnings, assets and financial situation, the other risks discussed in this report, and on our revenues and earnings forecasts (see section 5, Outlook) to be »critical«. For this reason we continue to categorise these risks in our overall assessment as »high«.

## FINANCIAL RISKS

The »financial risks« category is where we primarily address financial- and liquidity-associated risks. Our more detailed assessment of these risks is as follows:

### Financial and Liquidity Risks

Promissory notes in an original amount of EUR 35 million were placed in the financial year 2012/13 in order to better

align the corporate funding with the planned business development. These were reduced ahead of schedule to EUR 20.5 million during the current reporting year (see note 24 Financial Liabilities in the notes to the consolidated financial statements). The current financing conditions were secured over the long term in the form of fixed interest rates. The remaining tranches with terms of five and seven years are due at maturity. The promissory notes are not subordinated and are unsecured. Should certain events occur, the holders of the promissory notes are authorised to raise the interest margin or, as applicable, to call the promissory notes due immediately. These events primarily involve adhering to the agreed targets for the equity ratio and the relationship between total net debt and EBITDA. Should there be certain changes in the shareholder structure of All for One Steeb (change of control), the creditors will also be authorised to completely cancel their loan commitments and call the loans due immediately.

The management board carefully monitors compliance with the terms and conditions of the promissory notes. Furthermore, earnings, as well as the assets and financial situation, are monitored monthly using a Group-wide reporting system and variances to budget are analysed to counteract any unplanned outflows or too few inflows of cash as quickly as possible. The management board still expects to fulfil the covenants associated with the promissory notes during the reporting year and in the future as well.

We estimate the probability of these financial and liquidity risks occurring as being »unlikely«. We consider the potential impact on our earnings, assets and financial situation, the other risks discussed in this report, and on our revenues and earnings forecasts (see section 5, Outlook) to be »critical«. Our overall assessment categorises these risks as »medium«.

## OPERATIONAL RISKS

Risks associated with the operation of data centers, cyber risks, risks associated with acquisitions, project risks, risks associated with human resources, and risks associated with bad debt and customer insolvencies are all addressed under »operational risks«. Our more detailed assessment of these risks is as follows:

### **Risks Associated with the Operation of Data Centers**

All for One Steeb AG is exposed to the specific risks inherent with the operation of data centers. Unscheduled service interruptions can not only seriously impair our customers' and our own business operations, but can also negatively impact our business performance, reputation and outlook (see section 5, Outlook).

All for One Steeb employs extensive measures to reduce these risks. Systems and applications are operated redundantly in modern buildings and infrastructures that are located in entirely separate data centers. In the event of an interruption in systems operations, which in the case of disaster could extend as far as to the failure of an entire data center, operations can be continued essentially without interruption from other data centers. We also invest in sophisticated and cutting-edge technologies from pre-eminent manufacturers, such as for data mirroring and back-up purposes.

We estimate the probability of these risks materialising as »remote«. We consider the potential impact on our earnings, assets and financial situation, the other risks discussed in this report, and on our revenues and earnings forecasts (see section 5, Outlook) to be »serious«. Therefore we have categorised the risks associated with the operation of data centers in our overall assessment as »medium«.

### **Cyber Risks**

Our business, and that of our customers, depends to a great extent on unimpaired enterprise data and processes together with data communications that comply with regulations and requirements. Criminal and other unlawful or malicious acts, such as cyberattacks against critical enterprise software applications, intrusions into information systems and data networks, or intentionally misleading employees with the goal of them disclosing confidential information, can significantly damage the integrity, authenticity and confidentiality of business data (including personal information). Besides disrupting business and manufacturing procedures, attacks such as these can also be used to manipulate payment transactions, access systems, and the operation of machinery and facilities (Internet of Things).

In order to effectively mitigate such risks, we once again increased investments in cyber security while further ex-

panding our information security management system during the reporting year. Our service management processes reflect and adhere to strict process definitions. Audits and periodic re-certifications – according to the requirements of the Sarbanes-Oxley Act (ISAE 3402) or ISO 27001, for example – empower us to fully anchor the high quality of our operations within day-to-day business and simultaneously implement additional precautionary measures to enhance security. Comprehensive authorisation systems are used to manage and control access to information systems and the information itself. This allows us offer our customers the same extremely high level of security and protection for their data as we have for our own enterprise data. Our data centers are located in Germany exclusively. Information security and privacy are subject to particularly strict statutory standards in Germany. We are also examining additional certifications in order to maintain our high levels of security, safeguards and process effectiveness. We also have insurance coverage in place that can further mitigate the impact of such risks. Despite what is already an extremely high degree of security, we still cannot rule out compromises and breaches resulting from incidents such as hacker attacks. Furthermore, any other revelations similar to those about the NSA or the PRISM programme might not only impair customer willingness to invest in cloud services, but damage our image and reputation as well.

We estimate the probability of cyber risks materialising as »remote«. We consider the potential impact on our earnings, assets and financial situation, the other risks discussed in this report, and on our revenues and earnings forecasts (see section 5, Outlook) to be »serious«. Therefore we have categorised the risks associated with the operation of data centers in our overall assessment as »medium«.

### **Risks Associated with Human Resources**

In the case of service companies, sustained business success is inextricably linked to having highly qualified and motivated people working for you. Should we fail to adequately develop and retain our current employees, promote and reward talent, recruit new personnel resources, and effectively manage, lead and develop our entire workforce, we may no longer be able to successfully grow and expand our business. It is when managers and experts leave the company without being able to smoothly transition their duties and responsibilities to qualified replacements that we face the risk of deterioration in service quality and customer

satisfaction, and consequently the impairment of the business. This is why All for One Steeb is working carefully and rigorously to grow our staffing base in line with how the business is developing. Continuously expanding training and professional development programmes form a good foundation for accomplishing this. What's more, our internal management system includes selected human resources non-financial performance indicators so that we will be able to more rapidly and accurately counteract any indication that human resources related risks may be materialising. In particular, and despite these measures, the risks associated with a tight labour market, which could impair the planned expansion of the workforce, can only be contained to a limited extent.

We estimate the probability of these risks occurring as being »infrequent«. Despite careful preparations and uninterrupted monitoring, there still remain risks associated with human resources. The fact that we consider the potential impact on our earnings, assets and financial situation, the other risks discussed in this report, and on our revenues and earnings forecasts (see section 5, Outlook) to be »moderate«, is why we have categorised these risks in our overall assessment as »medium«.

#### **Risks Associated with Acquisitions**

Acquisitions (see section 2.2, Acquisitions, also prior years) are not only accompanied by the risks of financial miscalculations and errors in business judgement that can impair the ability of these equity investments to retain their value, but more importantly by the integration risks associated with the customers and employees that were taken over. All for One Steeb has extensive experience in acquisitions and exercises great care and attention to detail in their related preparation, due diligence and integration of new customers and employees. Even so, there remain significant risks.

We estimate the probability of these risks occurring as being »infrequent«. We consider the potential impact on our earnings, assets and financial situation, the other risks discussed in this report, and on our revenues and earnings forecasts (see section 5, Outlook) to be »moderate«. For this reason we have categorised these risks in our overall assessment as »medium«.

#### **Project Risks**

One key element of our business model is the planning, rollout and integration of extensive business-critical software landscapes at our customer's locations as part of implementation projects. These projects can extend over periods of months or years. In addition to our own teams of consultants, we sometimes engage partners in carrying out the projects. But most importantly, the customers themselves contribute a great deal of their own resources to delivering a successful project outcome.

Implementation projects can take longer than planned, such as when recommended best practices result in new functional requirements or deviations or when the dynamics of the customer's business demand that resources be directed to their daily operations instead of the project. For this reason, our own costs might exceed the agreed revenues, especially in the case of fixed-price projects. What's more, customers who are dissatisfied with the implementation may seek claims for compensation, harm our good reputation on the market, and make it more difficult for us to win additional projects.

In order to reduce the impact of project risks, we concentrate our project business on selected industries and applications in countries where German is spoken. This concentration has enabled us to establish a high degree of business process competence that is reinforced by the ongoing skills qualification of our consultants and consulting partners. Thanks to that, we can identify and appropriately manage quality, budget and completion risks mostly at an early stage. Other factors that play a significant role in meeting the stipulated project objectives include our internally developed and well-established methods for end-to-end project management and control (in terms of quality and risks, project progress and resources, and costs and communications), our proprietary industry and add-on solutions, and – in the case of international projects – our global partner alliance United VARs. Insurance coverage is also in place that can further mitigate losses from project risks. Adequate safeguards are undertaken with respect to the remaining project risks by including these in our financial planning and budgeting. Despite these measures, we cannot rule out any project risks.

We estimate the probability of project risks occurring as being »infrequent«. We consider the potential impact on our earnings, assets and financial situation, the other risks discussed in this report, and on our revenues and earnings forecasts (see section 5, Outlook) to be »moderate«. For this reason we have categorised these risks in our overall assessment as »medium«.

#### **Risks Associated with Bad Debts and Customer Insolvencies**

The risks associated with bad debts and customer insolvencies are also included within the category of »operational risks«. We further refined our systems and practices – including a vigorous receivables management programme – for the early detection of risks of insolvency among customers in order to specifically limit exposure. Insurance is also used to mitigate the risks posed by bad debts.

Overall, we estimate the probability of these risks occurring as being »infrequent«. We consider the potential impact on our earnings, assets and financial situation, the other risks discussed in this report, and on our revenues and earnings forecasts (see section 5, Outlook) to be »moderate«. For this reason we have categorised these risks in our overall assessment as »medium«.

### 3.6. Overall Risk Profile

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In our overall assessment, and in spite of the apparent domination of reported risks of the All for One Steeb AG Group as compared to the aforementioned opportunities (see section 3.1, Opportunities Management), we believe that opportunities outweigh the risks. Given our market position and the large and ever-growing number of regular customers, and in light of our highly trained and dedicated employees, and our further expanded foundation of solutions and services, we are confident that we can successfully meet the new challenges posed by this latest overall risk profile and further expand our position as a leading IT service provider and – in our own estimate – the recognised Number 1 on the SAP market in countries where German is spoken. All of this reinforces our claim to a permanent place within the relevant set of IT contract awards and projects in our target industries. This overall risk profile also forms the basis for our outlook report (see section 5).

## 4. Supplementary Report

#### **Acquisition of the Remaining 40% Share of OSC AG**

All for One Steeb AG enlarged its 60% interest in OSC AG, Lübeck, to 100% with an effective date of 1 October 2016. The purchase price to be paid in cash to the three minority shareholders and directors of OSC AG for acquiring the remaining 40% share is EUR 7.9 million. An earnout in the amount of EUR 1.8 million is also to be paid. The entire payment of the purchase price will be funded using the company's own capital resources. The amount of the payment was calculated according to the share purchase agreement that was concluded on 1 November 2012.

#### **Acquisition of a Majority Interest in the Cloud Specialist B4B Solutions GmbH**

An acquisition of 70% of the shareholdings in B4B Solutions GmbH, Graz/Austria, was closed with an effective date of 1 November 2016. B4B is an acknowledged cloud expert and has been an SAP Cloud Partner of the Year multiple times already. The company was established in 2012, employs a total of 20 people in Austria and Germany, and has been growing much faster than the market. B4B improved revenues almost fourfold to EUR 1.2 million (2015) over the past three years. On 1 November 2016, All for One Steeb AG transferred its »SAP Cloud solutions« business unit to B4B's German subsidiary in order to reinforce the shared business approach. Furthermore, a six-digit settlement payment was also made using the company's own capital resources. The sellers, four shareholders, are working as active members of B4B management following this majority interest acquisition by All for One Steeb and each holds equal parts of the remaining 30% share of the company. This is a strategic acquisition. All for One Steeb wants to win over more of the midmarket segment to cloud software solutions. Small and mid-sized enterprises in particular are the ones that stand to benefit the most from fast, efficient, and simple solutions from the cloud. This transaction is also a business combination in accordance with IFRS 3. The company will be included by way of full consolidation within All for One Steeb AG's Group financial accounting and reporting starting on 1 November 2016. The determination of the purchase price allocation is still pending. In light of this, no statements can yet be made regarding the revenues and earnings of the combined company. The transaction and integration preparation costs incurred to date have been directly recognised as an expense.

### **Paul Neumann Joins the Supervisory Board**

On 11 November 2016, Paul Neumann, a member of the management board of Unternehmens Invest AG and managing director of UIAG Informatik-Holding GmbH, both Vienna/Austria, took his seat on All for One Steeb's supervisory board. Neumann has hitherto not held any reportable membership in other supervisory boards or controlling bodies within the meaning of §125, section 1, sentence 5 »Aktien-gesetz«. Unternehmens Invest AG and the company UIAG Informatik-Holding GmbH, which it controls, each directly hold 25.07% of the share capital of All for One Steeb AG. Friedrich Roithner, the CFO of Pierer Industrie AG, relinquished his seat on All for One Steeb AG's supervisory board effective 11 August 2016 following the 14 July 2016 withdrawal of Pierer Industrie AG as a shareholder in All for One Steeb.

### **Voting Agreement between Unternehmens Invest AG and UIAG Informatik-Holding GmbH**

On 22 November 2016, Unternehmens Invest AG, Vienna/Austria, published an ad hoc announcement stating that it is replacing the proxy for exercising voting rights of UIAG Informatik-Holding GmbH, Vienna/Austria, with a voting agreement. Each of these shareholders hold 25.07% of the share capital of All for One Steeb AG. The related voting rights announcement is available in the Investor Relations section on the company's website [www.all-for-one.com](http://www.all-for-one.com).

No further reportable events occurred after 30 September 2016.

## **5. Outlook**

### **Outlook for the Economy as a Whole**

Economic research institutions in Germany anticipate an economic downturn in 2017 and three of the most important such institutes have revised their forecasts downward for next year. Estimates for how the gross domestic product will develop in 2017 compared to the previous year now range between plus 1.0% and plus 1.7%. The considerable variations we are seeing in these and other estimates are due primarily to differences in economic risk assessments. Brexit and its implications are considered one of the primary risks. Domestic activity is projected to be a key source of positive stimulus for 2017 (Source: *Handelsblatt*, 9 September 2016).

### **Projected Developments in the Target Markets**

Leading industry associations expect our target markets to make solid gains in 2017. Following a year of stagnation, a real increase in production of one percent is predicted for the machinery and equipment manufacturing sector (Source: *VDMA German Engineering Federation*, 5 October 2016). Developments in the worldwide electronics market should provide favourable impetus for the highly export-driven automotive supplier industry. Here is where the ZVEI German Electrical and Electronics Manufacturers Association is forecasting growth of four percent over the prior year (Source: *ZVEI*, 6 September 2016). One beacon of hope is generally the high degree of innovativeness within many companies that are steadily embracing the opportunities offered by digitalisation to preserve or improve the good standing they enjoy on the global marketplace. Many observers also expect German businesses to remain well-positioned on global markets in the future thanks to their adaptability and equally strong industrial and technological capital.

### **Outlook for the IT Markets**

The company-wide digitalisation of business models and enterprise processes is likely to keep information technology markets in an uptrend. Their growth is once again expected to surpass that of the economy as a whole. Market observers estimate that compared to the previous year the increase in market volume in Germany in 2017 will be between plus 3.3% (IT services) and plus 4.8% (IT consulting) (Source: »*The Market for IT Consulting and IT Service Companies in Germany*«, *Lünendonk*, September 2016). Projections see the emerging SAP Cloud Ecosystem submarket in EMEA (Europa, Middle East and Africa) expanding from USD 230 million (2013) to USD 3.3 billion (2018) (Source: *IDC*, 2014). This corresponds to a compound annual growth rate of approximately 70%. The small, yet rapidly growing, IT submarkets are making ever-larger contributions to the expansion and improvement of the information technology business. The shortage of qualified workers may, however, act as a brake on growth, particularly when it comes to people-intensive consulting services.

### **Projected Business Performance for All for One Steeb AG**

Our position as a leading IT service provider and the recognised Number 1 on the SAP midmarket in countries where German is spoken is founded on a robust and well-integrated business model with a high share of recurring revenues from

outsourcing and cloud services (including software maintenance). Should the demand in our markets prove to be as strong and substantial as this in the financial year 2016/17, then, with our business model and our current overall risk profile, we may well achieve yet another step in growth. Our expanded core customer base should continue to serve as a solid foundation for delivering recurring revenues. We expect to again increase the amount of recurring revenues from outsourcing and cloud services (including software maintenance) in 2017. The sale of software licenses is subject to major fluctuations and therefore difficult to predict and budget. Our projections take into account conflicting developments, such as the increasing shift of one-time licensing revenues towards models offering software from the cloud on a subscription basis, as well as the incentives for selling licenses in connection with customers shifting to the SAP HANA platform.

Our outlook also reflects continued investments in digital transformation as a means of laying the groundwork for the future. We consider the momentum of the moment to be advantageous for improving our position in newly emerging and rapidly growing submarkets, including multi-cloud services and the Internet of Things. This is why we want to specifically expand our service offerings again in the financial year 2016/17 with an eye towards additional future growth opportunities that will allow us to generate recurring revenues. To this end we will largely be investing in human resources and technology to not only augment our SAP S/4HANA-based industry and add-on solutions, cloud services, and solution portfolio for improving communications and collaboration within businesses, but to also intensify our ability to market them using direct selling and our partner ecosystem. The extra outlays for these farsighted investments may well impede our EBIT margin again in the financial year 2016/17. In light of all this, we expect revenues in the financial year 2016/17 to be within a range of EUR 280 million to 290 million with an EBIT of between EUR 18.5 million and 20.5 million.

The financial year 2015/16 marked the first time that the non-financial performance indicators of employee retention and health index were applied as supplemental management and control parameters on a full year basis. Our goal for the financial year 2016/17 is to maintain the high levels of the current reporting year of around 95% for employee

retention and around 97% for the health index (+/- 0.5% percentage points). Because of further enhanced and expanded training activities to reduce our dependency on what continues to be a tight labour market, the expansion of the workforce in the financial year 2016/17 may turn out to be disproportionately larger than the increase in sales.

Based on current assessments, there are no foreseeable extraordinary factors that would influence the preceding projections for our financial year 2016/17 or the financial years beyond. Economic setbacks of the kind that are difficult to assess and cannot be ruled out could endanger our ability to achieve our forecasts, especially since these may result in reduced demand along with bad debts and insolvencies among our existing customers. This is why potential economic setbacks continue to pose the main risk to our projected business performance.

## 6. Other Information

### 6.1. Dependent Company Report

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Unternehmens Invest AG, Vienna/Austria, and – since 14 July 2016 – the company UIAG Informatik-Holding GmbH, Vienna/Austria, which it controls, each directly holds 25.07% of the share capital of All for One Steeb AG. In addition to Unternehmens Invest AG and UIAG Informatik-Holding GmbH as directly controlling entities, these companies' shareholders and other parent companies, along with Dr Rudolf Knünz, can also indirectly exercise a controlling influence over All for One Steeb AG. For this reason, all relationships with controlling entities and their affiliated companies are documented in the dependent company report. Because of a voting agreement between Unternehmens Invest AG and Pierer Industrie AG, Wels/Austria, there was a dependent relationship with Pierer Industrie AG until 14 July 2016, which at that time held 25.07% of the share capital of All for One Steeb AG and has since withdrawn as a shareholder. Consequently, the dependent company report for the period 1 October 2015 to 14 July 2016 also documents all the relationships with Pierer Industrie AG to include its affiliated companies, as well as with Mr. Dipl. Ing. Stefan Pierer and other companies controlled by him.

In accordance with §312, section 3 »Aktiengesetz«, the management board declares in the dependent company report that – based on the circumstances known to it at the time the respective legal transaction was undertaken – the company and its subsidiaries have received appropriate consideration for each transaction made.

## 6.2. Corporate Governance Statement

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The Corporate Governance Statement pursuant to §289a »Handelsgesetzbuch« is published in the Investor Relations section of the company's website [www.all-for-one.com](http://www.all-for-one.com).

## 6.3. Compensation Report

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The management board of All for One Steeb AG consisted of Lars Landwehrkamp and Stefan Land during the reporting year. The benefits granted to the members of the management board for the current financial year totalled KEUR 1,731 (2014/15: KEUR 1,581) and the allocations amounted to KEUR 1,568 (2014/15: KEUR 1,745). Fixed compensation for the members of the management board consisted of a basic salary, benefits in kind for the use of a company car and the payment of direct insurance. The additional performance-related compensation component is based on the annual target achievement of the EBT as reflected in the audited consolidated financial statements of All for One Steeb AG. A long-term variable compensation component will also be paid and which is calculated based on the cumulative earnings per share over a period of years. Pension-related expenses consisted of contributions to a support fund.

Compensation for the supervisory board is regulated in §11 of the company articles of association. In accordance with these provisions, the members of the supervisory board receive an annual fixed amount of compensation that is determined by the annual general meeting. The chairman receives three times and the deputy chairman one-and-a-half times this amount of compensation. Furthermore, members also receive compensation for their work in committees. The chairman of a committee receives four times the amount of this committee membership remuneration. Members of the supervisory board who were not in office for the entire financial year receive compensation on a pro rata basis. No

performance-based compensation is provided. Total compensation during the reporting year for the supervisory board was KEUR 114 (2014/15: KEUR 115).

No loans were extended nor stock options granted to the members of the management board or the supervisory board during the reporting year. Individual compensation for members of each of the boards is reported in the notes to the consolidated financial statements.

## 6.4. Information Concerning Takeovers

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Information Pursuant to §315, Section 4 »Handelsgesetzbuch« (HGB)

### **Composition of Issued Share Capital (No. 1)**

The issued share capital in the amount of EUR 14,946,000 (30 September 2015: EUR 14,946,000) consists of 4,982,000 (30 September 2015: 4,982,000) registered no-par-value shares with a nominal value of EUR 3 per share.

### **Restrictions on Voting Rights or the Transfer of Shares (No. 2)**

The management board is not aware of any restrictions affecting voting rights or the transfer of shares, or in particular of any restrictions that could result from agreements among the shareholders.

### **Direct or Indirect Shares in the Capital that Exceed 10% of the Voting Rights (No. 3)**

Unternehmens Invest AG, Vienna/Austria, holds 25.07%, UIAG Informatik-Holding GmbH, Vienna/Austria, holds 25.07%, BEKO HOLDING GmbH & Co KG, Nöhagen/Austria, holds 11.58% and Qino Capital Partners AG, Hünenberg/Switzerland, holds 10.30% of the share capital and voting rights in the company.

### **Holders of Shares with Special Rights (No. 4)**

No All for One Steeb AG shares confer special rights of control.

### **Type of Voting Rights Control for Employee Shares (No. 5)**

There are no employees holding an interest in the share capital of All for One Steeb AG, who cannot directly exercise their rights of control.



## **Legal Provisions and Stipulations in the Company Articles of Association Governing the Appointment and Removal of Members of the Management Board and on Amending the Company Articles of Association (No. 6)**

### **a) Appointment of Members of the Management Board**

In accordance with §84, section 1 »Aktiengesetz« and §6, section 2 of the company articles of association, the members of the management board are appointed by the supervisory board for a maximum term of five years. The management board will consist of at least two persons in accordance with §6, section 2 of the company articles of association. Furthermore, the supervisory board will determine the number of members in the management board in accordance with the provisions set forth by law. The supervisory board can appoint a member of the management board to be chairman of the management board and may also appoint deputy members of the management board. Pursuant to §85, section 1 »Aktiengesetz« the court can, in urgent cases and on petition of an involved party, appoint the member in the event that a required member of the management board is lacking (for example when there is only one member of the management board in office). In any case, and pursuant to §85, section 2 »Aktiengesetz«, the term of the court-appointed member of the management board expires as soon as the original deficiency is corrected.

### **b) Removal of Members of the Management Board**

The supervisory board may revoke the appointment as member of the management board and the appointment as chairman of the management board with good cause in accordance with §84, section 3, sentence 1 »Aktiengesetz«. Good cause according to §84, section 3, sentence 2 »Aktiengesetz« is gross dereliction of duty, inability to properly manage the business or a vote of no confidence by the annual general meeting, unless such confidence by the shareholders was withdrawn for clearly irrelevant reasons. The revocation of appointment to the management board is effective according to §84, section 3, sentence 4 »Aktiengesetz« until such time as the invalidity of such revocation may be judged legally final.

### **c) Amendments to the Company Articles of Association**

Pursuant to §179, section 1, sentence 1 »Aktiengesetz«, a resolution of the annual general meeting is required for any amendment to the company articles of association. The supervisory board is, however, authorised according to §17 of the company articles of association in connection with §179, section 1, sentence 2 »Aktiengesetz« to approve amendments to the company articles of association that only affect its wording.

According to §179, section 2, sentence 1 »Aktiengesetz«, a resolution by the annual meeting on amending the company articles of association requires a majority vote that includes at least three-quarters of the represented share capital at the time the resolution was adopted. According to §179, section 2, sentence 2 »Aktiengesetz«, the company articles of association may set forth other requirements and a different capital majority, although only a larger capital majority may be stipulated for any changes to the corporate purpose. On the basis of this statutory authority, §14, section 3, sentence 3 of the company articles of association provides that resolutions for amending the company articles of association be approved by simple majority vote to the extent that such is legally permissible.

## **Authority of the Management Board, Particularly Regarding its Ability to Issue or Repurchase Shares (No. 7)**

In accordance with §5, section 4 of the company articles of association, and with the consent of the supervisory board, the management board is authorised until 10 March 2020 to increase the share capital up to a total of EUR 7,473,000 through one or more issues of new registered shares for cash and/or contributions in kind (2015 Authorised Capital). Shareholders will always be granted a subscription right. The new shares may also be taken over by one or more financial institution with the obligation to offer them for subscription to the shareholders. The management board, with the consent of the supervisory board, will specify the conditions of the share issue. The supervisory board is authorised to revise the wording of the company articles of association to reflect the scope of the capital increase from authorised capital or after the expiration of the authorisation period. The management board is, however, authorised with the consent of the supervisory board to exclude the statutory subscription rights for shareholders:

- a) to the extent such is necessary to even out fractional amounts;
- b) when a given volume of shares does not exceed 50% of the share capital and is being issued for contributions in kind for the purpose of buying companies or equity interests in companies or business units, or for the purpose of acquiring claims against the company;
- c) when a capital increase in exchange for cash contributions does not exceed 10% of the share capital and the issue price of the new shares is not substantially lower than the stock exchange price (§186, section 3, »Aktiengesetz«); when using this authorisation to exclude subscription rights according to §186, section 3, sentence 4 »Aktiengesetz«, the exclusion of the subscription right on the basis of other authorisations according to §186, section 3, sentence 4 »Aktiengesetz« must be taken into account.

The annual general meeting of 11 March 2015 authorised the management board in accordance with §71, section 1, number 8 »Aktiengesetz« to repurchase shares of All for One Steeb AG stock in a total amount of up to 10% of the share capital by 10 March 2020. This corresponds to 498,200 registered no-par-value shares. The management board made no use of this authorisation during the reporting period.

**Material Agreements under the Condition of a Change of Control as a Result of a Takeover Bid (No. 8)**

Certain changes in the shareholder structure of All for One Steeb (change of control) may result in the holders of the promissory notes (originally EUR 35 million) being able to call their share of the notes due payable immediately.

**Indemnity Agreements in the Event of a Takeover Bid (No. 9)**

No company indemnity agreements with members of the management board or other employees have been made for the event of a takeover bid.

Filderstadt, 6 December 2016  
All for One Steeb AG

Lars Landwehrkamp  
CEO

Stefan Land  
CFO

## **6. Consolidated Financial Statements.**

Consolidated Financial Statements of All for One Steeb AG.  
Financial Year from 1 October 2015 to 30 September 2016.

	<b>6. Consolidated Financial Statements</b>
51	Income Statement and Other Comprehensive Income
52	Balance Sheet
53	Cash Flow Statement
54	Statement of Changes in Equity
	<b>7. Notes to the Consolidated Financial Statements</b>
55	A. General
55	B. Accounting
55	C. New Accounting Standards
56	D. Structure of Operating Segments
56	E. Consolidation Principles
57	F. Scope of the Consolidation and Changes in Group Structure
59	G. Foreign Currency Translation
59	H. Accounting and Valuation Principles
62	I. Financial Risk Factors
	<b>Explanatory Notes to the Consolidated Financial Statements</b>
63	J. Income Statement
69	K. Balance Sheet
87	<b>Consolidated Statement of Changes in Fixed Assets</b>
88	<b>8. Responsibility Statement</b>
89	<b>9. Auditors' Report</b>
90	<b>10. IR Service / Disclaimer</b>

## Group Income Statement and Other Comprehensive Income of All for One Steeb AG

Financial Year from 1 October 2015 to 30 September 2016

in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
<b>Income statement</b>		
<b>Sales revenues (1)</b>	<b>266,278</b>	<b>241,592</b>
Other operating income (2)	2,674	2,868
Cost of materials and purchased services (3)	-96,505	-85,019
Personnel expenses (4)	-109,968	-99,532
Depreciation and amortisation (6)	-8,555	-8,262
Other operating expenses (7)	-35,076	-32,391
<b>EBIT</b>	<b>18,848</b>	<b>19,256</b>
Financial income	947	337
Financial expense	-2,364	-3,473
<b>Financial result (8)</b>	<b>-1,417</b>	<b>-3,136</b>
<b>EBT</b>	<b>17,431</b>	<b>16,120</b>
Income tax (9)	-5,140	-4,660
<b>Earnings after tax</b>	<b>12,291</b>	<b>11,460</b>
<i>attributable to equity holders of the parent</i>	<i>12,251</i>	<i>11,436</i>
<i>attributable to non-controlling interests</i>	<i>40</i>	<i>24</i>
<b>Other comprehensive income</b>		
Remeasurements of defined benefit liability	-887	-1,139
Related tax	181	131
<b>Items that will never be reclassified to profit or loss</b>	<b>-706</b>	<b>-1,008</b>
Unrealised profits (+) / losses (-) from currency translation	-2	186
<b>Items that are or may be reclassified to profit or loss</b>	<b>-2</b>	<b>186</b>
<b>Other comprehensive income</b>	<b>-708</b>	<b>-822</b>
<b>Total comprehensive income</b>	<b>11,583</b>	<b>10,638</b>
<i>attributable to equity holders of the parent</i>	<i>11,543</i>	<i>10,614</i>
<i>attributable to non-controlling interests</i>	<i>40</i>	<i>24</i>
<b>Undiluted and diluted earnings per share</b>		
Earnings per share in EUR (10)	2.46	2.30

The accompanying notes are an integral part of these consolidated financial statements.

## Group Balance Sheet of All for One Steeb AG

as at 30 September 2016

ASSETS in KEUR	30.09.2016	30.09.2015
<b>Non-current assets</b>		
Goodwill (11)	19,608	19,990
Other intangible assets (11)	41,508	45,694
Tangible fixed assets (12)	9,347	9,876
Financial assets (13)	5,284	4,981
Other assets (18)	1,558	1,467
Deferred tax assets (14)	1,195	1,159
	<b>78,500</b>	<b>83,167</b>
<b>Current assets</b>		
Inventories (16)	694	1,229
Trade accounts receivable (17)	37,092	36,262
Current income tax assets (15)	765	492
Financial assets (13)	3,216	3,100
Other assets (18)	3,092	2,686
Cash and cash equivalents (19)	32,430	41,041
	<b>77,289</b>	<b>84,810</b>
<b>Total assets</b>	<b>155,789</b>	<b>167,977</b>
<b>EQUITY AND LIABILITIES</b> in KEUR	<b>30.09.2016</b>	<b>30.09.2015</b>
<b>Equity</b>		
Issued capital (20)	14,946	14,946
Capital reserve (20)	11,228	11,228
Other reserves (20)	604	606
Retained earnings	33,499	26,936
<b>Share of equity attributable to equity holders of the parent</b>	<b>60,277</b>	<b>53,716</b>
<b>Non-controlling interests (22)</b>	<b>115</b>	<b>89</b>
<b>Total equity</b>	<b>60,392</b>	<b>53,805</b>
<b>Non-current liabilities</b>		
Provisions (23)	353	34
Employee benefit obligations (5)	4,367	3,210
Financial liabilities (24)	21,384	21,520
Deferred tax liabilities (25)	13,621	14,815
Other liabilities (26)	296	11,615
	<b>40,021</b>	<b>51,194</b>
<b>Current liabilities</b>		
Provisions (23)	863	1,615
Current income tax liabilities (15)	1,241	5,300
Financial liabilities (24)	1,040	16,008
Trade accounts payable (27)	12,318	10,948
Other liabilities (26)	39,914	29,107
	<b>55,376</b>	<b>62,978</b>
<b>Total liabilities</b>	<b>95,397</b>	<b>114,172</b>
<b>Total equity and liabilities</b>	<b>155,789</b>	<b>167,977</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Group Cash Flow Statement of All for One Steeb AG

Financial Year from 1 October 2015 to 30 September 2016

in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
<b>EBT</b>	<b>17,431</b>	<b>16,120</b>
Amortisation of intangible assets	4,581	4,626
Depreciation of tangible fixed assets	3,974	3,636
Financial result	1,417	3,136
<b>EBITDA</b>	<b>27,403</b>	<b>27,518</b>
Increase (+) / decrease (-) in value adjustments and provisions	737	-1,640
Other non-cash expense (+) and income (-)	-221	-122
<i>Changes in assets and liabilities:</i>		
Increase (-) / decrease (+) in trade receivables	-1,560	-2,342
Increase (-) / decrease (+) in financial assets	-403	-938
Increase (-) / decrease (+) in other assets	-285	-1,857
Increase (+) / decrease (-) in trade payables	1,379	1,642
Increase (+) / decrease (-) in other liabilities	-84	1,420
Income tax paid	-10,066	-2,654
<b>Cash flow from operating activities</b>	<b>16,900</b>	<b>21,027</b>
Purchase of intangible, tangible fixed and other assets	-3,828	-5,683
Sale of intangible, tangible fixed and other assets	855	270
Purchase of consolidated equity interests	-200	-1,717
Interest received	309	334
<b>Cash flow from investing activities</b>	<b>-2,864</b>	<b>-6,796</b>
Repayment of loans and long-term financial liabilities	-14,800	0
Interest paid	-1,150	-1,461
Repayment of finance leases	-1,245	-1,321
Increase in shareholding in consolidated equity interests	0	-305
Dividend payments to shareholders and non-controlling interests	-5,456	-3,689
<b>Cash flow from financing activities</b>	<b>-22,651</b>	<b>-6,776</b>
<b>Increase / decrease in cash and cash equivalents</b>	<b>-8,615</b>	<b>7,455</b>
Effect of exchange rate fluctuations on cash funds	4	212
Change in cash from initial consolidation of fully consolidated companies	0	27
Cash funds at start of financial year	41,041	33,347
<b>Cash funds at end of financial year (19)</b>	<b>32,430</b>	<b>41,041</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Group Statement of Changes in Equity of All for One Steeb AG

Financial Year from 1 October 2015 to 30 September 2016

in KEUR	Share of equity attributable to equity holders of the parent				Non-controlling interests (22)	Total shareholders' equity
	Issued share capital (20)	Capital reserve (20)	Reserve from currency translation	Retained earnings		
<b>1 October 2015</b>	<b>14,946</b>	<b>11,228</b>	<b>606</b>	<b>26,936</b>	<b>89</b>	<b>53,805</b>
Earnings after tax	0	0	0	12,251	40	12,291
Other comprehensive income	0	0	-2	-706	0	-708
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>11,545</b>	<b>40</b>	<b>11,583</b>
Dividend distribution	0	0	0	-4,982	0	-4,982
Distribution to non-controlling interests	0	0	0	0	-14	-14
Acquisition of a subsidiary with non-controlling interests	0	0	0	0	0	0
<b>Transactions with owners of the company</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4,982</b>	<b>-14</b>	<b>-4,996</b>
<b>30 September 2016</b>	<b>14,946</b>	<b>11,228</b>	<b>604</b>	<b>33,499</b>	<b>115</b>	<b>60,392</b>
<b>1 October 2014</b>	<b>14,946</b>	<b>11,228</b>	<b>420</b>	<b>20,094</b>	<b>140</b>	<b>46,828</b>
Earnings after tax	0	0	0	11,436	24	11,460
Other comprehensive income	0	0	186	-1,008	0	-822
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>186</b>	<b>10,428</b>	<b>24</b>	<b>10,638</b>
Dividend distribution	0	0	0	-3,487	0	-3,487
Distribution to non-controlling interests	0	0	0	0	-24	-24
Acquisition of a subsidiary with non-controlling interests	0	0	0	-99	-51	-150
<b>Transactions with owners of the company</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,586</b>	<b>-75</b>	<b>-3,661</b>
<b>30 September 2015</b>	<b>14,946</b>	<b>11,228</b>	<b>606</b>	<b>26,936</b>	<b>89</b>	<b>53,805</b>

The accompanying notes are an integral part of these consolidated financial statements.



# 7. Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements of All for One Steeb AG.  
Financial Year from 1 October 2015 to 30 September 2016.

## A. General

All for One Steeb AG is a public corporation with its headquarters at Gottlieb-Manz-Strasse 1, Filderstadt, Germany. As a leading IT and SAP full-service provider, All for One Steeb AG's range of products and services includes consulting, the sale of software licenses, outsourcing and cloud services.

The financial year of All for One Steeb AG begins on 1 October and ends on 30 September of the following year.

## B. Accounting

The consolidated financial statements of All for One Steeb AG (hereafter called All for One Steeb, the company or the Group) as at 30 September 2016 are based on the company's uniform accounting principles. The valuation, consolidation and classification principles were applied consistently by all the Group companies. The consolidated financial statements are presented in thousand euros (KEUR) rounded to the next thousand.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), which are required to be applied in the European Union. All of the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) of the International Financial Reporting Interpretations Committee/Standing Interpretations Committee (IFRIC/SIC) required for the preparation of the IFRS consolidated financial statements in this financial year were applied.

The consolidated financial statements of All for One Steeb AG apply the cost method except for securities and first-time reported assets from business combinations at the time control was assumed. These assets are reported at their respective fair values. Expenses and income are allocated on an accrual basis.

## C. New Accounting Standards

### Changes in Accounting Principles

The following standards and interpretations issued by the International Accounting Standards Board (IASB) were adopted by the European Union (EU) and were applied in preparing the consolidated financial statements as at 30 September 2016:

- Annual Improvements to IFRSs – 2010-2012 Cycle
- Annual Improvements to IFRSs – 2011-2013 Cycle
- IAS 19 »Defined Benefit Plans: Employee Contributions« (revised)

The application of new or revised standards and interpretations had no impact on the All for One Steeb consolidated financial statements.

### Additional New or Revised Standards

The following standards were adopted by the European Union (EU) but were not applied to the consolidated financial statements as at 30 September 2016 because their application was not yet compulsory:

- IFRS 10, IFRS 12 and IAS 28 »Investment Entities: Applying the Consolidation Exception« (revised)
- IFRS 11 »Accounting for Acquisitions of Interests in Joint Operations« (revised)
- Annual Improvements to IFRSs – 2012-2014 Cycle
- IAS 1 »Disclosure Initiative« (revised)
- IAS 16 and IAS 38 »Clarification of Acceptable Methods of Depreciation and Amortisation« (revised)
- IAS 16 and IAS 41 »Agriculture: Bearer Plants« (revised)
- IAS 27 »Equity Method in Separate Financial Statements« (revised)

The following new or revised standards were not adopted by the EU as at 30 September 2016:

- IFRS 2 »Classification and Measurement of Share-Based Payment Transactions« (revised)
- IFRS 4 »Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts« (revised)
- IFRS 9 »Financial Instruments«
- IFRS 15 »Revenue from Contracts with Customers« (clarification)
- IFRS 16 »Leases«
- IAS 7 »Disclosure Initiative« (revised)
- IAS 12 »Recognition of Deferred Tax Assets for Unrealised Losses« (revised)

IFRS 9 »Financial Instruments« is effective beginning in 2018. Early application is permitted. IFRS 9 will first be applied for the All for One Steeb AG Group in the financial year 2018/19. This standard includes revised regulations for the classification and measurement of financial instruments, the accounting treatment of financial asset impairment, and the application of hedge accounting. In the future, financial instruments will be measured either at amortised cost or at fair value in profit or loss or in other comprehensive income. The classification of financial instruments into these categories will depend on specific criteria. A complete assessment is still pending, however, we do not expect there to be any material impact on the earnings, assets and financial situation.

IFRS 15 »Revenue from Contracts with Customers« is effective beginning in 2018. Early application is permitted. IFRS 15 will first be applied for the All for One Steeb AG Group in the financial year 2018/19. This standard includes a five-step model that establishes at what point in time (or over what period of time) and in what amount an entity will recognise revenues. A complete assessment of all possible effects and their materiality for our consolidated financial statements is still pending. Because of our business model and the related contracts we have with customers, we do, however, expect changes regarding the timing of revenue recognition and how revenues are presented. IFRS 15 contains a comprehensive catalogue of disclosure requirements which, in our opinion, will lead to additional and amended information. The standard provides two possible transition methods for implementing the new rules. To date we have not made the final decision about which option we will choose to apply.

IFRS 16 »Leases« is effective beginning in 2019. Early application is permitted. IFRS 16 will first be applied for the All for One Steeb AG Group in the financial year 2019/20. This standard basically fully revises the accounting by lessees of lease relationships. With very few exceptions, almost all lease contracts are affected and will be recognised in the future as a »right-of-use asset« and a lease liability. Even under IFRS 16, lessors will continue to classify leases as operating or finance leases as they did using IAS 17. A complete assessment of all possible effects and their materiality for our consolidated financial statements is still pending. In light of existing agreements, however, we expect an extension of the balance sheet and a decline in the equity ratio.

The EU has decided to defer the effective date of the amendments to the standard IFRS 10 and IAS 28 »Sale or Contribution of Assets between an Investor and its Associate or Joint Venture« indefinitely due to amendments that were made in December 2015.

These changes and revisions are not expected to have any further material impact on the Group's earnings, assets and financial situation.

## D. Structure of the Operating Segment and Sales Revenues

We do not review profitability or decisions about the allocation of Group resources on the basis of individual segments, but in terms of a single integrated whole instead. All for One Steeb has therefore had only one single operating segment since May 2014.

The Group's sales revenues are divided into consulting, software licenses, outsourcing and cloud services (including software maintenance), hardware and other revenues. Revenues are broken down geographically into Germany, Switzerland, Austria, Luxemburg and other countries.

## E. Consolidation Principles

All for One Steeb AG and all subsidiaries over which the company exercises legal or actual control are included in the company's consolidated financial statements.

Control is assumed to be exercised when the respective parent has the power to govern the potential subsidiary on the basis of voting or other rights, participates in positive or negative variable returns of the subsidiary, and can influence these returns through its power to govern.

The financial statements of the companies to be included in the consolidated financial statements are included in the consolidated financial statements from the beginning of the time exercise of control was possible until the end of the time of exercise of control was possible.

The purchase method and the full goodwill method are used in the capital consolidation of the subsidiaries. At the time of the acquisition the cost of the acquisition is offset against its revalued equity. The subsidiary's assets and liabilities are measured at fair value as part of the revaluation. Deferred taxes are recognised on hidden reserves and liabilities disclosed as part of the initial consolidation to the extent that this realisation is not also applicable for tax purposes. Whereas any remaining positive difference between the cost of an acquisition and the net assets measured at fair value is recognised as goodwill, a negative difference is reported as income from the acquisition after again identifying all of the assets acquired and liabilities assumed.

Whereas the measurement of the non-controlling interests' goodwill using the purchase method is based on the proportionate share of the revalued net assets, the full goodwill method uses fair value. In subsequent periods, any discovered hidden reserves and liabilities will be adjusted, amortised or eliminated in accordance with how the corresponding asset or liability is to be treated.

Intergroup revenues, expenses and income, as well as all receivables and liabilities among the consolidated companies, were eliminated. The effects on income tax were taken into account for those consolidation transactions treated as income and deferred taxes were recognised. Forward contracts for the purchase of additional shareholdings in existing subsidiaries are accounted for using the anticipated acquisition method, which means that no non-controlling interests are recognised.

The effects that the acquisition of former non-controlling interests has on already fully consolidated companies are reported under equity.

## F. Scope of the Consolidation and Changes in Group Structure

In addition to All for One Steeb AG, the consolidated financial statements include all domestic and foreign companies in which the company as at 30 September 2016 directly or indirectly held a majority of the voting rights or exercised control on the basis of other rights in terms of IFRS 10.

In addition to All for One Steeb AG, the following companies are included in the company's consolidated financial statements as at 30 September 2016:

COMPANY	Share in %
<b>Direct interests</b>	
Process Partner AG, St. Gallen/Switzerland	100.0
All for One Steeb GmbH, Vienna/Austria	100.0
AC Automation Center Sàrl, Luxembourg/Luxemburg (10% of which is indirect)	100.0
AC Automation Center SA/NV, Zaventem/Belgium	100.0
All for One Steeb Yazılım Servisleri LTD, Istanbul/Turkey	100.0
KWP team HR GmbH, Heilbronn/Germany	100.0
avantum consult AG, Düsseldorf/Germany	100.0
Grandconsult GmbH, Filderstadt/Germany*	74.9
WEBMAXX GmbH, Munich/Germany	73.7
OSC AG, Lübeck/Germany*	60.0
<b>Indirect interests</b>	
KWP Austria GmbH, Vienna/Austria	100.0
KWP France S.à.r.l., Entzheim/France	100.0
KWP Czech s.r.o., Prague/Czech Republic	100.0
KWP Professional Services GmbH, Hamburg/Germany	100.0
OSC Smart Integration GmbH, Hamburg/Germany	60.0
OSC Business Xpert GmbH, Burgdorf/Germany	30.6

\* carried in the accounts as a 100% shareholding.

The scope of the consolidation remained unchanged and comprised eight domestic and eight foreign companies in the reporting year.

## Transactions and Changes in the Scope of the Consolidation

### Grandconsult

We already reported in detail about the share purchase agreement for the majority acquisition of Grandconsult GmbH (formerly: Grandconsult DEXINA GmbH), Filderstadt, which was concluded with an effective date of 1 April 2015 in the notes to the consolidated financial statements for 2014/15, section F, Scope of the Consolidation and Changes in Group Structure. This transaction is a business combination in accordance with IFRS 3. The company has been included in All for One Steeb AG's consolidated financial statements by way of full consolidation since 1 April 2015.

The notes to the consolidated financial statements for 2014/15 also include an initial allocation of the fair value acquisition costs of the acquired assets and liabilities and their carrying amounts immediately prior to the business combination. The following shows this purchase price allocation after the final verification that was made in the reporting year:

Grandconsult in KEUR	Carrying amount	Opening carrying value
Goodwill	18	18
Other intangible assets	2,330	2,330
Other assets	31	31
Cash	27	27
<b>Total assets</b>	<b>2,406</b>	<b>2,406</b>
Other liabilities	33	33
<b>Total liabilities</b>	<b>33</b>	<b>33</b>
<b>Net assets</b>	<b>2,373</b>	<b>2,373</b>
Purchase price		2,373
Assumed cash and cash equivalents		27
<b>Net purchase price</b>		<b>2,346</b>

The identifiable intangible assets assumed through the acquisition are shown as follows:

OTHER INTANGIBLE ASSETS OF Grandconsult in KEUR	Purchase price	Estimated useful life Months
Customer base	1,362	96
Orders on hand	848	9-21
Human resources database	120	96
	<b>2,330</b>	

Goodwill consists in particular of intangible assets that can neither be identified nor recognised separately as an asset other than as goodwill, and includes human capital, such as consultant qualifications and expertise.

Neither significant transactions nor changes to the scope of the consolidation were undertaken in the 2015/16 reporting year. More details about the »OSC AG« and »B4B Solutions GmbH« transactions that were closed shortly after the 30 September 2016 balance sheet date are provided in note 38, Subsequent Events.

### Companies Using the Exemption pursuant to §264, Section 3 »Handelsgesetzbuch«

Pursuant to §264, section 3 »Handelsgesetzbuch«, the company KWP team HR GmbH, Heilbronn/Germany, is exempt from the obligation to prepare, have audited, and disclose annual financial statements and a management report under commercial law according to regulations applicable to corporations.

## G. Foreign Currency Translation

The items recognised in the financial statements of the individual companies within the Group are valued on the basis of the respective functional currency. The consolidated financial statements are prepared in the euro currency. All for One Steeb's reporting currency and functional currency is the euro.

Transactions made in foreign currencies are translated into the functional currency at the prevailing rate of exchange on the date of the transaction. Foreign-currency monetary assets and liabilities are translated at the exchange rate on the balance sheet date. Exchange differences are recognised in the income statement under other operating expenses. Non-monetary assets and liabilities, which were valued at historical cost in a foreign currency, are translated at the exchange rate on the day of the business transaction.

The translation of the financial statements of the included companies, whose functional currency differs from the Group's reporting currency, is made as follows: The assets and liabilities are translated at the period-end exchange rate, equity at historical rates and the expenses and income at the average annual exchange rate. The resulting exchange differences are recognised as equity not affecting net income.

The most important changes in exchange rates in relation to the euro were as follows:

in EUR	Year-end rate		Average exchange rate	
	30.09.2016	30.09.2015	10/2015 – 9/2016	10/2014 – 9/2015
CHF	1.0919	1.0913	1.0914	1.0975
CZK	27.0222	27.0890	27.0414	27.4287
TRY	3.3284	3.3835	3.2527	2.9321

Source: reference euro exchange rates from the European Central Bank published monthly by the Deutsche Bundesbank

## H. Accounting and Valuation Principles

The financial statements of All for One Steeb AG and its domestic and foreign subsidiaries are prepared in accordance with IFRS 10.19 using uniform accounting and valuation principles.

### Assumptions and Estimates

Assumptions and estimates were made when preparing the consolidated financial statements, which affected the disclosure and amounts of the reported assets, debts, income, expenses and contingent liabilities. In some cases, the actual amounts may vary from the assumptions and estimates that were made. Changes will be recognised in the income statement at the time more accurate information becomes available.

In this regard, particular note should be made of the reporting and valuation of goodwill and other intangible assets (note 11), trade accounts receivable (note 17), provisions (note 23), current and deferred (income) tax assets and liabilities (notes 14, 15 and 25).

### Recognition of Revenues and Expenses

Sales revenues and other operating income are credited to the income statement at the time the product is delivered to, or the service is rendered for, the customer. Sales revenues are reported without value-added tax and take into consideration sales adjustments such as credit notes, commercial discounts and similar deductions.

Revenues from software maintenance, service and cloud agreements, as well as from managed services, are recognised on an accrual basis. Revenues from the sale of licenses are considered realised when the customer acquires actual power of disposition over the software.

Consulting and training revenues are generated on the basis of individual service agreements and realised as the services are performed.

In accordance with IAS 18 and in conjunction with IAS 11, revenues from the rendering of longer-term project contracts are recognised with reference to their stage of completion using the percentage of completion method of accounting. The stage of completion is determined on the basis of the hours of work already performed in relation to the estimated total number of hours for the respective project. The amount of revenue to be recognised on the reporting date is determined by applying this result (as a percentage) to the total revenues.

Operating costs are recognised in the income statement at the time use is made of the rendered service, or at the time of its causation, while interest income and expenses are recognised on an accrual basis. Dividends are recognised at the time they are distributed.

#### **Financial Result**

Valuation differences from adjustments of foreign currency exchange rates, which arise on financial assets and liabilities including internal Group financial relationships, are reported in the financial result.

In addition to interest income from loans granted and entitlements from finance leases, other income directly related to the financing or the investment in financial assets is also reported under financial income.

In addition to interest expenses from loans and finance lease obligations, other expenses directly related to the financing or the investment in financial assets are also reported under financial expenses, provided these are not required to be reported within equity. Interest expenses are recognised in the income statement using the effective-interest method. Borrowing costs are not capitalised.

Furthermore, the financial result includes adjustments to purchase price obligations as well as contractually guaranteed dividends.

#### **Government Grants**

These government grants relate to assets. In accordance with IAS 20, they are only recognised when there is reasonable assurance that any conditions attached to the grants will be complied with and that the grants will be awarded.

#### **Earnings per Share**

Earnings per share are determined on the basis of dividing the annual net earnings by the average number of shares outstanding (issued shares less treasury stock). There are no effects from dilution.

#### **Goodwill**

Goodwill arises from the application of the purchase method and the full goodwill method to business combinations, provided the cost exceeds the fair value of the net assets of the purchased subsidiary on the acquisition date. In accordance with IAS 38 no write-downs on goodwill have been made since 1 January 2005.

#### **Other Intangible Assets**

Acquired and self-created intangible assets are capitalised at cost or fair value if it involves business combinations, provided that the criteria stipulated in IAS 38 are met. Regular straight-line amortisation is made over the projected useful lives of the assets, provided that their useful lives can be determined with sufficient accuracy.

#### **Impairment of Goodwill and Other Intangible Assets**

Goodwill and other intangible assets with an indefinite useful life are tested for impairment at least once a year in accordance with IAS 36. Each impairment loss is recognised immediately in the income statement. All other intangible assets are tested for impairment as circumstances dictate. For impairment testing, assets are allocated where necessary to the smallest identifiable group of assets, or cash-generating unit, which generates cash flows that can be measured. An impairment loss is recognised when the cash-generating unit's carrying amount is greater than the recoverable amount. This is determined by the higher of the fair value less costs to sell and the value in use as measured using the discounted cash flow method.

#### **Tangible Fixed Assets**

Tangible fixed assets are reported at cost less regular straight-line depreciation in accordance with IAS 16.

Regular depreciation is made across the projected economic life of the assets within the Group, which are as follows:

	Years
Buildings	30
Leasehold improvements	2 – 15
IT systems	3 – 6
Operating and office equipment	4 – 13

Land is not depreciated.

An impairment loss is charged against earnings in accordance with IAS 36 in the event that the carrying amount is greater than the estimated recoverable amount. Any income or loss generated from the disposal of tangible fixed assets is reported in the income statement.

### Leasing Arrangements

Leased assets under IAS 17, which are leased under terms by which the Group assumes all substantial risks and benefits incident to ownership from an economic perspective, are classified as finance leases and capitalised as non-current assets at the time of acquisition. At the same time, financial liabilities of the corresponding amount are recognised. Recognition is made at the lower of the fair value at the inception of the lease or the present value of the minimum lease payments. The depreciation methods and useful lives should be consistent with those for other comparable purchased assets. The interest component of lease payments is recognised in the interest result.

Lease payments are recognised in full as an expense in the case of operating leases in which beneficial ownership remains with the lessee.

### Financial Assets

Financial assets in terms of IAS 39, which are of relevance for All for One Steeb, are classified as follows:

- Held-to-maturity financial investments
- Receivables and loans
- Available-for-sale financial assets

With the exception of receivables and loans, financial assets with determinable payments and fixed terms, which the company can and wishes to hold to maturity, are classified as held-to-maturity financial investments. These financial investments with a maturity of more than twelve months after the balance sheet date are reported as **non-current assets**, while all others are reported as **current assets**. In particular, the former includes entitlements from finance leases as well as other assets. Their value is stated at nominal value or at the original cost including transaction costs less cumulative value adjustments.

**Cash and cash equivalents** include cash on hand and deposits in banks. Changes in fair values are recognised in the financial result. **Trade accounts receivable** and other receivables are reported at amortised cost. Trade accounts receivable are reported less value adjustments. Accounts receivable exposed to an increased risk of default are evaluated individually and written down as needed. No value adjustments were made to any of the other financial assets. As yet uncompleted contract activity from consulting or managed services agreements is valued using the percentage of completion method and reported under trade accounts receivable, provided it is probable that payment will be made to the Group. Included under **available-for-sale financial assets** are those assets that cannot be allocated to the categories above. Gains and losses from the evaluation of the fair value are recognised directly in equity. Cumulative profit or losses that were previously recognised in equity are reported in the income statement at the time the financial investments are cancelled.

### Non-Controlling Interests

As at the acquisition date, the non-controlling interests measured using the purchase method are recognised with the proportionate share of revalued net assets of the

subsidiary, while the non-controlling interests measured using the full goodwill method are recognised at the proportionate share of fair value of the subsidiary. An adjustment of non-controlling interests will be made in subsequent periods taking into consideration current profits and losses, distributions to non-controlling interests and currency differences. Non-controlling interests are reported as equity in the Group balance sheet.

### Inventories

Inventories of merchandise (hardware and software held for sale) are valued at average cost or their potentially lower net realisable sale value. An appropriate value adjustment will be made for any other impairment.

### Provisions

Provisions are recognised with respect to the cause or amount of uncertain obligations, provided there exists a legal or constructive obligation stemming from an underlying causal event occurring prior to the balance sheet date, and it is probable that an outflow of resources embodying economic benefits will be necessary in order to fulfill the obligation. Long-term provisions with a remaining term of more than one year are reported at their discounted settlement amount on the balance sheet date.

### Employee Benefit Obligations

All for One Steeb's active and former employees receive benefits and pensions based on the various local statutory employee benefit plans. In addition to defined contribution plans, there are also defined benefit plans whose value is determined using the projected unit credit method stipulated in IAS 19. The employer contributions for the respective period are recognised in the income statement for all defined contribution plans. The full amount of the post-employment benefit liabilities is presented in the balance sheet as at the respective reporting date. Actuarial gains and losses are recognised directly in other comprehensive income in the periods in which they occur, with deferred taxes being taken into account.

### Liabilities

Trade accounts payable and other liabilities are reported at their nominal value, amortised cost or at fair value.

### Financial Liabilities

The financial liabilities include interest-bearing liabilities from loans and from finance lease transactions as well as short-term liabilities to banks. These are reported at their nominal value or amortised cost.

### Taxes

Current income taxes are calculated on the basis of earnings before taxes taking into account the respective country-specific regulations governing the computation of taxable income.

Deferred tax assets and liabilities result from the differences between the amounts stated for assets and liabilities in the tax balance sheet and the IFRS consolidated financial statements, provided such differences are not permanent. The Group uses the liability method, according to which deferred

tax assets or liabilities can be determined based on the legal principles that are either valid or actually in force on the balance sheet date. In this case the tax rates at the time of the projected tax realisation are applied. Deferred tax assets also result from accumulated tax losses that can be carried forward (tax loss carry forwards), which can be offset against subsequent taxable earnings.

Deferred tax assets on temporary differences and on tax losses brought forward are only recognised in an amount corresponding to the probability that in the foreseeable future there will be sufficient taxable income available and that the Group will derive a benefit from applying them to it. The foreseeable future is principally considered to be the next four financial years.

Deferred tax assets and liabilities are not discounted and are reported in the balance sheet as non-current assets and liabilities.

Other taxes, such as transaction taxes or taxes on wealth and capital, are shown as operating expenses.

#### **Personnel Figures**

Unless otherwise indicated, the personnel figures refer to the number of individuals employed. Part-time positions are not included on a pro rata basis.

#### **Cash Flow Statement**

The cash flow statement depicts an analysis of the changes in cash and cash equivalents. In accordance with IAS 7, the cash flow statement differentiates between cash flows from operating activities, investing activities and financing activities. The operating cash flow is derived from the Group balance sheet and income statement using the indirect method. Influences from changes in the scope of the consolidation, effects from the application of IFRS 5, as well as any currency-related valuation differences on the cash and cash equivalents, are reported separately.

#### **Contingent Liabilities**

Potential obligations for which the outflow of resources is considered improbable are not reported in the balance sheet and their potential projected financial effects (exposure) are reported as contingent liabilities.

## **I. Financial Risk Factors**

### **Financial Risks**

Financial risk management is handled according to the principles established by the company. These govern the company's protection against currency, interest and credit risks, cash management and short-term and long-term financing. The goal is to reduce financial risks while weighing the hedging costs against the risks being taken. Derivative financial instruments to hedge the mainstream business may be used when deemed appropriate. In order to minimise the counterparty credit risk, transactions will only be made with first-class counterparties.

### **Currency Risks**

Fluctuations in currency rates have an impact on the presentation of assets and liabilities in the consolidated financial statements that are prepared in euros, insofar as assets and liabilities are denominated in currencies other than the euro. This is why All for One Steeb strives to finance its assets in the same currency. Revenue recognition within the individual companies is made predominantly in the same currency as that used for expenses. To the extent deemed necessary, remaining risks involved in foreign-currency accounting are covered using currency transactions (futures, options). Foreign currency hedges are not being used at the present time.

### **Changes in Interest Rate Risks**

There will be exposure to changes in interest rates as long as there are long-term, interest-bearing liabilities with variable interest rates. These risks are minimised by interest hedges and the continuous monitoring of global interest-rate policies. Interest hedges are not being used at this time.

Because currently only fixed-rate long-term liabilities from the issuance of promissory notes exist, any potential change in interest rates of +/- 100 basis points would have no impact on the net Group earnings before taxes.

### **Liquidity Risks**

All for One Steeb places the utmost importance on maintaining solvency at all times. Each company maintains an adequate amount of cash. The lead operating company All for One Steeb AG also has liquidity reserves and unused operational funding lines of credit.

In the case of the remaining All for One Steeb AG promissory notes in an amount of EUR 20.5 million, the holders of these promissory notes are authorised to raise the interest margin or, as applicable, to call the promissory notes due immediately should certain events occur on the basis of the covenants. These events primarily involve adhering to the agreed targets for the equity ratio and the relationship between total net debt and EBITDA. The creditors will also be authorised to cancel their loan commitments and call a total amount of EUR 20.5 million due immediately should certain changes be made in the All for One Steeb shareholder structure (change of control). These covenants had been complied with in full as at the balance sheet date. Because the management board continuously monitors compliance with the terms and conditions of the promissory notes, the risks resulting from such covenants are considered to be minor.

### **Default Risks**

Default risks arise primarily from affording clients time to make payments and from the counterparty risk involved in financial transactions. The default risks from providing services and products are addressed in part through commercial credit insurance, credit checks on customers, monitoring of accounts receivable and the implementation of regular reminder procedures.



## Explanatory Notes to the Consolidated Financial Statements

### J. Income Statement

The income statement was prepared according to the aggregate cost method.

#### 1. Sales Revenues

Sales by type of revenue are classified in the following categories:

SALES BY TYPE in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Consulting	110,850	97,987
Outsourcing and cloud services	117,676	110,378
Software licenses	32,787	28,720
Hardware	4,769	4,428
Other sales	196	79
<b>Total</b>	<b>266,278</b>	<b>241,592</b>

Sales by country are depicted as follows:

SALES BY COUNTRY* in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Germany	227,171	204,160
Switzerland	15,055	16,965
Austria	12,875	9,852
Luxemburg	6,916	6,439
Other countries**	4,261	4,176
<b>Total</b>	<b>266,278</b>	<b>241,592</b>

\* based on domicile of the customer

\*\* with sales of less than EUR 1 million

Sales revenues include revenues of KEUR 28,416 (prior year: KEUR 17,196) determined by using the percentage of completion method. The cumulative expenses for ongoing projects valued using the percentage of completion method totalled KEUR 33,763 (prior year: KEUR 31,563) and the cumulative gains were KEUR 3,527 (prior year: KEUR 1,378).

#### 2. Other Operating Income

in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Marketing support	1,033	601
Other income	721	742
Partial divestiture of business unit	292	0
Income from co-payments for cars from employees	236	203
Income from disposal of assets	232	116
Investment tax credits (public authorities)	137	144
Income from indemnities and insurance	23	108
Reversal of provisions for onerous contracts	0	732
Income from the liquidation of insolvent entities	0	222
<b>Total</b>	<b>2,674</b>	<b>2,868</b>

### 3. Cost of Materials and Purchased Services

in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Purchased services	71,496	63,194
Cost of materials	25,009	21,825
<b>Total</b>	<b>96,505</b>	<b>85,019</b>

Purchased services mainly include expenses for SAP maintenance contracts. The cost of materials is primarily a result of the purchase of SAP software licensing rights and the procurement of hardware for customer projects.

### 4. Personnel Expenses

in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Salaries and wages	94,723	86,042
Social security contributions	13,619	12,276
Defined contribution plan expenses	826	577
Defined benefit plan expenses	509	489
Other personnel expenses	291	148
<b>Total</b>	<b>109,968</b>	<b>99,532</b>

The average number of people (by headcount) employed in the financial year 2015/16 was 1,256 (prior year: 1,159), of whom 905 were in consulting, outsourcing and cloud services (prior year: 823 employees), 119 in sales and marketing (prior year: 108 employees), 132 in administration and management (prior year: 130 employees), 65 in marginal employment/on parental leave/on extended sick leave (prior year: 57 employees) and 35 apprentices and trainees (prior year: 41 employees).

The following figures include apprentices and trainees:

AVERAGE PERSONNEL CAPACITY BY FUNCTION	10/2015 – 9/2016	10/2014 – 9/2015
Consulting, outsourcing and cloud services	885	814
Sales and marketing	109	95
Administration and management	122	121
<b>Total</b>	<b>1,116</b>	<b>1,030</b>

PERSONNEL CAPACITY AT FINANCIAL YEAR-END	30.09.2016	30.09.2015
Germany	1,051	966
Switzerland	29	31
Austria	15	15
Other countries	53	50
<b>Total</b>	<b>1,148</b>	<b>1,062</b>

### 5. Employee Benefit Obligations

There are both defined benefit and defined contribution plans for retirement, disability and survivor benefits. The amount of the benefit obligations for the defined benefit plans is calculated primarily on the basis of the individual employee's length of employment and compensation. There also exists a domestic employee-funded retirement benefits plan in the form of a direct benefit commitment that is secured by a congruent and pledged reinsurance programme. Although the risk that All for One Steeb may be liable for a return that cannot be met by the insurance company is considered very small, this employee-funded retirement benefits plan is not required to be classified as a defined benefit plan under IFRS. All plans are exposed to those risks that are customary for defined benefits, particularly the risks associated with changes in discount rates.

The following information provides an overview of the financial situation of the defined benefit plans as at 30 September 2016 and 2015:

in KEUR	Defined benefit obligation		Fair value of plan assets		Net liabilities/assets from defined benefit plans	
	10/2015 – 9/2016	10/2014 – 9/2015	10/2015 – 9/2016	10/2014 – 9/2015	10/2015 – 9/2016	10/2014 – 9/2015
<b>Balance as at 1 October</b>	<b>15,428</b>	<b>13,278</b>	<b>-12,218</b>	<b>-11,295</b>	<b>3,210</b>	<b>1,983</b>
<b>Recognised in profit and loss</b>						
Current service cost	509	489	0	0	509	489
Past service cost	0	-237	0	0	0	-237
Interest expense/income	225	244	-189	-214	36	30
	<b>734</b>	<b>496</b>	<b>-189</b>	<b>-214</b>	<b>545</b>	<b>282</b>
<b>Recognised in other comprehensive income</b>						
Loss/profit from revaluations						
Actuarial loss/gains from:						
demographic assumptions	-241	0	0	0	-241	0
financial assumptions	1,962	715	-458	-50	1,504	665
experience-based adjustments	-328	432	0	0	-328	432
Return on plan assets	0	0	-48	18	-48	18
Foreign currency differences	34	708	-21	-578	13	130
	<b>1,427</b>	<b>1,855</b>	<b>-527</b>	<b>-610</b>	<b>900</b>	<b>1,245</b>
<b>Other items</b>						
Company contributions	-206	-178	-70	-110	-276	-288
Payments made	-253	-23	241	11	-12	-12
	<b>-459</b>	<b>-201</b>	<b>171</b>	<b>-99</b>	<b>-288</b>	<b>-300</b>
<b>Balance as at 30 September</b>	<b>17,130</b>	<b>15,428</b>	<b>-12,763</b>	<b>-12,218</b>	<b>4,367</b>	<b>3,210</b>
<b>Of which are attributable to:</b>						
Germany	7,285	6,523	-6,442	-5,900	843	623
Switzerland	9,845	8,905	-6,321	-6,318	3,524	2,587
	<b>17,130</b>	<b>15,428</b>	<b>-12,763</b>	<b>-12,218</b>	<b>4,367</b>	<b>3,210</b>

The assumptions for the actuarial valuations differ for each individual plan, since they were made by taking into consideration the specific circumstances of the asset investment strategy and the personnel structure of the affiliated companies. The following table shows the key benchmarks of the plans that are included in the calculation and the average weighted assumptions on which the actuarial estimates of the defined benefit plans were based:

	30.09.2016	30.09.2015
Number of plans	7	7
of which with assets set aside	2	2
of which with no assets set aside	4	4
Number of individuals participating in the plans	138	138
of whom are active insurance participants	82	83
of whom are inactive insurance participants	35	36
of whom are retired	21	19
Discount rate Germany	1.01%	2.06%
Discount rate Switzerland	0.20%	1.05%
Development of salaries Germany	0.00% – 2.00%	0.00%
Development of salaries Switzerland	1.00%	1.00%
Development of pensions Germany	1.70%	1.70%
Development of pensions Switzerland	0.00%	0.00%

On 30 September 2016 the weighted average duration of the defined benefit obligations was 12.5 years (prior year: 11.8 years) in Germany and 24.2 years (prior year: 22.8 years) in Switzerland.

Plan assets as at 30 September 2016 and 2015 were as follows:

in KEUR	30.09.2016	30.09.2015
Rented properties	632	675
Obligations CHF	632	534
Obligations other currencies	1,643	1,434
Shares Switzerland	379	397
Shares other countries	1,233	1,318
Liquid assets and other financial assets	8,244	7,860
<b>Total plan assets</b>	<b>12,763</b>	<b>12,218</b>

The expected payments for All for One Steeb's employee benefit plans for the financial year 2016/17 are KEUR 543 (prior year: KEUR 536).

#### Sensitivity Analysis

On the basis that other assumptions remain the same, a change of 0.25 percentage points in the discount rate or of 0.5 percentage points in the development of pensions would have the following effects on the defined benefit obligations:

Effect in EUR	Defined benefit obligation	
	Increase	Decrease
Discount rate (+/- 0.25% points)	-588	631
Pension progression (+/- 0.5% points)	877	-146

#### 6. Depreciation and Amortisation

The amounts of depreciation and amortisation are determined by the changes in non-current assets (see statement of changes in fixed assets). No write-downs were made in the current financial year.

#### 7. Other Operating Expenses

in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Data processing expenses	10,265	9,605
Vehicle costs	7,547	6,963
Travel and overnight accommodation expenses	4,839	4,182
Cost of premises	4,303	4,098
Human resource management expenses	2,109	2,035
Marketing and advertising	2,164	1,676
Expenses from currency differences	31	0
Other items	3,818	3,832
<b>Total</b>	<b>35,076</b>	<b>32,391</b>

#### 8. Financial Result

FINANCIAL RESULT in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Adjustments to purchase price obligations and contractually guaranteed dividends	636	0
Finance lease interest income	292	277
Other interest income	19	60
<b>Financial income</b>	<b>947</b>	<b>337</b>
Adjustments to purchase price obligations and contractually guaranteed dividends	-939	-1,637
External bank loan interest expenses	-901	-1,388
Finance lease interest expenses	-59	-96
Other interest expenses	-465	-352
<b>Financial expenses</b>	<b>-2,364</b>	<b>-3,473</b>
<b>Total</b>	<b>-1,417</b>	<b>-3,136</b>

## 9. Income Tax

Tax expenses consist of the following:

in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Current tax expenses	5,997	5,764
Income from deferred taxes	-857	-1,104
<b>Total</b>	<b>5,140</b>	<b>4,660</b>

CURRENT TAX EXPENSES in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Current income tax for the reporting year	5,943	5,801
Current income and withholding taxes relating to prior periods	54	-37
<b>Total</b>	<b>5,997</b>	<b>5,764</b>

INCOME FROM DEFERRED TAXES in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Change in tax charge on undistributed profits for the reporting year	34	40
Change in timing differences for the reporting year	-1,171	-1,214
Recognition of tax assets from tax losses brought forward	280	70
<b>Total</b>	<b>-857</b>	<b>-1,104</b>

The following table shows a reconciliation of the expected and the actually reported tax expenses:

in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
EBT	17,431	16,120
Expected tax expense/revenue at the rate of 30%	-5,229	-4,836
Temporary tax differences	-214	-141
Non-tax-deductible expenses/revenues	158	-564
Capitalisation of tax losses brought forward	81	316
Current tax expenses/revenues relating to prior periods	-54	32
Use of uncapitalised tax losses brought forward for current year	0	367
Waiver of capitalisation of tax losses brought forward for current year	-7	-27
Effect of different tax rates in foreign countries	169	131
Other effects	-44	62
<b>Total</b>	<b>-5,140</b>	<b>-4,660</b>

Current taxes are calculated on the basis of prevailing tax rates. The Group's tax rate of 30.0% (prior year: 30.0%) was determined on the basis of a corporate income tax rate of 15.0% plus the solidarity surcharge of 5.5% on this rate, and a municipal trade income tax rate of 14.2%.

The following table shows the composition of deferred tax assets and deferred tax liabilities:

in KEUR	Deferred tax assets 30.09.2016	Deferred tax liabilities 30.09.2016	Deferred tax assets 30.09.2015	Deferred tax liabilities 30.09.2015	Total 30.09.2016	Total 30.09.2015
Financial assets	-1	1,177	-27	1,169	1,176	1,142
Financial liabilities	0	37	-1	56	37	55
Trade accounts receivable	-272	984	0	941	712	941
Intangible assets	-6	11,870	-139	13,039	11,864	12,900
Employee liabilities	-43	0	-16	24	-43	8
Employee benefit obligations	-1,065	0	-809	0	-1,065	-809
Provisions	-214	34	-206	27	-180	-179
Tangible fixed assets	-7	55	-8	45	48	37
Other timing differences	0	142	0	108	142	108
Other liabilities	-34	0	-36	0	-34	-36
Tax loss carry forwards	-231	0	-511	0	-231	-511
<b>Deferred tax assets (-) / liabilities (+)</b>	<b>-1,873</b>	<b>14,299</b>	<b>-1,753</b>	<b>15,409</b>	<b>12,426</b>	<b>13,656</b>
Balancing	678	-678	594	-594	0	0
<b>Total deferred tax assets (-) / liabilities (+)</b>	<b>-1,195</b>	<b>13,621</b>	<b>-1,159</b>	<b>14,815</b>	<b>12,426</b>	<b>13,656</b>

Your attention is directed to deferred tax assets (note 14) and deferred tax liabilities (note 25) for details regarding changes in deferred tax assets and liabilities.

## 10. Earnings per Share

Earnings per share were calculated based on the net annual earnings and the average number of shares outstanding (issued shares less treasury stock). An unchanged average number of 4,982,000 shares were outstanding in the financial year 2015/16.

The average number of shares (diluted) outstanding is the same as the average number of shares (undiluted) outstanding. The diluted earnings per share are therefore the same as the undiluted earnings per share.

## K. Notes to the Balance Sheet

### 11. Goodwill and Other Intangible Assets

The Group balance sheet as at 30 September 2016 reported goodwill with a balance sheet value of KEUR 19,608 (prior year: KEUR 19,990) other intangible assets with a balance sheet value of KEUR 41,508 (prior year: KEUR 45,694). In order to determine if any assets may be impaired, the company estimated the expected cash flows from the use and eventual sale of the assets. The actual cash flows derived may vary from the projected cash flows and from the cash flows discounted to the balance sheet date. In particular, any departure of customers from the core client business accounted for in the balance sheet, and the subsequent lower-than-projected amount of products and services sold, may result in shortened useful lives and impairment.

#### Impairment Testing of Goodwill and Trademark Rights

For the purpose of performing impairment tests, All for One Steeb has designated the following companies as cash-generating units (CGU) to which the respective goodwill and trademark rights are allocated. The value in use was applied when testing goodwill and trademark rights for impairment. The value in use of the future cash flows was determined using the discounted cash flow method, which does not take tax payments into consideration. As in the prior year, the applied discount rate built on the capital asset pricing model and was derived from the average weighted cost of equity and borrowed capital. The cost of equity is based on a risk-free capital-market interest rate for the respective period taking into consideration the Beta factor for the industry and a risk premium based on the relevant capital market. From this a pre-tax discount rate was derived based on the tax situation.

Current assets and earnings projections for the next three to five years have been prepared for the cash-generating units (CGU), which reflect and incorporate the company's latest estimates regarding how these units' sales and costs will develop. Prospective cash flow statements were derived from this and plausible assumptions were made about the further development in the years to follow that reflect a growth rate of 1%. Furthermore, the projections assumed a constant or slightly improving EBIT margin.

#### Goodwill

Goodwill decreased by KEUR 382 to KEUR 19,608 in the current financial year. On the one hand, this decrease is the result of KEUR 15 from the partial disposal through the sale of a business division of avantum consult AG, Düsseldorf, and on the other of KEUR 367 from the adjustment to the final purchase price determination for Grandconsult GmbH, Filderstadt.

No write-downs on goodwill were made in the reporting year.

GOODWILL in KEUR	30.09.2016	30.09.2015
<b>CGU All for One Steeb AG</b>		
Steeb Anwendungssysteme GmbH, Abstatt (merged into the Group parent in December 2011)	9,692	9,692
All for One Midmarket Solutions & Services GmbH, Stuttgart (merged into the Group parent in September 2008)	2,434	2,434
<b>Other CGU's</b>		
avantum consult AG, Düsseldorf	2,569	2,584
OSC AG, Lübeck	2,327	2,327
Process Partner AG, St. Gallen/Switzerland	1,596	1,596
KWP team HR GmbH, Düsseldorf (merged into KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn, in December 2014)	482	482
KWP team HR GmbH, Heilbronn (formerly KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn)	365	365
All for One Steeb GmbH, Vienna/Austria	125	125
Grandconsult GmbH, Filderstadt	18	385
<b>Total</b>	<b>19,608</b>	<b>19,990</b>

The goodwill and trademark rights were tested for impairment at the end of the financial year. This testing showed no impairment of the goodwill and trademark rights allocated to the cash-generating units (CGU) as at 30 September 2016. The company believes, extraordinary events and circumstances aside, that a revision of its assumptions would not lead to the carrying amounts of the goodwill and trademark rights exceeding their respective recoverable amounts.

### Other Intangible Assets

Other intangible assets include brand names (trademark rights) totalling KEUR 11,253 (prior year: KEUR 11,253). These brand names are company brands for which an economic life cannot be determined. Unlike product brands, these have no life cycle. For this reason it is assumed that they have an indefinite useful life.

Internally generated software in the amount of KEUR 89 (prior year: KEUR 13) was capitalised during the current financial year.

OTHER INTANGIBLE ASSETS in KEUR	Purchase price	Estimated useful life in months	Remaining useful life in months	Net carrying amount 30.09.2016	Net carrying amount 30.09.2015
<b>Trademark rights</b>					
<b>CGU All for One Steeb AG</b>					
Trademark rights of former Steeb Anwendungssysteme GmbH, Abstatt	5,465	unlimited	unlimited	5,465	5,465
Trademark rights of former All for One Midmarket Solutions & Services GmbH, Stuttgart	3,283	unlimited	unlimited	3,283	3,283
<b>Other CGU's</b>					
Trademark rights of avantum consult AG, Düsseldorf	1,566	unlimited	unlimited	1,566	1,566
Trademark rights of OSC AG, Lübeck	939	unlimited	unlimited	939	939
<b>Customer base</b>					
Customer base of former Steeb Anwendungssysteme GmbH, Abstatt	27,626	48 – 180	0 – 122	18,292	20,214
Customer base of former All for One Midmarket Solutions & Services GmbH, Stuttgart	6,225	180	52	1,798	2,213
Customer base of avantum consult AG, Düsseldorf	3,825	120	91	2,901	3,283
Customer base of OSC AG, Lübeck	5,903	144	97	3,976	4,468
Customer base of former KWP team HR GmbH, Düsseldorf	628	120	33	173	236
Customer base of former KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn	374	120	0	0	0
Customer base of Grandconsult GmbH, Filderstadt*	1,362	96	78	1,111	1,199
<b>Other intangible assets</b>					
Internal software solutions	391	60 – 72	0 – 72	169	121
Maintenance contracts of avantum consult AG, Düsseldorf	664	120	91	504	570
Orders on hand of avantum consult AG, Düsseldorf	403	17	0	0	0
Orders on hand of Grandconsult GmbH, Filderstadt	848	9 – 21	0 – 3	89	521
Other acquired intangible assets	4,608	12 – 96	0 – 78	1,242	1,616
<b>30 September 2016</b>	<b>64,110</b>			<b>41,508</b>	<b>45,694</b>

\* The purchase price of the customer base determined on a preliminary basis in the prior year was increased by KEUR 84 in this reporting year following the final review of the initial consolidation.

Impairment tests using the relief from royalty method were performed at the end of the financial year due to the trademark rights having an indefinite useful life. No write-downs were made as at 30 September 2016.

Impairment testing was based on the following pre-tax discount rates:

**(Formerly) Steeb Anwendungssysteme GmbH, Abstatt:** The implied average pre-tax discount rate is 6.89% (prior year: 7.14%).

**(Formerly) All for One Midmarket Solutions & Services GmbH, Stuttgart:** The implied average pre-tax discount rate is 6.89% (prior year: 7.14%).



**avantum consult AG, Düsseldorf:** The implied average pre-tax discount rate is 6.95% (prior year: 7.39%).

**OSC AG, Lübeck:** The implied average pre-tax discount rate is 6.93% (prior year: 7.41%).

**Process Partner AG, St. Gallen/Switzerland:** The implied average pre-tax discount rate is 5.79% (prior year: 6.19%).

**(Formerly) KWP team HR GmbH, Düsseldorf:** The implied average pre-tax discount rate is 6.74% (prior year: 7.17%).

**(Formerly) KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn:** The implied average pre-tax discount rate is 6.74% (prior year: 7.17%).

**All for One Steeb GmbH, Vienna/Austria:** The implied average pre-tax discount rate is 6.37% (prior year: 6.81%).

**Grandconsult GmbH, Filderstadt:** The implied average pre-tax discount rate is 6.79% (prior year: 7.26%).

## 12. Tangible Fixed Assets

Your attention is directed to the statement of changes in fixed assets regarding the composition of tangible fixed assets.

Also included under leasehold improvements are those improvements over which the lessor has since assumed legal ownership, but which remain in the beneficial ownership of the lessee for the term of the lease. The useful life for depreciation purposes is the shorter of the remaining term of the lease or the useful life.

The other tangible fixed assets include office machines and equipment, office furniture and furnishings, as well as company cars.

The lessor has legal ownership of the tangible fixed assets in the amount of KEUR 2,047 (prior year: KEUR 2,397) under finance leases.

## 13. Financial Assets

in KEUR	Total receivables	Due under 1 year	Due between 1 and 5 years	Due after 5 years
Gross receivables from finance leases	8,354	3,117	5,237	0
Unrealised share of interest therein	-428	-48	-380	0
<b>Net receivables from finance leases</b>	<b>7,926</b>	<b>3,069</b>	<b>4,857</b>	<b>0</b>
Other loans	466	80	386	0
Security deposits	108	67	41	0
<b>Total as at 30 September 2016</b>	<b>8,500</b>	<b>3,216</b>	<b>5,284</b>	<b>0</b>
Gross receivables from finance leases	8,107	2,947	5,160	0
Unrealised share of interest therein	-432	-48	-384	0
<b>Net receivables from finance leases</b>	<b>7,675</b>	<b>2,899</b>	<b>4,776</b>	<b>0</b>
Other loans	315	135	180	0
Security deposits	91	66	25	0
<b>Total as at 30 September 2015</b>	<b>8,081</b>	<b>3,100</b>	<b>4,981</b>	<b>0</b>

Receivables from finance leases pertain to customer-specific IT systems from the IT outsourcing business and fulfil the application regulations set forth in IFRIC 4.

## 14. Deferred Tax Assets

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See note 9, Income Tax, for detailed information about the structure of the deferred tax assets.

The subsidiary All for One Steeb GmbH, Vienna/Austria, has a tax loss carry forward of KEUR 1,233 (prior year: KEUR 2,421) that was capitalised as a deferred tax asset in the amount of KEUR 231 (prior year: KEUR 363). All for One Steeb GmbH, Vienna/Austria, capitalised a larger share of existing loss carry forwards due to increased earnings prospects. The subsidiary Process Partner AG, St. Gallen/Switzerland, used its entire tax loss carry forward (prior year: KEUR 731). The amount capitalised on this as a deferred tax asset in the prior year was KEUR 128.

The subsidiary avantum consult AG, Düsseldorf, used its entire municipal tax loss carry forward (prior year: KEUR 118). The amount capitalised as a deferred tax asset in the prior year was KEUR 20. Through its operating facility in Zurich, Switzerland, avantum consult AG, Düsseldorf, has tax loss carry forwards totalling KCHF 646 (prior year: KCHF 592) for which no deferred tax asset has been capitalised.

Recognition of deferred tax assets is made on the basis of each respective company's budget. These budgets are revised annually and require a variety of estimations. These estimations may change as a result of changes in the market, competitive environment, customer structure and general economic situation. There is a great deal of volatility involved in recognising deferred tax assets in light of the regular reassessments that are made.

## 15. Current and Deferred (Income) Tax Assets and Liabilities

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As at 30 September 2016, All for One Steeb showed net liabilities from current income taxes in the amount of KEUR 476 (prior year: KEUR 4,808) and net liabilities from deferred taxes in the amount of KEUR 12,426 (prior year: KEUR 13,656). The management board has to make far-reaching estimates to determine the receivables and liabilities relating to current income taxes and deferred taxes. These estimates are based among other things on the interpretation of each country's prevailing tax laws and regulations. The management board makes estimates about the subsidiaries' future taxable earnings situation both upon the initial recognition and regular determination of deferred tax assets from chargeable tax loss carry forwards. Numerous internal and external factors can have a favourable or unfavourable impact on the assets and liabilities from deferred income taxes. Changes can also be attributable to amendments in tax legislation, final tax assessment notices and the favourable or less-favourable way that the taxable income projections for the subsidiaries develop. Such factors may necessitate adjustments in the reported income tax assets and liabilities.

## 16. Inventories

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Inventories mainly consist of hardware held for sale in the amount of KEUR 644 (prior year: KEUR 1,176) and software held for sale in the amount of KEUR 19 (prior year: KEUR 30).

## 17. Trade Accounts Receivable

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in KEUR	30.09.2016	30.09.2015
Accounts receivable from other third parties	38,817	37,254
Value adjustments	-1,725	-992
<b>Total</b>	<b>37,092</b>	<b>36,262</b>

Trade accounts receivable include construction contracts with a credit balance due from customers in the amount of KEUR 517 (prior year: KEUR 1,792).

The trade accounts receivable also include an amount from related parties (see note 30) of KEUR 0 (prior year: KEUR 758).

### Changes in Allowances for Doubtful Accounts

The KEUR 992 in allowances for doubtful accounts as at 30 September 2015 was utilised in the amount of KEUR 307 and increased by KEUR 1,040. This resulted in an allowance for doubtful accounts in the amount of KEUR 1,725 as at 30 September 2016.

The following table shows the breakdown of trade accounts receivable not yet due and overdue based on the terms agreed to with the customers and the age structure of the receivables:

in KEUR	30.09.2016	30.09.2015
<b>Total gross trade accounts receivable</b>	<b>38,817</b>	<b>37,254</b>
Thereof:		
Not yet due	28,147	23,476
Due under 1 month	5,314	7,933
Due between 1 and 3 months	3,540	3,547
Due between 3 and 6 months	834	838
Due between 6 and 12 months	447	603
Due after 12 months	535	857
Allowance for doubtful accounts	-1,725	-992
<b>Total net trade accounts receivable</b>	<b>37,092</b>	<b>36,262</b>

The allowances for doubtful accounts are determined based on the difference between the nominal value of the accounts receivable and their estimated net recoverable amounts.

The following shows the maturity analysis for trade accounts receivable:

in KEUR	30.09.2016	30.09.2015
Not past due, not individually impaired	<b>26,937</b>	<b>22,800</b>
<b>Past due, but not individually impaired</b>		
Less than 1 month past due	4,679	7,201
Between 1 and 3 months past due	2,057	3,262
Between 3 and 6 months past due	480	358
Between 6 and 12 months past due	133	407
More than 12 months past due	181	56
<b>Total receivables past due, but not individually impaired</b>	<b>7,530</b>	<b>11,284</b>
Individually impaired, after allowance for doubtful accounts	2,625	2,178
<b>Total net trade accounts receivable</b>	<b>37,092</b>	<b>36,262</b>

The trade accounts receivable of KWP team HR GmbH, Heilbronn, are pledged to the financing bank through a blanket assignment, which serves as security for a current account and aval credit line in the amount of KEUR 357 (prior year: KEUR 357) (see note 24, Financial Liabilities). The company's receivables as at 30 September 2016 totalled KEUR 2,805 (prior year: KEUR 2,539).

## 18. Other Assets

in KEUR	Total receivables	Due under 1 year	Due between 1 and 5 years	Due after 5 years
Prepaid services	4,071	2,659	1,412	0
Other accounts receivable	579	433	146	0
<b>Total as at 30 September 2016</b>	<b>4,650</b>	<b>3,092</b>	<b>1,558</b>	<b>0</b>
Prepaid services	3,590	2,141	1,449	0
Other accounts receivable	563	545	18	0
<b>Total as at 30 September 2015</b>	<b>4,153</b>	<b>2,686</b>	<b>1,467</b>	<b>0</b>

## 19. Cash and Cash Equivalents

in KEUR	30.09.2016	30.09.2015
Cash assets	32,412	40,509
Financial investments with an original fixed term of under 90 days	0	519
Cash on hand	18	13
<b>Total</b>	<b>32,430</b>	<b>41,041</b>

The average interest on bank deposits was 0.02% (prior year: 0.02%). Of the cash and cash equivalents, 93.0% (prior year: 95.4%) is denominated in EUR; 5.2% (prior year: 3.5%) in CHF; 0.5% (prior year: 0.4%) in CZK; and 1.3% (prior year: 0.7%) in TRY.

## 20. Shareholders' Equity

As at 30 September 2016 the issued share capital was divided into 4,982,000 (30 September 2015: 4,982,000) registered no-par-value shares (individual share certificates) and has been fully paid in. The arithmetic nominal value of the shares outstanding remains unchanged at EUR 3.00 per share.

The annual general meeting of 11 March 2015 approved – each limited until 10 March 2020 – the creation of new authorised capital totalling EUR 7,473,000 and an authorisation to repurchase shares of All for One Steeb AG up to a total amount of 10% of the share capital. This corresponds to 498,000 registered no-par-value shares. The management board made no use of this authorisation during the reporting period.

One of the items approved by the annual general meeting of 17 March 2016 was a dividend of EUR 1.0 per share, which was distributed in an amount of EUR 5.0 million (prior year: EUR 3.5 million) on the following day.

All for One Steeb's capital is governed by the cost of equity. Investments and acquisitions will continue to be made with borrowed capital as long as borrowing costs are lower than the cost of equity. Variable interest rates were agreed to as part of the loans. Should certain events occur as described in covenants stipulated in the loan agreements, then the lenders will be authorised to increase the interest rate on the loans and, as applicable, call the loans due payable immediately. These covenants pertain to maintaining established corporate operating figures. All figures are calculated and evaluated at the Group level. The management board monitors compliance with contractual requirements and observes the movement in interest rates. In managing the capital, All for One Steeb AG continuously monitors variances in the equity ratio and net debt to the corresponding budget figures. Net debt was lower than planned during the reporting year.

All for One Steeb seeks to use its dividend policy to enable shareholders to partake directly in the company's earnings and cash flow. However, the basic premise is to always maintain adequate financial flexibility for greater business performance and additional inorganic growth.

The capital reserve consists primarily of the premium from the issue of shares.

The other reserves pertain to the reserve from currency translation. The reserve from currency translation results from gains and losses on currency translation that arise from the conversion of the financial statements of foreign Group companies included in the consolidation. This item will be reclassified in the income statement as soon as the balance sheet items belonging to it are disposed of through deconsolidation.

## 21. Treasury Stock

As in the prior year, All for One Steeb AG holds no treasury stock.

## 22. Non-Controlling Interests

in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
<b>At start of financial year</b>	<b>89</b>	<b>140</b>
Distribution of profit to non-controlling interests	-14	-24
Cash outflow non-controlling interests	0	-305
Profit share of current year	40	24
Change in non-controlling interests	0	254
<b>At end of financial year</b>	<b>115</b>	<b>89</b>

This figure essentially contains a 26% shareholding in WEBMAXX GmbH, Munich.

## 23. Provisions

in KEUR	01.10.2015	Addition initial consolidation	Provisions made	Provisions used	Provisions reversed	30.09.2016
Anniversary provision	110	0	190	0	0	300
Provision for onerous contracts	760	0	0	-760	0	0
Impending losses from construction contracts	288	0	0	-32	0	256
Severance payments Austria	20	0	17	0	0	37
Severance payments	209	0	337	-209	0	337
Warranty and damage claims	248	0	72	0	-50	270
Asset retirement obligations	14	0	2	0	0	16
<b>Total</b>	<b>1,649</b>	<b>0</b>	<b>618</b>	<b>-1,001</b>	<b>-50</b>	<b>1,216</b>
Long-term (> 12 months)	34					353
Short-term (< 12 months)	1,615					863
<b>Total</b>	<b>1,649</b>					<b>1,216</b>

### Anniversary Provision

Anniversary payments are valued using the internationally recognised projected unit credit method. Under this method, the value of this obligation is defined as the actuarial present value of the anniversary benefits that the employees have earned according to their length of service as at the reference date. Any existing assets used to fund the obligation are measured at fair value. This item was reclassified from short term to long term during the reporting year.

### Provision for Onerous Contracts

Unfavourable contracts were assumed with the acquisition of the SAP midmarket business of ORGA, and for which All for One Steeb received an appropriate compensation payment. At that time a provision for these onerous contracts was recognised as an impending loss provision. This provision will be utilised over the term of the onerous contracts or reversed, such as in the case of migrations or contract terminations. An amount of KEUR 0 (prior year: KEUR 120) was reported as interest expense from compounding the provisions.

In the prior year, this item consisted only of a current portion of KEUR 760.

### Impending Losses from Construction Contracts

This item consists only of a current portion (see note 28, Amounts Due to Customers Under Construction Contracts).

### Severance Payments Austria

This item pertains to statutory entitlements to severance payments or redundancies in cases of regular retirement or severance actions initiated by the company in Austria. The valuation of provisions for severance payments is made according to actuarial principles using the projected unit credit method in accordance with IAS 19 (prior year: entry age normal method) on the basis of an accounting interest rate of 1.01% (prior year: 3.5%) and a retirement age of 60 for women and 65 for men (prior year: age 60 for women, age 65 for men). A salary increase of 1% was assumed when making the calculation.

This item consists only of a non-current portion.

### Severance Payments

Provisions for severance payments are recognised when existing employment relationships must be terminated for operational reasons or dissolved by mutual consent. The amount of such severance payments is not always established definitively at the time the balance sheet is prepared. In such cases, provisions are recognised in the amount that would be expected to be paid were the matter to be settled through a legal process.

This item consists only of a current portion.

### Asset Retirement Obligation

This item consists only of a non-current portion.

In establishing the other provisions, the management board estimated the probabilities and the amounts of the expected future outflow of resources for each respective situation. These estimates are reviewed at each balance sheet date. If the effect is material, then in the case of long-term provisions the expected future cash outflows are discounted. Provisions are also recognised for contractual obligations where the unavoidable costs involved in fulfilling or revoking them are greater than the expected benefits and value to be received (onerous contracts).

The other provision items consist only of a current portion.

## 24. Financial Liabilities

in KEUR	Total liabilities	Due under 1 year	Due between 1 and 5 years	Due after 5 years
Future payments for finance leases	2,106	1,053	1,053	0
Interest therein	-58	-13	-45	0
<b>Finance lease liabilities</b>	<b>2,048</b>	<b>1,040</b>	<b>1,008</b>	<b>0</b>
Bank loans	20,376	0	20,376	0
<b>Total as at 30 September 2016</b>	<b>22,424</b>	<b>1,040</b>	<b>21,384</b>	<b>0</b>
Future payments for finance leases	2,479	1,232	1,247	0
Interest therein	-80	-17	-63	0
<b>Finance lease liabilities</b>	<b>2,399</b>	<b>1,215</b>	<b>1,184</b>	<b>0</b>
Bank loans	35,129	14,793	20,336	0
<b>Total as at 30 September 2015</b>	<b>37,528</b>	<b>16,008</b>	<b>21,520</b>	<b>0</b>

The financial liabilities as at 30 September 2016 include liabilities to banks totalling KEUR 20,376 (30 September 2015: KEUR 35,129), the current portion of which is KEUR 0 (30 September 2015: KEUR 14,793). The financial liabilities as at 30 September 2016 also include obligations from finance lease agreements totalling KEUR 2,048 (30 September 2015: KEUR 2,399), the current portion of which is KEUR 1,040 (30 September 2015: KEUR 1,215). The finance lease agreements consist primarily of lease-to-own agreements on parts of data center facilities, the legal ownership of which is transferred to the company with the respective payment of the final lease instalment.

Promissory notes in an amount of EUR 35 million were placed as at 30 April 2013. The financing terms and conditions were locked in for an extended period of time and mostly in the form of fixed interest rates. All three tranches with terms of three, five and seven years are due at maturity. The promissory notes are not subordinated and are unsecured.

In order to further optimise corporate funding, promissory notes in the amount of EUR 12.0 million were repaid early on 30 October 2015 and promissory notes in the amount of EUR 2.5 million were repaid as scheduled on 30 April 2016. The remaining outstanding tranches have terms of five and seven years and are each due at maturity. The current financing terms and conditions were locked in with fixed interest rates of 3.435% and 4.266% over the long term.

The holders of these promissory notes are authorised to raise the interest margin or, as applicable, to call the promissory notes totalling EUR 20.5 million due immediately should certain events occur on the basis of the covenants. These events primarily involve adhering to the agreed targets for the equity ratio and the relationship between total net debt and EBITDA. The creditors will also be authorised to cancel their loan commitments and call the remaining total amount of EUR 20.5 million due immediately should certain changes be made in the All for One Steeb shareholder structure (change of control). The management board believes that these requirements can be met both during the reporting year and in the future.

There is a credit line (operational funding line of credit) totalling EUR 0.4 million in place with the Volksbank Flein-Talheim eG, which was utilised in the amount of EUR 0.1 million. The assignment of the trade accounts receivable of KWP team HR GmbH, Heilbronn, serves as security for this line of credit. There are no other contractual guarantees or obligations in place.

The loan in the amount of KEUR 300 that avantum consult AG had taken out with the Commerzbank AG, Frankfurt, was repaid on 12 September 2016 as per the agreement.

The average weighted interest rate for lease liabilities during the reporting period was 2.56% (prior year: 3.16%). The lease payments are established at the beginning of the contract and are not subject to changes in the instalment amount or interest rate for the duration of the term.

As at the balance sheet date, the All for One Steeb Group had approved lines of credit at banks in the amount of KEUR 9,801 (prior year: KEUR 8,831).

Aval guarantees for rental security deposits are being utilised in the amount of KEUR 702 (prior year: KEUR 577).

## 25. Deferred Tax Liabilities

See note 9, Income Tax, for detailed information about the structure of deferred tax liabilities.

## 26. Other Liabilities

in KEUR	30.09.2016	30.09.2015
Personnel obligations	18,519	17,168
Other tax liabilities	3,469	2,943
Advanced payment on maintenance charges	4,033	3,757
Variable purchase price elements	1,800	4,392
Obligations from a forward share purchase contract and contractually guaranteed dividends	7,891	7,247
Other liabilities	4,498	5,215
<b>Total</b>	<b>40,210</b>	<b>40,722</b>
Short-term element thereof	39,914	29,107
Long-term element thereof	296	11,615

The »personnel obligations« item relates predominately to liabilities from unused holiday leave, as yet unpaid variable compensation components, commissions, flexi-time and overtime payments, bonuses and obligations to social security providers.

There remain obligations to pay variable purchase price elements, forward contracts and contractually guaranteed dividends stemming from the acquisition of OSC AG, avantum consult AG and Grandconsult GmbH, the amount of which depends on the future performance of the acquired companies. These amounts are partly due payable at the end of their respective multi-year earnout phase. The obligations from forward contracts and contractually guaranteed dividends are valued using the effective interest method and by applying the rules of IAS 39 while taking into account changes in estimates according to IAS 39.AG8. The variable purchase price elements are measured at fair value. The obligation in the financial year decreased by KEUR 2,592 (prior year: increase of KEUR 656) and is primarily attributable to the lower stated value of the purchase price obligation for Grandconsult GmbH (minus KEUR 929) and avantum consult AG (minus KEUR 1,718). The fair value is determined using an EBIT-based present value calculation. The amount of this obligation can increase or decrease depending on how the business situation develops. These obligations are reported under other liabilities.

An amount of KEUR 21 (prior year: KEUR 62) was reported as interest expense from compounding the interest on the non-current other liabilities.

## 27. Trade Accounts Payable

The general payment term for trade accounts payable is 0 to 60 days.

## 28. Amounts Due to Customers Under Construction Contracts

The amounts due to customers under construction contracts total KEUR 1,106 (prior year: KEUR 1,162). Of this amount, KEUR 850 (prior year: KEUR 880) were recognised under trade accounts payable and KEUR 256 (prior year: KEUR 288) under provisions.

## 29. Additional Information about Financial Instruments

### Measurement Categories as at 30 September 2016

in KEUR	Category	Carrying amount 30.09.2016	Fair value IFRS 7*
<b>Assets</b>			
Cash and cash equivalents	Loans and receivables	32,430	–
Trade accounts receivable	Loans and receivables	36,575	–
Receivables from finance leases	Loans and receivables	7,926	8,110
Other loans /deposits	Loans and receivables	574	–
<b>Equity and liabilities</b>			
Trade accounts payable	Financial obligations	11,468	–
Bank loans	Financial obligations	20,376	–
Finance lease liabilities	Financial obligations	2,048	2,057
Obligation from a forward share purchase contract	Financial obligations	7,891	–
Variable purchase price elements	Financial obligations	1,800	–

\* the carrying amount represents a suitable approximate value for the fair value in those cases where a fair value was not stated

### Measurement Categories as at 30 September 2015

in KEUR	Category	Carrying amount 30.09.2015	Fair value IFRS 7*
<b>Assets</b>			
Cash and cash equivalents	Loans and receivables	41,041	–
Trade accounts receivable	Loans and receivables	34,471	–
Receivables from finance leases	Loans and receivables	7,675	7,696
Other loans /deposits	Loans and receivables	406	–
<b>Equity and liabilities</b>			
Trade accounts payable	Financial obligations	10,068	–
Bank loans	Financial obligations	35,129	–
Finance lease liabilities	Financial obligations	2,399	2,392
Obligation from a forward share purchase contract	Financial obligations	7,247	7,391
Variable purchase price elements	Financial obligations	4,392	4,411

\* the carrying amount represents a suitable approximate value for the fair value in those cases where a fair value was not stated

Cash and cash equivalents, trade accounts receivable and payable, as well as other loans/deposits have largely short remaining terms or are subject to variable interest rates that follow the market interest rates. These items are recognised at amortised cost.

Receivables from finance leases and the finance lease liabilities are also reported at amortised cost. The fair value measurement of the receivables from finance leases is made based on the present value of the payments associated with the assets. The fair values were measured based on the current interest parameters which reflect market-related changes in terms and expectations. The fair value measurement of the finance lease liabilities was made similarly.

The variable purchase price elements are measured at fair value through profit or loss. The fair value is measured as the present value of the expected discounted cash flows on the basis of the future business performance that is planned for the affected companies. The valuation parameters for measuring the fair value are based on unobservable market data (Level 3). The obligations from forward contracts and contractually guaranteed dividends are valued using the effective interest method and by applying the rules of IAS 39 while taking into account changes in estimates according to IAS 39.AG8.

The total interest income for financial assets not recognised as income at fair value was KEUR 292 (prior year: KEUR 277). The total earnings and expenses from the adjustment of the obligation from forward contracts for the purchase of shareholdings and the contractually guaranteed dividends were KEUR 636 (prior year: KEUR 0) and KEUR 939 (prior year: KEUR 1,637) respectively. The other interest expenses for financial liabilities, which were not measured at fair value in profit and loss, totalled KEUR 121 (prior year: KEUR 292).



The net losses from loans and receivables mainly included the results of impairment losses in an amount of KEUR 648 (prior year: KEUR 386). There were no significant net gains or losses on financial liabilities.

### 30. Related Parties

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Unternehmens Invest AG, Vienna/Austria, and, since 14 July 2016, the company UIAG Informatik-Holding GmbH, Vienna/Austria, which it controls, each hold 25.07% of the share capital of All for One Steeb AG. Therefore, All for One Steeb AG is considered a dependent company of Unternehmens Invest AG and UIAG Informatik-Holding GmbH in accordance with §§16 sections 1, 2; 17 section 2 »Aktiengesetz«. In addition to Unternehmens Invest AG and UIAG Informatik-Holding GmbH as directly controlling companies, these companies' shareholders and other parent companies, along with Dr Rudolf Knünz, can also indirectly exercise a controlling influence over All for One Steeb AG. Because of this, all the relationships with all controlling companies and their affiliated companies are documented in the dependent company report. For this reason, all relationships with controlling entities and their affiliated companies are documented in the dependent company report. Because of a voting agreement between Unternehmens Invest AG and Pierer Industrie AG, Wels/Austria, there was a dependent relationship with Pierer Industrie AG until 14 July 2016, which at that time held 25.07% of the share capital of All for One Steeb AG and has since withdrawn as a shareholder. Consequently, the dependent company report for the period 1 October 2015 to 14 July 2016 also documents all the relationships with Pierer Industrie AG to include its affiliated companies, as well as with Mr Dipl. Ing. Stefan Pierer and other companies controlled by him.

The following revenues were generated with related persons or entities during the period 1 October 2015 to 14 July 2016:

All for One Steeb GmbH, Vienna/Austria, provided SAP licensing revenues for the company WP Performance Systems GmbH, Munderfing/Austria, totalling KEUR 49 (2014/15: KEUR 44). Furthermore, consulting services totalling KEUR 102 (2014/15: KEUR 295) were generated. SAP maintenance revenues in the amount of KEUR 74 (2014/15: KEUR 60) were also achieved. In the financial year, no hardware sales (prior year: KEUR 1) were made. There were outstanding balances of KEUR 35 (2014/15: KEUR 115) as at the balance sheet date.

All for One Steeb GmbH, Vienna/Austria, generated SAP licensing revenues, in an amount of KEUR 767 (2014/15: KEUR 821) with KTM Sportmotorcycle AG, Mattighofen/Austria. Furthermore, consulting services in a total amount of KEUR 3,440 (2014/15: KEUR 2,135) were provided. SAP maintenance revenues in the amount of KEUR 417 (2014/15: KEUR 284) were posted. Outsourcing revenues from SAP implementation services in the amount of KEUR 131 (2014/15: KEUR 47) were posted. There were outstanding balances of KEUR 1,753 (2014/15: KEUR 637) as at the balance sheet date.

All business transactions with related parties were made on the basis of terms and conditions that would apply among independent business partners.

#### Joint Arrangements (IFRS 11)

##### **Food & Beverage Alliance**

The Food & Beverage Alliance has been in place since 19 March 2015. This service partnership of longstanding All for One Steeb business partners is a one-stop resource that delivers all-encompassing support for SAP solutions and systems together with a commitment to cost and performance leadership. Earnings of KEUR 4 (prior year: KEUR 0) and expenditures of KEUR 2 (prior year: KEUR 59) arose in connection with the Food & Beverage Alliance in the current financial year. There were no receivables or liabilities as at the balance sheet date.

##### **Construction Alliance**

In February 2016, All for One Steeb AG signed an agreement entitled »Letter of Mutual Agreement – Vereinbarung zur Partnerschaft« under which it joined with the Germany-based companies Bau UP Unternehmens- und Projektberatung GmbH, Bühl; KAMMACHI Consulting GmbH, Bühl; quindata GmbH, Kassel; and VRG Unternehmensberatung GmbH, Oldenburg, to form the Construction Alliance (in German: »Bau Allianz«). This alliance intends to actively pursue sales among small to mid-sized businesses within the construction and building materials industry and with various builders merchants in order to provide licenses and consulting services for joint SAP projects. Earnings of KEUR 5 and expenditures of KEUR 3 arose in connection with the Construction Alliance in the financial year 2015/16. There were receivables in the amount of KEUR 1 and no liabilities as at the balance sheet date.

In each case All for One Steeb AG is considered a joint operator within the meaning of IFRS 11.

### Members of the Supervisory Board

The following individuals were members of the supervisory board during the reporting year:

Josef Blazicek (independent businessman, chairman), Peter Brogle (independent businessman, deputy chairman), Peter Fritsch (Managing Director of BEKO HOLDING GmbH & Co. KG, Nöhagen/Austria, and member of control bodies in other BEKO Group companies), Friedrich Roithner (CFO of KTM Industries AG (formerly: CROSS Industries AG), Wels/Austria, member until 10 August 2016), Jörgen Dalhoff (Organisation Development at All for One Steeb AG, Filderstadt/Germany), Detlef Mehlmann (Head of Business Development International at All for One Steeb AG, Filderstadt/Germany).

Friedrich Roithner, the CFO of Pierer Industrie AG, Wels/Austria, which withdrew as a shareholder in the company, relinquished his seat on All for One Steeb AG's supervisory board effective 11 August 2016. Paul Neumann, a member of the management board of Unternehmens Invest AG and managing director of UIAG Informatik-Holding GmbH, both of Vienna/Austria, took his place on the supervisory board through a court appointment on 11 November 2016 (see note 38, Subsequent Events).

During the reporting year, the supervisory board members were also members of the supervisory boards and control bodies of the following companies in terms of §125, section 1, sentence 5 »Aktiengesetz«:

**Josef Blazicek:** KTM Industries AG (formerly: CROSS Industries AG), Wels/Austria (chairman of the supervisory board), Pankl Racing Systems AG, Kapfenberg/Austria (deputy chairman of the supervisory board), KTM AG, Mattighofen/Austria (chairman of the supervisory board until July 2016), BEKO HOLDING AG, Nöhagen/Austria (chairman of the supervisory board until December 2016), Pierer Industrie AG, Wels/Austria (member of the supervisory board).

**Peter Brogle:** alupak AG, Belp/Switzerland (member of the administrative board), Nahrin AG, Sarnen/Switzerland (member of the administrative board), Neumatt-Park AG, Hünenberg/Switzerland (president of the administrative board), Similasan AG, Jonen/Switzerland (member of the administrative board), Swissburg AG, Baar/Switzerland (member of the administration board).

**Peter Fritsch:** TRIPLAN AG, Bad Soden/Germany (deputy chairman of the supervisory board).

**Friedrich Roithner** (member of the supervisory board until 10 August 2016): KTM AG, Mattighofen/Austria (chairman of the supervisory board from 21 July 2016), WP AG, Munderfing/Austria (member of the supervisory board), Pankl Racing Systems AG, Kapfenberg/Austria (member of the supervisory board), Wirtschaftspark Wels Errichtungs- und Betriebs-Aktiengesellschaft, Wels/Austria (member of the supervisory board), Wethje Group, Hengersberg/Germany (member of the advisory board).

**Jörgen Dalhoff:** None

**Detlef Mehlmann:** None

### Compensation for Supervisory Board

Total fixed compensation for the supervisory board was as follows:

COMPENSATION FOR SUPERVISORY BOARD in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Josef Blazicek	43	33
Peter Brogle	18	27
Peter Fritsch	20	20
Friedrich Roithner (until 10 August 2016)	13	15
Jörgen Dalhoff	10	10
Detlef Mehlmann	10	10
<b>Total</b>	<b>114</b>	<b>115</b>

The members of the supervisory board also receive reimbursement for their expenses.

The compensation system for the supervisory board is as follows:

The members of the supervisory board each receive a fixed compensation in the amount of KEUR 10 (plus any value-added tax that may be owed) for each full financial year that they belong to the supervisory board, and which is payable at the end of the financial year. The chairman of the supervisory board receives three times and the deputy chairman one-and-a-half

times the preceding fixed amount of compensation. The members of the supervisory board also receive a remuneration for their work in committees as follows:

A simple member of a committee receives EUR 2,500 per year (plus any value-added tax that may be due) for each committee membership. The chairman of a committee receives four times the above committee membership remuneration.

Performance-related components are not included in the compensation for the supervisory board. Payment of the total fixed compensation for the supervisory board will be made in the financial year 2016/17 and is reported under »Other Liabilities« as at 30 September 2016.

### Members of the Management Board

During the reporting year, the management board consisted of Lars Landwehrkamp (CEO since May 2007) and Stefan Land (CFO since April 2008). Membership by management board members in control bodies in terms of §125, section 1, sentence 5 »Aktiengesetz« are limited to various companies within All for One Steeb AG. The compensation for the management board members for all of their employment relationships in companies included within the scope of the consolidation for the financial year 2015/16 include salaries, bonuses (performance-related components) and benefits in kind from the use of company cars, insurance and pension plans.

### Compensation for Management Board

According to the recommendations of the German Corporate Governance Code of 24 June 2014, the amounts of benefits granted for the reporting year and the allocations (i.e. amounts disbursed) for the reporting year are listed separately in the disclosure of compensation for members of the management board.

#### Lars Landwehrkamp

Benefits granted	Lars Landwehrkamp			
	CEO since 5/2007			
	10/2015 – 09/2016	10/2014 – 09/2015	10/2015 – 09/2016 (Min)	10/2015 – 09/2016 (Max)
in KEUR				
Fixed compensation	336	324	336	336
Fringe benefits*	60	60	60	60
<b>Total fixed compensation</b>	<b>396</b>	<b>384</b>	<b>396</b>	<b>396</b>
One-year variable compensation**	538	454	0	538
Multi-year variable compensation**				
Target achievement depends on the aggregate earnings per share for the timeframe 10/2014 to 09/2019	24	24	0	24
<b>Total variable compensation</b>	<b>562</b>	<b>478</b>	<b>0</b>	<b>562</b>
Service cost	81	81	81	81
<b>Total compensation</b>	<b>1,039</b>	<b>943</b>	<b>477</b>	<b>1,039</b>

\* Include the company car benefit in kind and disbursements for health and long-term-care insurance

\*\* The variable benefits granted are based on estimates

Allocation	Lars Landwehrkamp	
	CEO since 5/2007	
	10/2015 – 09/2016	10/2014 – 09/2015
in KEUR		
Fixed compensation	336	324
Fringe benefits*	61	60
<b>Total fixed compensation</b>	<b>397</b>	<b>384</b>
One-year variable compensation**	463	463
Multi-year variable compensation***		
Target achievement depends on the aggregate earnings per share for the timeframe 10/2014 to 09/2019	0	113
<b>Total variable compensation</b>	<b>463</b>	<b>576</b>
Service cost	81	81
<b>Total compensation</b>	<b>941</b>	<b>1,041</b>

\* Fringe benefits include the company car benefit in kind (notional amount paid) and disbursements for health and long-term-care insurance

\*\* The allocation of the one-year variable compensation pertains to the respective prior financial year

\*\*\* The allocation of the multi-year variable compensation in the financial year 2014/15 was made for the three financial years from 1 October 2011 to 30 September 2014

## Stefan Land

Benefits granted	Stefan Land			
	CFO since 4/2008			
	10/2015 – 09/2016	10/2014 – 09/2015	10/2015 – 09/2016 (Min)	10/2015 – 09/2016 (Max)
in KEUR				
Fixed compensation	252	240	252	252
Fringe benefits*	18	17	18	18
<b>Total fixed compensation</b>	<b>270</b>	<b>257</b>	<b>270</b>	<b>270</b>
One-year variable compensation**	353	312	0	353
Multi-year variable compensation**				
Target achievement depends on the aggregate earnings per share for the timeframe 10/2014 to 09/2019	24	24	0	24
<b>Total variable compensation</b>	<b>377</b>	<b>336</b>	<b>0</b>	<b>377</b>
Service cost	45	45	45	45
<b>Total compensation</b>	<b>692</b>	<b>638</b>	<b>315</b>	<b>692</b>

\* include the company car benefit in kind and disbursements for health and long-term-care insurance.

\*\* The variable benefits granted are based on estimates

Allocation	Stefan Land	
	CFO since 4/2008	
	10/2015 – 09/2016	10/2014 – 09/2015
in KEUR		
Fixed compensation	252	240
Fringe benefits*	18	17
<b>Total fixed compensation</b>	<b>270</b>	<b>257</b>
One-year variable compensation**	312	289
Multi-year variable compensation***		
Target achievement depends on the aggregate earnings per share for the timeframe 10/2014 to 09/2019	0	113
<b>Total variable compensation</b>	<b>312</b>	<b>402</b>
Service cost	45	45
<b>Total compensation</b>	<b>627</b>	<b>704</b>

\* Fringe benefits include the company car benefit in kind (notional amount paid) and disbursements for health and long-term-care insurance

\*\* The allocation of the one-year variable compensation pertains to the respective prior financial year

\*\*\* The allocation of the multi-year variable compensation in the financial year 2014/15 was made for the three financial years from 1 October 2011 to 30 September 2014

### Total Management Board Compensation

The total compensation (benefits granted) for the two management board members, Lars Landwehrkamp and Stefan Land, was KEUR 1,731 for the reporting year (2014/15: KEUR 1,581). Variable compensation amounted to KEUR 939 (2014/15: KEUR 814) of this total compensation and includes estimates, which may deviate from the amounts determined as part of the final accounting. For the financial year 2014/15, the final accounting resulted in total variable compensation (benefits granted) of KEUR 823, which was KEUR 9 greater than the estimate reported in the Annual Report 2014/15 (2014/15: KEUR 814).

An allocation from the multi-year variable compensation was not made in the reporting year. Furthermore, no loans were extended and no options for shares of All for One Steeb AG were granted to the management board during the reporting year. Unusual transactions with related parties did not take place.

The compensation system for members of the management board is described in detail in the Group Management Report.

### 31. Other Financial Liabilities not Reported on the Balance Sheet

The financial obligations from »Operating Leases« not reported on the balance sheet primarily consist of leases for company cars and the leasing of EDP infrastructure (predominantly hardware and operating software). The lease periods range from 1 to 10 years. These obligations are as follows:

OPERATING LEASES in KEUR	30.09.2016	30.09.2015
2015/16	–	3,563
2016/17	3,935	2,334
2017/18	2,711	1,107
2018/19	1,292	45
2019/20	55	37
2020/21	27	0
2021/22 and later	0	–
<b>Total</b>	<b>8,020</b>	<b>7,086</b>

In addition there are other unreported financial obligations, particularly from rental agreements, as shown below:

RENTAL AGREEMENTS in KEUR	30.09.2016	30.09.2015
2015/16	–	4,878
2016/17	5,953	4,119
2017/18	4,200	2,761
2018/19	3,028	1,641
2019/20	2,515	981
2020/21*	2,249	2,146
2021/22 and later	3,254	–
<b>Total</b>	<b>21,199</b>	<b>16,526</b>

\* in the prior year: 2019/20 and later

The expenditures for operating leases and rental agreements totalled EUR 7.5 million in the financial year 2015/16 (prior year: EUR 7.8 million).

There is also an order commitment for investments in tangible fixed assets in the amount of KEUR 2,643 (prior year: KEUR 0).

The finance lease liabilities are included under financial liabilities (see note 24, Financial Liabilities).

### 32. Currency Hedges

Revenues generated by the individual companies are predominantly made in the same currency in which expenses are incurred. Therefore, no currency hedges were undertaken in the years 2014/15 and 2015/16.

### 33. Non-Current Assets by Country

in KEUR*	30.09.2016	30.09.2015
Germany	70,331	74,476
Austria	133	138
Switzerland	1,752	1,806
Other countries	5,090	5,067
<b>Total</b>	<b>77,306</b>	<b>81,487</b>

\* based on domicile of the service provider and not including deferred tax assets

34. Notifications about the Share of Voting Rights in All for One Steeb AG according to §21, Section 1 and §25a, Section 1 »Wertpapierhandelsgesetz« (WpHG)

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As at 30 September 2016 there were equity interests held in the company about which the following notifications and public disclosures were made in accordance with the provisions of the »Wertpapierhandelsgesetz« (WpHG):

1. On 16 March 2011, **BEKO HOLDING AG** (since 31 December 2015: BEKO HOLDING GmbH & Co KG), Nöhagen, Austria, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of BEKO HOLDING AG in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has fallen below the limits of 50%, 30%, 25%, 20%, 15% on 12 March 2011 and on that day amounted to 11.11% (this corresponds to 540,000 voting rights).

2. On 8 January 2016, **Prof. Ing. Peter Kotauczek**, Austria, informed us according to article 21, section 1 of the WpHG that BEKO HOLDING GmbH & Co. KG, Nöhagen, Austria, (formerly: BEKO HOLDING AG), has a total share of voting rights from shares of All for One Steeb AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000, in the amount of 11.58%. In relation to the total number of voting rights (4,982,000), this corresponds to a total share of 576,742 voting rights that are attributable to Prof. Ing. Peter Kotauczek according to article 22, section 1, sentence 1, number 1 of the WpHG. The full chain of controlled companies starting with the ultimate controlling natural person is as follows:

- Prof. Ing. Peter Kotauczek
- BEKO HOLDING GmbH
- BEKO HOLDING GmbH & Co KG (share of the voting rights: 11.58%)

3. On 13 September 2013, **Ocean Consulting GmbH**, Vienna, Austria, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of Ocean Consulting GmbH from shares in All for One Steeb AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10% on 13 September 2013 and on that day amounted to 13.13% (this corresponds to 638,000 voting rights). The chain of companies controlled by Ocean Consulting GmbH is as follows:

- Swissburg AG
- Qino Capital Partners AG

4. On 13 September 2013, **Swissburg AG**, Baar, Switzerland, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of Swissburg AG from shares in All for One Steeb AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10% on 13 September 2013 and on that day amounted to 13.13% (this corresponds to 638,000 voting rights). The chain of companies controlled by Swissburg AG is as follows:

- Qino Capital Partners AG

5. On 13 September 2013, **Qino Capital Partners AG**, Hünenberg, Switzerland, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of Capital Partners AG from shares in All for One Steeb AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10% on 13 September 2013 and on that day amounted to 11.76% (this corresponds to 571,537 voting rights).

6. On 3 September 2015, **MainFirst SICAV**, Senningerberg, Luxemburg, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of MainFirst SICAV in All for One Steeb AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limit of 3% on 1 September 2015 and on that day amounted to 3.05% (this corresponds to 152,030 voting rights).

7. On 14 July 2016, **Dipl. Ing. Stefan Pierer**, Austria, informed us according to article 21, section 1 of the WpHG that he has a total share of voting rights from All for One Steeb AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000, in the amount of 0.0%. In relation to the total number of voting rights (4,982,000), this corresponds to a total position of 0 voting rights that are attributable to Dipl. Ing. Stefan Pierer according to article 22, section 1, sentence 1, number 1 of the WpHG. The full chain of controlled companies starting with the ultimate controlling natural person is as follows:

- Dipl. Ing. Stefan Pierer
- Pierer Konzerngesellschaft mbH
- Pierer Industrie AG

8. On 14 July 2016, **Dr Rudolf Knünz**, Austria, informed us according to article 21, section 1 of the WpHG that Unternehmens Invest AG and UIAG Informatik-Holding GmbH, both of Vienna, Austria, have a total share of voting rights from shares of All for One Steeb AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000, in the amount of 50.14%. In relation to the total number of voting rights (4,982,000), this corresponds to a total share of 2,497,746 voting rights that are attributable to Dr Rudolf Knünz according to article 22, section 1, sentence 1, number 1 of the WpHG. The full chain of controlled companies starting with the ultimate controlling natural person is as follows:

- Dr Rudolf Knünz
- Knünz GmbH
- Robotec GmbH
- Knünz Invest Beteiligungs GmbH
- Unternehmens Invest AG (share of the voting rights: 50.14%)
- UIAG Informatik-Holding GmbH (share of the voting rights: 25.07%)

The **total number of shares with voting rights of All for One Steeb AG** is an unchanged 4,982,000.

### 35. Corporate Governance Code

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Corporate Governance is fully anchored within All for One Steeb AG's day to day business in the form of responsible and transparent leadership and management, which is actively »lived« and continuously reviewed and improved. The Declaration of Conformity by the supervisory and management board prepared in accordance with §161 »Aktiengesetz« and the Corporate Governance Statements pursuant to §289a »Handelsgesetzbuch« (HGB) were issued and can be found in the Investor Relations section of the company's website [www.all-for-one.com](http://www.all-for-one.com).

### 36. Group Auditors Fees and Services

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The auditors' fees were as follows:

in KEUR	10/2015 – 9/2016	10/2014 – 9/2015
Audit services	246	235
Other confirmation services	51	111
Tax advisory services	12	24
Other services	31	26
<b>Total</b>	<b>340</b>	<b>396</b>

### 37. Release of Consolidated Financial Statements for Publication

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The management board released these consolidated financial statements for publication on 6 December 2016.

### 38. Subsequent Events

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#### **Acquisition of the Remaining 40% Share of OSC AG**

All for One Steeb AG enlarged its 60% interest in OSC AG, Lübeck, to 100% effective 1 October 2016. The purchase price to be made in cash to the three minority shareholders and directors of OSC AG for acquiring the remaining 40% share is EUR 7.9 million. An earnout in the amount of EUR 1.8 million is also to be paid. The entire payment of the purchase price will be funded using the company's own capital resources. The amount of the payment was calculated according to the share purchase agreement that was concluded on 1 November 2012.

#### **Acquisition of a Majority Interest in the Cloud Specialist B4B Solutions GmbH**

An acquisition of 70% of the shareholdings in B4B Solutions GmbH, Graz/Austria, was closed with an effective date of 1 November 2016. B4B is an acknowledged cloud expert and has been an SAP Cloud Partner of the Year multiple times already. The company was established in 2012, employs a total of 20 people in Austria and Germany, and has been growing much faster than the market. B4B improved revenues almost fourfold to EUR 1.2 million (2015) over the past three years. The sellers, four shareholders, are working as active members of B4B management following this majority interest acquisition by All for One Steeb and each holds equal parts of the remaining 30% share of the company. This is a strategic acquisition. All for One Steeb wants to win over more of the midmarket segment to cloud software solutions. Small and mid-sized enterprises in particular are the ones that stand to benefit the most from fast, efficient, and simple solutions from the cloud.

This transaction is a business combination in accordance with IFRS 3. The company will be included by way of full consolidation within All for One Steeb AG's Group financial accounting and reporting starting on 1 November 2016. The preliminary purchase price of the transaction is KEUR 787 and was paid out in the amount of KEUR 630 in November 2016. The determination of the purchase price allocation is still pending. In light of this, no statements can yet be made regarding the revenues and earnings of the combined company. The transaction and integration preparation costs in the amount of EUR 0.2 million incurred in the financial year 2015/16 have been directly recognised as an expense.

In order to reinforce the shared business approach, All for One Steeb AG transferred its »SAP Cloud solutions« business unit to B4B's German subsidiary with an effective date of 1 November 2016.

#### **Paul Neumann Joins the Supervisory Board**

On 11 November 2016, Paul Neumann, a member of the management board of Unternehmens Invest AG and managing director of UIAG Informatik-Holding GmbH, both Vienna/Austria, took his seat on All for One Steeb's supervisory board. Neumann has hitherto not held any reportable membership in other supervisory boards or controlling bodies within the meaning of §125, section 1, sentence 5 »Aktiengesetz«. Unternehmens Invest AG and the company UIAG Informatik-Holding GmbH, which it controls, each directly hold 25.07% of the share capital of All for One Steeb AG. Friedrich Roithner, the CFO of Pierer Industrie AG, relinquished his seat on All for One Steeb AG's supervisory board effective 11 August 2016 following the 14 July 2016 withdrawal of Pierer Industrie AG as a shareholder in All for One Steeb.

#### **Voting Agreement between Unternehmens Invest AG and UIAG Informatik-Holding GmbH**

On 22 November 2016, Unternehmens Invest AG, Vienna/Austria, published an ad hoc announcement stating that it is replacing the proxy for exercising voting rights of UIAG Informatik-Holding GmbH, Vienna/Austria, with a voting agreement. Each of these shareholders hold 25.07% of the share capital of All for One Steeb AG. The related voting rights announcement is available in the Investor Relations section on the company's website [www.all-for-one.com](http://www.all-for-one.com).

No further reportable events occurred after 30 September 2016.

Filderstadt, 6 December 2016  
All for One Steeb AG

Lars Landwehrkamp  
CEO

Stefan Land  
CFO



## Consolidated Statement of Changes in Fixed Assets

Financial Year from 1 October 2015 to 30 September 2016

in KEUR	Costs							Accumulated depreciation/amortisation					Carrying amounts		
	01.10.15	Foreign currency differences	Change in scope of consolidation	Additions	Disposals	Reclassifications	30.09.16	01.10.15	Foreign currency differences	Deprec./amortisation	Disposals	Reclassifications	30.09.16	30.09.16	30.09.15
<b>Intangible assets</b>															
Goodwill	21,262	0	0	0	-382	0	20,880	1,272	0	0	0	0	1,272	19,608	19,990
Other intangible assets	63,739	-1	0	607	-333	98	64,110	18,045	0	4,581	-24	0	22,602	41,508	45,694
	<b>85,001</b>	<b>-1</b>	<b>0</b>	<b>607</b>	<b>-715</b>	<b>98</b>	<b>84,990</b>	<b>19,317</b>	<b>0</b>	<b>4,581</b>	<b>-24</b>	<b>0</b>	<b>23,874</b>	<b>61,116</b>	<b>65,684</b>
<b>Tangible fixed assets</b>															
Leasehold improvements	872	1	0	60	-2,237	0	933	592	1	86	0	0	679	254	280
IT systems	20,286	1	0	3,528	-252	0	21,578	12,591	1	3,296	-1,691	0	14,197	7,381	7,695
Operating and office equipment	4,486	1	0	527	-252	-98	4,664	2,585	2	592	-227	0	2,952	1,712	1,901
	<b>25,644</b>	<b>3</b>	<b>0</b>	<b>4,115</b>	<b>-2,489</b>	<b>-98</b>	<b>27,175</b>	<b>15,768</b>	<b>4</b>	<b>3,974</b>	<b>-1,918</b>	<b>0</b>	<b>17,828</b>	<b>9,347</b>	<b>9,876</b>
<b>Total</b>	<b>110,645</b>	<b>2</b>	<b>0</b>	<b>4,722</b>	<b>-3,204</b>	<b>0</b>	<b>112,165</b>	<b>35,085</b>	<b>4</b>	<b>8,555</b>	<b>-1,942</b>	<b>0</b>	<b>41,702</b>	<b>70,463</b>	<b>75,560</b>

KEUR 894 in finance leases are included in the additions to the non-current assets.

KEUR 15 from a partial divestiture of a business unit and KEUR 367 from a goodwill adjustment are included in goodwill disposals.

Financial Year from 1 October 2014 to 30 September 2015

in KEUR	Costs							Accumulated depreciation/amortisation					Carrying amounts		
	01.10.14*	Foreign currency differences	Change in scope of consolidation	Additions	Disposals	Reclassifications	30.09.15	01.10.14*	Foreign currency differences	Deprec./amortisation	Disposals	Reclassifications	30.09.15	30.09.15	30.09.14*
<b>Intangible assets</b>															
Goodwill	20,877	0	385	0	0	0	21,262	1,272	0	0	0	0	1,272	19,990	19,605
Other intangible assets	60,653	-14	2,525	553	-116	138	63,739	13,527	-4	4,626	-104	0	18,045	45,694	47,126
	<b>81,530</b>	<b>-14</b>	<b>2,910</b>	<b>553</b>	<b>-116</b>	<b>138</b>	<b>85,001</b>	<b>14,799</b>	<b>-4</b>	<b>4,626</b>	<b>-104</b>	<b>0</b>	<b>19,317</b>	<b>65,684</b>	<b>66,731</b>
<b>Tangible fixed assets</b>															
Leasehold improvements	843	-7	0	36	0	0	872	495	-6	103	0	0	592	280	348
IT systems	16,610	40	0	4,497	-967	106	20,286	10,470	25	2,975	-906	27	12,591	7,695	6,140
Operating and office equipment	4,452	11	0	626	-359	-244	4,486	2,325	8	558	-279	-27	2,585	1,901	2,127
	<b>21,905</b>	<b>44</b>	<b>0</b>	<b>5,159</b>	<b>-1,326</b>	<b>-138</b>	<b>25,644</b>	<b>13,290</b>	<b>27</b>	<b>3,636</b>	<b>-1,185</b>	<b>0</b>	<b>15,768</b>	<b>9,876</b>	<b>8,615</b>
<b>Total</b>	<b>103,435</b>	<b>30</b>	<b>2,910</b>	<b>5,712</b>	<b>-1,442</b>	<b>0</b>	<b>110,645</b>	<b>28,089</b>	<b>23</b>	<b>8,262</b>	<b>-1,289</b>	<b>0</b>	<b>35,085</b>	<b>75,560</b>	<b>75,346</b>

KEUR 29 in finance leases are included in the additions to the non-current assets

\* adjusted according to IAS 8

# 8. Responsibility Statement

of the Management Board

»To the best of our knowledge, and in accordance with the applicable reporting principles, we affirm that the consolidated financial statements give a true and fair view of the assets, financial position and earnings of the Group, and that the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group«.

Filderstadt, 6 December 2016

All for One Steeb AG

Lars Landwehrkamp  
CEO

Stefan Land  
CFO

## 9. Auditor's Report.

We have audited the consolidated financial statements prepared by the All for One Steeb AG, Filderstadt, comprising the the Group income statement and other comprehensive income, Group balance sheet, Group cash flow statement, Group statement of changes in equity and the notes to the consolidated financial statements, together with the Group management report for the business year from 1 October 2015 to 30 September 2016. The preparation of the consolidated financial statements and the Group management report in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to §315a sec. 1 of German Commercial Code (HGB) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to §315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, 6 December 2016

KPMG AG

Wirtschaftsprüfungsgesellschaft

Schwebler  
Auditor

Köpke  
Auditor

# 10. IR Service / Disclaimer

## Financial Calendar for Financial Year 2016/17

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Thu	09.02.17	Quarterly Statement 2016/17 as at 31 December 2016
Thu	16.03.17	Annual General Meeting, Leinfelden-Echterdingen
Thu	11.05.17	Half-Year Financial Report 2016/17 as at 31 March 2017
Wed	09.08.17	Quarterly Statement 2016/17 as at 30 June 2017
Wed	13.12.17	Publication of Consolidated and Annual Financial Statements Financial Year from 1 October 2016 to 30 September 2017
Wed	13.12.17	Press Conference on Consolidated and Annual Financial Statements, Filderstadt
Thu	14.12.17	Analyst Presentation, Frankfurt

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## IR Service

Our homepage offers an extensive IR Service. Apart from finding company reports, analyst reports, financial presentations or information concerning the annual general meeting, you can also put yourself on the distribution list for press and financial announcements.

[www.all-for-one.com/ir-relations](http://www.all-for-one.com/ir-relations)

## Imprint

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### Responsible for the Content

All for One Steeb AG  
Filderstadt, Germany

## Disclaimer

As far as this annual report contains forecasts, estimates or expectations, these can be associated with risks and uncertainties. The actual results and developments can deviate from the expectations and assumptions made. Changes in the general economic and competitive situation, particularly in the core business divisions and markets, changes in legislation, in particular tax regulations, can cause such deviations. The German version is the definite version of this annual report. The company assumes no obligation to update statements made in this annual report.



All for One Steeb. Das SAP Haus.



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