SINNERSCHRADER GROUP
Part of Accenture Interactive

Financial Report 2016/2017

Key Figures
SinnerSchrader Group

		2016/2017	2015/2016	CHANGE
Net revenues	€ 000s	56,682	51,131	+11 %
EBITA	€ 000s	4,987	4,735	+5 %
Relation of the EBITA to net revenues (operating margin)	%	8.8	9.3	–5 %
Net income attributable to the shareholders of SinnerSchrader AG	€ 000s	3,456	3,373	+2 %
Net income per share, fully diluted	€	0.30	0.29	+2 %
Cash flows from operating activities	€ 000s	1,784	3,500	–49 %
Employees, full-time equivalents	number	475	446	+7 %

		31.08.2017	31.08.2016	CHANGE
Liquid funds and securities	€ 000s	4,944	6,099	–19 %
Shareholders' equity	€ 000s	18,791	15,870	+18 %
Shareholders' equity rate	%	63	60	+5 %
Employees, end of period	number	529	505	+5 %

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Joint Status Report

1 General

The following Management Report is the Combined Management Report and Group Management Report of SinnerSchrader Aktiengesellschaft (“SinnerSchrader AG” or “AG”) for the 2016/2017 financial year from 1 September 2016 to 31 August 2017. It presents the development of the results of operations, financial position and net assets of the SinnerSchrader Group (“SinnerSchrader” or “Group”) and of the AG in the financial year and gives details of the probable future business performance and material risks and opportunities for development. Unless explicit reference is made to the AG, the statements refer to the Group.

The 2016/2017 Consolidated Financial Statements to which this Management Report refers were prepared in accordance with the International Financial Reporting Standards (“IFRS”, as applicable in the EU) and the additional requirements of commercial law pursuant Article 315a para. 1 of the German Commercial Code (“HGB”). The AG’s Annual Financial Statements for the 2016/2017 financial year were prepared according to German commercial accounting regulations.

The Management Report and the Group Management Report contain forward-looking statements and information, especially in the “Forecast” section. These can be recognised by the use of words such as “expect”, “anticipate”, “forecast”, “intend”, “plan”, “aim”, “estimate”, “will”, “shall” and similar terms. Such forward-looking statements are based on current knowledge, estimates and assumptions. They therefore entail a range of risks and uncertainties. Business performance and results are influenced by a large number of factors, many of which are beyond SinnerSchrader’s control. These factors can result in the actual business performance and actual results generated by SinnerSchrader in the future deviating substantially from the corresponding forward-looking statements.

2 Group Business and Structure

2.1 Business Activities

With over 500 employees as at 31 August 2017, the SinnerSchrader Group, managed by SinnerSchrader AG, is one of the largest digital agency groups in Germany. It offers companies in Germany and abroad a comprehensive portfolio of services for the use of digital technologies to develop and optimise their business. The emphasis is on the digital transformation of companies – especially with regard to the customer interface – and the design and development of digital products and services. Other areas of work for the SinnerSchrader Group include services in connection with the use of the internet for sales (e-commerce), for marketing and communication and for the acquisition and retention of customers.

SinnerSchrader's service range primarily comprises

1. advice on and development of strategies for the use of digital technology for marketing, sales and communications and for establishing digital business models,
2. the customised conception, design and technical development of websites, internet applications and mobile apps and the conception and development of transformational products and services,
3. content-related and technical maintenance, performance measurement and optimisation, and technical operation including the provision of technical infrastructure for websites and internet applications,
4. the conception, implementation and execution of digital marketing and communication measures,
5. advice on digital media strategies and digital media technologies and tools,
6. the planning and conception of internet marketing strategies based on editorial content and their implementation in daily editorial operations (content marketing), and
7. the assumption of overall responsibility for setting up and managing the internet sales channel including logistics, payment transactions and shop management (e-commerce-outsourcing).

There were thus no significant changes in the service portfolio in the 2016/2017 financial year compared to the previous year.

As in previous years, SinnerSchrader divides the business into the "Interactive Marketing", "Interactive Media" and "Interactive Commerce" segments. The Interactive Marketing segment covers the range of services described in 1 to 4 above with a focus on corporate clients in all industries. The Interactive Media segment bundles the services numbered 5 and 6. Finally, the Interactive Commerce segment offers – similarly to the Interactive Marketing segment – the services numbered 1, 2 and 4, but this time with a focus on e-commerce projects and SME clients. The segment also manages the digital sales channels as an outsourcing partner, as described in number 7.

SinnerSchrader predominantly works for large firms and major SMEs based in Germany, but projects were also realised for customers based in Belgium, the UK, Luxembourg, the Netherlands, Switzerland and the USA in the 2016/2017 reporting year.

SinnerSchrader again rendered its services from offices in Hamburg, Frankfurt am Main, Berlin, Hanover, Munich and Prague. However, SinnerSchrader withdrew from Hanover over the course of the reporting year and relocated a portion of the business to Prague. Its headquarters are in Hamburg, where the SinnerSchrader Group was founded as Sinner+Schrader GbR in 1996.

SinnerSchrader's clients operate primarily in the "Trade & Consumer Goods", "Financial Services", "Telecommunications & Technology" and "Transport & Tourism" sectors. SinnerSchrader aims for long-term client relationships: The company has been working for some of its clients for over ten years.

2.2 Group Structure and Management

SinnerSchrader conducts its business through various operating companies, which are managed by SinnerSchrader AG, the Group's parent company.

The Group's scope of consolidation has been simplified compared to 31 August 2016 through mergers and renamings:

- At the beginning of the 2016/2017 financial year, SinnerSchrader Mobile GmbH and its subsidiary Swipe GmbH were initially renamed SinnerSchrader Swipe GmbH and SinnerSchrader Swipe Hamburg GmbH respectively. In April 2017, they were then merged into SinnerSchrader Swipe GmbH with retroactive effect as of 1 September 2016.
- Also in April 2017 with retroactive effect as of 1 September 2016, the former SinnerSchrader Content GmbH was absorbed by its parent company, NEXT AUDIENCE GmbH, as part of a merger. This company was then renamed SinnerSchrader Content GmbH.
- After Commerce Plus GmbH was renamed SinnerSchrader Commerce GmbH at the beginning of the reporting year, its subsidiary, Commerce Plus Consulting GmbH, was absorbed by its parent company in April 2017. This merger also had retroactive effect as of 1 September 2016.

Therefore, the following companies –managed by the parent company SinnerSchrader AG – belonged to the SinnerSchrader Group in the reporting year:

- SinnerSchrader Deutschland GmbH with headquarters in Hamburg and offices in Frankfurt am Main and Munich,
- SinnerSchrader Swipe GmbH with headquarters in Berlin and an office in Hamburg,
- SinnerSchrader Content GmbH with headquarters in Hamburg,
- SinnerSchrader Commerce GmbH with headquarters in Hamburg and an office in Hanover (withdrawal from Hanover during the reporting year),
- SinnerSchrader Praha s.r.o. with headquarters in Prague,
- SinnerSchrader Benelux B.V. with headquarters in Rotterdam, and
- SinnerSchrader UK Ltd. with headquarters in London.

Of these companies, the two foreign companies SinnerSchrader UK Ltd. and SinnerSchrader Benelux B.V. were not operationally active. The liquidation process was initiated for both companies, which is expected to be concluded in the 2017/2018 financial year.

SinnerSchrader Deutschland GmbH or its predecessor companies have belonged to the agency group since it was founded in 1996. It is the largest subsidiary and, under the "SinnerSchrader" brand, provides the entire range of services listed in numbers 1 to 4 above except for the development of native applications for mobile devices (smartphones and tablets, but now also smartwatches and various embedded devices). This is the focus of SinnerSchrader Swipe GmbH, which together with SinnerSchrader Deutschland GmbH constitutes the Interactive Marketing segment.

SinnerSchrader Content GmbH, which covers the Interactive Media segment within the Group, mainly develops and operates content-based marketing strategies for companies: Using editorial content that goes far beyond the scope of brand and advertising messages, it creates reach and establishes a readership/viewership/audience that client companies can target with offers and advertising messages. In addition, SinnerSchrader Content GmbH offers advice on digital media strategies and digital media technologies and tools on the basis of the know-how from the NEXT AUDIENCE business and, in this respect, leads the partnership with SAP for the Group.

SinnerSchrader Commerce GmbH offers the full range of services relating to digital sales channels – from consulting, conception and set-up to operation and integration into a comprehensive multi-channel sales system. One priority is PHP-based technologies. SinnerSchrader Commerce GmbH renders its services under service and work agreements or on the basis of e-commerce operator models. In the case of the latter, the company takes on the development, management and operation of the online sales channel on behalf of the client company (and on the basis of multi-year contracts) in return for performance-based remuneration. SinnerSchrader Commerce GmbH is allocated to the Interactive Commerce segment.

Since the beginning of the 2016/2017 financial year, this segment has also included SinnerSchrader Praha s.r.o. Although this company essentially works as a subcontracted project partner for all other companies of the Group, the work for and with SinnerSchrader Commerce GmbH has established itself as the priority over the past two financial years. For this reason, it was moved from the Interactive Marketing segment to the Interactive Commerce segment. In the segment reporting, the previous year's figures were appropriately adjusted for better comparability.

Finally, the managing holding company SinnerSchrader AG is responsible for the Group's strategic management and development; Group-wide marketing, including hosting the annual NEXT conference and, since the book "Transformationale Produkte" (Transformational Products) in the reporting year, publishing specialist books; the financing of the operating business; the management of liquidity reserves; and communication with the capital market. In addition, SinnerSchrader AG provides the subsidiaries with infrastructure and administrative services centrally.

For the management of the segments and operating units, SinnerSchrader AG mainly uses the financial performance indicators "revenue", "earnings before interest, taxes and amortisation ("EBITA")" and the resulting "EBITA margin". "Consolidated net income" also serves as a performance indicator for the Group as a whole. The "revenue" key figure corresponds to the "Revenue, net" item of the consolidated income statement. EBITA derives from the "Operating income" of the consolidated income statement plus any amortisation costs. In the 2016/2017 and 2015/2016 financial years, there were no amortisation costs, so EBITA equals operating income. The EBITA margin represents the ratio of EBITA to revenue.

In this Management Report, SinnerSchrader also uses

- "adjusted EBITA",
- "adjusted consolidated net income", and
- "value added"

as financial performance indicators.

Adjusted EBITA is calculated as EBITA less what this report describes as "transaction costs", which are explained in more detail in section 3 below. Adjusted consolidated net income is consolidated net income plus transaction costs less the tax effect attributable to the transaction costs at a corporate tax rate of 32.275 %. Value added equals revenue less expenses for purchased goods and services.

- SinnerSchrader AG also uses non-financial performance indicators for management purposes. These include "employee" or "personnel capacity" and
- the "freelancer ratio".

Personnel capacity is the average number of available employees in a particular period – part-time employees are standardised on the basis of a full-time employee. Personnel capacity is used to state the financial performance indicators "per (full-time) employee". The freelancer ratio is the ratio of expenses for the use of freelance employees, which make up a significant portion of expenses for goods and services, to the revenue of a period.

3 Business Combination with Accenture

On 20 February 2017, SinnerSchrader AG and Accenture Digital Holdings GmbH, a wholly owned subsidiary of Accenture Holding GmbH & Co. KG and part of the Accenture Group ("Accenture"), announced the conclusion of a business combination agreement.

The objective of the business combination is, under the aegis of Accenture, to create the largest digital agency for the Germany, Austria and Switzerland region and to be the first port of call for the digital transformation of companies in this region. According to the business combination agreement, the SinnerSchrader Group is therefore to be merged with the current "Accenture Interactive" organisation – the digital agency within Accenture – in this region in an integration phase of an estimated 18 to 36 months and be developed under the management of Matthias Schrader. The Management and Supervisory Boards decided in favour of this business combination in the conviction that it will be advantageous to clients, employees and shareholders of the SinnerSchrader Group.

On the day of the agreement, Accenture announced that it would be making a voluntary public takeover offer to the shareholders of SinnerSchrader AG to acquire all the shares at a price of € 9.00 per share. In addition, the company announced that on 20 February 2017 it had concluded agreements with the major shareholders of SinnerSchrader AG – including the two Management Board members Matthias Schrader and Thomas Dyckhoff – and with SinnerSchrader AG itself for the purchase and transfer of a total of 7,171,473 SinnerSchrader shares (around 62.13 % of the total share portfolio), likewise for a purchase price of € 9.00 per share.

Once the German and Austrian competition authorities had approved the planned business combination (approval granted on 2 March 2017 and 22 March 2017 respectively) and Accenture had published the offer documents according to Article 14 of the German Securities Acquisition and Takeover Act ("WpÜG"), the share purchase and transfer agreements with the major shareholders were executed on 4 April 2017. The agreement with SinnerSchrader AG was fulfilled on 12 April 2017, once the Management and Supervisory Boards of SinnerSchrader AG had completed and published their substantiated statement (as per Article 27 WpÜG) on the takeover offer submitted by Accenture on 6 April 2017 with a positive appraisal.

The deadline for accepting Accenture's takeover offer ended on 8 May 2017, the extended acceptance deadline on 26 May 2017. Within these deadlines, Accenture was offered 440,040 shares in SinnerSchrader AG. With the fulfilment of the takeover offer at the start of June 2017, Accenture now holds 65.94 % of the share capital and voting rights of SinnerSchrader AG.

Two members of the SinnerSchrader AG Supervisory Board – Dieter Heyde and Prof. Cyrus D. Khazaeli – declared their resignation from their Supervisory Board posts with effect as of 15 June 2017. At the Management Board's suggestion, Hamburg District Court then appointed Frank Riemensperger, Chairman of the Management of the Accenture country group for Germany, Austria and Switzerland and Daniel Schwartmann, Managing Director in the Accenture Group and Head of "Corporate Development" in Europe, Africa and Latin America, as members of the SinnerSchrader AG Supervisory Board by resolution dated 23 June 2017. At the constitutive meeting of the reformed Supervisory Board on 10 July 2017, Frank Riemensperger was elected as the Chairman of the Supervisory Board and Philip W. Seitz as his deputy.

On 25 June 2017, Accenture informed SinnerSchrader AG that Accenture intended, in line with the business combination agreement, to conclude a control and profit transfer agreement with SinnerSchrader AG, and requested the commencement of appropriate negotiations. These negotiations were not yet concluded by the end of the reporting period on 31 August 2017. SinnerSchrader AG announced the conclusion of the negotiations on 20 October 2017. On 25 October 2017, it extended an invitation to an Extraordinary General Meeting to be held on 6 December 2017 in order to pass a resolution on the negotiated control agreement. The control agreement presented for resolution provides for a gross settlement for minority shareholders of SinnerSchrader AG of € 0.27 per share for each full financial year. The agreement also allows shareholders to demand that Accenture Digital Holdings GmbH acquire the shares in exchange for a cash settlement of € 10.21 per share within two months of the existence of the agreement being entered in the commercial register.

In May and June 2017, SinnerSchrader AG implemented the business combination agreement by agreeing with the holders of all outstanding employee options to rescind their option agreements in exchange for a compensation payment. The amount of this payment was to be calculated as the difference between € 9.00 and the respective exercise price of the options multiplied by the number of options. For the 358,333 options outstanding as at 30 April 2017, compensation payments totalling € 2,034,281 gross were made along with the salary payments for June 2017. Since the end of June 2017, and therefore as at the end of the reporting period on 31 August 2017 in particular, there have thus been no more outstanding employee options.

In the same context, the entitlement of Management Board member Thomas Dyckhoff to the allocation of 45,000 employee options was revoked in July 2017 in exchange for a compensation payment of € 93,150.

Finally, SinnerSchrader AG and Accenture agreed that SinnerSchrader would raise a special payment planned for the employees of the SinnerSchrader Group due to the good business performance in the 2016/2017 financial year by a total of € 0.5 million and compensate Accenture for the amount after disbursement to the employees, including the tax effect, with the compensation being added directly to equity without affecting the consolidated income statement.

The business combination with Accenture reduced the operating earnings of the SinnerSchrader Group recognised in the consolidated income statement by non-recurring effects totalling around € 1.3 million:

- The rescission of the outstanding employee options made it necessary to bring forward the staff costs to be spread over the vesting period in the amount of the fair values as of the date the options were granted for the parts of the respective vesting periods not yet complete. This resulted in an expense of roughly € 0.14 million. The compensation payment itself did not directly affect the consolidated income statement, but was charged directly against the capital reserve after offsetting with positive income tax effects.
- The compensation of a Management Board member's entitlement to options negatively affected the consolidated income statement in the full amount of nearly € 0.1 million.
- For the increase of the SinnerSchrader Group's special payment, the personnel provisions accordingly had to be raised by € 0.5 million at the expense of staff costs.
- In addition, there were expenses primarily for legal, tax and investment bank consulting in connection with the preparation and implementation of the transaction totalling a further € 0.54 million.

The total volume of these expenses of around € 1.3 million – also referred to in the following in this Management Report as "transaction costs" or "costs in connection with the business combination project" – was shared among the business segments and the holding company as follows: € 0.4 million was incurred in the Interactive Marketing segment, € 0.03 million in the Interactive Media segment, and € 0.04 million in the Interactive Commerce segment, and the holding company bore € 0.8 million of the transaction costs.

In accordance with Article 312 of the German Stock Corporation Act ("AktG"), SinnerSchrader AG prepared a dependency report dated 15 November 2017 on its relationship with Accenture Digital Holdings GmbH and with this company's affiliated enterprises for the period from 20 February 2017 to 31 August 2017. The Management Board's dependency report closing statement as per Article 312 para. 3 AktG is shown in section 10 at the end of this Management Report.

4 Market and Competitive Environment

The positive development of the macroeconomic environment gained momentum in the reporting year compared to the previous year. In the first business quarter – from September to November 2016 – sentiment was already much more positive than in the previous year according to the ifo Business Climate Index; this trend continued in the subsequent months. In July, the index reached a high of 116.1 points before yielding slightly in August. The positive assessment of the current business situation made itself particularly noticeable here: At 125.7 points, it was at a record level in July 2017, around 3 points above its previous best in 2011. But business expectations also improved steadily on the whole – apart from a minor slump at the start of the year – albeit somewhat more modestly: They have so far remained nearly 4 points below the previous high at the end of 2010.

Of the four commercial sectors covered by the ifo Business Climate Index – manufacturing, construction, wholesale and retail – the first three achieved new highs in July or August 2017. Only retail saw a decline in June 2017. Overall, the German economy was therefore in excellent shape at the end of the 2016/2017 financial year.

The performance of the Germany economy was also consistently positive over the course of the financial year according to the Federal Statistical Office of Germany: In every quarter between July 2016 and September 2017, gross domestic product adjusted for price, seasonal and calendar effects was between 0.3 % and 0.9 % higher than in the preceding quarter. Comparisons with the corresponding quarters of the previous year, which are usually stated on a price-adjusted basis, highlight the good economic momentum. From the fourth calendar quarter of 2016 to the third calendar quarter of 2017, the quarters were 1.3 %, 3.4 %, 1.0 % and 2.3 % above the respective quarterly periods of the previous year. Forecasts are also positive: In their Autumn 2017 Joint Economic Forecast of 28 September 2017, the leading German economic institutes anticipate a rise in real GDP by 1.9 % in 2017 and 2.0 % in 2018.

The positive economic development in Germany is embedded in a broader expansion of the global economy: Uncertainties arising from the Brexit vote and the uncertain economic policy agenda of the US government seem to be hardly having an effect on the financial markets and the real economy so far. For example, in its report of March this year, the German Council of Economic Experts registered greater growth momentum than expected for the major industrialised nations and forecast 3 % growth of global GDP in both 2017 and 2018. The IMF seems even more optimistic in its "World Economic Outlook" of July 2017: It talks of a solidifying recovery and even anticipates growth rates of 3.5 % and 3.6 % respectively. The forecasts for Japan, China and in particular the eurozone were revised upwards; only for the USA are growth expectations somewhat more subdued compared to those in April. Overall, the macroeconomic environment is providing good conditions for rising investment in new digital products and services.

Once again, the digital economy – the sector in which SinnerSchrader operates – proved to be particularly dynamic. For example, Bundesverband Digitale Wirtschaft e.V. (BVDW) reported in its internet agency ranking in May 2017 that the revenues of full-service agencies increased by 18.3 % in the 2016 calendar year (after 18 % in the previous year) – a growth rate that far exceeds the average of other sectors. SinnerSchrader took ninth place in the BVDW ranking overall, first place in the "Business Transformation" category. More and more companies are recognising the sign of the times and investing ever larger budgets in digital transformation – also in the hope of making up for failings in recent years.

However, the market consolidation continues, and digital agencies are being exposed to new competition: Firstly, large companies are establishing their own resources under catchwords such as "digital factory" or "in-house agency"; secondly, major IT integrators are surging onto the market – where they can use their access to companies' IT decision-makers. The required creative and digital expertise is often bought by taking over agencies.

5 Business Development and Group Situation

Summarising Statements

The SinnerSchrader Group can look back on a very successful 2016/2017 financial year. Not including the transaction costs of € 1.3 million (see section 3), all key figures were at record levels; we exceeded our targets throughout.

- Revenue reached € 56.7 million – growth of 10.9 % compared to the 2015/2016 financial year. In the previous year's forecast, SinnerSchrader had assumed revenue of above € 56 million and a growth rate of around 10 %.
- Adjusted EBITA amounted to € 6.3 million, exceeding the previous year's figure by 32.2 %. The forecast for 2016/2017 indicated a target range of € 5.8 million to € 5.9 million.
- Adjusted consolidated net income amounted to € 4.4 million, equating to a 29.4 % improvement over the previous year's figure. A year ago, SinnerSchrader had forecast consolidated net income of at least € 4 million. Adjusted diluted earnings per share amounted to € 0.38; at least € 0.35 per share was predicted, with the previous year's figure being € 0.29 per share.
- It is particularly pleasing that the adjusted EBITA margin was likewise above the forecast figure of 10.5 % at 11.0 %. The previous year's figure of 9.3 % was clearly exceeded .

When the transaction costs are included, a different picture becomes apparent – yet EBITA and consolidated net income are still slightly higher year-on-year after the transaction costs are deducted. The diluted earnings per share recognised in the consolidated income statement amounted to € 0.30, one cent more than in the previous year.

The business segments all played a part in the success of the reporting year. The Interactive Commerce segment only fell short of the forecast in terms of revenue.

The operating cash flow was € 1.8 million and thus nearly 50 % below the previous year's figure (€ 3.5 million). This was mainly due to high (advance) tax payments: For these alone, cash outflow was € 2.1 million higher than in the previous financial year when netted against tax refunds. Together with the increased level of investment in the reporting year – due to the renovation and expansion of office premises – and the dividend payment, this resulted in a year-on-year decline in the liquidity reserve of € 1.15 million at the end of the reporting period.

On the other hand, the equity ratio improved by 3.2 percentage points (to 63.2 %). Alongside the growth from the earnings generated in the reporting year, this was because the treasury shares were sold to Accenture at a price of € 9 per share in connection with the business combination. This resulted in equity growth of € 2.6 million.

SinnerSchrader increased its personnel capacity to 475 full-time employees in the reporting year, so the target of at least 476 full-time employees was nearly achieved – despite the strained situation on the relevant personnel market and although experience shows that the announcement of a business combination causes a certain amount of unrest in the companies involved, at least in the first few months. At the end of the 2016/2017 financial year, 529 employees were working at SinnerSchrader, 24 employees more than a year previously.

The business performance of the SinnerSchrader Group and its segments in the 2016/2017 reporting year and the situation as of 31 August 2017 will be described in more detail below and compared with the previous year and internal forecasts.

5.1 Revenue

In the 2016/2017 financial year, SinnerSchrader generated revenue of € 56.7 million. The business volume therefore grew by nearly € 5.5 million or 10.9 % compared to the previous financial year, meaning that SinnerSchrader exceeded the growth target set in the forecast of November 2016 by almost one percentage point.

The crucial factor in this development was the acquisition of important new clients in the previous year, in particular Audi – the carmaker chose SinnerSchrader as its new digital lead agency in July 2016. New client business was therefore less important for revenue performance in the reporting year than it was in the previous year: Approximately 4.1 % of revenue (€ 2.3 million) was attributable to new clients (compared to 6.4 % or € 3.3 million in the 2015/2016 financial year). Just under 43 % of the revenue growth of the financial year was attributable to new client business – in the previous year it was over 95 %.

In the three business segments, business volumes developed as follows:

- The Interactive Marketing segment generated revenue of € 44.9 million, growth of 13.3 % compared to the previous year. The development was therefore more dynamic than expected – SinnerSchrader had forecast growth of between 12 % and 12.5 % for the reporting year. The calculation of growth took account of the allocation of the SinnerSchrader Praha business unit to the Interactive Commerce segment due to the intense business relations with the SinnerSchrader Commerce business unit by appropriately adjusting the previous year's figures for the purpose of comparison.

  The SinnerSchrader Swipe business unit (responsible for the Group's mobile business) made an above-average contribution to the segment's performance: It increased its revenue by 67 %. This growth surge was mainly due to the fact that the mobile aspects of the digital transformation are currently gaining in significance. The SinnerSchrader units were able to take advantage of this trend through intensive cooperation and successful cross-selling, especially with large corporate clients.

- The Interactive Media segment, in which SinnerSchrader has primarily concentrated on content marketing since the termination of NEXT AUDIENCE, also performed better than expected. The business volume amounted to € 5.2 million and was therefore 35.4 % higher than the previous year's figure – growth of 22 % to 23 % was forecast. Cross-selling was a decisive factor here, too – as was the good and intensive cooperation of the various SinnerSchrader business units in the projects of major clients.

  SinnerSchrader contributed the know-how regarding media strategies and technologies that was acquired at NEXT AUDIENCE in previous years to a partnership with SAP in the reporting year. In this partnership, SinnerSchrader Content is helping SAP develop and market its own product range for online media management.

- The Interactive Commerce segment generated revenue of € 8.3 million. The segment revenue was therefore 3.9 % lower than in the previous year and was also below the target figure of revenue growth of around 6 %. These figures already account for the allocation of SinnerSchrader Praha to this segment (we have accordingly adjusted the figures for the previous year). Above all, the business with medium-sized B2C e-commerce clients was not successfully expanded.

  So it is all the more gratifying that the segment has earned new growth prospects with new clients in the B2B e-commerce sector. Interactive Commerce responded to the increased price sensitivity in the e-commerce environment by expanding SinnerSchrader Praha's business activity.

  As a result, this unit's revenue grew much faster than expected: The growth of a good € 0.8 million compared to the previous year equated to an 88 % rise. In connection with the expansion of SinnerSchrader Praha, SinnerSchrader Commerce gave up its location in Hanover.

With the development of the client relationships in the automotive sector, which were still new, there was a tangible change in the industry mix in the reporting year. In particular, the importance of the Transport & Tourism client group increased considerably: Its share in the SinnerSchrader Group's total revenue nearly doubled from 19.7 % to 37.8 %. In the wake of the dynamic development of the business with clients from the Transport & Tourism sector, the revenue shares of the other sectors decreased as follows:

- Financial Services to 20.5 % (previous year: 32.0 %)
- Telecommunications & Technology to 26.1 % (previous year: 28.7 %)
- Trade & Consumer Goods to 9.1 % (previous year: 11.4 %)
- Media & Entertainment to 3.4 % (previous year: 4.6 %)
- Other: 3.1 % (previous year: 3.6 %)

Revenue from the above client groups also declined in absolute terms, with the exception of Telecommunications & Technology clients.

There was pleasing profit from new client relationships in the pharma and B2B commerce sectors, marking the successful entry into two promising fields in which SinnerSchrader was previously barely or only insignificantly represented and which can therefore be considered potential growth areas.

The concentration of the client base continued as a result of the unaltered focus on the expansion of relations with large corporations: The largest clients accounted for 21.2 % of total revenue in the reporting year – in the previous year it was 18.7 %. Altogether, the top five clients contributed 59.9 % of total revenue (previous year: 55.1 %), the ten largest clients 77.7 % (previous year: 74.0 %).

5.2 Operating Earnings (EBITA)

The income statement shows operating earnings (EBITA) of € 5.0 million for the SinnerSchrader Group – nearly € 0.3 million (or 5.8 %) more than in the previous year. This already includes the expenses incurred as a result of the business combination agreement with Accenture, which total nearly € 1.3 million (see section 3 for details).

Without these transaction costs, EBITA would have amounted to nearly € 6.3 million – so we significantly exceeded the forecast of EBITA between € 5.8 million and € 5.9 million from November 2016. The resulting EBITA margin amounted to 11.0 % in the reporting year, a 1.7 percentage point increase on the previous year and 0.5 percentage points above the forecast figure.

The earnings contributions from the three business segments developed as follows:

- The **Interactive Marketing** segment contributed € 5.94 million to adjusted EBITA (€ 5.6 million after transaction costs), exceeding the previous year's earnings (adjusted for SinnerSchrader Praha's reallocation to the Interactive Commerce segment) by € 1.38 million or 30.3 %. The operating margin amounted to 13.2 % compared to 11.5 % in the previous year.

  The segment therefore performed better than forecast: For the past financial year, we expected EBITA of € 5.7 million and an operating margin of over 12.5 %. The pleasing development of SinnerSchrader Swipe's mobile business made a crucial contribution to this success.

- The **Interactive Media** segment achieved adjusted EBITA of € 0.79 million (€ 0.76 million after transaction costs) – an improvement of € 0.35 million or 78.8 % compared to the previous year's figure. The operating margin amounted to 15.3 %. This means that the forecast – EBITA between € 0.7 million and € 0.75 million with an operating margin of a good 15 % – was also surpassed here.

  This was thanks firstly to the increase of the business volume in the content marketing business and secondly to a dramatic improvement in the business contribution from the former NEXT AUDIENCE business area.

- The **Interactive Commerce** segment posted EBITA of € 0.52 million before transaction costs (€ 0.48 million after transaction costs) and thus fell € 0.03 million or 6 % short of the previous year's figures. The operating margin of 6.3 % was also just below the previous year's figure of 6.4 %.

  The more intensive cooperation between Sinner Schrader Commerce and SinnerSchrader Praha largely compensated for the effects of stagnating revenue development. In the forecast we had anticipated an even greater temporary downturn in EBITA and margin, but this did not occur due to the reallocation of SinnerSchrader Praha.

The costs of the holding company not allocated to the segments – before transaction costs – came to nearly € 0.99 million in the reporting year. Compared to the previous year, they therefore increased by € 0.17 million, mainly because of increased performance-based Management Board remuneration. In our forecast, we assumed an increase of around € 0.05 million.

Of the costs incurred in connection with the business combination project, € 0.4 million was attributable to the Interactive Marketing segment, € 0.03 million to the Interactive Media segment, € 0.04 million to the Interactive Commerce segment and the biggest share of € 0.8 million to the holding company. The commitment of the special payment to the employees affected the operating segments on a pro rata basis, while the consulting costs and the cost effect from the cancellation of the stock option programme in return for a compensation payment only affected the holding company.

Including the transaction costs largely results in a trend similar to the segment developments described above: palpable increases compared to the previous year for Interactive Marketing and Interactive Media, a slight EBITA decline in the Interactive Commerce segment.

The SinnerSchrader Group's income statement shows earnings performance after transaction costs: While the € 0.5 million increase in the special payment to employees is allocated roughly proportionally to the individual functional cost areas, the other components of the transaction costs exclusively affected general costs and administrative costs. In the structure of the income statement, the following developments led to the increase in operating earnings:

- The cost of sales ratio increased by 0.4 percentage points to 75.4 % in the reporting year, which is almost entirely attributable to the special payment to the employees. The gross earnings margin therefore fell slightly from 25 % in the previous year to 24.6 % in the 2016/2017 financial year. Not including the transaction-related special payment, the gross margin would have improved slightly year-on-year.
- The selling expenses ratio declined by 1.5 percentage points to 3.9 %, a consequence of the dynamic growth momentum in existing client relationships.
- The ratio of general and administrative costs rose significantly to 11.9 % as a result of the transaction (previous year: 10.3 %).
- The portion attributable to research and development work remained roughly constant in absolute terms. The ratio declined slightly by 0.2 percentage points to 0.7 %.
- The balance of other income and expenses was positive again in the 2016/2017 financial year and, as in the previous year, approximately covered the research and development costs.

With regard to cost development by cost type, please note that around € 0.74 million of the transaction costs is attributable to staff costs and € 0.54 million to other operating costs.

- Staff costs therefore rose by a disproportionately high 13.1 % year-on-year, increasing the staff cost ratio to 60.3 %. Not including the staff-related transaction costs, the ratio would have fallen by 0.9 percentage points.
- The third-party cost ratio decreased by 0.5 percentage points to 17.9 %. Freelancer costs – a part of third-party costs – declined from 14.0 % to 11.1 % of revenue. The aim was a freelancer ratio of around 9 %. This was not achieved, not least because the tight personnel market made it difficult to increase in-house capacity.
- Value added per employee improved by over € 4,000 compared to the previous year, to nearly € 98,000 per employee. It thus came close to the forecast target "in the order of € 100,000" – a success that reflects the operating improvements, especially the better utilisation of personnel capacity and higher average realised daily rate.
- Other operating costs increased in absolute terms due to the transaction-related consulting costs, but as a percentage of revenue they fell by 0.5 percentage points to 12.1 %.
- Amortisation increased by more than 20 % compared to the previous year. This is due to the amortisation of the simple rights of use to the NEXT AUDIENCE software, which were transferred as part of the SAP partnership. However, as this amortisation only constitutes a small item within the SinnerSchrader Group's overall cost structure, this increased the total amortisation rate by only 0.1 percentage points.

5.3 Consolidated Net Income

In addition to operating performance, the development of consolidated net income was again influenced in particular by the size of the income tax charge.

In the reporting year, the SinnerSchrader Group's growth was exclusively organic; in contrast to the expectation expressed in the forecast, no acquisitions were made given the focus on the business combination with Accenture. For this reason, as in the previous two financial years, no amortisation costs were incurred in the 2016/2017 financial year. EBITA therefore equalled EBIT.

The financial result remained negligible: The SinnerSchrader Group's liquidity situation was largely stable over the reporting year; liquidity was secured at all times. Financing costs – with the exception of customary guarantee fees – were therefore not incurred. Due to the persistently low interest rate level, income from the investment of cash and cash equivalents remained low. Only the interest on a tax refund led to notable net interest income of € 0.02 million.

The tax rate of 31.0 % was somewhat higher than in the previous year (28.8 %). The amount of the tax charge recognised in the consolidated income statement increased by 14 % year-on-year and thus faster than operating earnings. However, the tax rate remained below the statutory tax rate of nearly 32.3 % that is applicable to the Group. This shortfall is mainly due to the loss carry-forwards accrued in the formative years of SinnerSchrader Praha, for which no deferred tax assets were recognised in the previous year because there was still no history of taxable earnings. These loss carry-forwards were fully utilised in the 2016/2017 financial year.

In parallel with operating earnings, consolidated net income therefore developed positively. As recognised in the consolidated income statement, i.e. including transaction costs, it amounted to nearly € 3.46 million and exceeded the previous year's figure by almost € 0.08 million or 2.4 %. For diluted earnings per share, this meant an improvement of around 1 cent from € 0.29 per share to € 0.30.

Adjusted by the after-tax effect of the transaction costs, consolidated net income was € 4.36 million, growth of 29.4 % compared to the previous year (€ 3.37 million). Diluted earnings per share amounted to € 0.38 before transaction costs. Not including transaction costs, SinnerSchrader exceeded its forecast targets – consolidated net income of over € 4.0 million or over € 0.35 per share.

5.4 Financial Position

SinnerSchrader's financial position remained very stable at the end of the reporting year. For example, the Group had a solid liquidity reserve of € 4.9 million as of 31 August 2017 and remained without bank liabilities.

In contrast to operating earnings, however, the liquidity position did not improve year-on-year in the 2016/2017 financial year. Over the course of the reporting year, the outflow of funds was greater than the inflow, so the liquidity reserve declined by € 1.15 million. This is mainly due to a comparatively low operating cash flow (cash flow from operating activities). SinnerSchrader generated cash inflow of nearly € 1.8 million from operations. This was well below the previous year's figure of € 3.5 million and was not enough to cover the cash outflows of € 1.2 million and € 1.7 million from investing and financing activities respectively.

The operating cash flow development was due firstly to additional funds of € 3.0 million being tied up in net working capital (trade receivables, uninvoiced work, other financial assets, liabilities), and secondly to substantial cash outflows for (advance) tax payments, which reduced tax liabilities by € 2.4 million on balance. In the previous year, the increase in funds tied up in net working capital amounted to € 1.3 million, and the tax liabilities increased by € 0.3 million on balance. The considerable year-on-year improvement of consolidated net income by € 2.7 million to € 7.2 million, adjusted for non-cash transactions, and the change in provisions were not enough to offset the above cash outflows.

In the 2016/2017 financial year, capital expenditure was € 1.3 million and therefore significantly higher than the previous year's figure of € 0.5 million. This was due to the expansion and renovation of the Group's largest location in Hamburg.

Three major transactions affected cash flow from financing activities:

- € 2.25 million flowed into the distribution of the dividend of € 0.20 per share resolved at the Annual General Meeting in January 2017.
- Approximately € 2.0 million of cash was paid as compensation for the cancellation of the 358,333 outstanding employee options stipulated in the business combination agreement with Accenture.
- In contrast, SinnerSchrader received € 2.55 million from the sale of the portfolio of 283,042 treasury shares to Accenture at a price of € 9 per share in April 2017.

On balance, there was cash outflow from financing activities of € 1.7 million.

5.5 Net Assets

After two years of consolidation from a previous high of € 28.6 million on 31 August 2014, the SinnerSchrader Group's balance sheet was again enlarged considerably in the reporting year. Total assets grew by € 3.3 million or 12.4 % from € 26.4 million on 31 August 2016 to € 29.7 million.

Significant balance sheet ratios nevertheless improved. The growth in the total of assets was driven almost entirely by an increase in equity, which grew by € 2.9 million in the 2016/2017 financial year. This substantially increased the equity ratio by 3.2 percentage points year-on-year to 63.2 %.

The primary reason for the growth in assets was the increase in trade receivables and work not yet invoiced, which totalled € 15.1 million as of 31 August 2017 and were thus € 2.9 million higher than the previous year's level of € 12.2 million. Most of the increase was attributable to work not yet invoiced (€ 2.6 million more than as of 31 August 2016).

The overall increase of the item vis-à-vis clients is primarily due to the growth in business generally, the increase in the business volumes of major client relationships and the persistent trend towards longer payment terms.

There was also additional growth under current assets, namely in tax assets (€ +0.7 million) due to advance tax payments and in other financial assets (€ +0.4 million), partly because a receivable from Accenture of a good € 0.3 million was recognised. This receivable relates to the entitlement to compensation for employee bonuses of up to € 0.5 million before taxes (€ 0.3 million after taxes) under the business combination agreement. In contrast, cash and cash equivalents decreased by nearly € 1.2 million.

Under non-current assets, property, plant and equipment increased by a considerable € 1.1 million. This is mainly attributable to the renovation and expansion of the SinnerSchrader Group's largest office in Hamburg, which now has around 6,000 m^2 of rental space. In contrast, non-current intangible assets declined by around € 0.2 million, mainly due to the scheduled amortisation of NEXT AUDIENCE software. Deferred taxes also declined by around half, or € 0.4 million, mainly because loss carry-forwards for which deferred tax assets were recognised in previous years were utilized.

The growth in assets is opposed on the liabilities side of the balance sheet by an increase in current liabilities of € 0.5 million, a decline in deferred tax liabilities of € 0.1 million and the above-mentioned growth in equity of € 2.9 million.

In the generally modest increase in current liabilities, there were two significant contrasting developments: While provisions increased by a considerable € 2.3 million, primarily due to higher personnel-related expenses for profit-sharing, bonuses, holiday and overtime, tax liabilities fell by € 1.7 million.

The growth in equity of € 2.9 million compared to 31 August 2016 resulted in particular from the following transactions:

- The consolidated net income of € 3.45 million – less the dividend payment (€ 0.20 per share) in January 2017 of € 2.25 million – increased the unappropriated surplus as of the end of the reporting year by € 1.2 million to € 2.5 million on balance.
- The sale of all the 298,042 treasury shares held at the end of the previous year caused equity to increase by nearly € 2.6 million. In the first half of the financial year, 15,000 of the treasury shares held were issued due to the exercise of employee options in return for payment of the exercise price of € 1.64. The remaining 283,042 shares were sold to Accenture at a price of € 9.00 as part of the agreements with Accenture.
- Likewise in connection with these agreements, all option agreements still outstanding were mutually terminated with their respective holders – in exchange for payment of compensation amounting to the intrinsic value of the options, based on a SinnerSchrader share price of € 9.00. Less tax effects, these compensation payments reduced equity by € 1.2 million.
- In addition, the above-mentioned entitlement to compensation from Accenture of € 0.3 million was recognised in the capital reserve, as the receivable is based on the corporate relationship.

5.6 Employees

In the reporting year, SinnerSchrader successfully expanded its employee capacity by 6.6 % to 475 full-time employees. This equates to growth of 29 full-time employees and was also an important factor for the Group's positive business performance. With this capacity, SinnerSchrader reached the lower end of its planning, which foresaw an average workforce of "over 475 full-time employees".

This is a pleasing result given the tightening personnel market and growing competition for "digital talents". The result is all the more pleasing in light of the fact that decisions to combine two businesses always entail the risk of employees reacting very sceptically, resulting in a temporary increase in staff turnover.

So the achievement of our employee capacity targets is a clear sign – the majority of SinnerSchrader employees support the decision to combine with Accenture and the objective, together with Accenture, of becoming the clear number one on the German digital market and see opportunities for themselves in the new arrangement. The business combination, which was met with a broad response in the specialist press, also went down very well on the personnel market.

This success was bolstered firstly by the establishment of a dedicated recruiting team in the HR division right at the beginning of the reporting year and secondly, once the business combination was announced in the second half of the financial year, by the focus on discussing the reasons for and the opportunities and risks of this business combination with employees.

The capacity increase was concentrated on the Interactive Marketing segment, where, with 333 full-time employees in the reporting year – considering the fact that the employees of SinnerSchrader Praha s.r.o. were retroactively allocated to the Interactive Commerce segment – 26 more full-time employees were employed on average than in the previous year, equating to growth of 8.4 %.

In the Interactive Media segment, the average number of employees rose by just 1 full-time employee. The analysis of the development of annual average capacity is affected by the fact that the withdrawal from the NEXT AUDIENCE business, the associated staff reduction and the transfer of employees to other units all occurred in the first four months of the previous year. This resulted in a year-on-year drop of 5 full-time employees in the 2016/2017 financial year. 6 full-time employees were added in the content marketing business.

The Interactive Commerce segment employed an average of 75 full-time employees in the reporting year, just under three fewer than in the previous year. This was due to the slight decline in segment revenue and the continuing change of the business away from a focus on service towards a focus on projects. The decision to withdraw from the Hanover location due its subcritical size also had a temporary negative effect. In contrast, the segment significantly expanded its capacity at SinnerSchrader Praha s.r.o. in order to remain competitive in the more price-sensitive part of the e-commerce business. The team at the Prague location more than doubled in the 2016/2017 financial year to nearly 18 full-time employees.

The team at the holding company grew by five to 44 full-time employees in the reporting year. The IT Security, Human Resources and Office Management teams were enlarged in particular.

Broken down by functional area, Strategy/Data/Analytics saw the strongest growth in relative terms with an increase of eight full-time employees or a good 53 %, while Creation was nearly 15 % larger than in the previous year with 16 additional employees. The number of full-time employees in the Group's largest area – Technology (including IT Security and Operations) – increased by eight, or almost 5 %. In the Consulting area, capacity decreased by five full-time employees; after all, Consulting bore the largest share in the effect from the termination of the NEXT AUDIENCE business with a reduction of three employees. On average, two more full-time employees were entrusted with administrative tasks in the reporting year than in the previous year.

In the 2016/2017 financial year, the total capacity of 475 employees was divided among the functional areas as follows: Consulting 99, Technology 179, Creation 125, Strategy/Data/Analytics 24 and Administration 48 full-time employees.

At the end of the financial year, a total of 529 full- and part-time employees were employed in the SinnerSchrader Group, including managers, apprentices, students and interns. 370 were employed in the Interactive Marketing segment, 32 in the Interactive Media segment, 76 in the Interactive Commerce segment and 51 in the holding company. In comparison, there were 505 employees on the reporting date of the previous year, who were allocated to the segments as follows: 336 in the Interactive Marketing segment, 21 in the Interactive Media segment, 95 in the Interactive Commerce segment and 53 in the holding company.

Of the 529 employees, 476 were in a permanent employment relationship on 31 August 2017. There were 14 apprentices, 29 part-time students and 10 interns. In the previous year, there were 443 permanent employees, 10 apprentices, 43 students and nine interns.

Added value per employee grew by 5 % in the reporting year from € 93,600 to € 97,900; the target “in the order of € 100,000” was therefore nearly achieved.

As once before, after the successful 2013/2014 financial year, SinnerSchrader gave its employees a share in the business success in the 2016/2017 financial year with a special payment. The total volume of the special payment amounted to nearly € 0.8 million, € 0.5 million of which was offered in consultation with Accenture in honour of the business combination agreement. The bonus was paid at the end of September 2017. Including this special payment, the average staff costs per full-time employee in the 2016/2017 financial year increased by 6.1 % year-on-year to € 72,000. Not including the parts of the transaction costs relating to staff costs of a good € 0.7 million – of which € 0.5 million for the special bonus – the increase in staff costs per full-time employee would have been 3.8 % and an average of a good € 70,400 per full-time employee would have been achieved.

6 Business Development and Situation of the AG

SinnerSchrader AG is the managing holding company of the SinnerSchrader Group. Its business activity comprises the development and implementation of the Group strategy, the expansion of the business portfolio, the management, control and financing of operating Group companies, the administration and management of Group liquidity, the management of the German tax group, the performance of central Group tasks such as investor relations work, the provision and management of the infrastructure shared by the Group companies, especially office premises, and the central provision of administrative services.

Unlike the Consolidated Financial Statements, which SinnerSchrader prepares on the basis of the International Financial Reporting Standards ("IFRS") as applicable in the EU, the Annual Financial Statements of SinnerSchrader AG are subject to the provisions of the German Commercial Code ("HGB"). The latter were amended by the German Accounting Directive Implementation Act ("BilRUG"), which came into force in July 2015. BilRUG resulted in the following material changes:

- The definition of revenue was broadened so that income that was previously recognised under other operating income must be recognised as revenue under the new rules. At SinnerSchrader in the 2016/2017 financial year, this affected the proceeds from the sale of the book "Transformationale Produkte" (Transformational Products) that was published during the financial year.
- The redefinition of revenue influences the differentiation of expenses into cost of materials on one hand and other operating expenses on the other. At SinnerSchrader AG, this particular affected rental expenses for offices used by subsidiaries of the AG and settled via Group cost apportionment. These expenses are now part of the cost of materials as expenses for purchased services and no longer other operating expenses.
- According to BilRUG, there is no longer a distinction between "ordinary activities" and extraordinary effects, so the "income from ordinary activities" item no longer appears in the income statement.
- According to prevailing opinion, other taxes do not have to be recognised separately under income taxes according to BilRUG if they are not material. Only a negligible volume of other taxes are incurred at SinnerSchrader, so they have been subsumed under other operating expenses.

SinnerSchrader AG had to apply the new rules for the first time for the Annual Financial Statements as of 31 August 2017 or rather for the 2016/2017 financial year, which began on 1 September 2016. For better comparability, the previous year's figures were adjusted according to the new rules.

Development of the Results of Operations

SinnerSchrader AG's income statement portrays a positive development of the results of operations. Calculated according to the provisions of HGB, the AG generated net profit for the year of € 4.8 million as an individual company in the 2016/2017 financial year, nearly twice as much as the year before (€ 2.5 million).

The net earnings for the year generated in the 2016/2017 financial year were significantly influenced by positive and negative non-recurring effects that are described below.

The expenses in connection with the business combination with Accenture amounted to € 3.0 million, of which nearly € 1.1 million directly reduced the net earnings for the year and € 1.9 million had an indirect negative effect on the net earnings for the year due to lower profit transfers from SinnerSchrader Deutschland GmbH and SinnerSchrader Commerce GmbH. The main reason for the effects of the business combination being much greater in the separate financial statements of the AG than in the Consolidated Financial Statements was that the compensation payments for the cancellation of the option programme, which under IFRS had to be reported directly in equity without affecting the income statement, were reportable entirely as expenses according to HGB.

The AG's earnings developed positively despite these negative effects primarily because of the continued positive performance of SinnerSchrader Content GmbH and its good business prospects. Until the 2016/2017 financial year, the company – now in the third year since its establishment – was a subsidiary of NEXT AUDIENCE GmbH, with which it formed an income tax group. With effect from the beginning of the 2016/2017 financial year, the two companies were merged and now operate under the name of SinnerSchrader Content GmbH. The positive trend in the merged company's results of operations and the earnings prospects necessitated a reversal of the impairment recognised at the level of SinnerSchrader AG in recent years on investment in and receivables from NEXT AUDIENCE GmbH. In the reporting year, this resulted in other operating income at the AG of € 3.6 million, of which € 2.5 million was attributable to the reversal of impairment on the investment and € 1.1 million to the reversal of impairment on the receivables. As this income is of no significance for tax purposes, it fully affected the AG's net profit for the year.

Under the profit transfer agreements with SinnerSchrader Deutschland GmbH and SinnerSchrader Commerce GmbH, income totalling € 3.5 million was transferred to the AG on balance. As described above, the sum of the profit transfers was below that of the previous year (€ 4.5 million), due in particular to the transaction costs.

The AG's operating business – the central rendering of management and administration services and the provision of infrastructure for the companies of the SinnerSchrader Group – resulted in a negative balance of € 1.8 million for the 2016/2017 financial year. This was calculated by netting revenue, other operating income (unless based on the reversals of impairment described above), the cost of materials, staff costs, amortisation and other operating expenses. In the previous year, this negative balance amounted to € 0.7 million. This difference is almost entirely attributable to the transaction costs directly incurred at the AG, which were allocated in roughly equal parts to staff costs and other operating expenses.

Given the persistently low interest rate level and the liquidity situation of the AG and the SinnerSchrader Group, the financial result remained negligible.

Despite considerably better earnings in the 2016/2017 financial year, the income tax charge was significantly below the previous year's level, as the income from impairment reversals in particular was of no significance for tax purposes.

From the net profit for the year of € 4.8 million recognised for the 2016/2017 financial year, the amount of the reversal of the impairment on the investment in SinnerSchrader Content GmbH (formerly NEXT AUDIENCE GmbH) was added directly to other retained earnings (€ 2.5 million) in accordance with Article 58 para. 2 a AktG. After adding the profit of € 1.0 million brought forward from the previous year, which resulted from the unappropriated surplus recognised for the 2015/2016 financial year less the distribution of a dividend of € 0.20 per share in January 2017, the unappropriated surplus for the 2016/2017 financial year amounted to € 3.3 million and was thus on a par with the previous year.

Development of Net Assets and Financial Position

The development of the net assets and financial position of SinnerSchrader AG, which can be discerned by comparing the balance sheet as at 31 August 2017 with the balance sheet as at 31 August 2016, is dominated by an increase in equity of around € 5.5 million or 16 % and an increase in exposure to subsidiaries (shares in affiliated entities and receivables from/loans to affiliated entities) by € 3.7 million or 10.9 %.

In the 2016/2017 financial year, equity grew faster than total assets as a whole, which rose by only € 4.8 million in the same period. The equity ratio therefore increased further by 2.5 percentage points to 94.7 %.

The equity growth encompasses the net profit for the year of € 4.8 million, the proceeds from the issue or sale of all the 298,056 treasury shares held at the beginning of the reporting year of € 2.6 million and Accenture's commitment to compensate a significant portion of the earnings effect of the special payment to the employees of the SinnerSchrader Group at € 0.3 million. This growth was offset by the payment of the dividend of a good € 2.2 million in January 2017.

In contrast to the development of equity, the sum of provisions, liabilities and deferred tax liabilities fell by € 0.7 million. This decline is primarily due to substantial tax payments in the reporting year, which resulted in the full utilisation of the tax provisions of € 1.8 million recognised as of 31 August 2016 by 31 August 2017. This development offset the growth of other provisions by € 0.9 million, mainly due to the size of the provisions for performance-based variable remuneration components including the employee profit-share for 2016/2017, and the increase in liabilities to affiliated entities by € 0.3 million.

Under assets, the growth was focused on fixed assets. This was mainly thanks to the impairment reversals in the carrying amount of SinnerSchrader Content GmbH of € 2.5 million and the increase in property, plant and equipment, especially following renovation of the central offices in Hamburg, of € 1.0 million. From 31 August 2016 to 31 August 2017, fixed assets increased by € 3.6 million overall to € 33.3 million.

The increase in current assets made up the remaining nearly € 1.2 million of the total increase in assets; € 1.0 million of this was attributable to the receivables from affiliated entities and € 0.8 million to the development of other assets, which also included the receivables from Accenture for the compensation of a portion of the special payment to the employees of the SinnerSchrader Group totalling a good € 0.3 million. In contrast, cash and cash equivalents decreased by € 0.6 million.

Employees

At the end of the reporting period on 31 August 2017, the number of employees in the AG including the Management Board, interns and students was 51 and thus two employees fewer than in the previous year. On average, the AG had 51.6 employees in the 2016/2017 financial year compared to 46.5 employees in the previous year.

7 Corporate Governance

7.1 Declaration on Corporate Governance

According to Article 289a of the German Commercial Code ("HGB"), publicly traded stock corporations must either include a declaration on corporate governance in their management reports or make one publicly available on their websites. The Management Board of SinnerSchrader AG submitted the declaration on 15 November 2017 and published it under the heading of "Governance" on SinnerSchrader AG's investor relations website at www.sinnerschrader.ag.

Among other things, this declaration on corporate governance states that, as at 30 June 2017, SinnerSchrader AG had not met the targets set according to the "Act for the Equal Participation of Women and Men in Managerial Positions in the Private Sector and the Public Sector" for the proportion of women on the Supervisory Board and the Management Board of 30 % in each case. At 66.7 %, the target of maintaining a proportion of women on the first management level of over 30 % as of 30 June 2017 was met. The report explains that the main reason for the target for the Supervisory Board and Management Board being missed was the business combination with Accenture, which progressed in an unforeseeable manner. The report also states that the target of a proportion of 30 % women on the Supervisory Board and Management Board has been renewed.

7.2 Compensation Report

7.2.1 Compensation System for the Management Board

The basic structure of the remuneration system for the Management Board has not changed compared to the situation reported in the 2015/2016 Combined Management Report and Group Management Report. However, some particularities have arisen in connection with the business combination agreement with Accenture, which will be referred to below.

The Supervisory Board is still responsible for specifying the structure and amount of the Management Board remuneration.

The remuneration system for the Management Board is aimed at paying the individual members appropriately according to their areas of activity and responsibility while adequately accounting for their individual performance, the company's success, and the development share price by means of a substantial variable component. The system comprises the following components:

- Non-performance-based basic salary, payment in twelve equal monthly instalments
- Performance-based, single-year variable remuneration, partially on the basis of the achievement of individual targets and corporate targets specified in the annual planning and partially as a profit-sharing bonus based on consolidated net income, whereby it is stipulated that the profit-sharing bonus is to be calculated on the basis of adjusted consolidated net income
- Performance-based, three-year variable remuneration depending on the achievement of specific minimum values for the average growth rate of net revenue and for the average consolidated net income margin over three financial years
- A share-based remuneration component with a medium- to long-term incentive effect (until the business combination)
- Other benefits (mainly a company car, accident insurance, health insurance contributions, D&O insurance with an excess and the reimbursement of expenses)

Compared to the situation reported in the 2015/2016 Group Management Report, other benefits now also include contributions towards health insurance premiums, which were granted to both Management Board members from January 2017.

The individual weighting of each component previously accounted for the fact that the Management Board members participated to a different extent in the company. Until the sale of the shares to Accenture, which was executed on 4 April 2017, Matthias Schrader, co-founder of SinnerSchrader AG, held 2,588,399 or 22.42 % of all the outstanding SinnerSchrader shares. Until 31 August 2017, Mr Schrader's salary package did not contain any option allocations on the basis of his share ownership.

Thomas Dyckhoff held 109,950 shares until 4 April 2017. On the inclusion of the shares held by relatives subject to disclosure according to the Market Abuse Regulation (EU) No. 596/2014, he held 149,950 shares. In the past, Mr Dyckhoff received stock option packages every time his appointment to the Management Board was extended. At the time when the Accenture and SinnerSchrader AG's business combination project was announced on 20 February 2017, Mr Dyckhoff held 45,000 stock options from an allocation as of 1 August 2011 from the 2007 stock option programme with an exercise price of € 2.35 per share, for which the vesting period was complete.

In addition Mr Dyckhoff was promised another 45,000 stock options from the 2012 stock option programme in connection with his reappointment to the Management Board until 31 December 2021 and the amendment of his existing employment contract, which should have been allocated in the first allocation period of 2017. Because the talks regarding a business combination had already reached such a specific status quo that it made them subject to insider trading legislation by the start of the first allocation period of 2017 on 23 January 2017, the Supervisory Board and Mr Dyckhoff agreed on 26 January 2017, subject to the condition precedent of Accenture making a takeover bid, to convert the entitlement to an allocation of 45,000 stock options from the 2012 stock option programme into an entitlement to cash compensation, the amount of which was to be determined on the one hand by the offer price of Accenture's planned voluntary public takeover offer and on the other hand by the exercise price of the options promised to Mr Dyckhoff.

In parallel with the conclusion of the business combination agreement between Accenture and SinnerSchrader AG on 20 February 2017, Mr Schrader and Mr Dyckhoff sold their shares in SinnerSchrader AG at a price of € 9.00 per share. As of 31 August 2017, therefore, they both no longer held any shares in SinnerSchrader AG.

In the business combination agreement, it was agreed that SinnerSchrader AG would conclude termination agreements with the holders of the outstanding stock options – subject to their consent – in exchange for a cash compensation payment. In fulfilment of this obligation, SinnerSchrader AG, represented by the Supervisory Board, came to such an agreement with Mr Dyckhoff regarding his 45,000 outstanding options, for which the difference between € 9 and the exercise price of the options of € 2.35 resulted in a compensation payment of € 6.65 per option. After the public takeover bid was concluded, Mr Dyckhoff also received cash compensation for the unallocated options of € 2.07 per option.

Since 1 July 2010, the D&O insurance taken out for the Management Board members as part of other benefits has included an excess in the amount prescribed by Article 93 para. 2 sentence 3 AktG.

The members of the Management Board are subject to a post-contractual restraint on competition clause that provides for a waiting allowance of 50 % of the most recent non-performance-based annual remuneration received. It was agreed with the members of the Management Board that termination payments have to comply with the recommendations of No. 4.2.3 of the German Corporate Governance Code.

The following table gives an overview of the benefits granted in the 2016/2017 financial year in accordance with the proposal of the German Corporate Governance Code:

Compensation system for the Management Board

	MATTHIAS SCHRADER, CEO JOINED: 1996, FOUNDER, RESIGNATION/RETIREMENT: —				THOMAS DYCKHOFF, CFO JOINED: 18.10.1999, RESIGNATION/RETIREMENT: —			
BENEFITS GRANTED	**2015/2016**	**2016/2017**	**2016/2017 (MIN.)**	**2016/2017 (MAX.)**	**2015/2016**	**2016/2017**	**2016/2017 (MIN.)**	**2016/2017 (MAX.)**
Fixed remuneration	210,000	220,000	220,000	220,000	160,000	180,000	160,000	160,000
Fringe benefits	11,592	15,022	15,022	15,022	9,679	12,419	12,419	12,419
Total	**221,592**	**235,022**	**235,022**	**235,022**	**169,679**	**192,419**	**192,419**	**192,419**
One-year variable remuneration								
Target bonus	50,000	50,000	—	50,000	50,000	50,000	—	50,000
Profit-sharing bonus[1)]	101,196	130,964	—	200,000[1)]	67,464	87,309	—	131,667[1)]
Total	**151,196**	**180,964**	**—**	**250,000**	**117,464**	**137,309**	**—**	**181,667**
Multi-year variable remuneration								
Target bonus for the 2013/2014, 2014/2015 and 2015/2016 financial years	25,000	25,000	—	25,000	15,000	15,000	—	15,000
Share options	—	—	—	—	—	—	—	—
Total	**25,000**	**25,000**	**—**	**25,000**	**15,000**	**15,000**	**—**	**15,000**
Pension-related expenses	—	—	—	—	—	—	—	—
Total remuneration	**397,788**	**440,986**	**235,022**	**510,022**	**302,143**	**344,728**	**192,419**	**389,086**

1) The maximum amount applies to the total single-year remuneration. It is only fully effective for the profit-sharing bonus if no target bonus is payable.

The following table shows the composition of remuneration in terms of inflow:

Management Board remuneration based on inflow aspects

	MATTHIAS SCHRADER, CEO JOINED: 1996, FOUNDER, RESIGNATION/ RETIREMENT: —		THOMAS DYCKHOFF, CFO JOINED: 18.10.1999, RESIGNATION/ RETIREMENT: —	
INFLOW	**2015/2016**	**2016/2017**	**2015/2016**	**2016/2017**
Fixed remuneration	210,000	220,000	160,000	178,179
Fringe benefits	11,592	11,592	9,679	9,679
Total	**221,592**	**231,592**	**169,679**	**187,858**
One-year variable remuneration				
Target bonus	27,000	25,250	37,500	26,250
Bonus	46,736	102,002	31,157	68,002
Total	**73,736**	**127,252**	**68,657**	**94,252**
Multi-year variable remuneration				
Target bonus for the financial years 2013/2014, 2014/2015 and 2015/2016	—	19,750	—	18,750
Share options[1)]	—	—	—	392,400
Total	**—**	**19,750**	**—**	**411,150**
Pension-related expenses	—	—	—	—
Total remuneration	**295,328**	**378,594**	**238,336**	**693,260**

1) Non-cash benefits realised on the date of exercising an option are shown.

An individualised overview of Management Board remuneration payable in the 2016/2017 financial year broken down into its separate components is also included in the Notes to the Consolidated Financial Statements and the Notes to the Annual Financial Statements of SinnerSchrader AG.

7.2.2 Compensation System for the Supervisory Board

The remuneration system for the Supervisory Board has not changed compared to the remuneration system as at 31 August 2016. The structure and amount of the remuneration paid to the Supervisory Board are specified by the Annual General Meeting.

According to the Annual General Meeting resolution of 15 December 2011, the remuneration of the regular Supervisory Board members is as follows:

- Basic remuneration of € 12,500 per year
- Expense reimbursement
- D&O insurance without excess
- Reimbursement of the VAT payable on the Supervisory Board remuneration and expense reimbursement

Unlike the other members, the Chairman of the Supervisory Board receives fixed remuneration of € 20,000 a year.

An individualised overview of Supervisory Board remuneration for the 2016/2017 financial year broken down into its separate components is included in the Notes to the Consolidated Financial Statements and the Notes to the Annual Financial Statements of SinnerSchrader AG.

7.3 Information Relevant to Takeovers according to Article 315 Para. 4 HGB (Old Version)

The subscribed capital of SinnerSchrader AG is divided into 11,542,764 no-par-value bearer shares with a notional par value of € 1 per share. There are no different share classes.

Until 31 May 2017, the members of the Management Board were members of a syndicate agreement in which the pre-IPO investors in SinnerSchrader AG were committed to pooling voting rights in the event of rights being exercised and to standard pre-emptive and tag-along rights. This agreement was mutually rescinded by the members with effect as of 31 May 2017.

As of 31 August 2017, Accenture Digital Holdings GmbH held 65.94 % of the subscribed capital of SinnerSchrader AG.

None of the outstanding shares of SinnerSchrader AG have special rights.

The AG does not carry out voting control for employees holding a share in the capital.

Members of the Management Board are appointed and dismissed in accordance with Article 84 AktG. In addition, the Articles of Association of SinnerSchrader AG stipulate that the Management Board must comprise at least two people and that the Supervisory Board can appoint deputy Management Board members. In accordance with Article 119 para. 1 no. 5 AktG, amendments to the Articles of Association are subject to the Annual General Meeting. According to the Articles of Association, the Supervisory Board is also authorised to resolve amendments to the Articles of Association that only affect the wording.

The Annual General Meeting resolution of 26 January 2017 authorised the Management Board, with the Supervisory Board's consent, to increase the AG's share capital on one or several occasions by a total of up to € 5,770,000 by issuing new no-par-value shares in exchange for cash or contributions in kind by 25 January 2022 ("Approved Capital 2017").

The Annual General Meeting resolutions of 23 January 2007 authorised the Management Board, with the Supervisory Board's consent, to conditionally increase the AG's share capital on one or several occasions by up to € 600,000 by issuing a total of 600,000 seven-year option rights, each to one no-par-value share in the AG, to employees and members of the management of the AG and affiliated entities by 31 December 2011 ("Contingent Capital III"). By resolution of 26 January 2017, Contingent Capital III was reduced to € 78,333.

The Annual General Meeting's resolution of 20 December 2012 authorised the Management Board, with the Supervisory Board's consent, to conditionally increase the AG's share capital by up to € 550,000 by issuing a total of 550,000 seven-year option rights, each to one no-par-value share in the AG, to employees and members of the management of the AG and affiliated entities by 19 December 2017 ("Contingent Capital 2012").

The Annual General Meeting resolution of 26 January 2017 additionally authorised the Management Board, with the Supervisory Board's consent, to conditionally increase the AG's share capital by up to € 520,000 by issuing a total of 520,000 option rights with terms of no longer than seven years, each to one no-par-value share in the AG, to employees and members of the management of the AG and affiliated entities by 25 January 2022 ("Contingent Capital 2017").

The Annual General Meeting resolution of 29 January 2014 also authorised the Management Board to buy back treasury shares by way of the stock exchange or a public purchase offer addressed to all shareholders by 17 December 2018, with the AG's total holding of treasury shares limited to 10 % of the share capital. The Management Board may not use this authorisation to trade treasury shares.

Furthermore, individual client contracts concluded by subsidiaries of SinnerSchrader AG include the right to termination in the event of a change of control.

The AG has concluded no compensation agreements with members of the Management Board for the event of a takeover offer.

8 Forecast

The 2016/2017 financial year was another good year for SinnerSchrader. With revenue growth of nearly 11 % and an improvement in the margin (not including transaction costs) to 11 %, SinnerSchrader exceeded expectations and combined a dynamic development of business volume with a pleasing margin performance.

One of the reasons for this success was that SinnerSchrader made good progress in all the areas of development that were highlighted in the previous year's forecast, the impact of which will also be felt beyond the 2016/2017 reporting year. For example, Audi became one of the SinnerSchrader Group's largest clients in the 2016/2017 financial year, not least due to good cooperation between the Group's business units. SinnerSchrader has thus acquired a strong position in the automotive industry, in which, besides the trend towards electric vehicles, digitalisation is creating intense pressure for change.

The Group's individual business areas are clearly positioned under the SinnerSchrader brand and the various services on offer are well orchestrated within the individual client relationships; this sets SinnerSchrader apart in the competition for large budgets, but also on the talent market. The intensification of cooperation within our Group gave rise to a special momentum in the smaller business units SinnerSchrader Swipe, SinnerSchrader Content and SinnerSchrader Praha.

The Group had a steep learning curve regarding agile project process models. While margin was lost during the training phase and the first year of the greater use of these models in the 2015/2016 financial year, the agile processes already contributed to more stable project progressions, higher client satisfaction and improved margins in the reporting year. The expansion of the near-shoring location in Prague and the establishment of project methods and cooperation models across locations also enable SinnerSchrader to respond more flexibly in supply situations.

SinnerSchrader was nevertheless faced with a range of factors in the 2016/2017 financial year that challenged the prospects for successful, independent business performance:

- Clients' requirements – especially those of large corporations – have increased enormously. The digital transformation is of great strategic importance for these companies. The playing field is nearly always global.
- The intensity of competition on the digital market has increased sharply once again, driven by the desire of large IT integrators and consultancies to quickly acquire a share of the digitalisation market. This means that the consolidation pressure on the service provider market was and is very high.
- Finally, there is also fierce competition for the best talents on the market. Clients themselves are increasingly part of the competition, as nearly all major companies in Germany are creating a form of "digital factory" for themselves. Besides a good, distinct corporate culture, competitive conditions and exciting development opportunities therefore have an ever greater role to play. Offering these requires the ability to demand adequate prices on the market and to optimise own costs through international service networks.

Against this backdrop, SinnerSchrader decided in favour of the business combination with Accenture over the course of the reporting year. Together with the Accenture Interactive business unit – the world's largest digital agency as ranked by Advertising Age in 2017 – SinnerSchrader aims to become the number one in the digital business in the Germany, Austria and Switzerland region.

After the announcement of the business combination on 20 February 2017, Accenture acquired a majority interest in SinnerSchrader AG of 62.13 % during the month of April. In order to use the full potential of the business combination, the organisations of SinnerSchrader and Accenture Interactive in the German-speaking region have to be completely merged. According to German corporate law, however, this will only be possible after further steps of the legal merger. Until then SinnerSchrader, will work with Accenture on an "arm's-length" basis, i.e. as if it were a third party. SinnerSchrader earned initial revenue totalling nearly € 0.1 million up to the end of the reporting year and expects considerable growth in this business next year.

Development of the Market Environment

The beginning of the 2017/2018 financial year coincides with a phase of very positive macroeconomic sentiment in Germany. For example, German business sentiment – measured by the ifo Business Climate Index – has reached a new all-time high – the index rose to 116.7 points in October 2017 after 115.3 points in September. What is remarkable about the development of the index is that it was primarily driven in the last three months by improving business forecasts, while in the preceding months the assessment of the current situation was the stronger driver. While the assessment of the situation has been above the previous all-time high since May 2017 already, the commercial sector's expectations are still lower than the expectations in the second half of the 2010 calendar year even with the 109.1 points reached in October.

Sentiment also improved in the German service sector in October – the Business Climate Index climbed from 110.7 points to 111.4 points. As in the commercial sector, the climate index in the service sector was also driven more strongly by the more optimistic view of the next six months than by the estimate of the current situation. Additional figures round off this positive picture of the German economy. For example, the economic research institutes involved in the Autumn 2017 Joint Economic Forecast estimate that the German economic upturn has gained in strength and breadth. This is thanks not only to consumer spending and foreign business, but also in particular to investment. Gross domestic product is likely to grow by 1.9 % in 2017 and 2 % in 2018 (adjusted for calendar effects: 2.2 % and 2.1 % respectively).

The climate index for digital agencies, which iBusiness Magazine compiles twice a year, revealed in autumn 2017 that sentiment among digital agencies cannot keep up with the broader economic sectors covered by the ifo indices. The autumn survey by iBusiness showed that sentiment had "cooled off overall" and "the managers of German internet agencies are less optimistic than German businesspeople as a whole regarding their own business development". Although it is stated that German businesses are investing substantial amounts in the digital transformation, digital agencies are not receiving as much of this investment as hoped.

SinnerSchrader believes that these investments, especially those of large German companies, are increasingly bypassing the established digital agencies and entering the order books of IT integrators and consultancies. As described above, this assessment was the main reason that SinnerSchrader joined up with the Accenture Group. In the new arrangement, SinnerSchrader has moved into a very good position to benefit from the currently good economic climate and the significance of digitalisation for companies' performance.

Business Forecast for 2017/2018

For the 2017/2018 financial year, SinnerSchrader therefore expects growth momentum to increase compared to 2016/2017. Specifically, SinnerSchrader forecasts a revenue increase of 12.6 % for the current financial year, after it grew by 10.9 % in the 2016/2017 financial year, as reported. SinnerSchrader accordingly expects revenue of € 63.8 million for 2017/2018. The entire growth of € 7.1 million is expected to be generated in the existing business units. The planning does not assume any acquisitions.

€ 4.8 million of the increase is expected to be generated in the Interactive Marketing segment, € 1.8 million in the Interactive Media segment and € 0.6 million in the Interactive Commerce segment. The volume of the exchange of services between the segments to be consolidated is expected to be around € 0.1 million higher than the previous year's figure.

SinnerSchrader therefore assumes that, as in the previous year, the greatest growth momentum will be provided by the expansion of the content marketing business in the Interactive Media segment; the planned revenue means growth of 35.0 % for this segment. For the Interactive Marketing segment, SinnerSchrader expects growth of 10.8 %. After the decline in 2016/2017, business in the Interactive Commerce segment is also expected to increase again in the current financial year, namely by 7.3 %. With regard to the volume of inter-segment revenue to be consolidated, SinnerSchrader only expects lower growth of 6.6 % in 2017/2018 compared to the significant rise in the previous year.

SinnerSchrader expects a modest development of operating earnings (EBITA) overall: The level of € 5.0 million reached in the 2016/2017 financial year is expected to improve by only just under 5 % to € 5.2 million in the coming reporting year. A major reason for the low EBITA growth is that we are anticipating a considerable increase in the staff cost ratio of roughly 3 percentage points to around 63 % due to the competition on the talent market and because of the business combination with Accenture.

On the basis of the business combination agreement, Accenture will compensate around € 1.2 million of the € 5.9 million increase in staff costs after the deduction of the income tax effect. Without the staff costs that Accenture will compensate, the staff cost ratio would rise to approximately 61 %.

The other operating expenses – forecast in the planning to increase by around € 1.5 million to nearly € 8.4 million – also include costs associated with the business combination: Firstly around € 0.3 million for legal and tax consulting services and the costs of an Extraordinary General Meeting in connection with the efforts to conclude a domination agreement between Accenture and SinnerSchrader AG, and secondly € 0.5 million increase the SinnerSchrader Group's training and education budget. For the increase in the education budget, compensation of the after-tax effect was agreed with Accenture similar to the share in additional staff costs described above.

SinnerSchrader therefore expects a transaction-related share in other operating expenses totalling € 0.8 million in the 2017/2018 financial year, nearly € 0.3 million more than in the previous year.

Adjusted for the transaction costs, SinnerSchrader forecasts EBITA of € 7.2 million for 2017/2018. This is 15 % more than the comparable figure from the previous year of nearly € 6.3 million. This operating earnings growth rate is thus slightly higher than the revenue growth rate.

Including the effects of the business combination with Accenture on staff costs and other operating expenses, the forecast for the SinnerSchrader Group's EBITA margin for the 2017/2018 financial year is 8.2 %, compared to 8.8 % in the 2016/2017 financial year. Not including the transaction-related expenses (adjusted cost base), the margin would amount to 11.3 %. The adjusted EBITA margin would therefore be slightly higher than the adjusted margin of 11.0 % achieved in the 2016/2017 financial year.

Broken down by segment, the EBITA forecasts are as follows: The Interactive Marketing segment is expected to make an EBITA contribution of roughly € 4.9 million, the planning for the Interactive Media segments envisages EBITA of approximately € 1.0 million, and SinnerSchrader anticipates an operating earnings contribution of € 0.7 million in the Interactive Commerce segment. SinnerSchrader expects the cost remaining at the level of the holding company to amount to € 1.4 million.

This means that the Interactive Marketing segment expects a considerable decline in operating earnings by nearly € 0.7 million. After all, the increase in staff costs mainly affects the Interactive Marketing segment. In addition, after an excellent year in the segment's mobile business, SinnerSchrader is planning a short-term considerable EBITA consolidation in the segment: with regard to the sustainability of the business performance, this will create room to strengthen the unit's structures for further growth measures. SinnerSchrader expects an operating margin for the segment of 9.9 % in 2017/2018.

In contrast, the Interactive Media segment expects EBITA growth of nearly € 0.3 million year-on-year. The margin in this segment is expected be roughly on a par with the previous year's level of 14.8 %.

EBITA is also expected to show a marked increase in the Interactive Commerce segment by € 0.2 million, improving the margin to 7.6 %.

The € 0.4 million decline in the transaction costs remaining at the level of the holding company will also make a positive contribution to the development of operating earnings.

The SinnerSchrader Group's planning foresees growth in personnel capacity of around 14 % to 544 full-time employees in the 2017/2018 financial year. The growth rate is somewhat higher than the revenue growth rate. Accordingly, the freelancer cost ratio is expected to be around 10 %, somewhat below the previous year's figure of 11 %. Added value per full-time employee is expected to improve by 3 % to around € 100,000.

Based on the operating forecast, SinnerSchrader anticipates consolidated net income of a good € 3.5 million or € 0.31 per share for the 2017/2018 financial year at a tax rate around 32.3 %. Due to the further normalisation of the tax rate, this income would only be just above the previous year's figure by 2 %.

Adjusted for the expenses due to the business combination, consolidated net income would be expected to amount to € 4.9 million or € 0.42 per share – growth of around 12 % compared to the adjusted previous year's figures.

SinnerSchrader AG's net earnings for the year are expected to decline in the 2017/2018 financial year. The main reason for this is that other operating income on the scale of the 2016/2017 financial year cannot be expected again in the planning year. € 3.7 million of this income was attributable to the reversal of valuation allowances and impairment for the business units of the Interactive Media segment. A further gain is possible should the segment surpass the development planned for 2017/2018, but, following the historical cost principle, this gain is limited to € 3.0 million. In light of the modest earnings performance in the operating units, the resulting gap is not expected to be fully offset. With full utilisation of the potential for impairment reversal, the AG's net profit for the year can therefore be expected to be in the order of € 4.0 million in 2017/2018.

For subsequent years, SinnerSchrader estimates that development opportunities will predominate, not least because the positive effects of the business combination with Accenture are gaining in importance. For revenue, SinnerSchrader therefore continues to expect double-digit growth rates for 2018/2019 and 2019/2020 and anticipates revenue of around € 78 million for 2019/2020. The substantial adjustments on the personnel market will tend to intensify in the next two years, which is likely to limit margin opportunities. Although the elimination of costs due to the business combination will provide a certain convergence potential, the forecasts for the operating margin in the 2019/2020 financial year are currently not higher than 11.4 %.

9 Risks and Opportunities of Future Business Development

In its business, SinnerSchrader is exposed to many risks that could have a negative effect on the Group and AG net assets, financial position and results of operations or could cause SinnerSchrader to fall short of the targets it has set for future business development.

Likewise, SinnerSchrader is regularly faced with opportunities that, if taken, could have a positive effect on the Group and AG net assets, financial position and results of operations or could cause SinnerSchrader to exceed its targets for future business development. As a rule, endeavouring to take opportunities as they arise requires taking new risks or increasing the significance of existing risks.

It is necessary to take risks when engaged in business activity aimed at generated profits. To ensure that the success is sustainable, it is important to manage these risks. On the one hand, this means evaluating and continuously monitoring them with regard to their probability of occurrence and potential effects on the net assets, financial position and results of operations. On the other hand, it means identifying measures with which risks can be limited or avoided and – with regard to the core competencies, financial strength and the costs of the respective measures – deciding on the extent of limitation or avoidance measures, the measures that should be taken and the risk they should cover.

9.1 Key Features of the Internal Control and Risk Management System with Respect to the (Group) Accounting Process according to Articles 289 Para. 5 and 315 Para. 2 No. 5 HGB

In managing the Group, it is one of the Management Board's key tasks to define risk management parameters and processes for the SinnerSchrader Group, to monitor compliance with them and to regularly analyse the development of the risks in each area with the managers of the operating units and administrative divisions.

Fundamentally, SinnerSchrader also uses risk management with the aim of securing the equity base for the long term and generating an appropriate return on the invested capital. The Group strives for a high equity ratio in order to guarantee its competitiveness and the continued existence of the operating companies as well as to finance both organic and inorganic growth.

The SinnerSchrader Group's risk management system and the risk profiles of the individual divisions are documented in a risk manual. After the departure of the employee from the AG's finance division who was previously responsible, an employee of SinnerSchrader Deutschland GmbH, who is also the data protection officer of the AG and SinnerSchrader Deutschland GmbH, has been appointed as the Group's risk officer and thus tasked with subjecting the stipulated risk management system to regular internal evaluation and to document this at least once a year in a risk report to the Management Board. Another of the risk officer's tasks is to spot-check individual divisions on behalf of the Management Board in order to analyse the extent to which the defined measures to limit or avoid risks are being implemented.

The managers of the individual business divisions are responsible for continuously monitoring and managing the risks in their own divisions. If there is a significant increase in the risk level posed by individual risks above a defined threshold, they are required to report it to the Management Board immediately.

Good risk management depends on quickly and reliably providing the management with relevant information on the course of business. To this end, SinnerSchrader has set up a controlling and reporting system under which monthly reports are compiled on the development of key business figures in the individual divisions and on the financial results.

The SinnerSchrader Group's risk management system also includes the accounting-related processes in the managing AG and in the subsidiaries included in the Consolidated Financial Statements. The aim is to apply principles, procedures and controls to ensure financial statements that comply with the rules and to prevent major misstatements in the external reporting.

Risk management in the accounting process is based on uniform accounting policies across the Group, compliance with which is regularly monitored by the central controlling and accounting divisions located within Sinner Schrader AG. Furthermore, a central bookkeeping system based on Microsoft Dynamics NAV has been implemented and is managed and posted to by the central accounting department. In the 2016/2017 financial year, the actively operating companies were all incorporated into this central bookkeeping system.

Another key aspect of the accounting-related risk management system is the drawing up of monthly financial statements that form the basis for a monthly reporting system across all business units, segments and companies. In addition to a presentation of the monthly figures and the cumulative figures for the current financial year, the monthly reports include an updated forecast for the year as a whole. Furthermore, they include comparisons to planning, the previous year and the most recent forecast with respect to the key figures in the income statement and to the key operating indicators. The reports are the starting point for review talks which take place once a month between the Management Board of SinnerSchrader AG and the heads of the relevant unit and/or company. These talks are prepared by the central controlling department and are used in particular for the explanation of the key developments in the course of business and thus for validating the monthly figures.

Close interaction between central controlling and accounting is also a factor in risk management in the accounting process. Figures reported by controlling for the individual companies, parts of the Group and the Group as a whole must correspond to the figures posted in each case.

In order to ensure that accounting always complies with the latest statutory requirements, employees in the accounting department regularly take part in internal or external training. Furthermore, complex and new states of affairs and processes of major importance are subjected to an audit by the auditor during the year with respect to correct representation in the accounts of the company concerned and the Group; if necessary, SinnerSchrader AG will also avail itself of the expertise of other external experts.

The cornerstones of the accounting-related control system are appropriate access rules and booking authorisations for the bookkeeping system and compliance with the dual-control principle as an important control instrument.

Furthermore, internal guidelines on the instigation of payments and the investment of liquid funds are used to safeguard the company's assets.

9.2 Risks

Material risks affecting the future development of the SinnerSchrader Group's net assets, financial position and results of operations are described below. They also have a direct effect on SinnerSchrader AG through its profit transfer agreements and participating interests.

The SinnerSchrader Group's risk profile changed significantly in the 2016/2017 financial year due to the decision to merge with Accenture. The decision in favour of the business combination was a targeted response to the risks arising from the competitive situation, which, as a result of the business combination, no longer exist in the form previously described. SinnerSchrader also estimates that the business combination with Accenture will reduce risks with regard to access to the personnel market, attractive development opportunities that will help to retain specialists and managers within the company, and risks arising from the speed of technological development. Finally, acquisitions to expand the market position will lose their significance from SinnerSchrader's perspective, as will, therefore, the risks from acquisitions.

The access to the Accenture organisation's experience and know-how in the management of a service business also offers the potential that SinnerSchrader will manage its operating risks better than before.

However, the business combination also results in new risks of its own. It is not unusual for the merger of two companies or the integration of an acquired company into the existing structures of the acquirer to be met with negative reactions among the employees of the acquired company and to endanger the system that worked before the acquisition.

In addition, the significance of e-commerce outsourcing in the Interactive Commerce segment has dropped, so the specific risk arising from offering this service has ceased to be material for the SinnerSchrader Group.

Individual risk areas identified as significant are described in more detail below. This selection of risks does not mean that there can be no significant impact on SinnerSchrader's net assets, financial position and results of operations from other risks that have not been mentioned here because they cannot be predicted.

Economic Risks

General economic development influences the volume of investment in IT and internet services as well as expenditure on online marketing and supporting services. Deterioration in the economic environment could reduce the market volume addressed by SinnerSchrader with regard to quantity and price. The necessary measures for capacity adjustment in response to such a development could possibly be effective only with a time lag and would lead to costs for restructuring measures.

Operating Risks

In the 2016/2017 financial year, SinnerSchrader generated around 21 % (previous year: 19 %) of its net revenue with one client; the ten biggest clients together accounted for around 78 % (previous year: 74 %) of net revenue. It would at best only be possible to compensate for the loss of the business with one of these important clients after a considerable period of time, during which it would not be possible to reduce costs correspondingly.

Since the SinnerSchrader Group's revenue is not usually secured by long-term contracts, but instead largely arises on the basis of individual orders for a limited period, revenue plans are subject to a high degree of uncertainty. As a rule, the orders on hand do not significantly exceed quarterly revenue.

SinnerSchrader generates some of its revenue from fixed-price agreements. Because of the complexity and the high technical demands, the costs originally calculated may be exceeded, resulting in unplanned losses. Furthermore, SinnerSchrader assumes standard guarantee and liability obligations within the framework of project contracts, which can result in considerable follow-up costs for individual projects.

Some of the projects that SinnerSchrader handles for renowned clients are associated with a considerable impact on public perception. Quality deficits in the provision of services, especially those that enable unauthorised access to personal data, can result in a negative public image that would greatly impair the sale of services and thus the future development of the business. The measures taken to reduce the risk include internal programming standards, not least those concerning security matters, reviews of software and system architectures by an IT security specialist, and penetration tests carried out by external service providers as part of quality management.

Within the context of providing its services, SinnerSchrader sometimes has access to the personal data of its clients' customers. This data could be abused as a result of deliberate or negligent acts by employees. In addition to the directly resultant damage, if such an incident were to become known, the associated loss of trust in SinnerSchrader would make the sale of its services much more difficult. SinnerSchrader counters this risk with appropriate access restrictions and operating and authorisation concepts, which are subject to regular review by the internal IT security officer and the data protection officer.

Personnel Risks

The success of SinnerSchrader is considerable dependent on the qualification and motivation of its employees. Certain employees in key positions play a particularly important role. If SinnerSchrader does not succeed in attracting and retaining enough qualified specialists and talented young staff at adequate costs, its further growth and success could be severely impaired.

The business combination with Accenture will reduce personnel risks on the one hand, because the new arrangement allows SinnerSchrader to offer more diverse career paths, especially in the international context, and it can now also address candidates who are looking for a position in a large global company for this reason.

On the other hand, however, risks will be increased because SinnerSchrader is becoming less attractive to certain groups of candidates who appreciated that it was smaller and independent, thus finding it easier to identify with the company.

In addition, specific risks are arising from the situation of the business combination and the integration phase, which could take the form of the loss of important employees or problems to find new ones, which is summarised under a separate heading in this list of risks.

Technological Risks

The market for IT and internet services is characterised by rapid change in the basic technologies used and by an ongoing low level of standardisation. SinnerSchrader's future market success depends on the extent at which the breadth and depth of the technological expertise can be kept at an adequate level and technological dead-ends avoided in view of high employee orientation costs and given the limited resources.

Complexity Risks

SinnerSchrader has grown rapidly both organically and through acquisitions in recent years. Although the administrative structures have also been expanded, there is a risk that the SinnerSchrader Group will not immediately recognise undesirable developments in an area in good time will underestimate them because of the increased dimension and complexity of the Group. The undesirable development itself and the subsequent effort to remedy it can both lead to considerable unplanned expenses.

Business Combination and Integration Risks

The loss of independence and the plan agreed between SinnerSchrader AG and Accenture for a tightly woven merger of SinnerSchrader AG with the Accenture entity Accenture Interactive in Germany, Austria and Switzerland entail the risk that SinnerSchrader could lose important employees who can only be replaced on a tight personnel market with a significant time lag. SinnerSchrader and Accenture have agreed on employee-related measures to stop the turnover rate increasing beyond the usual level. The measures might not be sufficient, and bulking up the measures could increase the costs of their integration.

Corporate culture is an essential factor for a company's success – for the acquisition and retention of employees, for the quality of the service provided and for success with clients. Often, it is not easy to identify the precise correlation between these effects. In this respect, every business integration runs the risk of changing the culture of the company being integrated in such a way that an important basis for this company's success is lost. In order to limit this risk, SinnerSchrader and Accenture agreed that the combined company and thus the combination process would be managed by Matthias Schrader, one of the two founders of the SinnerSchrader Group. However, governance and process constraints posed by the integration into the structures of the acquiring organisation are changing the corporate culture.

In a similar way, the use of the "SinnerSchrader" brand name is also at risk. Switching to a different brand name could mean that both clients and staff no longer identify with the company, which could at least temporarily have negative effects on revenue and consolidated net income. Another risk is that the integration work could cause a temporary lapse in the concentration on market cultivation and project work for clients and cause commercial success as well as the quality of work for clients to suffer. Resultant negative effects on consolidated net income could be exacerbated if the direct integration costs (primarily consulting costs) and the indirect integration costs (primarily time spent with employees) prove higher than assumed in the planning.

Finally, corporate mergers always raise complex questions regarding company and tax law to which there is not always a clear answer, meaning increased risks with respect to future reviews of the chosen solutions.

Default and Liquidity Risks

Liquidity risks exist in the case of potential shortages of financial resources and the resulting increase in refinancing costs. The aim of liquidity management at SinnerSchrader is to ensure that the Company is always able to pay within the agreed payment periods because it has sufficient liquid funds. The Group monitors these liquid funds, and only the available liquidity that is not considered to be necessary to balance out fluctuations in cash flow is invested on a long-term basis. Furthermore, it is ensured that longer-term investments are only made in securities than can be sold again at any time. Credit lines of € 2 million and € 2.5 million respectively have been agreed with two banks in order to avoid shortages of liquidity in the short term; they had not been utilised as of the reporting date. After the business combination with Accenture, the Accenture Group will also be a source of financing for the avoidance of liquidity shortages.

Credit risks arise for SinnerSchrader because services are generally billed after they are rendered, with clients being granted the agreed payment period and subsequently failing to meet the resulting payment obligations. SinnerSchrader limits this risk by subjecting new clients to a regular credit assessment and by regularly monitoring clients' outstanding payment obligations.

Secondly, SinnerSchrader is exposed to credit risks by holding free liquid funds as credit balances with banks and investing these liquid funds on the capital market. SinnerSchrader limits this risk by its choice of banking partners, doing business with several banks and restricting the credit rating of the investment instruments to a minimum credit rating of BBB or A3 for short-term investments.

The maximum default risk is given by the carrying amounts of the financial assets recognised in the statement of financial position or by the fair values of the securities recognised. SinnerSchrader held no securities as at 31 August 2017.

Risk of Changes in Market Prices

Currency risks: SinnerSchrader invoices almost all its revenue in euros, its suppliers mainly issue their invoices in euros, and the company does not hold any notable assets in foreign currencies, so there are no significant foreign-currency risks for the Group.

Interest-rate risks: SinnerSchrader currently has no substantial interest-bearing financial liabilities and nor has the company made any interest-bearing investments. There are therefore no material interest-rate risks.

Price risks: SinnerSchrader holds no shares in other publicly traded companies, nor does it purchase raw materials on markets with a price determination process. There are therefore no price risks for SinnerSchrader.

9.3 Opportunities

The risks are countered by opportunities, and Sinner-Schrader could exceed its targets if they are successfully taken. The decision to merge with Accenture has significantly broadened the opportunities profile. The opportunities for SinnerSchrader to exceed its own planning for revenue and earnings through its own strengths – an excellent client base; a perfectly launched and reputable "SinnerSchrader" brand; the ability to carry out digital projects from end to end, i.e. from strategic target setting and idea generation to implementation; and 20 years of experience with digital projects and the resultant network – have been joined by the opportunities offered by cooperation with Accenture Interactive, Accenture's digital agency, and the entire Accenture organisation:

- Accenture has excellent contacts with many of the largest companies in the German-speaking region. The cooperation with Accenture's sales and client support organisation could result in client acquisitions and ultimately project opportunities that SinnerSchrader alone could only take at much greater expense, if at all.
- The digital transformation is of enormous strategic importance for nearly all companies. Major global companies are increasingly entrusting this issue to likewise major global consulting and systems firms. There is therefore a good chance that SinnerSchrader will qualify for more contracts together with Accenture than it would have been able to on its own.
- This is especially true because, in recent years, the role of IT organisations and CIOs in the allocation of digitalisation projects and increased enormously. While SinnerSchrader typically sells services to its clients' marketing organisations and has its contact base there, Accenture generally sells its services to the clients' IT organisations.
- The allocation of contracts increasingly depends on the ability to scale project teams quickly and carry out projects in an international context. In this respect, SinnerSchrader on its own would have limited opportunities. Only in cooperation with Accenture can Sinner-Schrader join the group of relevant providers, with the prospect of additional business.
- Finally, in order to generate sufficient margins, it has become more important for companies to make their own cost position as flexible as possible by adding nearshore and offshore capacity and to bring this flexibility as much as possible into line with modern, agile project methods. In this respect, SinnerSchrader is only in the early stages of the development of its business model with the establishment of its location in Prague. The business combination with Accenture offers SinnerSchrader the opportunity to use Accenture's experience in the build-up and deployment of capacity outside Germany and possibly also to use Accenture locations that are already established.

In order to fully realise these opportunities, the businesses of SinnerSchrader and Accenture in Germany, Austria and Switzerland must be closely integrated. In turn, this also requires SinnerSchrader to be integrated into the Accenture organisation under company law. Sinner-Schrader and Accenture have agreed and declared it their goal to achieve such an integration. After the acquisition of almost 66 % of the voting rights in SinnerSchrader AG, the conclusion of a control agreement, which was announced at the end of June 2017 and is now being submitted for resolution to an Extraordinary General Meeting on 6 December 2017, is a step in this direction.

9.4 Overall Assessment of Risks and Chances

The past financial years have shown that risks that occur and opportunities that present themselves can cause substantial negative or positive deviations from the planned asset, income and financial targets. The past 2016/2017 financial year was a financial year that Sinner-Schrader was able to close with opportunities.

Overall, no risks can currently be identified on the basis of the available information that would endanger Sinner-Schrader Group or SinnerSchrader AG as going concerns. The Group's net assets and financial position remain stable. Accenture's acquisition of a majority interest over the course of the 2016/2017 financial year and its stated intention of a complete takeover constitute a significant safeguard for the value of SinnerSchrader.

10 Management Board's Dependency Report Closing Statement

In accordance with Article 312 AktG, SinnerSchrader AG has prepared a dependency report on the basis of its majority acquisition by Accenture, which lists all the legal transactions that the company undertook with Accenture Digital Holdings GmbH or an affiliated enterprise or at the behest or in the interest of these entities and all other measures that it took or refrained from taking in the past financial year at the behest or in the interest of these entities.

The report ends with the following closing statement by the Management Board, which is reproduced below in accordance with paragraph 3 of Article 312 AktG:

"SinnerSchrader AG adequate consideration for each legal transaction listed in the report on relations with affiliated entities. SinnerSchrader AG was not disadvantaged by measures that it took or refrained from taking at the behest or in the interest of the controlling entity of an affiliated entity. This assessment is based on the circumstances known to us at the time of the transactions listed in the report."

Hamburg, 15 November 2017

The Management Board

Matthias Schrader Thomas Dyckhoff

02

Consolidated Balance Sheets

As at 31 August 2017

Assets in €	NOTES	31.08.2017	31.08.2016
Current assets:			
Liquid funds	2.11, 4.7	4,943,599	6,098,619
Cash and cash equivalents		**4,943,599**	**6,098,619**
Accounts receivable, net of allowances for doubtful accounts of € 45,375 and € 35,350 as at 31.08.2017 and 31.08.2016, respectively	2.9, 2.17, 4.3	8,225,025	7,946,613
Unbilled revenues	2.9, 2.17, 4.3	6,849,560	4,244,831
Tax receivables	2.10, 4.4	724,396	22,814
Other current assets and prepaid expenses	2.10, 4.5	1,151,612	756,328
Total current assets		**21,894,191**	**19,069,205**
Non-current assets:			
Goodwill	2.7, 4.1	4,820,937	4,820,937
Other intangible assets	2.7, 4.1	34,385	283,630
Property and equipment	2.7, 4.1	2,572,474	1,419,025
Tax receivables	4.4	—	46,593
Deferred tax assets	2.16, 5.5	392,196	803,653
Total non-current assets		**7,819,991**	**7,373,838**
Total assets		**29,714,183**	**26,443,043**

Liabilities and shareholders' equity in €	NOTES	31.08.2017	31.08.2016
Current liabilities:			
Trade accounts payable	2.13	1,837,821	1,845,111
Advance payments received	4.3	554,470	809,828
Accrued expenses	4.10	5,862,602	3,570,156
Tax liabilities	4.9	68,407	1,843,568
Liabilities and other payables	4.11	2,190,770	1,974,649
Total current liabilities		**10,514,070**	**10,043,312**
Non-current liabilities:			
Deferred tax liabilities	5.5	409,571	530,122
Total non-current liabilities		**409,571**	**530,122**
Shareholders' equity:			
Subscribed capital			
Common stock, stated value €1, issued: 11,542,764 and 11,542,764, outstanding: 11,542,764 and 11,244,722 as at 31.08.2017 and 31.08.2016, respectively	4.8	11,542,764	11,542,764
Treasury stock, 0 and 298,042 as at 31.08.2017 and 31.08.2016, respectively	4.8	—	–1,158,520
Additional paid-in capital	4.8	4,700,513	3,846,406
Reserves for share-based compensation	4.8	—	299,152
Accumulated income (incl. revenue reserves)	4.8	2,519,629	1,312,754
Other comprehensive income	4.8	27,636	27,053
Total shareholders' equity		**18,790,542**	**15,869,609**
Total liabilities and shareholders' equity		**29,714,183**	**26,443,043**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Operations

From 1 September 2016 to 31 August 2017

in €	NOTES	2016/2017	2015/2016
Gross revenues	2.17, 5.1	**56,681,604**	**51,353,375**
Media costs		–	–222,040
Total revenues, net		**56,681,604**	**51,131,335**
Cost of revenues		–42,736,210	–38,337,456
Gross profit		**13,945,394**	**12,793,879**
Selling and marketing expenses		–2,190,164	–2,755,455
General and administrative expenses		–6,753,009	–5,281,582
Research and development expenses	2.19	–418,740	–453,425
Other income and expenses, net	5.3	403,501	431,411
Operating income		**4,986,982**	**4,734,828**
Financial income	5.4	24,448	1,778
Financial expenses	5.4	–1,068	–2,297
Income before provision for income tax		**5,010,362**	**4,734,309**
Income tax	2.16, 5.5	–1,554,543	–1,361,124
Net income		**3,455,819**	**3,373,185**
Net income attributable to the shareholders of SinnerSchrader AG		**3,455,819**	**3,373,185**
Net income per share (basic)		0.30	0.30
Net income per share (diluted)		0.30	0.29
Weighted average shares outstanding (basic)		11,374,627	11,382,776
Weighted average shares outstanding (diluted)		11,491,630	11,488,899

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

From 1 September 2016 to 31 August 2017

in €	NOTES	2016/2017	2015/2016
Net income		**3,455,819**	**3,373,185**
Other comprehensive income			
Items that may be reclassified to profit or loss in future periods			
Foreign currency translation adjustment	2.5	583	753
Changes in shareholders' equity not affecting net income		**583**	**753**
Consolidated comprehensive income		**3,456,402**	**3,373,938**
Comprehensive income attributable to the shareholders of SinnerSchrader AG		**3,456,402**	**3,373,938**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

From 1 September 2016 to 31 August 2017

in €	NOTES	NUMBER OF SHARES OUTSTANDING	COMMON STOCK
Balance as at 31.08.2015		**11,483,525**	**11,542,764**
Comprehensive income		–	–
Disbursed dividend	4.8	–	–
Deferred compensation	4.8	–	–
Purchase of treasury stock	2.15, 4.8	–288,803	–
Re-issuance of treasury stock	4.8	50,000	–
Balance as at 31.08.2016		**11,244,722**	**11,542,764**
Comprehensive income		–	–
Disbursed dividend	4.8	–	–
Deferred compensation	2.21, 4.8	–	–
Purchase of treasury stock	2.15, 4.8	–	–
Re-issuance of treasury stock	4.8	298,042	–
Costs assumed by shareholders	4.8	–	–
Balance as at 31.08.2017		**11,542,764**	**11,542,764**

The accompanying notes are an integral part of these Consolidated Financial Statements.

	TREASURY STOCK	ADDITIONAL PAID-IN CAPITAL	RESERVES FOR SHARE-BASED COMPENSATION	RETAINED EARNINGS/LOSSES	OTHER COMPREHENSIVE INCOME	TOTAL SHAREHOLDERS' EQUITY
	–103,802	**3,926,544**	**266,598**	**-699,403**	**26,300**	**14,959,001**
	—	—	—	3,373,185	743	3,373,938
	—	—	—	–1,361,028	—	–1,361,028
	—	—	32,554	—	—	32,554
	–1,230,356	—	—	—	—	–1,230,356
	175,638	–80,138	—	—	—	95,500
	–1,158,520	**3,846,406**	**299,152**	**1,312,754**	**27,053**	**15,869,609**
	—	—	—	3,455,819	583	3,456,402
	—	—	—	–2,248,944	—	–2,248,944
	—	–897,977	–299,152	—	—	–1,197,129
	—	—	—	—	—	—
	1,158,520	1,413,459	—	—	—	2,571,979
	—	338,625	—	—	—	338,625
	—	**4,700,513**	**—**	**2,519,629**	**27,636**	**18,790,542**

Consolidated Statements of Cash Flows

From 1 September 2016 to 31 August 2017

in €	NOTES	2016/2017	2015/2016
Cash flows from operating activities:			
Net income		3,455,819	3,373,185
Adjustments to reconcile net income to net cash used in operating activities:			
Write-ups on intangible assets	4.1	—	–200,000
Depreciation of property and equipment	4.1	864,471	716,900
Share-based compensation	7	180,588	32,554
Bad debt expenses	2.9, 4.13	10,025	–16,800
Gains/losses on the disposal of fixed assets	5.3	–10,405	26,238
Tax-relief effect directly recognised in equity pursuant to IFRS for compensation from the cancellation of share-based employee remuneration		656,564	—
Deferred tax provision	2.16, 5.5	290,906	103,230
Changes in assets and liabilities:			
Accounts receivable	2.9, 4.3	–327,937	2,395,847
Unbilled revenues	2.9, 4.3	–2,604,729	–460,570
Tax receivables	4.4, 6.2	–654,989	22,080
Other current assets	2.10, 4.5	–16,807	–60,156
Accounts payable, deferred revenues and other liabilities	2.13, 4.11	–46,878	–3,207,136
Tax liabilities	4.9, 6.2	–1,775,161	268,372
Other accrued expenses	2.14, 4.10	1,762,736	506,710
Net cash provided by (used in) operating activities		**1,784,203**	**3,500,454**
Cash flows from investing activities:			
Purchase of property and equipment	2.7, 4.1	–1,255,428	–487,893
Proceeds from the sale of equipment	2.7, 4.1	26,869	22,309
Net cash provided by (used in) investing activities		**–1,228,559**	**–465,584**
Cash flows from financing activities:			
Payments to shareholders	4.8	–2,248,944	–1,361,028
Payment for the cancellation of outstanding share options	7	–2,034,281	—
Payments for treasury stock	4.8	—	–1,230,356
Incoming payments for treasury stock	4.8	2,571,978	95,500
Net cash provided by (used in) financing activities		**–1,711,247**	**–2,495,884**
Net effect of rate changes on cash and cash equivalents		583	753
Net increase/decrease in cash and cash equivalents		**–1,155,020**	**539,739**
Cash and cash equivalents at beginning of period	4.7	6,098,619	5,558,880
Cash and cash equivalents at end of period	4.7	4,943,599	6,098,619

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes

for the 2016/2017 financial year

1 General Foundations and Business Activities of the Company

The Consolidated Financial Statements of SinnerSchrader Aktiengesellschaft (hereinafter referred to as "SinnerSchrader AG" or "AG") and its subsidiaries (hereinafter referred to as "SinnerSchrader Group", "SinnerSchrader" or "Group") for the 2016/2017 financial year were completed according to the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB") in force in the European Union (EU) on the reporting date of 31 August 2017, taking account of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and correspond to the supplementary requirements of Article 315a of the German Commercial Code ("HGB"). The financial statements were prepared on a going concern basis.

The Consolidated Financial Statements as at 31 August 2017 were released by the Management Board for submission to the Supervisory Board on 15 November 2017. The Consolidated Financial Statements will probably be approved at the balance sheet meeting of the Supervisory Board on 21 November 2017; until the time of approval it is possible for the Supervisory Board to amend the Consolidated Financial Statements.

The SinnerSchrader Group is a service company mainly active in Germany whose parent company, SinnerSchrader AG, has its headquarters at Völckersstraße 38, 22765 Hamburg, Germany. SinnerSchrader offers companies a comprehensive range of services for the use of digital technologies to further develop and optimise their business. The focus is on the digital transformation of companies, especially with respect to the customer interface, and the conception and development of digital products and services. Other fields of activity for the Group include the use of the internet for the sale of goods and services (e-commerce), for marketing and communication, and for the acquisition and retention of customers. SinnerSchrader renders the following individual services:

- advice about and development of strategies for the use of digital technology for marketing, sales and communication as well as the establishment of digital business models,
- customised conception, design and technical development of websites, internet applications and mobile applications as well as the conception and development of transformational products and services,
- content-related and technical maintenance, performance measurement and optimisation and the technical operation, including provision of the technical infrastructure of websites and internet applications,
- conception, implementation and execution of digital marketing and communication measures,
- Consultancy on digital media strategies and digital media technologies and tools,
- Planning and drafting concepts for marketing strategies on the internet based on editorial content, and their implementation in daily editing operations ("content marketing"),
- taking overall responsibility for the establishment and management of the internet sales channel, including logistics, payment processing and shop management ("e-commerce outsourcing").

The SinnerSchrader Group commenced its activities in 1996. SinnerSchrader AG was founded in 1999 as a new managing parent company and went public in the same year. The 11,542,764 issued SinnerSchrader AG shares have all been approved for trade in the regulated market Prime Standard segment of the Frankfurt Stock Exchange.

In February 2017 SinnerSchrader AG concluded a merger agreement with Accenture Digital Holdings GmbH, with headquarters in Kronberg, Germany, a subsidiary of the worldwide Accenture Group ("Accenture"). In connection with this agreement, Accenture Digital Holdings GmbH took over 65.94% of the SinnerSchrader shares by means of direct agreements with major shareholders and by means of a voluntary public takeover offer from February until June 2017.

2 Presentation of the Main Evaluation and Balancing Methods

2.1 Financial Year

The Consolidated Financial Statements of the Sinner-Schrader Group refer to the financial years covering 1 September 2016 to 31 August 2017 (“2016/2017”) and from 1 September 2015 to 31 August 2016 (“2015/2016”) as well as the reporting dates of 31 August 2017 and 31 August 2016, respectively.

2.2 New Accounting Principles

The standards and interpretations that have to be applied and that had been adopted by 31 August 2017 were all observed when the Consolidated Financial Statements for the 2016/2017 financial year were prepared.

In the previous years and in the 2016/2017 financial year, the IASB issued new standards and interpretations and amendments to existing standards and interpretations which did not yet have to be applied to Consolidated Financial Statements for the 2016/2017 financial year:

IAS/IFRS/IFRIC	NEW/AMENDMENT	CONTENT	APPLICATION DATE[1]
Published before the 2016/2017 financial year			
IFRS 2	Amendment	Classification and Measurement of Transactions with Share-based Remuneration	1 January 2018
IFRS 9	New	Financial Instruments: Revision and Replacement of all Existing Standards – Accounting and Measurement	1 January 2018
IFRS 14	New	Deferral Accounts	outstanding
IFRS 15	New	Revenue from Contracts with Customers	1 January 2018
IFRS 16	New	Leases	1 January 2019
IAS 7	Amendment	Disclosure Initiative	1 January 2017
IAS 12	Amendment	Recognition of deferred tax assets for unrealised losses	1 January 2017
IAS 40	Amendment	Transfers of investment property	1 January 2018
IFRS 1, IFRS 12, IAS 28	Amendment	Annual Improvement Project 2014–2016	outstanding
Published in the 2016/2017 financial year			
IFRS 4	Amendment	Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts	1 January 2018
IFRS 17	New	Insurance Contracts	1 January 2021
IFRIC 22	New	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23	New	Uncertainty over Income Tax Treatments	1 January 2019

1) The new or adapted standards must be applied for financial years beginning on or after the application date.

The application of some of the new standards/interpretations or their amendments presumes that they have been adopted within the context of the EU's IFRS endorsement procedure. These standards and applications will not be applied by SinnerSchrader AG until their application is mandatory and they have been endorsed by the European Commission.

SinnerSchrader will apply IFRS 15 "Revenue from Contracts with Customers", for the first time in the 2018/2019 financial year. The new standard for the realisation of proceeds may have an impact on the assets and income status of the SinnerSchrader Group, particularly in the following newly regulated or clearly specified subject areas:

- Opportunity to realise total revenues relating to a period
- Recognition and measurement of costs for obtaining a contract

IFRS 15.35.c specifies that the recognition of revenue over time requires that an entity's performance creates an asset specific to the customer without an alternative use for the entity. In this case SinnerSchrader must always have the right to settlement for performances already completed in the event that a client cancels a contract for reasons which are not the responsibility of SinnerSchrader. SinnerSchrader creates assets specific to a customer without any alternative use. A check on whether or not SinnerSchrader is always legally entitled to fully invoice services rendered so far has not yet been carried out conclusively. In addition to the general German Civil Code ("BGB") regulations, the agreements based on the relevant individual contracts are significant in this case. Should a check on these project assignments show that conditions for the recognition of revenue over time do not exist, the relevant amount of revenue would only be realised in later periods. The respective project-related margin would in consequence only need to be recognised in following periods. Based on the balance sheet date of 31 August 2017, SinnerSchrader recognises project assignments as yet uncompleted according to IAS 11 with an order volume of € 5,873,184 for which this new regulation would be relevant.

With respect to the contracts already concluded, SinnerSchrader is assuming a recognition of revenue over time, since the contracts pursuant to Article 649 of the German Civil Code secure the claims of SinnerSchrader.

SinnerSchrader wins the majority of its new contracts through invitations to tender. Under IFRS 15.91, the assignment costs incurred as part of an invitation to tender could in some cases be classified as an asset. Under IFRS 15.93, this requires that these costs only become payable when a contract is won; they are not incurred if this is not the case. This means that a large proportion of internal costs incurred are not to be capitalised as assets. In this respect, no significant effects are expected.

IFRS 16 deals with leases and the earliest stage at which it may be applied in the EU is for financial years starting on 1 January 2019. It has not yet been endorsed within the EU, meaning that application in later periods is also possible. SinnerSchrader AG will apply the amendment in the 2019/2020 financial year at the earliest. Where applicable, the standard may be applied retrospectively with transitional relief being used.

According to IFRS 16, a lease is in place if the lessor contractually grants the lessee the right to use an identified asset for a specified period and the lessor in turn receives a return from the lessee.

In future, the lessee must capitalise a right to use the leased object and recognise the obligation to pay arising from the lease contract as a liability. The lease liability will be set at the level of the cash value of the future lease payments.

In comparison to the previous procedure, this leads to a different treatment of all rental and leasing contracts entered into. The relief provisions laid down in IFRS 16 (recognising short-term contracts or leases with a contract value below € 5,000) will not result in any major relief.

Without taking account of interest effects, according to current assessments the future use of IFRS 16 on the basis of the Consolidated Balance Sheets as at 31 August 2017 would result in an increase in the balance sheet total of € 9.3 million and reduction of the shareholders' equity ratio from 63 % to around 48 %.

Furthermore, interest expenses are to be recognised for some of the leasing contracts instead of operating expenses, which will relieve the operating profit. Within the cash flow statement, leases will no longer be posted in cash flows from current business activities, but rather in cash flows from financial activities.

According to current estimates, the future use of the other new standards will not have any major impact on the representation of the Group's asset, financial and income situation.

2.3 Consolidation Group

The consolidation group as at 31 August 2017 consisted of the AG as well as the following direct or indirect subsidiaries of the AG, each of which was fully consolidated:

1. SinnerSchrader Deutschland GmbH, Hamburg, Germany
2. SinnerSchrader Commerce GmbH, Hamburg, Germany
3. SinnerSchrader Content GmbH, Hamburg, Germany
4. SinnerSchrader Swipe GmbH, Berlin, Germany
5. SinnerSchrader Praha s.r.o., Prague, Czech Republic
6. SinnerSchrader UK Ltd., London, UK
7. SinnerSchrader Benelux BV, Rotterdam, The Netherlands

Due to mergers and name changes, the consolidation group has changed in comparison to the status on 31 August 2016. The former Commerce Plus GmbH now operates as SinnerSchrader Commerce GmbH, with which Commerce Plus Consulting GmbH was merged with effect from 1 September 2016. The current SinnerSchrader Content GmbH came about from the renaming of the former NEXT AUDIENCE GmbH, with which the former SinnerSchrader Content GmbH had previously been merged with effect from 1 September 2016. SinnerSchrader Swipe GmbH came about from renaming SinnerSchrader Mobile GmbH. Swipe GmbH, since renamed SinnerSchrader Swipe Hamburg GmbH, was also merged in this way with effect from 1 September 2016.

2.4 Consolidation Principles

The Consolidated Financial Statements were prepared on the basis of the individual financial statements of the abovementioned Group companies, which are compiled according to the relevant local accounting regulations, in particular the regulations of the German Commercial Code, with any necessary adjustments to IFRS being made. For the Consolidated Financial Statements, the same balancing and evaluation principles were used as a basis for the same business incidents and events under similar conditions.

Internal Group transactions and balances between affiliated companies were all eliminated.

For SinnerSchrader Benelux BV, interim financial statements were drawn up as at the reporting date of the parent company because it has a different financial year from its parent company. The financial statements of all other companies included in the consolidation group are prepared according to the reporting date of the parent company. This is the same as the Group reporting date.

2.5 Report Currency and Currency Conversion

The euro (€) is the functional currency of SinnerSchrader AG; it is also the Group's report currency. The report is cited in full euro amounts.

The functional currency of the foreign subsidiaries outside the euro zone – the group of European countries that have introduced the euro as their currency – is the relevant national currency for legally and commercially independent companies. The functional currency of legally independent but commercially dependent companies included in the Consolidated Financial Statements is the euro.

The financial statements of the foreign subsidiaries are converted into euros, with the assets and debts of the legally and commercially independent subsidiaries being converted at the conversion rate as at the balance sheet date and the sales revenues, cost of sales revenues, and other expenditure and income being converted at the average rate for the financial year in question as an approximation of the transaction rate. Accumulated currency profits and currency losses from foreign currency conversion for the Annual Financial Statements are reported as other profit. Monetary items in the financial statements of companies considered to be economically dependent are converted as at the reporting date and non-monetary items at the historic exchange rate. Items in the Statement of Operations are converted at the average rate as an approximation of the transaction rate. Exchange differences are recognised in the profit or loss.

Where relevant, currency profits and losses from foreign currency transactions are recognised with an effect on profits.

2.6 Estimates and Assumptions

Drawing up consolidated financial statements according to IFRS requires the management to make estimates and assumptions that have an influence on the values posted for assets and liabilities and the information on contingent claims and contingent liabilities on the balance sheet date and on the posted income and expenses for the period covered by the report. The actual results may deviate from these estimates. Major estimates concern the application of the percentage-of-completion (PoC) method for revenue realisation and the posting of accrued expenses.

An estimation of the degree of completion is particularly significant in the case of the PoC method. In order to determine the progress made, the costs for the contract as a whole, the remaining costs of completion, total contract revenues and the contract risks must be estimated. Estimations in connection with such production orders are continuously verified and adjusted if necessary.

Determining reserves for contingent liabilities is to a large extent based on estimations. The management bases estimations of amounts for reserves on empirical values from similar transactions, taking account of all the indications from the period up to the preparation of the Consolidated Financial Statements.

Estimates are also to be made within the context of identifying the value reductions of tangible and intangible assets. Indications of a reduction in value, the estimates of future cash flows on the basis of a business plan, and the determination of the fair value of assets (or groups of assets) are associated with major estimates which the management must make regarding the identification and review of signs of a reduction in value, of the expected cash flows, the applicable discount rates, the respective usage periods, and the residual value. To determine the amount achievable by a cash-generating unit ("CGU"), assumptions are also made regarding the development of revenues and markets which have a significant effect on the amount of the current value to be ascribed to goodwill.

Please see the individual items in the Annual Financial Statements for information on the book values of the assets and liabilities affected by estimation uncertainties on the reporting date.

2.7 Non-current Assets

2.7.1 Goodwill

The active difference between the procurement costs and the fair value of the identifiable assets and liabilities should be assumed to be the goodwill from a company purchase. Goodwill is not depreciated according to schedule, but subjected to an annual impairment test in accordance with IAS 36.

2.7.2 Intangible Assets

Intangible assets comprise software and client relationships and are subject to the balancing regulations of IAS 38.

Intangible assets are evaluated on receipt at their production or procurement costs. They are identified if it is probable that the future economic benefit to be assigned to the assets will come to the company and if the procurement costs of the assets can be reliably assessed. Costs for the procurement of software should be activated under intangible assets if they are not to be considered a component of the associated hardware.

After initial reporting, intangible assets are evaluated at their procurement costs minus the accumulated regular depreciation and the accumulated costs for impairment of value. The planned depreciation is linear over estimated usage periods. The depreciation period and method are reviewed annually at the end of each financial year.

Software

Software acquired directly against payment is depreciated linearly over an estimated usage period of at least three years. The costs that are incurred to reinstate or maintain the future economic benefit that a company can expect from the originally assessed performance of existing software should be recognised as an expense.

Internally Generated Software

Under IAS 38, internally generated software is capitalised at its production cost (development cost) if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of producing the asset can be measured reliably. Other requirements for capitalisation are the technical feasibility of completing the asset and the intention of the company to complete the intangible asset and use or sell it. Internally generated software is depreciated using the straight-line method over an estimated usage period of three to five years if its development has been completed on the balance sheet reporting date.

Intangible Assets Acquired in the Course of a Company Merger

Other intangible assets which are acquired in the course of a company merger are identified and reported separately from goodwill in accordance with IFRS 3 as long as they meet the definition of intangible assets and the current value to be ascribed to them can be determined reliably. The procurement costs correspond to the current value to be ascribed to them at the time of acquisition. The scheduled depreciation of intangible assets is assigned to revenue costs or marketing costs depending on the type of asset.

After being reported for the first time, other intangible assets that were acquired in the context of a company merger are evaluated the same as directly acquired intangible assets at their procurement cost less accumulated planned depreciation over the estimated usage period if the estimated usage period is determined to be limited, and less accumulated unscheduled reductions in value.

2.7.3 Tangible Assets

In accordance with IAS 16, tangible assets are posted as assets if it is probable that the future economic benefit associated with them will come to the company and if the procurement costs of the assets can be reliably assessed. Tangible assets are evaluated at procurement cost less accumulated regular and non-scheduled depreciation.

The acquisition costs include all services rendered in return for acquiring an asset and returning it to an operational state.

The property and equipment of SinnerSchrader comprises objects of company and business equipment, computer hardware, and leasehold improvements.

Depreciation is linear. A usage period of three years is usually assumed for computer hardware, four to eight years for other electronic and electrical devices and equipment, and eight to thirteen years for office furniture. Improvements to rented premises are depreciated over the estimated usage period or the residual term to the end of the tenancy, if this is shorter.

The cost of depreciation is included in the costs of sales revenues and operating expenses. The costs of repair and maintenance work are recorded as expenses.

In the event of the sale or decommissioning of tangible asset items, the relevant procurement costs and the accumulated depreciation are debited and any profit or loss posted in the Statements of Operations as other revenues or other expenses.

2.7.4 Reduction in Value of Non-current Assets

The posted value of asset items is reviewed if there are signs of non-scheduled reduction of value. Irrespective of whether there are indications of a reduction in value, the reporting of intangible assets which have not yet been completed or have an indefinite usage period, or of the goodwill resulting from company mergers, must be checked for recoverability.

If the posted value of an asset exceeds its achievable amount, non-scheduled depreciation is made according to IAS 36. The achievable amount is the net sale price or commercial value, whichever is the higher net sale price or commercial value. The net sale price is the amount that can be achieved from a sale under standard market conditions less the sales costs; commercial value is the cash value of the expected income from further use of the asset and the sale value at the end of the usage period. The usage value is determined separately for every asset or for the relevant CGU.

If the reasons for non-scheduled depreciation are no longer given, the original value will be reinstated, except in the case of goodwill.

2.8 Financial Instruments

According to IAS 39, a financial instrument is a contract which leads to the creation of a financial asset for one company and the creation of a financial liability or an equity capital instrument for another.

In accordance with IAS 39, when they are first reported, financial instruments are to be posted with the current value to be ascribed to them, which usually corresponds to the procurement costs at the time of acquisition. Transaction costs are included in the first evaluation if no evaluation for fair value with an effect on profits takes place. Purchases and sales of financial instruments should be posted as at the trading day.

With respect to the subsequent evaluation, a distinction is made between various categories of financial instruments, including financial instruments held for trading purposes, financial instruments to be held until they are finally due, financial instruments available for sale, and credits and claims submitted by the company.

Financial instruments held for trading purposes and financial assets available for sale are evaluated at the current value without deduction of transaction costs in the subsequent evaluation. The current values are usually derived from reporting date prices on financial markets. Profits and losses from the evaluation of financial instruments held for trading purposes are reported with an effect on profits. Profits and losses from the valuation of financial instruments available for sale are recorded directly as other income with no effect on profits until the financial instrument is sold or withdrawn or otherwise disposed of, or as soon as a permanent value reduction has been identified for it. Where necessary, profits and losses recorded directly in the shareholders' equity are posted under "Changes in shareholders' equity not affecting net income". Financial instruments held for trading purposes and available for sale are posted in current assets if their sale is planned for the next twelve months.

Financial instruments to be held to maturity are assessed at their amortised cost using the effective interest method. If the remaining period is up to twelve months, they are reported in current assets.

A financial asset is derecognised if the company economically or contractually loses the power of disposition over the financial asset. A financial liability is derecognised if the obligation upon which this liability is based is fulfilled, terminated or deleted.

IFRS 7 requires information on how current values are determined and on liquidity risk.

Fair value is the price that would be accepted between market participants on the measurement date for the sale of an asset, or that would be paid for the transfer of a debt. This applies irrespective of whether or not the price is directly observable or whether it has been estimated by application of a valuation method. Fair value is not always available as a market price. It frequently needs to be determined on the basis of various valuation parameters. Depending on the availability of observable parameters and their significance for ascertaining a fair value, the fair value is allocated to levels 1, 2 or 3. Sub-dividing is carried out according to the following specification:

Level 1: On the first level of the fair value hierarchy, the fair value is determined on the basis of publicly quoted market prices since the most objective indicators of the fair value of a financial asset or financial liability can be observed in an active market.

Level 2: If there is no active market for an instrument, a company must determine the fair value with the help of valuation models. These valuation models include the use of the latest business transactions between independent business partners who are experts and willing to enter into a contract, a comparison with the current fair value of other largely identical financial instruments, the use of the discounted cash flow (DCF) method or option price models. The fair value is estimated on the basis of the results of a valuation method which uses the largest amount of data possible from the market and relies as little as possible on company-specific data.

Level 3: The valuation models on this level are based on parameters that cannot be observed in the market.

2.9 Accounts Receivable and Unbilled Services

Accounts receivable are posted at their nominal value less appropriate value adjustments. The value of the claims is regularly checked on an individual basis. Value adjustments are derecognised in the case of identifiable individual risks. Irrecoverable accounts receivable are derecognised.

Services rendered for which no bills had been issued on the balance sheet date are reported as unbilled revenues.

Both the accounts receivable and unbilled services contain amounts from production orders, which are measured according to their progress using the PoC method.

2.10 Other Financial Assets

Other financial assets are entered in the balance sheet at their nominal value or the recoverable amount, whichever is their lower nominal value or recoverable amount.

2.11 Funds

Funds comprise cash flows, bank credits available on a daily basis and fixed deposits with a term of less than three months. They are posted at their nominal value.

2.12 Statements of Cash Flows

The Statements of Cash Flows are prepared in accordance with IAS 7 using the indirect method (cash flows from operating activity) or the direct method (cash flows from investment or financing activity). Financial funds for which a change is reported in the Statement of Cash Flows comprise the funds defined under 2.11.

2.13 Trade Accounts Payable, Liabilities and other Payables

Trade accounts payable, liabilities and other payables are posted at the amount to be paid.

2.14 Accrued Expenses

According to IAS 37, accrued expenses are formed for legal and actual obligations that were incurred economically by the reporting date if it is probable that fulfilment of the obligation will lead to the Group funds being depleted and a reliable estimate of the level of the obligation can be made. Reserves are reviewed on every balance sheet date and adjusted to the best estimate in each case. The amount of reserves corresponds to the value of the expenses probably needed to fulfil the obligation. The accrued expenses take account of all recognisable obligations to third parties according to IAS 37.

2.15 Treasury Stock

Under IAS 32, treasury stock is posted at its procurement cost as a deducted item within the shareholders' equity. If treasury stock is re-issued, the deducted item is reduced and any difference between the value at the time of issue and the purchase costs may raise or lower the capital reserve.

2.16 Deferred Taxes

Under IAS 12, deferred tax claims or liabilities are to be posted in the balance sheet if there are differences between the posted values of assets and liabilities in the balance sheet under IFRS and those in the tax balance sheet that will be reversed in future years ("temporary differences"). Furthermore, deferred tax claims must also be established for the future use of tax loss carry-forwards. Deferred tax claims and liabilities are to be determined on the basis of the liability method.

Deferred tax claims and liabilities from temporary differences must be determined separately for every tax subject. Tax claims should be posted only if or to the extent to which they are countered by tax liabilities or to which their realisation can be classified as probable through future taxable profits. Tax claims and liabilities are posted in a balanced form for a tax subject.

For the evaluation of the temporary differences or loss carry-forwards, the tax rates valid on the balance sheet date or, for a future reversal of temporary differences, the tax rates legally entered into force on the balance sheet date will be used.
Deferred tax expenditures or revenues are to be settled with no effect on profits if they relate to differences that do not have an impact on the Statements of Operations, such as valuation changes to financial assets available for sale. Deferred tax claims and tax debts are reported as non-current assets or debts in the balance sheet. They are not discounted.

2.17 Revenue Realisation

SinnerSchrader provides services of various kinds that are treated differently with respect to revenue realisation. In principle, SinnerSchrader realises revenues

- once the service has been performed according to the underlying contractual agreements and opportunities and risks have been transferred to the recipient of the service or the purchaser,
- if it is probable that the economic benefit from the business will flow into the company and
- if the level of sales revenues can be reliably determined.

The revenues are posted net, without turnover tax, discounts, client bonuses or deductions. They contain reimbursable expenses, such as travel expenses, if the client has been invoiced for them.

Project and Consultancy Services

Project and consultancy services are billed either according to actual expenditure or on the basis of a fixed price. If the result of a production order can be reliably assessed, the revenues and costs relating to the production order will be entered according to progress made on the balance sheet date. Progress made is determined on the basis of order costs incurred for work performed in relation to anticipated order costs.

If it is not possible to reliably determine the result of a production order, revenues relating to the production order are only entered in the amount of the order costs incurred which are likely to be recovered. Order costs are reported as expenditure in the period in which they arise.

If it is likely that the total order costs will exceed the total order revenues, the expected loss is immediately reported as expenditure.

Insofar as the order costs incurred up to the reporting date, plus reported profits and less reported losses, exceed the partial settlement up to the reporting date, the excess amount is included in the "unbilled revenues" item. Conversely, if the partial settlements exceed the order costs incurred up to the reporting date, plus reported profits and less reported losses, the excess amount is included as an advance payment, subject to the proviso that it was received by the reporting date.

Amounts billed for services already rendered which have not yet been paid by a client are included in “Accounts receivable”.

Operating Services

SinnerSchrader performs operating services for its clients, which in particular also include the 24-hour monitoring and management of internet applications with an on-call service. Payment for these services usually comprises a fixed monthly service fee plus variable, performance-related components, and the clients are billed for them on a monthly or quarterly basis. If the IT system monitored by SinnerSchrader is operated in SinnerSchrader’s own computer centre, fixed usage fees are also charged monthly. Revenues resulting in connection with performance-based operating and handling services are generally recognised on a monthly basis in accordance with the expenditure incurred.

Sale of Hardware and Software

In addition to other services, SinnerSchrader supplies its clients with hardware and standard software on request that SinnerSchrader itself buys on the market. The revenues from this are realised after billing or after the transfer of opportunities and risks.

2.18 Advertising Costs

In principle, SinnerSchrader takes the expenditure for advertising and promotional campaigns into account under the marketing costs in the Statements of Operations at the time the expenditure is incurred. In the 2016/2017 and 2015/2016 financial years, these expenses amounted to € 220,453 and € 205,354, respectively.

2.19 Research and Development Expenditure

Expenditure for research and development is recorded as an expense in the period in which it is incurred. Development costs that can be activated are an exception if they completely meet the criteria according to IAS 38.

In the 2016/2017 and 2015/2016 financial years, research and development costs in the amount of € 418,740 and € 453,425, respectively, were recorded as expenses. In both financial years, no research and development costs were activated according to IAS 38.

2.20 Leasing

Leasing payments should be recorded as an expense in the Statements of Operations using a linear method over the term of the leasing contract if they are incurred within an operating leasing relationship where all of the risks remain with the lessor.

SinnerSchrader has concluded only operating leasing contracts. In addition to office premises, they largely concern cars provided as company vehicles.

2.21 Share-based Compensation

IFRS 2 calls for costs resulting from the issue of employee options to be entered in the balance sheet on the basis of their current value with an effect on income. In this connection, the market value of the option on the issue date should be distributed over the waiting period for exercising the option and then proportionately entered in the Statements of Operations as personnel costs for the relevant period. The costs are recorded against the shareholders’ equity in the reserve for share-based compensation.

In June 2017, in conjunction with the merger agreement with Accenture, SinnerSchrader AG cancelled all outstanding option agreements with the option holders by mutual consent and paid compensation to the option holders. According to IFRS 2.28, the market values of the options not recorded in the costs due to incomplete waiting periods at the time of cancellation were all to be recorded in the costs at the time of cancellation. By contrast, the compensation payments made were to be directly deducted from the treasury stock because they were not above the fair value of the options at the time of contract cancellation.

As at 31 August 2017 and 31 August 2016, SinnerSchrader had two respective stock option plans, the structure of which is described in more detail in Section 7.1. After cancellation of all option agreements, no more options from the stock option plans were outstanding as at 31 August 2017. As at 31 August 2016, 328,333 options were still outstanding.

2.22 Earnings per Share

SinnerSchrader calculates the earnings per share in agreement with IAS 33. The undiluted earnings per share are determined on the basis of the weighted average of the outstanding common stock. According to this, treasury stock is not considered in the calculation of the basis for the earnings per share on the date these shares were bought back.

The weighted average of the outstanding shares is increased by the dilution effect from the potential exercise of outstanding options, calculated according to the Treasury Stock Method, in order to determine the diluted earnings per share. As part of its employee option programmes, SinnerSchrader issued options to employees, managing directors, and members of the Management Boards to buy common stock. The outstanding options in the 2016/2017 and 2015/2016 financial years were considered accordingly in the calculation of the dilution effect

3 Segment Reporting

In the Consolidated Financial Statements for the 2016/2017 financial year, SinnerSchrader used the management approach to report on the Interactive Marketing, Interactive Media and Interactive Commerce segments. The segments are controlled on the basis of net revenues and EBITA.

- The Interactive Marketing segment develops internet strategies, drafts, designs and produces digital communication campaigns, handles the customised conception, design, and technical development of websites, internet applications and mobile applications, the maintenance of content and technologies, performance measurements and optimisation as well as technical operations, including the provision of the technical infrastructure for websites and internet applications.
- The Interactive Media segment offers content marketing and consultancy services on digital media strategies and digital media technologies and tools.
- The Interactive Commerce segment offers companies a comprehensive range of services for the set-up, development and operation of digital sales channels, and assumes overall responsibility for the management of these channels, including purchasing, logistics and payment transactions (e-commerce outsourcing).

At the start of the 2016/2017 financial year, SinnerSchrader Praha s.r.o. was reclassified from the Interactive Marketing segment to the Interactive Commerce segment because over the previous year the company in Prague had mainly grown through cooperation with SinnerSchrader Commerce GmbH (formerly Commerce Plus Group). Thus at the start of the financial year, supervision of the company, which had previously been the responsibility of the management of SinnerSchrader Deutschland GmbH, was transferred to the management of SinnerSchrader Commerce GmbH.

In the 2016/2017 financial year, the Interactive Commerce segment was thus made up of SinnerSchrader Commerce GmbH and SinnerSchrader Praha s.r.o. In the year of the report, after the reclassification of SinnerSchrader Praha s.r.o., the Interactive Marketing segment was formed by SinnerSchrader Deutschland GmbH and SinnerSchrader Swipe GmbH (formerly SinnerSchrader Mobile GmbH and Swipe GmbH). The previous year's figures were adjusted accordingly for reasons of comparison.

The Interactive Media segment comprises SinnerSchrader Content GmbH, newly formed under company law, in which the former SinnerSchrader Content GmbH and NEXT AUDIENCE GmbH were merged.

In the 2016/2017 financial year, too, SinnerSchrader earned nearly all of its revenue from Group companies based in Germany. SinnerSchrader Praha s.r.o. continued to provide its project services mainly for the German business units, especially SinnerSchrader Commerce GmbH. SinnerSchrader Praha s.r.o. earned revenue of € 160,000 with its own clients in the 2016/2017 financial year.

In the SinnerSchrader Group, net revenue in the amount of € 12,036,000, which accounts for around 21 % of the consolidated net revenue for the Group, was achieved with a group of companies in the year of the report. These revenues were earned in the Interactive Marketing und Interactive Media segments. Net revenues (in all three segments) in the amount of € 8,434,000 were earned with another group of companies, a share of approx. 15 % of the consolidated net revenue of the Group. In the previous year, revenues in the amount of € 9,538,000 (all three segments) and € 7,430,000 (Interactive Marketing and Interactive Media) were earned in the SinnerSchrader Group with two companies and groups of companies, respectively, representing 19 % and 15 %, respectively, of the Group revenue.

Tables 1a and 1b show the segment figures for the 2016/2017 and 2015/2016 financial years:

Table 1a Segment information for the 2016/2017 financial year in € and number

01.09.2016–31.08.2017	INTERACTIVE MARKETING	INTERACTIVE MEDIA	INTERACTIVE COMMERCE	TOTAL SEGMENTS	HOLDING/ CONSOLIDATION	GROUP
External revenues	44,016,119	5,095,004	7,570,481	56,681,604	—	56,681,604
Internal revenues	899,640	67,431	707,964	1,675,035	–1,675,035	—
Gross revenues	44,915,759	5,162,435	8,278,445	58,356,639	–1,675,035	56,681,604
Media costs	—	—	—	—	—	—
Total revenues, net	**44,915,759**	**5,162,435**	**8,278,445**	**58,356,639**	**–1,675,035**	**56,681,604**
Segment income (EBITA)	**5,560,858**	**762,451**	**479,463**	**6,802,772**	**–1,815,790**	**4,986,982**
Employees, end of period	370	32	76	478	51	529

Table 1b Segment information for the 2015/2016 financial year in € and number

01.09.2015–31.08.2016	INTERACTIVE MARKETING	INTERACTIVE MEDIA	INTERACTIVE COMMERCE	TOTAL SEGMENTS	HOLDING/ CONSOLIDATION	GROUP
External revenues	39,434,667	3,935,544	7,983,163	51,353,374	—	51,353,374
Internal revenues	219,890	100,327	631,639	951,857	–951,857	—
Gross revenues	39,654,558	4,035,871	8,614,803	52,305,231	–951,857	51,353,374
Media costs	—	–222,040	—	–222,040	—	–222,040
Total revenues, net	**39,654,558**	**3,813,831**	**8,614,803**	**52,083,192**	**–951,857**	**51,131,335**
Segment income (EBITA)	**4,558,820**	**443,007**	**551,066**	**5,552,893**	**–818,065**	**4,734,828**
Employees, end of period	336	21	95	452	53	505

Internal revenues between the segments were all processed according to standard market conditions.

Accounting for the individual segments follows the accounting principles that are also used in the Group. Administrative costs incurred by SinnerSchrader AG are charged to the operative segments, where they can be assigned. Costs that cannot be assigned – primarily costs for original holding tasks, such as investor relations work – are not distributed to the segments.

Table 1c explains the reconciliation of the total of the segment earnings to the earnings before tax in the Group for the period from 1 September 2016 to 31 August 2017 and for the comparable period in the previous year:

Table 1c Reconciliation of segment income to income before taxes of the Group in €

	2016/2017	2015/2016
Segment income (EBITA) for all reporting segments	6,802,772	5,552,893
Central costs not passed on to segments	–1,815,790	–818,065
EBITA of the Group	4,986,982	4,734,828
Financial income of the Group	23,380	–519
Income before taxes of the Group	5,010,362	4,734,309

4 Information on the Balance Sheet

4.1 Goodwill, Intangible Assets, Property and Equipment

The development of goodwill, other intangible assets, and property and equipment in the 2016/2017 and 2015/2016 financial years is shown in Table 2a and 2b, respectively:

Table 2a Development of goodwill, intangible assets, and property and equipment in the 2016/2017 financial year in €

ACQUISITION AND PRODUCTION COSTS	01.09.2016	WRITE-UPS IN VALUE	ADDITIONS	DISPOSALS	31.08.2017
Goodwill	5,173,710	–	–	–	5,173,710
Internally generated software	921,712	–	–	–	921,712
Other intangible assets	2,820,089	–	27,234	1,029,968	1,817,355
Computer hardware	3,610,163	–	534,987	249,989	3,895,161
Furniture and fixtures	1,894,881	–	418,419	33,924	2,279,376
Leasehold improvements	787,181	–	805,215	7,569	1,584,827
Total fixed assets	**15,407,736**	**–**	**1,785,855**	**1,321,450**	**15,872,141**
ACCUMULATED DEPRECIATION, AMORTISATION, AND WRITE-DOWNS	**01.09.2016**		**ADDITIONS**	**DISPOSALS**	**31.08.2017**
Goodwill	352,773	–	–	–	352,773
Internally generated software	721,712	–	200,000	–	921,712
Other intangible assets	2,736,459	–	76,477	1,029,966	1,782,970
Computer hardware	3,089,897	–	361,853	245,350	3,206,400
Furniture and fixtures	1,045,034	–	156,483	21,859	1,179,658
Leasehold improvements	738,269	–	69,657	7,094	800,832
Total fixed assets	**8,884,144**	**–**	**864,470**	**1,304,269**	**8,444,345**
NET BOOK VALUE	**31.08.2016**				**31.08.2017**
Goodwill	4,820,937				4,820,937
Internally generated software	200,000				–
Other intangible assets	83,630				34,385
Computer hardware	520,266				688,761
Furniture and fixtures	849,847				1,099,718
Leasehold improvements	48,912				783,995
Total fixed assets	**6,523,592**				**7,427,796**

Table 2b Development of goodwill, intangible assets, and property and equipment in the 2015/2016 financial year in €

ACQUISITION AND PRODUCTION COSTS	01.09.2015	WRITE-UPS IN VALUE	ADDITIONS	DISPOSALS	31.08.2016
Goodwill	5,173,710	–	–	–	5,173,710
Internally generated software	921,712	–	–	–	921,712
Other intangible assets	3,908,844	–	9,662	1,098,417	2,820,089
Computer hardware	3,510,483	–	329,480	229,800	3,610,163
Furniture and fixtures	1,811,709	–	140,560	57,388	1,894,881
Leasehold improvements	780,117	–	8,191	1,127	787,181
Total fixed assets	**16,106,575**	**–**	**487,893**	**1,386,732**	**15,407,736**

ACCUMULATED DEPRECIATION, AMORTISATION, AND WRITE-DOWNS	01.09.2015		ADDITIONS	DISPOSALS	31.08.2016
Goodwill	352,773	–	–	–	352,773
Internally generated software	921,712	−200.000	–	–	721,712
Other intangible assets	3,731,162	–	97,375	1,092,078	2,736,459
Computer hardware	2,878,913	–	414,833	203,849	3,089,897
Furniture and fixtures	958,406	–	127,760	41,132	1,045,034
Leasehold improvements	662,463	–	76,932	1,126	738,269
Total fixed assets	**9,505,429**	**–**	**716,900**	**1,338,185**	**8,884,144**

NET BOOK VALUE	31.08.2015				31.08.2016
Goodwill	4,820,937				4,820,937
Internally generated software	–				200,000
Other intangible assets	177,682				83,630
Computer hardware	631,570				520,266
Furniture and fixtures	853,303				849,847
Leasehold improvements	117,654				48,912
Total fixed assets	**6,601,146**				**6,523,592**

4.1.1 Goodwill

The consolidated balance sheets as at 31 August 2017 and 31 August 2016 show goodwill in the amount of €4,821,000, resulting as part of the initial consolidation of takeovers of companies and business operations carried out by various Group companies:

- Acquisition of spot-media AG by SinnerSchrader AG in February 2008
- Acquisition of the business operations of Maris Consulting GmbH by spot-media consulting GmbH in January 2011
- Acquisition of the business operations of Visions new media GmbH by next commerce GmbH in February 2011
- Acquisition of TIC-mobile GmbH by SinnerSchrader AG in May 2011
- Acquisition of Swipe GmbH by SinnerSchrader AG in July 2015

For the impairment test, goodwill resulting from the takeover of companies was allocated as a cash-generating unit ("CGU") to the respective company (or group of companies) taken over. Goodwill from the takeover of business operations will in each case be allocated to the company (or the group of companies) taking over the business operations.

Table 3 gives an overview of the goodwill, its allocation to CGUs, the valuation methods used for the impairment test and the significant valuation parameters:

Table 3 Overview of goodwill and the assumptions for goodwill impairment tests

CASH GENERATING UNIT (CGU)	GOODWILL IN € 000S		EVALUATION CONCEPT		GROWTH RATE IN PERPETUAL ANNUITY IN %		DISCOUNT FACTOR (WEIGHTED AVERAGE COST OF CAPITAL) IN%	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
SinnerSchrader Commerce GmbH	2,782	2,782	Fair Value less Cost of Disposal	Fair Value less Cost of Disposal	0.5	0.5	6.3	5.6
SinnerSchrader Swipe GmbH	2,039	2,039	Fair Value less Cost of Disposal	Fair Value less Cost of Disposal	0.5	0.5	6.3	5.6
SinnerSchrader Group	**4,821**	**4,821**						

For the purpose of reviewing the recoverability of goodwill, "recoverable amounts" were ascertained for the CGUs as at 31 August 2017. A DCF model (fair value less cost of disposal) was used to ascertain the amounts for the SinnerSchrader Commerce GmbH (previous year: Commerce Plus Group) and the SinnerSchrader Swipe GmbH (previous year: SinnerSchrader Mobile Group) on the basis of the fair value less disposal costs. Achievable amounts are ascertained on the basis of the business plans including cash flow forecasts prepared annually by the management of the CGU for a period of three years and approved by the Management Board. The business plans are based on historical data, and take account of the expectations for the future development of relevant markets. Revenues and earnings are forecast on a client basis, wherever possible.

Due to the application of planning assumptions, the ascertained fair values are to be allocated to level 3 in the fair value hierarchy.

Goodwill and Impairment Test in the SinnerSchrader Commerce GmbH CGU

Goodwill in the total amount € 2,782,000, unchanged against the figure of the previous year, was allocated to the SinnerSchrader Commerce GmbH CGU (formerly Commerce Plus Group) as at 31 August 2017.

The impairment test was carried out on the basis of a three-year financial plan for the SinnerSchrader Commerce GmbH for the 2017/2018 to 2019/2020 financial years. In the 2016/2017 financial year, SinnerSchrader Commerce GmbH was not able to maintain the good performance of the previous year. Instead of the planned increase in revenue of 6.2 %, revenue fell by 4.2 %. As part of a change in strategy, one of the major clients unexpectedly stopped a shop platform that SinnerSchrader Commerce had built up and was supposed to supervise. The revenue thus lost could not be fully compensated by new business. As a consequence of the fall in revenue, the operating margin – the ratio of EBITA to net revenue – fell by 0.7 %, in spite of adjusting the personnel capacity. A margin of 3.5 % had been calculated in the plans. As planned, SinnerSchrader Commerce expanded its cooperation with its sister company in Prague so that it would be able to increase growth and margin potential in future from more flexible price positioning.

The planning of SinnerSchrader Commerce GmbH assumes flat revenue development and a margin increased to 4.2 % in the first year of the plan, the 2017/2018 financial year. For the two subsequent years, revenue growth of 7.5 % and 9.0 %, respectively, are expected, meaning that there will be an average annual growth rate of 5.4 % over the three years of the planned period. The moderate growth plans compared to the previous year's plans should make it possible to focus on high-margin business, including business in the area of B2B commerce. After considerable changes in the personnel capacity and composition in the 2016/2017 financial year, the plans assume stabilisation in the first year of the plan and a moderate expansion of capacity in the subsequent years. An improvement in the efficiency of staff deployment, reflected in a scheduled increase in the real net output per employee, remains an important part of the business plan. As a result, the margin in the subsequent years should improve up to 12.6 % in the third year of the plan. The cash flows were carried forward beyond the three-year planning period, taking into account a steady growth rate of 0.5 %.

The interest rate after taxes used for discounting the cash flow forecasts was determined on the basis of the concept of the weighted average cost of capital (WACC). On the basis of a risk-free base interest rate of 1.25 % (previous year: 0.50 %), a market risk premium of 6.25 % (previous year: 6.25 %), a beta factor of 0.83 for the sector (previous year: 0.83), figures of 6.32 % after taxes (previous year: 5.63 %) and 9.00 % before taxes (previous year 8.03 %) resulted respectively for the WACC.

The recoverable amount determined for this CGU on this basis surpasses the book value of the CGU including goodwill. There was thus no need for impairment as at 31 August 2017. This would also apply for scenarios in which revenues were reduced against the plan by 10 % in each case, or if the operating margin for the planning period were to be assumed at only 4 %. Even in the event of a cumulative occurrence of revenues reduced against the plan in the amount of 10 % a year and an operating margin of only 4 % for the planning period, the recoverable amount would still exceed the book value of the CGU.

However, if a constant EBITA margin in the amount of 3.5 % were assumed over the entire planning period – with an unchanged development of sales revenue in comparison to the cumulative scenario – the resulting need for impairment would amount to € 93,000.

In terms of the planning of Sinner Schrader Commerce GmbH on which the impairment test is based, an increase in the market risk premium included in the calculation of weighted capital costs of 75 basis points would reduce the achievable value by € 1,228,000. There would be no need for impairment as at 31 August 2017 in such a scenario.

Goodwill and Impairment Test in the SinnerSchrader Swipe GmbH CGU

The goodwill allocated to the SinnerSchrader Swipe GmbH CGU (formerly SinnerSchrader Mobile Group), was still € 2,039,000 as at 31 August 2017, unchanged in comparison to the previous year.

The impairment test was carried out on the basis of a three-year financial plan for the SinnerSchrader Mobile Group for the 2017/2018 to 2019/2020 financial years. In the 2016/2017 financial year, SinnerSchrader Swipe had an excellent year, in which the plans were clearly exceeded, unlike in the previous year. The targeted cross-selling effects worked much better than assumed in the plans and ensured that the sales revenue was more than 60 % above plan. The much-improved capacity utilisation that this brought about ensured that the operating result and the profit margin were more than 300 % and more than 150 %, respectively, higher than assumed in the plans. The operating margin was 15.5 %.

After the extremely dynamic previous year, the plans assume moderate growth of 7.8 % for the first year of the plan and a falling operating result to a margin level of 6.9 %. The lower expected profit in the first year of the plan should enable SinnerSchrader Swipe GmbH to prepare itself structurally for further growth steps. In the two subsequent years of the plan, growth will increase markedly again to values of 21.1 % in the second and 14.1 % in the third year of the plan. Across the three-year period of the plan, this means average annual expected growth of 14.2 %. After the year of consolidation, the operating margin should once again develop beyond 10 %. The plans provide for 13.9 % for the second and 14.9 % for the third year of the plan. The cash flows were carried forward beyond the planning period, taking into account a steady growth rate of 0.5 %.

The interest rate after taxes used for discounting the cash flow forecasts was determined on the basis of the concept of the weighted average cost of capital (WACC). On the basis of a risk-free base interest rate of 1.25 % (previous year: 0.50 %), a market risk premium of 6.25 % (previous year: 6.25 %) and a beta factor of 0.83 for the sector (previous year: 0.83), figures of 6.32 % after taxes (previous year: 5.63 %) and 9.00 % before taxes (previous year 8.03 %) resulted respectively for the WACC.

The recoverable amount determined for the CGU on this basis surpasses the book value of the CGU including goodwill. There was thus no need for impairment as at 31 August 2017. This would also apply in scenarios in which revenues were reduced against the plan by 10 % in each case, or if the operating margin for the planning period were to be assumed at only 4 %. Even in the event of a cumulative occurrence of revenues reduced against the plan in the amount of 10 % a year and an operating margin of only 4 % for the planning period, the recoverable amount would still exceed the book value of the CGU.

However, if an even weaker development of the margin was sustained at a level of 3 % as of the first planning year and provided that the development of revenue remained unchanged from that included in cumulative scenario, the need for impairment would amount to € 356,000.

An increase of 75 basis points in the market risk premium included in the calculation of weighted capital costs would reduce the achievable figure by € 1,127,000. There would be no need for impairment as at 31 August 2017 in such a scenario.

4.1.2 Internally Generated Software

The non-current assets item in the consolidated balance sheets as at 31 August 2016 contained capitalised development costs in the amount of € 200,000 as internally generated software for the NEXT AUDIENCE Platform, which was developed by NEXT AUDIENCE GmbH in the Interactive Media segment, commencing in the second half of the 2011/2012 financial year until the completion of Version 1.0 of the software program in August 2014. A cooperation agreement in the field of online media strategies and technologies concluded between NEXT AUDIENCE GmbH and SAP AG at the end of October 2016 incorporated the usage rights to the NEXT AUDIENCE platform. This necessitated a reversal of the fully unscheduled depreciation of own work in the amount of € 200,000 as at 31 August 2016.

In the 2016/2017 financial year, the reversed value of capitalised own work was depreciated as scheduled as at 31 August 2017.

4.2 Deferred Taxes

Both in the 2016/2017 and the 2015/2016 financial years, deferred taxes had to be posted in the Group because of differences in the postings for assets and liabilities according to IFRS and according to the relevant tax regulations. Section 5.5 contains more details on this.

4.3 PoC Receivables and Liabilities

As at 31 August 2017, PoC receivables amounted to € 2,548,887 (previous year: € 3,135,016). They included advance payments received which were offset in the amount of € 1,099,781 (previous year: € 3,153,057) in the period up to the balance sheet date.

Liabilities from PoC as at 31 August 2017 amounted to € 12,065 (previous year: € 14,087), with advance payments received in the amount of € 92,760 (previous year: € 126,705) exceeding corresponding receivables of

€ 80,696 (previous year: € 112,618). They are reported under Advance Payments Received in the balance sheet.

The due dates of accounts receivable and the development of the allowances are shown in Section 4.13.

4.4 Tax Reimbursement Claims

As at 31 August 2017 and 31 August 2016, the tax reimbursement claims to be reported on the asset side amounted to € 724,396 and € 69,407, respectively.

The non-current tax reimbursement claims amounted to € 0 (previous year: € 46,593). In the previous year, these were discounted claims for payment resulting from identified corporation tax credits, which were to be capitalised in their full amount in accordance with tax regulations. In September 2008, the payment in instalments started independently of any dividends with a term of 10 years. The cash value was recognised because the claims for reimbursement are non-interest bearing. Discounting was effected at a risk-free interest rate.

As in the previous year, the current tax reimbursement claims in the amount of € 724,396 (previous year: € 22,814) result from advance tax payment for corporation tax, which exceeded the tax payments calculated for the financial year.

4.5 Other Current Assets

The other current assets and prepaid expenses largely result from payments for investor relations services, insurance policies, maintenance agreements and contributions relating to the year.

Furthermore, as at 31 August 2017 a claim in the amount of € 338,625 due from Accenture Digital Holdings GmbH was listed among the other financial assets because Accenture Digital Holdings GmbH had undertaken to reimburse the after-tax effect arising from a special payment to the employees of the SinnerSchrader Group for the 2016/2017 financial year in the amount of € 500,000. The reimbursement is to be paid after settlement of the special payment to the employees and will result in an increase in the capital reserve (also see Section 4.8).

4.6 Fixed-term Deposits and Securities

There were no fixed-term deposits and securities in the SinnerSchrader stock as at 31 August 2017 and 31 August 2016.

4.7 Funds

Cash flows and bank balances result in funds of € 4,943,599 as at 31 August 2017 (previous year: € 6,098,619).

Furthermore, SinnerSchrader AG received open-end loan commitments from two banks for cash and surety loans totalling altogether € 4.5 million in the 2013/2014 financial year which were valid as at 31 August 2017. With the exception of the defined bank guarantees mentioned in Section 4.12, the credit lines had not been used as at 31 August 2017 and 31 August 2016.

4.8 Shareholders’ Equity

Subscribed Capital

As at 31 August 2017 and 31 August 2016, the share capital of SinnerSchrader AG was € 11,542,764 and was divided into 11,542,764 no-par-value share certificates in the names of the bearers, each with a calculated value of € 1 per share.

On 31 August 2017 and 31 August 2016, 11,542,764 and 11,244,722 shares, respectively, of all issued outstanding shares were in circulation. On 31 August 2016, SinnerSchrader AG held 298,042 shares.

Approved Capital

The Annual General Meeting of 20 December 2012 authorised the Management Board to increase the share capital once or repeatedly by up to a total of € 5,770,000 until 19 December 2019 with the approval of the Supervisory Board by issuing new individual share certificates in return for a contribution in cash or a contribution in kind (“Approved Capital 2012”). The shareholders shall be granted a subscription right with restrictions. The Annual General Meeting of 26 January 2017 cancelled this approved capital and once again authorised the Management Board to increase the share capital once or repeatedly by up to a total of € 5,770,000 until 25 January 2022 with the approval of the Supervisory Board by issuing new individual share certificates in return for a contribution in cash or a contribution in kind (“Approved Capital 2017”).The shareholders shall be granted a subscription right with restrictions.

Conditional Capital

As at 31 August 2017, SinnerSchrader AG had conditional capital in the amount of € 1,148,333, which was created in 2007 (“Conditional Capital III”), 2012 (“Conditional Capital 2012”) and 2017 (“Conditional Capital 2017”) for the issue of stock options to employees.

Until 31 December 2011, options could be issued to employees and Board members of SinnerSchrader AG and its subsidiaries from Conditional Capital III in the amount of € 600,000, for the Stock Option Plan 2007 created by the Annual General Meeting resolution of 23 January 2007. The Annual General Meeting of 26 January 2017 passed a resolution to cut Conditional Capital III by € 521,667 to € 78,333 since only 78,333 options of the Stock Option Plan 2007 were still outstanding at the time of the Annual General Meeting.

In a resolution of the Annual General Meeting of 20 December 2012, SinnerSchrader AG created new conditional capital in the amount of € 550,000 (“Conditional Capital 2012”) and adopted the 2012 SinnerSchrader Stock Option Plan to grant stock options to members of the Management Board of SinnerSchrader AG, members of the management of the companies affiliated with SinnerSchrader AG, as well as selected employees with management functions in SinnerSchrader AG and the companies affiliated with SinnerSchrader AG until 19 December 2017.

In a resolution of the Annual General Meeting of 26 January 2017, SinnerSchrader AG created the Conditional Capital 2017 in the amount of € 520,000 and adopted the 2017 SinnerSchrader Stock Option Plan to grant share options to members of the Management Board of SinnerSchrader AG, members of the management of the companies affiliated with SinnerSchrader AG, as well as selected employees with management functions in SinnerSchrader AG and the companies affiliated with SinnerSchrader AG until 25 January 2022.

Details on the option programmes and outstanding options are provided in section 7.

Treasury Stock

As at 31 August 2017 SinnerSchrader Group held no shares in SinnerSchrader AG. As at 31 August 2016, the number of shares of treasury stock was 298,042, which had been purchased at average acquisition costs of € 3.89 per share. 298,042 treasury stock shares represented 2.58 % of the share capital. A deduction entry in the amount of the acquisition costs had been formed for treasury stock in accordance with IFRS.

All shares of treasury stock were issued or sold during the 2016/2017 financial year. In the process, 15,000 shares of treasury stock were issued at an exercise price of € 1.64 per share as part of the exercise of employee options. The remaining 283,042 shares of treasury stock were transferred to Accenture Digital Holdings GmbH in connection with the merger agreement concluded between SinnerSchrader AG and Accenture Digital Holdings GmbH on the basis of a separately concluded share purchase contract at a price of € 9.00 per share. The shares were transferred on 12 April 2017

Capital Reserve

As at 31 August 2017 and 31 August 2016, the capital reserve amounted to € 4,700,513 and € 3,846,406, respectively. In particular, the amount of the capital reserve comprises the premium resulting from the launch on the stock market less removals as well as the results from the issuing or sale of treasury stock. The latter item was reduced in the 2016/2017 financial year by € 897,976 as a result of the cancellation of the outstanding stock options in return for a compensation payment, which was done in connection with the merger agreement between SinnerSchrader AG and Accenture Digital Holdings GmbH. Furthermore, as at 31 August 2017 the capital reserve contained an amount of € 338,625 for the reimbursement of a special payment to the employees of the SinnerSchrader Group in the amount of € 500,000, reduced by income tax effects, as agreed between SinnerSchrader AG and Accenture Digital Holdings GmbH.

The increase of € 854,107 in the capital reserve was thus made up of the profit earned in the 2016/2017 financial year from issuing or selling treasury stock in the amount of € 1,413,459, the effect from the compensation of costs by Accenture Digital Holdings GmbH of € 338,625 and the use of € 897,976 for cancelling the outstanding stock options in return for a compensation payment.

Reserve for Share-based Compensation

The reserve comprises the accumulated costs from issuing share-based compensation. As at 31 August 2016 the reserve amounted to € 299,152. As part of cancelling the outstanding stock options, the reserve had to be reversed against the capital reserve with the result that there was no longer a reserve for share-based employee compensation as at 31 August 2017.

Balance Sheet Profit/Losses (incl. Revenue Reserves)

In the 2016/2017 financial year, the balance sheet profit was increased by net profit in the amount of € 3,455,819 less the dividend in the amount of € 2,248,944 paid to SinnerSchrader AG shareholders for the 2015/2016 financial year. As at 31 August 2017, the balance sheet profit was € 2,519,629 after € 1,312,754 on 31 August 2016.

Accumulated other Income

Accumulated other income in the amount of € 27,636 as at 31 August 2017 comes from the currency conversion as part of the consolidation of the companies in the consolidation group to be included on the balance sheet in a foreign currency but whose functional currency is the national currency. As at 31 August 2016, the item amounted to € 27,053 and also resulted in the full amount from the currency conversion.

The change of this item is shown in Table 4:

Table 4 Changes in other comprehensive income in €

	FOREIGN CURRENCY TRANSLATION	TOTAL
31.08.2016	27,053	27,053
Change	583	583
31.08.2017	27,636	27,636

4.9 Tax Liabilities

As at 31 August 2017 tax liabilities amounted to € 68,407 (previous year: € 1,843,568). As at the balance sheet date they comprised reserves for corporation tax or taxes comparable to corporation tax abroad.

4.10 Accrued Expenses

Accrued expenses are all due within one year. Table 5a shows the composition of the accrued expenses as at 31 August 2017 and the development in the 2016/2017 financial year:

Table 5a Accrued expenses 2016/2017 in €

	31.08.2016	UTILISED	ALLOCATED	DISSOLVED	31.08.2017
Accrued compensation	2,164,000	2,096,139	3,316,945	41,883	3,342,923
Accrued project-oriented expenses for warranties and allowances	517,416	372,857	577,329	81,311	640,577
Accrued rent and related expenses	200,919	122,409	296,573	—	375,083
Reporting and auditing expenses	121,875	102,943	112,896	70	131,758
Other accruals	565,946	208,908	1,033,205	17,982	1,372,261
Total	**3,570,156**	**2,903,256**	**5,336,948**	**141,246**	**5,862,602**

Table 5b shows the composition of the accrued expenses as at 31 August 2016 and the development in the 2015/2016 financial year:

Table 5b Accrued expenses 2015/2016 in €

	31.08.2015	UTILISED	ALLOCATED	DISSOLVED	31.08.2016
Accrued compensation	1,914,108	1,849,190	2,158,458	59,376	2,164,000
Accrued project-oriented expenses for warranties and allowances	466,252	239,729	302,001	11,108	517,416
Accrued rent and related expenses	142,350	84,151	142,720	–	200,919
Reporting and auditing expenses	89,606	81,325	115,894	2,300	121,875
Other accruals	451,130	140,875	260,314	4,623	565,946
Total	**3,063,446**	**2,395,270**	**2,979,387**	**77,407**	**3,570,156**

4.11 Current Liabilities and other Payables

As at 31 August 2017 current liabilities and other payables had a remaining term of less than one year and were broken down into the main components listed in Table 6:

Table 6 Financial liabilities and other liabilities in €

	31.08.2017	31.08.2016
Liabilities from income tax and church tax	525,113	457,302
Liabilities from value-added tax	690,993	585,126
Other current liabilities	511,801	364,485
Deferred revenues and deferred income	462,863	567,736
Total	**2,190,770**	**1,974,649**

This item contains accruals for volume-related discounts in the amount of € 461,692 as at 31 August 2017 (previous year: € 543,623).

4.12 Financial Liabilities and Contingent Liabilities

SinnerSchrader rents its office premises at the Hamburg, Frankfurt am Main, Berlin, Hanover, Munich and Prague locations and it rents company vehicles, company bicycles and office equipment using rental and operating leases. As at 31 August 2017, the minimum remaining terms of the rental agreements for the offices were between 2 and 64 months. Some of the rental agreements contain clauses which provide for price adjustments under certain conditions, such as graduated rents and index adjustments. The leases for the company vehicles, company bicycles and office equipment had remaining terms of between 1 and 54 months as of the balance sheet date.

In the years ahead, the rental and leasing contracts will result in financial liabilities in the amount shown in Table 7:

Table 7 Financial liabilities in €

	LEASING		RENTING	
	31.08.2017	**31.08.2016**	**31.08.2017**	**31.08.2016**
01.09.2016 – 31.08.2017	–	78,511	–	2,086,223
01.09.2017 – 31.08.2018	131,247	53,093	2,360,985	1,649,608
01.09.2018 – 31.08.2019	93,194	20,465	2,469,287	1,632,540
01.09.2019 – 31.08.2020	45,760	–	1,919,019	1,567,964
01.09.2020 – 31.08.2021	9,920	–	1,676,617	1,155,338
01.09.2021 – 31.08.2022	4,988	–	350,886	40,515
After 31.08.2022	–	–	254,895	–
Total	**285,109**	**152,069**	**9,031,689**	**8,132,188**

Renting additional or new, bigger spaces, especially in Hamburg and Frankfurt, and the associated extension of the rental periods, is reflected in the higher financial obligations.

Future rental payments for the 2017/2018 financial year contain an offset in the amount of € 10,000, which is earned by way of a sub-tenancy.

All of these expenses from rents including the operating costs amounted to € 2,138,817 and € 2,371,573 in the 2016/2017 and 2015/2016 financial years, respectively. Income from a sub-tenancy in the amount of € 101,514 (previous year: € 69,971) has been offset against rental payments for the 2016/2017 financial year. The expenses arising from leasing agreements amounted to € 97,949 and € 110,870 in the 2016/2017 and 2015/2016 financial years, respectively.

In addition, SinnerSchrader has certain regular liabilities that arise in the ordinary course of business activities. The Company will form accrued expenses for these if there is a probability of more than 50 % that future expenditures will have to be made in this regard and that such expenditures can be estimated with sufficient reliability.

In the course of renting office space at the Hamburg, Frankfurt am Main, Hanover, and Munich locations, the landlords each required securities, which were provided in the form of bank guarantees. As at 31 August 2017, the volume of this guarantee was € 663,980 (previous year: € 546,107).

4.13 Financial Instruments – Information according to IFRS 7

Cash and cash equivalents, accounts receivable and other financial assets are mainly short-term (remaining terms of less than three months or less than one year). The book value of the financial assets as at 31 August 2017 almost corresponds to the current value to be ascribed.

Trade accounts payable and other current liabilities are also due within one year. The book values correspond to the current values to be ascribed.

Summarised according to categories pursuant to IAS 39, Table 8a shows the results for the financial instruments reported in the SinnerSchrader AG Consolidated Financial Statements as at 31 August 2017:

Table 8a Financial instruments acc. to IFRS in € 000s

			31.08.2017		31.08.2016
	MEASUREMENT CATEGORY ACC. TO IAS 39	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Funds	n/a	4,944	4,944	6,099	6,099
Accounts receivable and unbilled revenues	LaR	15,075	15,075	12,191	12,191
thereof accounts receivable from PoC	LaR	2,549	2,549	3,135	3,135
Other current assets	LaR	554	554	475	475
Funds and current assets		**23,122**	**23,122**	**21,900**	**21,900**
Trade accounts payable	FLaC	1,838	1,838	1,845	1,845
Other current liabilities	FLaC	2,191	2,191	1,975	1,975
Financial liabilities		**4,029**	**4,029**	**3,820**	**3,820**

FLaC financial liabilities at amortised cost
LaR loans and receivables

The net profits and losses from financial instruments arising in the 2016/2017 and 2015/2016 financial years are shown in Table 8b:

Table 8b Net income from financial instruments acc. to IFRS 7 in €

		FROM INTEREST	FROM SUBSEQUENT MEASUREMENT		FROM DISPOSALS		NET GAINS/LOSSES
	EFFECTIVE INTEREST METHOD	OTHER INTEREST	FROM FAIR-VALUE MEASUREMENT	FROM AMORTISATION OF ACQUISITION COSTS		2016/2017	2015/2016
LaR	–	552	–	10,025	–	10,577	18,579
FLaC	–	–205	–	–3,346	126,736	123,185	128,699
Total	**–**	**347**	**–**	**6,678**	**126,736**	**133,761**	**146,815**

FLaC Financial Liabilities at Amortised Cost
LaR Loans and Receivables

Table 8c shows the age structure of the trade accounts receivable after value adjustments:

Table 8c Maturity of accounts receivable after adjustments in € 000s

ACCOUNTS RECEIVABLE	TOTAL	NOT DUE				DAYS OVERDUE
			1–90 DAYS	91–180 DAYS	181–360 DAYS	MORE THAN 360 DAYS
as at 31 August 2016	7,947	7,073	803	48	12	11
as at 31 August 2017	8,225	6,850	1,241	51	76	7

There are no indications to warrant to value impairments to financial assets not yet due.

The development of value adjustments on accounts receivable is shown in Table 8d:

Table 8d Development of allowances for doubtful accounts receivable in €

			UTILISED	ALLOCATED	DISSOLVED		
Allowances for doubtful accounts receivable	01.09.2015	52,150	16,400	10,200	10,600	35,350	31.08.2016
Allowances for doubtful accounts receivable	01.09.2016	35,350	—	10,025	—	45,375	31.08.2017

Reference is made to Section 8 of these Notes for the representation of market risks with respect to financial instruments.

5 Elements of the Statements of Operations

5.1 Revenues

The revenues (gross) of € 56,681,604 (previous year: € 51,353,375) from the passing on of costs incurred for the purchase of advertising spaces in online media business ("media costs") is no longer included. In the previous year, the media costs were still € 222,040. This resulted in sales revenue (net) in the amount of € 56,681,604 (previous year: € 51,131,335), which is used by SinnerSchrader as a reference value for revenue.

Net revenues include € 21,555,202 in order revenues, of which an amount of € 3,648,668 (previous year: € 6,400,691) is from commissioned projects which had not been completed as at 31 August 2017. The accumulated costs for these commissioned projects amounted to € 2,296,536 (previous year: € 4,499,595) on the reporting date.

5.2 Breakdown of Expenses according to the Total Cost Method

The total revenues, marketing, administrative, and research and development costs of the 2016/2017 and 2015/2016 financial years is broken down according to cost types, as shown in Table 9:

Table 9 Operating costs by cost type in €

	2016/2017	2015/2016
Personnel expenses	34,193,963	30,240,795
Costs of materials and services	10,171,838	9,410,574
Depreciation of property and equipment, insofar as not from first consolidation	864,471	716,900
Other operating expenses	6,867,851	6,459,649
Amortisation of intangible assets from first consolidation	—	—
Total	**52,098,123**	**46,827,918**

The personnel expenditure refers to an average personnel capacity of 475 full-time employees in the 2016/2017 financial year and 446 full-time employees in the 2015/2016 financial year.

The Group paid contributions to statutory pension insurers. In 2016/2017 these expenses in connection with contribution-based pension plans were € 2,208,514 (previous year: € 2,065,788).

The costs of materials and services item mainly comprises costs resulting from using freelancers and subcontractors and from the purchase of hosting, housing and computer centre services. It furthermore includes marginal costs for the purchase of hardware and software acquired by SinnerSchrader to sell on to its clients. Within the other operating expenses, € 2,138,817 and € 2,371,573 were incurred for renting and operating the office space in the 2016/2017 and 2015/2016 financial years, respectively.

In the 2016/2017 financial year, bad debts were incurred in the amount of € 1,000 (previous year: € 15,063) in the other operating expenses.

5.3 Other Income and Expenses

Table 10 shows the composition of the other income and expenses:

Table 10 Other income and expenses in €

	2016/2017	2015/2016
Income from dissolving of accrued expenses	310,684	227,035
Income from write-ups on intangible assets	—	200,000
Income from receivables written off	—	32,266
Compensation for damages	—	2,118
Income from exchange rate differences	2,775	—
Income from the sale of fixed assets	31,265	—
Other income	88,718	16,108
Other income, total	**433,442**	**477,527**
Expenses from disposal of fixed assets	–16,463	–26,238
Goodwill amortisation	–6,121	–3,729
Other expenses	–7,357	–16,149
Other expenses, total	**–29,941**	**–46,116**
Other income and expenses, total	**403,501**	**431,411**

5.4 Financial Result

The financial result is made up as shown in Table 11:

Table 11 Financial income in €

	2016/2017	2015/2016
Interest income	–24,448	1,778
Interest expenses	1,068	–2,297
Total	**–23,380**	**–519**

The interest income was largely earned from interest being applied to tax refunds claims. Interest expenses and similar expenses largely arose from providing bank guarantees.

5.5 Income Taxes

The income taxes posted in the 2016/2017 and 2015/2016 financial years are made up of current and deferred components, as shown in Table 12a:

Table 12a Income tax in €

	2016/2017	2015/2016
Current	1,263,637	1,257,894
Deferred	290,906	103,230
Total	**1,554,543**	**1,361,124**

Deferred taxes had to be accrued because of the evaluation differences between the balance sheet items according to IFRS and the postings in the relevant tax balances as well as on the basis of the remaining loss carry-forwards that can be used for tax purposes. Table 12b shows the composition of the deferred tax items as at 31 August 2017 and 31 August 2016, broken down according to the items for which there was an evaluation difference:

Table 12b Deferred tax items in €

	31.08.2017	31.08.2016
Deferred tax assets:		
Loss carry-forwards	1,124,670	1,894,252
Valuation of accrued expenses	129,824	69,980
Valuation of intangible assets	68,607	82,410
Valuation allowance	–633,557	–1.010,268
Total deferred tax assets	**689,544**	**1,036,374**
Deferred tax liabilities:		
Valuation of unfinished/unbilled services	660,463	629,918
Valuation of intangible assets	33,810	93,259
Valuation of fixed assets	–	–
Valuation of current assets	12,646	39,666
Total deferred tax liabilities	**706,919**	**762,843**
Total deferred tax assets/liabilities, net	**–17,375**	**273,531**
thereof:		
deferred tax assets/liabilities formed with an effect on net income	–17,375	273,531
deferred tax assets from first consolidation not affecting net income	–	–

After incorporated company-related offsetting, an amount of € 392,196 in deferred tax claims was capitalised and deferred tax debts in the amount of € 409,571 were recognised as liabilities as at 31 August 2017.

As at 31 August 2017, the calculation of deferrals was based on tax loss carry-forwards in Germany. As at 31 August 2016, loss carry-forwards in the United Kingdom, the Netherlands and the Czech Republic were also considered, but adjusted. Whereas the loss carry-forwards in the Czech Republic were fully used in the 2016/2017 financial year, the loss carry-forwards in the United Kingdom and the Netherlands were not taken into account because SinnerSchrader AG has applied to wind up the subsidiaries in the United Kingdom and the Netherlands.

Loss carry-forwards can be brought forward without limitation in Germany.

The amounts of the loss carry-forwards and the tax rates applied for their valuation are listed in Table 12c:

Table 12c Loss carry-forwards and statutory income tax rate in €

	31.08.2017		31.08.2016	
FOR CORPORATE TAX	LOSS CARRY-FORWARDS	TAX RATE	LOSS CARRY-FORWARDS	TAX RATE
Germany	−3,233,363	15.8 %[1)]	−4,510,223	15.8 %[1)]
UK	–	20.0 %	−1,380,138	20.0 %
Netherlands	–	25.0 %	−91,915	25.0 %
Czech Republic	–	19.0 %	−250,616	19.0 %

	31.08.2017		31.08.2016	
FOR MUNICIPAL TRADE TAX	LOSS CARRY-FORWARDS	TAX RATE	LOSS CARRY-FORWARDS	TAX RATE
Germany	−3,739,530	16.5 %	−5,150,896	16.5 %
UK	–	–	–	–
Netherlands	–	–	–	–
Czech Republic	–	–	–	–

1) 15 % corporate tax plus 5.5 % solidarity surcharge on the corporation tax

In accordance with IAS 12.39, no deferred taxes are recognised for valuation differences between the taxable book value of shares in subsidiaries and shareholders' equity held by subsidiaries and conversion tax-related beneficiary mergers and material goods within the Group. The temporary differences resulting in this respect amount to € 16,555 (previous year: € 14,026).

Deferred tax assets may be posted only to the extent that the future realisation of the relevant advantage is sufficiently probable or if they are countered by deferred tax liabilities. Correspondingly, as at 31 August 2017 and 31 August 2016, the value of the tax claims arising from loss carry-forwards, which SinnerSchrader assumes it will not be able to realise in the foreseeable future, was adjusted. In this connection, the loss carry-forwards of a German subsidiary predating consolidation were adjusted because realisation cannot be predicted with adequate probability. An amount of € 1,476,000 of the loss carry-forwards as at 31 August 2017 as shown in Table 12c are considered to be recoverable.

The deferred tax claims are to be calculated according to IAS 12.48 on the basis of the currently valid tax rates. A statutory tax rate of 32.3 % thus applied for calculating the deferred tax assets and liabilities of the companies located in Hamburg as at 31 August 2017 and at 31 August 2016. It was made up of the trade tax rate of 16.5 %, the corporation tax rate of 15 %, and the solidarity surcharge of 5.5 % on the corporation tax.

The deferred tax assets and liabilities were posted separately for every tax subject for identification on the Consolidated Balance Sheets.

The tax expenditure or income identified in the Consolidated Statements of Operations deviates from the value that would result from the use of the statutory tax rates on the pre-tax profits.

Table 12d explains the difference between the calculated tax expenditure or income on the basis of the statutory tax rate and the tax expenditure or income recorded in the Consolidated Statements of Operations for the 2016/2017 and 2015/2016 financial years:

Table 12d Tax reconciliation in €

	2016/2017	2015/2016
Income before income taxes	5,010,362	4,734,309
Statutory tax rate in Germany	32.28%	32.28%
Calculative tax provision (+), tax credit (–)	1,617,094	1,527,998
Non-deductible expenses for share-based compensation	58,285	8,548
Other non-deductible expenses/non-taxable income	29,019	53,449
Notional, non-deductible expenses according to Article 8b para. 3 sentence 1 of the German Corporation Tax Act (“KStG”) in conjunction with off balance sheet deferred taxes on various amounts of equity interest	–	–
Recognition of previously unrecognised tax losses carried forward	–47,617	–155,514
Unrecognised tax losses carried forward	–	–
Changes in valuation allowances for deferred tax assets in domestic group companies	–	–28,365
Changes in valuation allowances for deferred tax assets in foreign group companies	–	–32,598
Differences in tax rates	–73,924	–12,444
Taxes for previous years	–27,783	50
Other	–531	–
Income tax corresponding to income statement	**1,554,543**	**1,361,124**

5.6 Earnings per Share

The derivation of the undiluted and diluted earnings per share for the 2016/2017 and 2015/2016 financial years is shown in Table 13:

Table 13 Earnings per share in € and number

	2016/2017	2015/2016
Net income	**3,455,819**	**3,373,185**
Basis weighted average shares of common stock outstanding	–	–
Net income attributable to the shareholders of SinnerSchrader AG	**3,455,819**	**3,373,185**
Basic weighted average shares of common stock outstanding	11,374,627	11,382,776
Basic earnings per share	**0.30**	**0.30**
Weighted average shares of common stock outstanding	11,374,627	11,382,776
plus: stock option grant	117,003	106,123
Diluted average share of common stock outstanding	11,491,630	11,488,899
Diluted earnings per share	**0.30**	**0.29**

6 Additional Information on the Statements of Cash Flows

6.1 Interest Received and Interest Paid

In the 2016/2017 financial year, SinnerSchrader received interest in the amount of € 552 (previous year: € 91) and paid € 1,068 (previous year: € 2,297) in interest and similar expenses.

6.2 Tax Payments

In the 2016/2017 financial year the SinnerSchrader Group paid taxes in the amount of € 3,350,213 and received tax refunds plus refund interest in the amount of € 333,908. The tax payments were € 1,778,371 for corporation tax including solidarity surcharge and € 1,571,842 for commercial tax. Of the refunds including refund interest, € 182,851 was accounted for by corporation tax including solidarity surcharge and € 151,057 by commercial tax. € 23,743 of the corporation tax refund came from the corporation tax credit balance identified by law in 2008. Of the tax payments made in the 2016/2017 financial year, € 2,004,062 were advance payments for the 2016/2017 financial year.

In the previous year, SinnerSchrader had made tax payments of € 989,521 (€ 359,938 for corporation tax plus solidarity surcharge, € 629,418 for commercial tax) and received refunds in the amount of € 23,743, which only concerned the annual instalment of the corporation tax credit identified by law in 2008.

7 Share-based Compensation

7.1 Stock Option Plans

SinnerSchrader Stock Option Plan 2007

In January 2007, the Annual General Meeting of SinnerSchrader AG approved the SinnerSchrader Stock Option Plan 2007 (“2007 Plan”), which provided for the granting of stock options to allocate a total of 600,000 shares to the members of the Management Board of SinnerSchrader AG and to the members of the management of the affiliated companies as well as to selected employees performing managerial tasks within SinnerSchrader AG and affiliated companies. The options had been allocated by 31 December 2011.

Options granted under the 2007 Plan had an exercise price of at least the mean value of the closing price of SinnerSchrader AG shares in the Xetra trading system of Deutsche Börse AG (or an equivalent successor system) during the five trading days prior to the allocation date. The options could be exercised in equal instalments of one-third each three, four, and five years, respectively, after allocation at the earliest. The options of the first third could be exercised only if the mean value of the closing price of SinnerSchrader AG shares in the Xetra trading system of Deutsche Börse AG (or an equivalent successor system) during the five trading days before the day of exercise (reference price) was 30 % above the exercise price. The options of the second third could be exercised only if the reference price was 40 % above the exercise price. The options of the last third could be exercised only if the reference price was 50 % above the exercise price. The latest exercise period was seven years after the allocation date.

In the 2016/2017 financial year the 78,333 options of the 2007 Plan outstanding at the end of the previous year at an average exercise price of € 2.29 were cancelled by mutual consent in connection with the merger agreement concluded between SinnerSchrader AG and Accenture Digital Holdings GmbH in return for payment of compensation to the holders of the options in the amount of the internal value of the options at a price of the SinnerSchrader share of € 9.00. In the 2015/2016 financial year, 50,000 options were exercised at an average exercise price of € 1.91. In the 2014/2015 financial year, 91,667 options were exercised at an average exercise price of € 1.66, and 16,668 options with an average exercise price of € 1.57 expired. In the preceding financial years, 545,000 options with an average exercise price of € 1.95 were allocated, of which 8,332 options and 75,000 options, respectively, were to be cancelled in the 2011/2012 and the 2012/2013 financial years. In the 2013/2014 financial year, 150,000 options were exercised and 75,000 options were to be cancelled.

SinnerSchrader Stock Option Plan 2012

In a resolution of 20 December 2012, the Annual General Meeting of SinnerSchrader AG adopted the 2012 SinnerSchrader Stock Option Plan ("2012 Plan") to grant stock options for the sale of a total of 550,000 shares to members of the Management Board of SinnerSchrader AG (100,000 options) and members of the management of the companies affiliated with SinnerSchrader AG (300,000 options) as well as selected employees with management functions in SinnerSchrader AG and the companies affiliated with SinnerSchrader AG (150,000 options).

The exercise price for options granted as part of the 2012 Plan could not be less than the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) on the twenty trading days prior to the date of allocation, but not less than the lowest issue price within the meaning of Article 9 para. 1 of the German Stock Corporation Act ("AktG"). The options could be exercised at the earliest four years after their allocation. The options could not be exercised until the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) exceeded the exercise price by not less than 40 % on the twenty trading days prior to the exercise date (reference price). In addition to the absolute earnings target, a relative earnings target required that the share price of SinnerSchrader AG developed better than the TecDAX. The latest exercise period for options granted in the 2012 Plan was seven years after their date of allocation.

In the 2016/2017 financial year, 75,000 options with an exercise price of € 5.11 were issued in October 2016. Until the conclusion of the merger agreement between SinnerSchrader AG and Accenture Digital Holdings GmbH on 20 February 2017, a further 15,000 options were exercised at an exercise price of € 1.64 and 30,000 options with an average exercise price of € 1.96 were to be cancelled. Therefore, at the time of conclusion of the merger agreement, 280,000 options of the 2012 Plan were outstanding with an average exercise price of € 3.61. They were cancelled by mutual consent in return for payment of compensation to the holders of the options in the amount of the internal value of the options at a price of € 9.00 for the SinnerSchrader share.

In the 2015/2016 financial year, 120,000 options from the 2012 Stock Option Plan were allocated with an average exercise price of € 3.69, and 25,000 options with an average exercise price of € 2.11 were to be cancelled. In the 2014/2015 financial year, 30,000 options were allocated with an average exercise price of € 3.53, and 25,000 options with an average exercise price of € 2.12 were to be cancelled. In the previous financial years, 165,000 employee options had been issued with an average exercise price of € 1.84, and 15,000 options with an average exercise price of € 1.65 were to be cancelled.

SinnerSchrader Stock Option Plan 2017

In a resolution of 26 January 2017, the Annual General Meeting of SinnerSchrader AG adopted the 2017 SinnerSchrader Stock Option Plan ("2017 Plan") to grant stock options for the sale of a total of 520,000 shares to members of the Management Board of SinnerSchrader AG (70,000 options) and members of the management of the companies affiliated with SinnerSchrader AG (300,000 options) as well as selected employees with management functions in SinnerSchrader AG and the companies affiliated with SinnerSchrader AG (150,000 options) until 25 January 2022.

The exercise price for options granted as part of the 2017 Plan may not be less than the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) on the twenty trading days prior to the date of allocation, but not less than the lowest issue price within the meaning of Article 9 para. 1 of the German Stock Corporation Act ("AktG"). The options may be exercised at the earliest four years after their allocation. The options may not be exercised until the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) exceeds the exercise price by not less than 30 % on the twenty trading days prior to the exercise date (reference price). In addition to the absolute earnings target, a relative earnings target requires that the share price of SinnerSchrader AG develops better than the TecDAX. The options of the 2017 Plan will expire seven years after the date of allocation. No options from the 2017 Plan had been allocated as at 31 August 2017.

In the 2016/2017 financial year, the total cost of share-based compensation amounted to € 180,588 (previous year: € 32,554). Due to the cancellation of the options in return for a compensation payment, all of the option values not yet completely recorded with an effect on expenditure with waiting periods that had not yet expired at the time of the cancellation were to be recorded as expenditure.

Table 14a shows the parameters used to assess the newly allocated options in the 2016/2017 and 2015/2016 financial years on the basis of a binomial model according to Cox/Ross/Rubenstein:

Table 14a Parameters for valuation of stock options at the date of issue

	2016/2017	2015/2016
Expected life of option	4 years	4.5 years
Risk-free interest rate	0.10 %	0.03 %
Expected dividend yield	5 %	5 %
Expected volatility	37 %	38 %
Exercise price	€ 5.11	€ 3.69
Price at valuation date	€ 5.30	€ 4.05

The earliest possible exercising of the options was assumed when the options were assessed. The volatility was determined by the closing prices of the last 960 trading days before the date of issue.

Table 14b summarises the changes in the number of options outstanding in the 2016/2017 and 2015/2016 financial years:

Table 14b Outstanding stock options in € and number

	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE GRANT DATE FAIR VALUE
Outstanding at 31 August 2015	**283,333**	**2.14**	**0.41**
Granted	120,000	3.69	0.94
Exercised	–50,000	1.91	0.37
Cancelled	–25,000	2.11	0.51
Outstanding at 31 August 2016	**328,333**	**2.75**	**0.60**
Granted	75,000	5.11	1.05
Exercised	–15,000	1.64	0.33
Cancelled	–30,000	1.96	0.40
Revoked	–358,333	3.32	0.72
Outstanding at 31 August 2017	**—**	**—**	**—**

8 Risk and Capital Management

8.1 Liquidity Risk

Liquidity risks result from potential financial bottlenecks and the increased refinancing costs caused by them. The goal of liquidity management at SinnerSchrader is to ensure continual solvency within the agreed payment terms through sufficient liquid funds. The Group monitors these liquid funds, and only the free liquidity not considered necessary to balance out fluctuations in cash flows is invested for longer terms. Furthermore, when longer-term investments are made, the Group ensures that these investments are only made in securities that can be sold at any time. Credit lines of € 2 million and € 2.5 million, respectively, were agreed with two banks in order to avoid shortages of liquidity in the short term; they had, however, not been utilised on the reporting date.

8.2 Credit Risk

Credit risks arise for SinnerSchrader in that, after services have been provided, the services are invoiced with the payment terms agreed with the client, but clients do not always meet the resulting payment obligations. SinnerSchrader reduces this risk by carrying out regular credit checks on new clients and by regularly monitoring its clients' outstanding payment obligations. In the 2016/2017 financial year, as in past years, SinnerSchrader had no major bad debt losses to report or reserves for bad debt to form.

Furthermore, SinnerSchrader faces credit risks from holding free liquid funds in bank balances and from investing this liquidity in the capital market. SinnerSchrader reduces this risk through the selection of its bank partners and cooperation with several different banks and by restricting the credit rating of the investment instruments to a minimum rating of BBB, or A3 for short-term investments.

The maximum failure rate results from the book values of the financial assets posted in the balance sheet and from the current values of the securities posted. SinnerSchrader held no securities as at 31 August 2017.

8.3 Market Risks

Currency Risks

Since SinnerSchrader calculates its revenues exclusively in euros, its suppliers primarily issue invoices in euros, and the Company holds no notable assets in foreign currencies, the Group faces no major foreign currency risks.

In the 2016/2017 financial year, currency losses in the amount of € 4,689 (previous year: € 3,729) were incurred in SinnerSchrader Praha s.r.o., based in Prague, for which the euro is deemed to be the functional currency as it is an economically dependent unit.

Interest Risks

The Company had no substantial interest-bearing financial liabilities and nor had it made any interest-bearing investments on the balance sheet date. There were thus no interest-rate risks as at 31 August 2017.

Exchange Risks

As at 31 August 2017, SinnerSchrader did not hold any shares in other companies listed on the stock exchange. The Group therefore faced no exchange risks.

8.4 Capital Management

SinnerSchrader fundamentally pursues the goal of securing its shareholders' equity base for the long term and achieving a suitable return on its capital. A high level of shareholders' equity is also aimed at because it supports the independence and competitiveness of the Company. SinnerSchrader's capital management also aims to ensure that the operating companies will continue to operate and to finance organic and inorganic growth.

On 31 August 2017, the shareholders' equity rate posted on the Consolidated Balance Sheets was 63.2 % (previous year: 60.0 %). The shareholders' equity return – the ratio of the net profit to shareholders' equity on the balance sheet date – was 19.9 % and 21.9 % for the 2016/2017 and 2015/2016 financial years, respectively.

Reference is made to the Consolidated Statement of Changes in Shareholders' Equity and section 4.8 (Shareholders' Equity) in these Notes for the composition of the shareholders' equity.

9 Related Party Transactions

In the 2016/2017 and 2015/2016 financial years, subsidiaries of SinnerSchrader AG earned revenue in the amount of € 981,274 and € 933,523, respectively, with companies of a group of companies in which members of the Supervisory Board of SinnerSchrader held positions relevant to decision-making. As at 31 August 2017, the total of accounts receivable and unbilled services was € 330,540. As at 31 August 2016 SinnerSchrader had neither unbilled services nor outstanding receivables against these companies.

Since 4 April 2017, Accenture Digital Holdings GmbH has held more than 50 % of the shares in SinnerSchrader AG, making SinnerSchrader AG a member of the international Accenture Group. In the abbreviated period from 4 April to 31 August 2017, SinnerSchrader AG earned gross revenue in the amount of € 68,029 with companies in the Accenture Group. Of these, € 7,240 were unbilled as at 31 August 2017. The outstanding accounts receivable from companies in the Accenture Group amounted to € 31,515. Furthermore, Accenture Digital Holdings GmbH has undertaken to compensate for the after-tax effect of a special payment to the employees of the SinnerSchrader Group in the amount of € 500,000 after payment. SinnerSchrader AG posted a relevant claim to Accenture Digital Holdings GmbH for an amount of € 338,625 as at 31 August 2017.

The related party transactions were carried out under the usual market conditions.

9.1 Management Board

In the 2016/2017 financial year, the following people were appointed to the Management Board:

- Matthias Schrader, Chairman, appointed until 31 December 2020
  - Businessman, Hamburg
- Thomas Dyckhoff, Finance Director, appointed until 31 December 2021
  - Businessman, Hamburg

The Management Board members conducted their activities as their principal profession. Table 15a shows the compensation for the members of the Management Board in the 2016/2017 financial year; the comparative data of the previous year can be seen in Table 15b:

Tab. 15a Compensation of the Management Board 2016/2017 in €

	NON PERFORMANCE-RELATED COMPENSATION		PERFORMANCE-RELATED COMPENSATION	COMPENSATION COMPONENTS WITH A LONG-TERM INCENTIVE EFFECT	
	FIXED SALARY	OTHER BENEFITS	SHORT-TERM OBJECTIVES	MEDIUM-TERM OBJECTIVES	SHARE-BASED COMPENSATION
Matthias Schrader	220,000	15,022	163,973	25,000	–
Thomas Dyckhoff	178,179	12,419	118,481	15,000	–
Total	**398,179**	**27,441**	**282,454**	**40,000**	**–**

Table 15b Compensation of the Management Board members 2015/2016 in €

	NON PERFORMANCE-RELATED COMPENSATION		PERFORMANCE-RELATED COMPENSATION	COMPENSATION COMPONENTS WITH A LONG-TERM INCENTIVE EFFECT	
	FIXED SALARY	OTHER BENEFITS	SHORT-TERM OBJECTIVES	MEDIUM-TERM OBJECTIVES	SHARE-BASED COMPENSATION
Matthias Schrader	210,000	11,592	114,980	19,750	–
Thomas Dyckhoff	160,000	9,679	93,070	18,750	–
Total	**370,000**	**21,271**	**208,050**	**38,500**	**–**

In connection with the cancellation of the stock option agreements (see Section 7), Mr Dyckhoff also received compensation payments in the amount of € 392,400. Calculation of the compensation payment to Mr Dyckhoff corresponded to the calculation of the compensation payments to the other option holders. € 93,150 of the compensation payments concerned the cancellation of an entitlement to allocation of employee options that had been promised to Mr Dyckhoff as part of the extension of his appointment to the Management Board in November 2016.

Including the above-mentioned compensation payments to Mr Dyckhoff, the total remuneration of the Management Board in the 2016/2017 financial year amounted to € 1,140,474 (previous year: € 637,821). Expenses for the D&O insurance are not reported under other benefits in accordance with the rules specified by DRS 17 of the German Accounting Standards. Premiums in the 2016/2017 financial year were € 16,669, unchanged from the previous year.

In the 2016/2017 financial year, reserves in the amount of € 40,000 (previous year: € 38,500) were accumulated for variable remuneration on the basis of medium-term goals.

The members of the Management Board are subject to a post-contractual ban on competition that makes provision for compensation in the amount of 50 % of the most recently received non performance-related compensation. With respect to the severance payments, it has been agreed with the members of the Management Board that they must comply with the recommendations of the Corporate Governance Code No. 4.2.3.

9.2 Supervisory Board

In the 2016/2017 financial year, the Supervisory Board comprised the following members:

- Dieter Heyde, Chairman, until 15 June 2017
  - MBA, Bad Nauheim
  - Managing Partner of SALT Solutions GmbH, Würzburg
  - Member of the Advisory Board of CCP Software GmbH, Marburg

- Prof. Cyrus D. Khazaeli, Deputy Chairman, until 15 June 2017
  - Communications Designer, Berlin
  - Professor of Communication and Interaction Design at Berliner Technische Kunsthochschule [Berlin Technical Academy of Art], Berlin

- Philip W. Seitz, Deputy Chairman since 10 July 2017
  - Lawyer, Hamburg
  - General Counsel & Director of Government Affairs of Tchibo GmbH, Hamburg

- Frank Riemensperger, since 23 June 2017, Chairman since 10 July 2017
  - Commercial computer scientist, Furtwangen
  - Chairman of the Management of Accenture Deutschland

- Daniel Schwartmann, since 23 June 2017
  - Graduate mathematician, Duisburg, Master in Finance, London
  - Managing Director of Corporate Development Europe, Africa and Latin America (Mergers & Acquisitions, Ventures, Investments), Accenture

After their appointment to the Supervisory Board, Mr Riemensperger and Mr Schwartmann declared their waiver of the statutory compensation to SinnerSchrader AG. Table 16a shows the compensation of the Supervisory Board members in the 2016/2017 financial year, taking account of the waiver; the comparative data of the previous year can be seen in Table 16b:

Tab. 16a Compensation of the Supervisory Board members 2016/2017 in €

	FIXED SALARY	VARIABLE COMPONENTS
Dieter Heyde (until 15.06.2017)	15,833	–
Prof. Cyrus D. Khazaeli (until 15.06.2017)	9,896	–
Philip W. Seitz	12,500	–
Frank Riemensperger (since 23.06.2017)	–	–
Daniel Schwartmann (since 23.06.2017)	–	–
Total	**38,229**	**–**

Table 16b Compensation of the Supervisory Board members 2015/2016 in €

	FIXED SALARY	VARIABLE COMPONENTS
Dieter Heyde	20,000	–
Prof. Cyrus D. Khazaeli	12,500	–
Philip W. Seitz	12,500	–
Total	**45,000**	**–**

In line with the rules of DRS 17, the premium for the D&O insurance is not to be posted as compensation for the Supervisory Board either. In the 2016/2017 financial year, the share of the premium accounted for by the Supervisory Board was unchanged over the previous year at € 834.

10 Major Events after the Balance Sheet Date

On 20 October 2017, the Management Board of SinnerSchrader AG and the management of Accenture Digital Holdings GmbH drew up the draft of a Control and Profit Transfer Agreement between SinnerSchrader AG as the controlled company and Accenture Digital Holdings GmbH as the controlling company.

The draft of the Control and Profit Transfer Agreement provides for a cash compensation according to Article 305 of the German Stock Corporation Act (AktG) in the amount of € 10.21 per SinnerSchrader share and a compensation payment for outside shareholders according to Article 304 of the AktG in the amount of € 0.27 gross (net, after corporation tax and solidarity surcharge: € 0.23) per full financial year. The payment obligations of Accenture Digital Holdings GmbH, comprising cash compensation or settlement payments, are secured by a letter of comfort from Accenture plc.

To take effect, the Agreement needs the approval of the General Meeting of SinnerSchrader AG according to Article 293 para. 1 AktG, the approval of the shareholders' meeting of Accenture Digital Holdings GmbH according to Article 293 para. 2 AktG and entry of conclusion of the Agreement in the Commercial Register at the headquarters of SinnerSchrader AG according to Article 294 para. 2 AktG. The shareholders' meeting of Accenture Digital Holdings GmbH will probably be held on 5 December

2017. The draft of the Control and Profit Transfer Agreement is to be presented for approval to an extraordinary Annual General Meeting of SinnerSchrader AG on 6 December 2017, invitations to which were issued on 25 October 2017 by means of publication in the Federal Gazette. The Parties intend to subsequently conclude the Agreement, probably on 7 December 2017. The Supervisory Board of SinnerSchrader AG approved conclusion of the Agreement in its meeting of 20 October 2017.

11 Supplementary Information Required by the German Commercial Code

11.1 Participations

The participations held by SinnerSchrader Aktiengesellschaft are broken down as follows:

Table 17 Participations of SinnerSchrader AG

COMPANY	SHARE IN %	CURRENCY	NOMINAL CAPITAL	SHAREHOLDERS' CAPITAL	LAST ANNUAL RESULT	PROFIT/ LOSS TRANSFER AGREEMENT	REPORTING PERIOD
SinnerSchrader Deutschland GmbH, Hamburg, Germany	100.00	EUR	75,000	75,000	4,067,474[1)]	yes	01.09.16–31.08.17
SinnerSchrader Commerce GmbH, Hamburg, Germany	100.00	EUR	25,000	1,490,651	–555,792[1)]	yes	01.09.16–31.08.17
SinnerSchrader UK Ltd., London, UK[2)]	100.00	GBP	100,000	–828,209	–28,326	no	01.09.15–31.08.16
SinnerSchrader Benelux BV, Rotterdam, The Netherlands[2)]	100.00	EUR	18,000	–256,717	–10,265	no	01.01.15–31.12.15
SinnerSchrader Content GmbH, Hamburg, Germany	100.00	EUR	765,400	529,105	742,491[1)]	yes	01.09.16–31.08.17
SinnerSchrader Swipe GmbH, Hamburg, Germany	100.00	EUR	25,000	–63,337	551,501	no	01.09.16–31.08.17
SinnerSchrader Praha s.r.o., Prague, Czech Republic	100.00	CZK	200,000	–11,366,418	10,865,846	no	01.09.16–31.08.17

1) Before profit-transfer
2) The company's activities have currently been temporarily discontinued; respective shares were written off in the year the activity was discontinued. Audited financial statements of the company are not available.

11.2 Application of Article 264 Para. 3 HGB

SinnerSchrader Deutschland GmbH, Hamburg, and SinnerSchrader Commerce GmbH, Hamburg, will each make use of the exemption provision of Article 264 para. 3 HGB for the Annual Report of 31 August 2017.

11.3 Employees

In the 2016/2017 financial year, the SinnerSchrader Group had an average of 526 employees, 12 of whom were members of the Management Board or managing directors of Group companies and 62 were apprentices, students or interns.

In the previous year, there was an average of 494 employees in the Group.

11.4 Auditors' Fee

€ 88,694 were spent on the auditing of the Annual Report and the Consolidated Financial Statements as at 31 August 2017. Ebner Stolz Wirtschaftsprüfer Steuerberater Rechtsanwälte Partnerschaft mbB received € 61,291 for tax advice and the preparation of tax returns, as well as another € 1,700 for other consultancy and certification services.

11.5 Directors' Holdings of Shares and Subscription Rights to Shares (Directors' Dealings)

Table 18 shows the number of shares in SinnerSchrader AG and the number of subscription rights to shares held by directors of SinnerSchrader AG as at 31 August 2017 and changes in the 2016/2017 financial year:

Table 18 Shares and options of the Board members in number

SHARES	31.08.2016	ADDITIONS	DISPOSALS	31.08.2017
Management Board:				
Matthias Schrader	2,588,399	–	2,588,399	–
Thomas Dyckhoff	109,950	–	109,950	–
Total shares of the Management Board	**2,698,349**	**–**	**2,698,349**	**–**
Supervisory Board:				
Dieter Heyde (until 15.06.2017)	–	–	–	–
Prof. Cyrus D. Khazaeli (until 15.06.2017)	–	–	–	–
Philip W. Seitz	–	–	–	–
Frank Riemensperger (since 23.06.2017)	–	–	–	–
Daniel Schwartmann (since 23.06.2017)	–	–	–	–
Total shares of the Supervisory Board	**–**	**–**	**–**	**–**
Total shares of the Board members	**2,698,349**	**–**	**2,698,349**	**–**

OPTIONS	31.08.2016	ADDITIONS	DISPOSALS	31.08.2017
Management Board:				
Matthias Schrader	–	–	–	–
Thomas Dyckhoff	45,000	–	45,000	–
Total shares of the Management Board	**45,000**	**–**	**45,000**	**–**
Supervisory Board:				
Dieter Heyde (until 15.06.2017)	–	–	–	–
Prof. Cyrus D. Khazaeli (until 15.06.2017)	–	–	–	–
Philip W. Seitz	–	–	–	–
Frank Riemensperger (since 23.06.2017)	–	–	–	–
Daniel Schwartmann (since 23.06.2017)	–	–	–	–
Total shares of the Supervisory Board	**–**	**–**	**–**	**–**
Total shares of the Board members	**45,000**	**–**	**45,000**	**–**

11.6 Information according to Article 160 Para. 1 No. 8 of the German Stock Corporation Act

Participating interests in the Company as at 31 August 2017 have been notified according to Article 21 para. 1 of the German Securities Trading Act ("Wertpapierhandelsgesetz", "WpHG") as follows:

Table 19 Reports according to Article 21 para. 1 of the German Securities Trading Act

SHAREHOLDER	STOCK DECLARATION AS AT	MISSED (–) OR EXCEEDED (+) THRESHOLDS	NEW VOTING RIGHT SHARE	NUMBER OF VOTING RIGHTS	OF WHICH HELD AS TREASURY SHARES	OF WHICH TO BE ASSIGNED
		IN %	IN %	IN INDIVIDUAL SHARES	IN %	IN %
Hansainvest Hanseatische Investment GmbH, Germany	18.08.2017	5 (+)	5.1900	598,847	0.0000	5.1900
Sparta AG, Germany	11.08.2017	3 (–)	2.1700	250,000	2.1700	0.0000
Internationale Kapitalanlagegesellschaft mbH, Düsseldorf, Germany	03.04.2017	5, 3 (–)	0.0000	0	0.0000	0.0000
Sebastian Dröber, Germany	03.04.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Holger Blank, Germany	03.04.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Accenture Digital Holdings GmbH, Germany	03.04.2017	50, 30, 25, 20, 15, 10, 5, 3 (+)	62.1300	7,171,473	59.6800	2.4500
Gerd Stahl, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Dirk Lehmann, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Matthias Fricke, USA	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Thomas Dyckhoff, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Matthias Schrader, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Oliver Sinner, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Dr Markus Conrad, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Detlef Wichmann, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Wolfgang Herz, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Agneta Peleback-Herz, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Michael Herz, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Bernward Beuleke, Germany	27.02.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000

11.7 Declaration of Conformity on the Acceptance of Recommendation of the "Government Commission on the German Corporate Governance Code"

On 10 December 2016 the Management Board and Supervisory Board submitted the Declaration of Conformity with the Corporate Governance Code required under Article 161 of the German Stock Corporation Act and made it permanently available to shareholders on the Company's website. Dated 15 November 2017, the Declaration of Conformity has been published on the Company's website.

Hamburg, 15 November 2017

The Management Board

Matthias Schrader Thomas Dyckhoff

Audit Opinions

We have audited the Consolidated Financial Statements of SinnerSchrader Aktiengesellschaft, Hamburg, Germany, and its subsidiaries (the Group) – comprising the Consolidated Statements of Financial Position as of August 31, 2017, the Consolidated Statements of Income and Comprehensive Income, the Consolidated Statements of Changes in Shareholders' Equity and the Consolidated Statements of Cash Flows for the fiscal year from September 1, 2016 to August 31, 2017 and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies. We have also audited the Group Management Report which is combined with the Management Report of SinnerSchrader AG for the fiscal year from September 1, 2016 to August 31, 2017. In line with German statutory provisions, we have not verified the content of the Declaration of Conformity according to Sec. 315 (5) German Commercial Code published on the Group's website that is referred to in the Group Management Report.

In our opinion, based on the findings of our audit,

- the accompanying Consolidated Financial Statements comply, in all material respects, with the IFRS, as adopted by the European Union (EU), and the supplementary provisions of German law pursuant to Sec. 315a (1) German Commercial Code, and give a true and fair view of the net assets and financial position of the Group as of August 31, 2017 and its results of operations for the fiscal year from September 1, 2016 to August 31, 2017 in accordance with these requirements, and
- the accompanying Group Management Report, which is combined with the Management Report of SinnerSchrader AG as a whole provides a suitable view of the Group's position for the fiscal year 2016/2017. In all material respects, this Group Management Report is consistent with the Consolidated Financial Statements, complies with the provisions of German law and suitably presents the opportunities and risks of future development.

Our audit opinion on the Group Management Report, which is combined with the Management Report of SinnerSchrader AG does not extend to the content of the Declaration of Conformity according to Sec. 315 (5) German Commercial Code published on the Group's website.

Basis for the Audit Opinions

We conducted our audit of the Consolidated Financial Statements and the Group Management Report, which is combined with the Management Report in accordance with Sec. 317 German Commercial Code and EU Regulation No. 537/2014 (EU Audit Regulation), as well as German generally accepted standards on auditing promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under these laws, rules and standards are further described in the section "Auditor's responsibilities for the audit of the Consolidated Financial Statements and the Group Management Report, which is combined with the Management Report" of our audit report. We are independent of the group companies in accordance with European and German commercial law and professional provisions, and we have fulfilled our other German ethical responsibilities in accordance with these requirements. Furthermore, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided any prohibited non-audit services referred to in Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the Consolidated Financial Statements and the Group Management Report, which is combined with the Management Report of SinnerSchrader AG.

Key audit matters in the audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the fiscal year from September 1, 2016 to August 31, 2017. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our auditor 's opinion thereon, and we do not provide a separate opinion on these matters.

Below are what we consider to be the particularly important audit circumstances:
1) Revenue recognition
2) Impact on the Consolidated Financial Statements of SinnerSchrader AG of the acquisition by Accenture completed during the year

Re 1) Revenue recognition

a) The risk for the Consolidated Financial Statements

In the fiscal year from September 1, 2016 to August 31, 2017 SinnerSchrader accounted for revenues in the amount of € 56,682,000. It is inherent to the business model that SinnerSchrader generates income from work contracts as well as from service contracts. Income from service contracts largely results from ongoing consultancy services that are invoiced according to time spent and are realised pro rata when the services are rendered. Furthermore, SinnerSchrader concludes customer contracts with a fixed-price character and precisely defined tasks for which the customer has to accept the result of the work. For these work and similar contracts SinnerSchrader examines whether contract revenues have to be recognized under the percentage of completion method based on the ratio of contract costs incurred to expected total contract costs according to IAS 11.

The company's disclosures on revenue recognition can be found in notes "2.6", "2.9", "2.17", "4.3" and "5.1" of the Consolidated Financial Statements and in Section "5.1 Revenue" of the chapter "Business Development and Group Situation" of the Group Management Report, which is combined with the Management Report of SinnerSchrader AG.

Assessing the classification of contracts as work or as service contracts is documented with the help of legal expertise.

SinnerSchrader uses standard ERP systems to record project-related expenditures as required for revenue recognition according to the percentage of completion method. To ensure complete and proper allocation of project costs, SinnerSchrader has implemented manual controls as well as software-based controls.

The risk of material misstatement for the Consolidated Financial Statements is improper revenue recognition that leads to an incorrect valuation of assets. Due to a necessary individual assessment and the need inherent to the business model to estimate the percentage of completion for each individual project, the risk of material misstatements regarding revenue recognition is highly important in our view and thus a key audit matter within the context of our audit.

b) Audit approach and conclusions

Starting with obtaining an understanding of related processes and controls, we assessed the appropriateness of recognizing revenues and the internal controls implemented in this context. Based on this, we tested the effectiveness of key controls identified on a sample basis. We examined whether the financial reporting process ensures correctness regarding amount and timing of revenue recognition. To do this, we checked for each sample project whether the financial reporting process ensures a correct classification as service or work contract from a legal point of view, whether the project-related expenditures were completely and accurately allocated and whether the expected total project costs, contract revenues and contract risks were identified comprehensibly.

Our audit procedures concerning the effectiveness of identified internal controls did not lead to material reservations concerning the design and operation of the controls.

In the course of our audit, we did not identify any material misstatements relating to revenue recognition.

Re 2) Impact on the Consolidated Financial Statements of SinnerSchrader AG of the acquisition by Accenture completed during the year

a) The risk for the Consolidated Financial Statements

On February 20, 2017 SinnerSchrader concluded a Business Combination Agreement (hereinafter referred to as "BCA") with Accenture Digital Holdings GmbH, Kronberg, Germany, (hereinafter referred to as "Accenture"). The content and objective of the agreement is the acquisition of SinnerSchrader AG and its subsidiaries and their integration into the Accenture Group.

In connection with concluding the agreement, SinnerSchrader took several measures with a material impact on the net assets and financial position of the group and its results of operations. These include cancelling all existing stock option programmes, selling treasury stock to Accenture, making one-off staff retention payments and engaging several consultancy firms for integration issues. Accenture contractually committed itself to partially reimburse the integration costs. Furthermore, the integration may have a possible impact on the accounting for deferred taxes.

The company's disclosures on the impact of the purchase of shares completed during the year by Accenture on the Consolidated Financial Statements of SinnerSchrader AG are included in notes "1", "2.21", "4.5", "4.8", "5.5", "7.1", "9", "10" and "11.6" of the Consolidated Financial Statements and in the section "Merger with Accenture" of the Group Management Report, which is combined with the Management Report of SinnerSchrader AG.

From our point of view, the complete and correct representation of the accounting consequences of the BCA concluded and the associated measures, in accordance with the accounting standards, are of material importance for the Consolidated Financial Statements because the complexity and the total amount of the measures taken have had a material impact on the net assets and financial position of the group and its results of operations.

b) Audit approach and conclusions

As part of our substantive audit procedures, we analysed and assessed the BCA and the individual associated measures with regard to tax, company law and accounting consequences and evaluated the presentation of the individual measures in the Consolidated Financial Statements. In particular, we assessed the agreement of the accounting methods used by SinnerSchrader AG in connection with the cancellation of all stock option programmes for compliance with the IFRS framework and the relevant IFRSs.

Our audit procedures concerning the BCA and the associated measures did not lead to material reservations with respect to the correct presentation in the Consolidated Financial Statements.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report, which is combined with the Management Report of SinnerSchrader AG

The legal representatives are responsible for drawing up the Consolidated Financial Statements corresponding to the IFRS as applied in the EU, and the supplementary Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with the IFRSs as adopted by the EU and the supplementary provisions of German law pursuant to Sec. 315a (1) of the German Commercial Code and for the preparation of consolidated financial statements that give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, management is responsible for such internal control as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

In addition, management is responsible for the preparation of the Group Management Report, which is combined with the Management Report of SinnerSchrader AG that as a whole provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements, complies with the provisions of German law and suitably presents the opportunities and risks of future development. Management is also responsible for such arrangements and measures (systems) that they deem necessary to enable the preparation of a Group Management Report, which is combined with the Management Report in accordance with the applicable provisions of German law and to furnish sufficient appropriate evidence for the statements in the Group Management Report, which is combined with the Management Report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the Group Management Report, which is combined with the Management Report.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements and the Group Management Report, which is combined with the Management Report of SinnerSchrader AG

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group Management Report, which is combined with the Management Report as a whole provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and our audit findings, complies with the provisions of German law and suitably presents the opportunities and risks of future development, and issue an independent auditor's report that includes our audit opinions on the consolidated financial statements and the Group Management Report, which is combined with the Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 of the German Commercial Code and EU Audit Regulation 537/2014, as well as generally accepted standards on auditing promulgated by the IDW will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and Group Management Report, which is combined with the Management Report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and the Group Management Report, which is combined with the Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and the arrangements and measures relevant to the audit of the Group Management Report, which is combined with the Management Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor 's report to the related disclosures in the consolidated financial statements and in the Group Management Report, which is combined with the Management Report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS adopted by the EU and the supplemental provisions of German law applicable pursuant to Sec. 315a (1) of the German Commercial Code.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and the Group Management Report, which is combined with the Management Report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the Group Management Report, which is combined with the Management Report consistency with the consolidated financial statements, its compliance with the legal provisions and the view it gives of the Group's position.
- perform procedures on the forward-looking statements made by management in the Group Management Report, which is combined with the Management Report. In particular, on the basis of sufficient appropriate audit evidence, we walk through the significant assumptions underlying management's forward-looking statements and assess whether the forward-looking statements were appropriately derived from these assumptions. We do not provide a separate audit opinion on the forward-looking statements and underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe each key audit matter in our auditor's report unless laws or regulations preclude public disclosure about the matter.

Other legal and regulatory requirements

Other reporting items in accordance with Article 10 of the EU Audit Regulation

We were elected as auditor for the Consolidated Financial Statements by the Annual Shareholder's Meeting on January 26, 2017 . We were engaged by the Supervisory Board on August 1, 2017. We have been the auditor of SinnerSchrader Aktiengesellschaft for an uninterrupted period since the audit of the consolidated financial statements for the fiscal year 2014/2015.

We declare that the audit opinions included in this auditor's report are consistent with the additional report to the Supervisory Board according to Article 11 of the EU Audit Regulation (audit report).

Responsible Auditor

The auditor responsible for the audit is Mr Florian Riedl.

Hamburg, November 20, 2017

Ebner Stolz GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Thomas Götze	Florian Riedl
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements of the SinnerSchrader Group give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the joint consolidated status report and group status report includes a fair view 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.

Hamburg, 15 November 2017

The Management Board

Matthias Schrader   Thomas Dyckhoff

03

Balance Sheets

as at 31 August 2017

Assets in €	31.08.2017	31.08.2016
Fixed assets		
Intangible assets:		
Concessions, industrial property rights and similar rights, and assets, as well as licences in such rights and assets	24,533	69,098
Tangible assets:		
Other equipment, plant, and office equipment	884,816	598,579
Leasehold improvements	753,141	15,933
Total tangible assets	**1,637,957**	**614,512**
Financial assets:		
Shares in affiliated companies	31,118,963	28,589,850
Receivables from affiliated companies > 1 year	496,278	361,121
Total financial assets	**31,615,241**	**28,950,971**
Total fixed assets	**33,277,731**	**29,634,581**
Current assets		
Receivables and other assets:		
Trade receivables	22,431	81,069
Receivables from affiliated companies	5,806,457	4,787,180
Other assets	917,402	104,056
Total receivables and other assets	**6,746,290**	**4,972,305**
Cash on hand and in banks	1,819,265	2,426,852
Total current assets	**8,565,555**	**7,399,157**
Prepaid expenses	77,431	87,168
Total assets	**41,920,717**	**37,120,906**

Liabilities and shareholders' equity in €	**31.08.2017**	**31.08.2016**
Total shareholders' equity		
Subscribed capital (conditional capital: € 1,150,000; previous year: € 1,150,000)	11,542,764	11,542,764
Treasury stock	–	–298,042
Issued share capital	**11,542,764**	**11,244,722**
Capital surplus	4,610,556	2,939,522
Reserves:		
Other reserves	20,229,272	16,758,632
Balance sheet profit	3,302,454	3,255,911
Total shareholders' equity	**39,685,046**	**34,198,787**
Accruals		
Accrued taxes	–	1,829,797
Other accrued liabilities	1,573,941	700,063
Total accrued liabilities	**1,573,941**	**2,529,860**
Liabilities		
Trade payables	62,236	136,396
thereof with a remaining term up to one year: € 62,236 (previous year: € 136,396)		
Liabilities to affiliated companies	390,302	55,686
thereof with a remaining term up to one year: € 390,302 (previous year: € 55,686)		
Other liabilities	101,871	142,702
thereof with a remaining term up to one year: € 101,871 (previous year: € 142,702)		
thereof taxes: € 99,233 (previous year: € 128,110)		
Total liabilities	**554,409**	**334,784**
Deferred taxes	107,321	57,475
Total liabilities and shareholders' equity	**41,920,717**	**37,120,906**

Statements of Operations

for the 2016/2017 financial year

in €	01.09.2016 31.08.2017	01.09.2015 31.08.2016
Revenues	6,584,215	5,641,510
Other operating income	4,226,236	592,088
Cost of materials:		
Expenses for purchased services	–1,025,316	–1,031,869
Cost of materials, total	**–1,025,316**	**–1,031,869**
Personnel expenses:		
Wages and salaries	–3,693,697	–2,570,695
Social security	–516,725	–553,275
Total personnel expenses	**–4,210,422**	**–3,123,970**
Depreciation of intangible assets, property, and equipment	–227,116	–212,120
Other operating expenses	–3,429,644	–3,649,329
Income from profit/loss transfer agreement	4,067,474	4,512,231
Other interest and similar income	38,638	26,014
thereof from affiliated companies: € 14,770 (previous year: € 24,388)		
Expenses for losses assumed	–555,792	–
Interest and similar expenses	–11,862	–14,421
thereof from affiliated companies: € 10,939 (previous year: € 12,190)		
Income tax	–631,811	–1,255,513
thereof deferred taxes: € 49,846 (previous year: € 20,696)		
Net income	**4,824,600**	**2,511,552**
Balance sheet profit from previous year	3,255,911	2,105,387
Dividend	–2,248,944	–1,361,028
Profit brought forward from previous year	1,006,967	744,359
Withdrawal from revenue reserves:		
from other revenue reserves	–	–
Additions to revenue reserves:	–	–
to other revenue reserves	–2,529,113	–
Balance sheet profit	**3,302,454**	**3,255,911**

Notes

1 Statutory Foundations

The regulations of the German Commercial Code (“HGB”) for large corporations and the German Stock Corporation Act (“AktG”) have been used for accounting and valuation in the Annual Report of SinnerSchrader Aktiengesellschaft (“SinnerSchrader AG” or “Company”), Hamburg (Hamburg Local Court, Commercial Register 74455).

The Company is deemed to be a large corporation within the meaning of Article 267 para. 3 sentence 2 of the German Commercial Code (“HGB”) in conjunction with Article 264d of the HGB. The assessment is carried out on the basis of a going concern assumption.

In the year of the report, the regulations of the HGB as modified by the Accounting Directive Implementation Act (“BilRUG”) were applied for the first time. In particular, the modifications concern the application of the modified breakdown of the Statement of Operations and the reallocation of the item “Other income and expenses” to material expenses with the corresponding figures from the previous year being adjusted. Apart from that, the presentation, breakdown, recognition and valuation in the financial statements correspond to the principles of the previous year.

The Statement of Operations was prepared according to the total cost method.

2 Accounting and Valuation Principles

The report has been compiled in euros (€).

Intangible assets and property and equipment are reported at acquisition costs, less scheduled depreciation. Depreciation is linear in accordance with the usage period. Depreciation for purchased software is linear over an estimated usage period of at least three years. A usage period of three years is generally assumed for computer hardware, four to eight years for other electronic and electrical devices and equipment and eight to thirteen years for office furniture. Low-value assets are fully depreciated in the year of acquisition. Improvements to rented premises are depreciated over the shorter estimated usage period or the residual term to the end of the tenancy.

Financial assets are reported at acquisition costs or the lower fair value on the balance sheet date if a permanent reduction in value is anticipated.

If the value of the fixed assets determined according to the principles above is higher than the value to be ascribed to them on the report date, this shall be taken account of by means of non-scheduled depreciation. If the reasons for depreciation implemented in previous financial years no longer pertain, the original value will be reinstated.

Receivables and other assets are reported at their face value. Long-term, non-interest bearing accounts receivable with a remaining term of more than one year will be subject to interest according to the average market rate of interest corresponding to the remaining term and published by the Deutsche Bundesbank. Foreign currency receivables are all valued at the original rate. Valuation is carried out at the average spot exchange rate on the balance sheet date for a remaining term of up to one year. For a remaining term of more than one year, the valuation at the average spot exchange rate takes account of the imparity principle as well as the principles of acquisition cost and of realisation.

Cash on hand and credit with banks are recognised at their face value.

Other accrued expenses cover all identifiable risks and uncertain liabilities. Valuation is at the level of the amount to be paid that is deemed necessary according to sound business judgement. Future increases in prices and costs were taken into account when the obligation was assessed. Long-term reserves with anticipated settlement dates after one year will be subject to interest according to the average market rate of interest corresponding to the remaining term and published by the Deutsche Bundesbank.

Liabilities are reported at the amount to be paid. Foreign currency liabilities are all valued at the exchange rate on the date of acquisition. Valuation is carried out at an average spot exchange rate on the balance sheet date for a remaining term of up to one year. For a remaining term of more than one year, the valuation at the average spot exchange rate takes account of the imparity principle as well as the principles of acquisition cost and of realisation.

Deferred taxes are formed in accordance with Article 274 para. 1 of the HGB for differences between the commercial law valuation of assets, liabilities and deferred income and the tax law valuation of assets, which will probably diminish in subsequent financial years. Tax loss carry-forwards are taken into account when calculating deferred tax assets in the amount of the offsetting to be expected within the next four years. Deferred taxes are balanced in the balance sheet (Article 274 para. 1 sentence 2 of the HGB). If there is a tax reduction overall (asset surplus), capitalisation pursuant to Article 274 para. 1 sentence 2 of the HGB will not be exercised. Any tax burden is posted as a deferred tax liability in the balance sheet. In the Statement of Accounts, a change in deferred taxes is posted separately under the “Income tax” item.

3 Explanations of Balance Sheet Items

3.1 Fixed Assets

The development of the Company's fixed assets is shown in the following assets table:

Table 1 Assets table

ACQUISITION COSTS IN €	31.08.2016	ADDITIONS	WRITE-UPS	DISPOSALS	31.08.2017
Intangible assets:					
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	838,182	23,253	–	–	861,435
Tangible assets:					
Other equipment, plant and office equipment	1,658,184	419,511	–	26,990	2,050,705
Leasehold improvements	504,110	775,007	–	–	1,279,117
Total	2,162,294	1,194,518	–	26,990	3,329,822
Financial assets:					
Shares in affiliated companies	34,147,450	–	–	–	34,147,450
Loans to affiliated companies	361,121	135,158	–	–	496,279
Total	34,508,571	135,158	–	–	34,643,729
Total acquisition costs	**37,509,047**	**1,352,929**	**–**	**26,990**	**38,834,986**
ACCUMULATED DEPRECIATION IN €	**31.08.2016**	**ADDITIONS**		**DISPOSALS**	**31.08.2017**
Intangible assets:					
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	769,084	67,818	–	–	836,902
Tangible assets:					
Other equipment, plant and office equipment	1,059,605	121,499	–	15,215	1,165,889
Leasehold improvements	488,177	37,799	–	–	525,976
Total	1,547,782	159,298	–	15,215	1,691,865
Financial assets:					
Shares in affiliated companies	5,557,600	–	2,529,113	–	3,028,487
Loans to affiliated companies	–	–	–	–	–
Total	5,557,600	–	2,529,113	–	3,028,487
Total accumulated depreciation	**7,874,466**	**227,116**	**2,529,113**	**15,215**	**5,557,254**
NET BOOK VALUES IN €	**31.08.2016**				**31.08.2017**
Intangible assets:					
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	69,098				24,533
Tangible assets:					
Other equipment, plant and office equipment	598,579				884,816
Leasehold improvements	15,933				753,141
Total	614,512				1,637,957
Financial assets:					
Shares in affiliated companies	28,589,850				31,118,963
Loans to affiliated companies	361,121				496,279
Total	28,950,971				31,615,242
Total net book values	**29,634,581**				**33,277,732**

3.2 Receivables and other Assets

As at 31 August 2017 receivables and other assets amounted to € 6,746,290 (previous year: € 4,972,305). All receivables and other assets (previous year: € 4,951,047) had a remaining term of up to one year. In the previous year, receivables and other assets in the amount of € 21,258 had a remaining term of more than one year.

The receivables from affiliated companies in the amount of € 5,806,457 (previous year: € 4,787,180) included liabilities of € 4,741,122 (previous year: € 2,065,750) which were to be balanced as at 31 August 2017. The gross item comprises trade accounts receivable in the amount of € 5,610,952 (previous year: € 1,727,806), receivables from the transfer of profits in the amount of € 4,067,474 (previous year: 4,512,231), current loan receivables in the amount of € 250,000 (previous year: € 600,000), other receivables in the amount of € 617,069 (previous year: € 7,293) and interest receivables in the amount of € 2,083 (previous year: € 5,600).

As at the reporting date, liabilities to affiliated companies offset against the receivables comprised investments of liquid funds by subsidiaries in SinnerSchrader AG within the context of central liquidity management in the amount of € 4,687,890 (previous year: € 1,440,257) as well as other liabilities in the amount of € 36,111 (previous year: € 0) and interest payable in the amount of € 17,121 (previous year: € 2,196). In the previous year, net liabilities also included trade accounts payable in the amount of € 623,297.

The other assets in the amount of € 917,402 as at 31 August 2017 (previous year: € 104,056) mainly comprised receivables from the tax authorities, comprising corporation, commercial and turnover tax in the amount of € 885,900 (previous year: € 44,908) and debit-side vendor items in the amount of € 24,597 (previous year: € 45,408).

3.3 Prepaid Expenses

The prepaid expenses in the amount of € 77,431 (previous year: € 87,168) largely consist of payments relating to the year for investor relations services, insurance policies and maintenance contracts.

3.4 Shareholders' Equity

The development of shareholders' equity in the 2016/2017 financial year is summarised in the table below:

Table 2 Shareholders' equity

in €	31.08.2016	PURCHASE OF TREASURY STOCK	RE-ISSUANCE OF TREASURY STOCK	DIVIDEND 2015/2016	APPROPRIATION OF INCOME ACC. TO ART. 58 PARA. 2A OF THE AKTG	NET INCOME 2016/2017	COST ASSUMPTION BY PARTNERS	31.08.2017
Subscribed capital	11,542,764	—	—	—	—	—	—	11,542,764
Treasury stock	–298,042	—	298,042	—	—	—	—	—
Capital surplus	2,939,522	—	1,332,409	—	—	—	338,625	4,610,556
Reserves:								
Other reserves	16,758,632	—	941,527	—	2,529,113	—	—	20,229,272
Retained earnings	3,255,911	—	—	–2,248,944	–2,529,113	4,824,600	—	3,302,454
Total shareholders' equity	**34,198,787**	**—**	**2,571,978**	**–2,248,944**	**—**	**4,824,600**	**338,625**	**39,685,046**

3.4.1 Subscribed Capital

As at 31 August 2017, the Company's subscribed capital amounted unchanged in comparison to the previous year to € 11,542,764. It was made up of 11,542,764 individual no-par-value share certificates with a calculated face value of € 1 issued in the name of the owner.

Approved Capital

The Annual General Meeting of 26 January 2017 authorised the Management Board to increase the share capital once or repeatedly by up to a total of € 5,770,000 until 25 January 2022 with the approval of the Supervisory Board by issuing new individual share certificates in return for a contribution in cash or a contribution in kind ("Approved Capital 2017"). The shareholders shall be granted a subscription right with restrictions. The Approved Capital 2012 was cancelled with effect of the date of the Commercial Register entry of the Approved Capital 2017, 9 February 2017.

Conditional Capital

The Annual General Meeting Resolution of 23 January 2007 created conditional capital in the amount of € 600,000 ("Conditional Capital III") to grant rights to employees and Board members of the Company or affiliated companies to draw 600,000 no-par value share certificates ("2007 Stock Option Plan"). A total of 78,333 options from the 2007 Stock Option Plan with an average exercise price of € 2.30, from which options could be allocated until 31 December 2011, were still outstanding as at 31 August 2016 and, unchanged, at the time of the ordinary Annual General Meeting on 26 January 2017. On this date, the Annual General Meeting decided to reduce Conditional Capital III by € 521,667, to € 78,333. Due to the decision to merge with Accenture, in June 2017 the 78,333 outstanding options of the 2007 Stock Option Plan were cancelled in agreement with their holders in return for a compensation payment. As a result, on 31 August 2017 there were no more options from the 2007 Stock Option Plan in circulation.

In an Annual General Meeting resolution of 20 December 2012, SinnerSchrader AG created a new conditional capital in the amount of € 550,000 ("Conditional Capital 2012") and adopted the 2012 SinnerSchrader Stock Option Plan to grant share options for the sale of a total of 550,000 shares until 19 December 2017 to members of the Management Board of SinnerSchrader AG (100,000 options) and members of the management of the companies affiliated with SinnerSchrader AG (300,000 options) as well as selected employees with management functions in SinnerSchrader AG and the companies affiliated with SinnerSchrader AG (150,000 options).

The exercise price for options granted as part of the 2012 Plan could not be less than the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) on the twenty trading days prior to the date of allocation, but not less than the lowest issue price within the meaning of Article 9 para. 1 of the German Stock Corporation Act (AktG). The options could be exercised at the earliest four years after their allocation. The options could not be exercised until the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) exceeded the exercise price by not less than 40 % on the twenty trading days prior to the exercise date (reference price). In addition to the absolute earnings target, a relative earnings target required that the share price of SinnerSchrader AG developed better than the TecDAX. The latest exercise period for options granted in the 2012 Plan was seven years after their date of allocation.

As at 31 August 2016, 250,000 options from the 2012 Stock Option Plan with an average exercise price of € 2.89 were thus outstanding. Over the first half of the financial year, 30,000 options had to be cancelled and 15,000 options with an exercise price of € 1.64 were exercised. In October 2016, 75,000 options were allocated with an average exercise price of € 5.11. In June 2017, a total of 280,000 options with an average exercise price of € 3.61 per share were thus outstanding. In line with the outstanding options of the 2007 Stock Option Plan, in June 2017, cancellation agreements were also concluded with the holders of the outstanding options of the 2012 Stock Option Plan in return for a compensation payment, with the result that there were also no more outstanding options for this Stock Option Plan on 31 August 2017.

Because of the expiry of the 2012 Stock Option Plan on 19 December 2017, the Annual General Meeting on 26 January 2017 created the conditions for a seamless subsequent further Stock Option Plan ("2017 Stock Option Plan") and decided on further conditional capital ("Conditional Capital 2017") in the amount of € 520,000.

The 2017 Stock Option Plan provides for the Management Board, with the approval of the Supervisory Board and, if members of the Management Board are beneficiaries of the allocation, the Supervisory Board to be able to grant options to subscribe to a total of 520,000 shares to the members of the Management Board of SinnerSchrader AG (70,000 options) and to the members of the management of companies affiliated to SinnerSchrader AG (300,000 options) and to selected employees with management duties of SinnerSchrader AG and companies affiliated to it (150,000 options) until 25 January 2022. The exercise price for options granted as part of the 2017 Plan may not be less than the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) on the twenty trading days prior to the date of allocation, but not less than the lowest issue price within the meaning of Article 9 para. 1 of the German Stock Corporation Act (AktG). The options can be exercised at the earliest four years after their allocation. The options may not be exercised until the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) exceeds the exercise price by not less than 30 % on the twenty trading days prior to the exercise date (reference price). In addition to the absolute earnings target, a relative earnings target requiring that the share price of SinnerSchrader AG must have developed better than the TecDAX has been specified. The options in the 2017 plan must have been exercised not later than seven years after their date of allocation. No share options from the 2017 Stock Option Plan were granted until 31 August 2017.

In total, the conditional capital for the 2007, 2012 and 2017 Stock Option Plans amounts to € 1,148,333. As at 31 August 2017, there were no outstanding options in any of the three plans.

3.4.2 Treasury Stock

SinnerSchrader AG held no more shares of treasury stock as at 31 August 2017. As at 31 August 2016, the number of shares of treasury stock had still amounted to 298,042, with a calculated face value of € 298,042. The treasury stock on 31 August 2016 had been purchased for an average purchase price of € 4.17 in the 2013/2014 and 2015/2016 financial years.

Of the 298,042 shares of treasury stock, 15,000 shares were issued within the context of employee options in February 2017 at an average exercise price of € 1.64. The remaining 283,042 shares of treasury stock were sold to Accenture Digital Holdings GmbH at a price of € 9.00 per share in connection with the Business Combination Agreement concluded with Accenture in April 2017.

The issuing or sale of shares of treasury stock resulted overall in a growth in treasury stock of € 2,571,978, which was made up of € 298,042 from balancing out the deduction for treasury stock in the subscribed capital, € 941,527 for the reinstatement of the revenue reserves removed on acquisition and € 1,332,409 for posting in the capital reserve.

3.4.3 Capital Reserve

In the 2016/2017 financial year, the capital reserve rose by € 1,332,409 due to the issuing of treasury stock within the context of exercising employee options and in the wake of the sale of treasury stock to Accenture. Furthermore, SinnerSchrader AG agreed with Accenture to balance out the after-tax effect of a € 500,000 share of the special payment granted to the employees of the SinnerSchrader Group for 2016/2017. This agreement was accounted for in the balance sheet as at 31 August 2017 as allocation to the capital reserve by € 338,625 in return for recognition of a corresponding receivable from Accenture. The balancing out is scheduled to take place after the special remuneration has been paid to the employees.

The capital reserve thus rose overall from € 2,939,522 on 31 August 2016 to a total of € 4,610,556 on 31 August 2017.

Table 3a Capital reserve in €

As at 31.08.2016	**2,939,522**
Re-issuance of treasury stock	1,332,409
Cost assumption by partners	338,625
As at 31.08.2017	**4,610,556**

3.4.4 Other Revenue Reserves

Table 3b Other revenue reserves in €

As at 31.08.2016	**16,758,632**
Re-issuance of treasury stock	941,527
Additions to other revenue reserves acc. to Art. 58 para. 2a AktG	2,529,113
As at 31.08.2017	**20,229,272**
thereof:	
from allocation to other revenue reserves acc. to Art. 58 para. 2a AktG	15,559,771
from remaining allocation to other revenue reserves acc. to Art. 58 para. 2 AktG	4,669,501
difference between nominal value and acquisition costs of treasury stock	–

The other revenue reserves rose in the 2016/2017 financial year by a total of € 3,470,640, from € 16,758,632 on 31 August 2016 to € 20,229,272 on 31 August 2017. € 941,527 of the rise was accounted for by the sale or issuing of shares of treasury stock, with the result that the withdrawals from other revenue reserves for the acquisition of the shares made in previous years was balanced out again.

The remaining amount of € 2,529,113 was posted in revenue reserves in accordance with Article 58 para. 2a AktG. This was the amount by which the valuation for the participation in SinnerSchrader Content GmbH as at 31 August 2017 attributed in comparison to the valuation as at 31 August 2016.

3.5 Accrued Expenses

3.5.1 Accrued Taxes

As at 31 August 2017 no tax reserves were to be formed (previous year: € 1,829,797). In the previous year, reserves for the 2015/2016 financial year in the amount of € 840,179, for the 2014/2015 financial year in the amount of € 1,224,509 and for the 2013/2014 financial year in the amount of € 11,231 were included; furthermore, tax receivables resulting from taxes declared for the 2012/2013 financial year in the amount of € 246,122 were offset.

3.5.2 Other Accrued Expenses

Other accrued expenses in the amount of € 1,573,941 (previous year: € 700,063) were mainly formed for outstanding invoices (€ 887,111), financial reporting and auditing costs (€ 96,820) and for personnel costs (€ 589,651 for holiday, fees and variable and overtime pay).

3.6 Liabilities

The liabilities as at 31 August 2017 in the amount of € 554,409 (previous year: € 334,784) all had a remaining term of less than a year. They mainly comprised trade accounts payable in the amount of € 62,236 (previous year: € 136,396), income tax and church tax levies and turnover tax liabilities that are not yet due and have been combined in other liabilities in the amount of € 99,233 (previous year: € 128,110) and liabilities to affiliated companies in the amount of € 390,302 (previous year: € 55,686).

Net liabilities to affiliated companies comprised a liability from transfer losses in the amount of € 555,792 which was offset against the other receivables in the amount of € 165,540. In the previous financial year, net liabilities to affiliated companies resulted from a credit item as part of the system of internal cost allocations, against which other receivables in the amount of € 8,033 were offset.

3.7 Deferred Tax Liabilities

As part of calculating deferred taxes, deferred tax liabilities resulted from taxable, quasi-permanent differences in the shares in affiliated companies. The resulting deferred tax liabilities in the amount of € 268,518 (previous year: € 276,204) were used to offset deferred tax assets from the incorporated companies in the amount of € 161,196 (previous year: € 218,729), which mainly resulted from valuation differences for reserves and acquired goodwill.

The statutory tax rate of 32.3 % was used for the calculation of deferred tax assets and liabilities as at 31 August 2017. It is made up of the commercial tax rate of 16.5 %, the corporation tax rate of 15 % and the solidarity surcharge of 5.5 % on the corporation tax rate.

4 Explanations of Statements of Operations Items

4.1 Changes to the Statement of Operations Resulting From BilRUG

The presentation and breakdown of the Statement of Operations were adapted to the changed HGB regulations due to BilRUG in the year of the report. As a result of the changed breakdown regulations of Article 275 HGB, the item “Result of ordinary business activities” has been dropped. The item “Result after taxes” was newly introduced in the year of the report.

Furthermore, expenditure previously listed under other operating expenses was assigned to material expenses in the year of the report. For reasons of comparability, the figures for the previous year have been adjusted accordingly by means of reclassifications in the amount of € 1,031,869.

4.2 Revenues

SinnerSchrader AG earned revenues in the amount of € 6,584,215 almost solely by providing services for subsidiary companies. Of this amount, revenue of € 135,158 was achieved with the Czech subsidiary SinnerSchrader Praha s.r.o.; the other revenues were all earned with German subsidiaries.

4.3 Other Operating Income

The other operating income in the amount of € 4,226,236 largely contained revenue from the reinstatement of value of depreciated financial assets (€ 2,529,113), the reinstatement of value of depreciated receivables (€ 1,146,978), the passing on of costs to subsidiaries and from granting non-cash benefits to employees, as well as out-of-period income in the amount of € 26,585 generated from the resolution of reserves.

4.4 Material Expenses

The material expenses in the amount of € 1,025,316 almost exclusively comprised expenditure for space rent, which was contrasted with corresponding rental income from renting the space to subsidiaries.

4.5 Income from Profit/Loss Transfer Agreement

In December 2014, SinnerSchrader AG concluded a profit and loss transfer agreement with its full subsidiary SinnerSchrader Deutschland GmbH, which was approved by the Annual General Meeting of 21 January 2015. Income of € 4,067,474 was earned from the profit and loss transfer agreement in the 2016/2017 financial year.

4.6 Loss Transfer Expenses

The control and profit and loss transfer agreement concluded between SinnerSchrader AG and next commerce GmbH on 7 November 2011, which was approved by the Company’s Annual General Meeting of 15 December 2011, remains valid after the changes of the company’s name to Commerce Plus GmbH and SinnerSchrader Commerce GmbH, respectively. Expenses of € 555,792 resulted from the profit and loss transfer agreement in the 2016/2017 financial year.

4.7 Other Operating Expenses

Other operating expenses in the amount of € 3,429,644 mainly consist of office space costs, communication costs, advertising costs, representation costs, legal and consulting costs, and other administrative costs.

4.8 Interest Income and Expenses

The interest income came from granting loans to the affiliated companies, interest earnings according to Article 233 a of the Tax Code (Abgabenordnung) and from interest earned on corporation tax credits. The interest expenses mainly arose within the central liquidity management that the Company operates for the domestic group.

4.9 Extraordinary Expenses

The personnel expenditure of the 2016/2017 Statement of Operations contains extraordinary expenses in the amount of € 470,200. Compensation payments in this amount were paid to SinnerSchrader AG employees for the cancellation of employee options and option entitlements agreed within the context of the Business Combination Agreement between SinnerSchrader AG and Accenture Digital Holdings GmbH.

The other operating expenses contain extraordinary expenditure in the amount of € 535,451. They concern consultancy costs incurred within the context of the merger.

5 Other Information

5.1 Contingencies and Other Financial Obligations

The other financial obligations concern fixed-term rental agreements for the office premises at the locations in Hamburg, Frankfurt am Main, and Munich, with minimum remaining terms of 2 to 64 months. Other financial obligations concern leasing contracts for company vehicles, company bicycles and printers with remaining terms of between 1 and 85 months. In the years ahead, rent contracts and leasing agreements will result in other financial obligations in the total amount shown in Table 4:

Table 4 Obligations from rent and lease contracts in €

01.09.2017 – 31.08.2018	1,664,647
01.09.2018 – 31.08.2019	1,767,400
01.09.2019 – 31.08.2020	1,488,458
01.09.2020 – 31.08.2021	1,387,265
01.09.2021 – 31.08.2022	289,671
After 31.08.2022	254,895
Total	**6,852,337**

5.2 Employees

On average over the 2016/2017 financial year, there were 52 (previous year: 47) employees in the Company.

5.3 Management Board

In the 2016/2017 financial year, the following people were appointed to the Management Board:

- Matthias Schrader, Chairman, appointed until 31 December 2020
  - Businessman, Hamburg
- Thomas Dyckhoff, Finance Director, appointed until 31 December 2021
  - Businessman, Hamburg

The Management Board members conducted their activities as their principal profession. The compensation of the Management Board members is made up as follows:

Table 5 Compensation of the Management Board members 2016/2017 in €

	NON PERFORMANCE-RELATED COMPENSATION		PERFORMANCE-RELATED COMPENSATION	COMPENSATION COMPONENTS WITH A LONG-TERM INCENTIVE EFFECT	
	FIXED SALARY	OTHER BENEFITS	SHORT-TERM OBJECTIVES	MEDIUM-TERM OBJECTIVES	SHARE-BASED COMPENSATION
Matthias Schrader	220,000	15,022	163,973	25,000	–
Thomas Dyckhoff	178,179	12,419	118,481	15,000	–
Total	**398,179**	**27,441**	**282,454**	**40,000**	**–**

In connection with the cancellation of the stock option agreements (see Section 7), Mr Dyckhoff also received compensation payments in the amount of € 392,400. Calculation of the compensation payment to Mr Dyckhoff corresponded to calculation of the compensation payments to the other option holders. € 93,150 of the compensation payments concerned the cancellation of an entitlement to allocation of employee options that had been promised to Mr Dyckhoff as part of the extension of his appointment to the Management Board in November 2016.

Including the above-mentioned compensation payments to Mr Dyckhoff, the total remuneration of the Management Board in the 2016/2017 financial year amounted to € 1,140,474 (previous year: € 637,821). Premiums for the D&O insurance for members of the Management Board were € 16,999, unchanged from the previous year. In the 2016/2017 financial year after the end of the period comprising three financial years, reserves in the amount of € 40,000 (previous year: € 38,500) were accumulated for variable remuneration on the basis of medium-term goals.

The members of the Management Board are subject to a post-contractual ban on competition that makes provision for compensation in the amount of 50 % of the most recently received non performance-related annual pay. With respect to the severance payments, it has been agreed with the members of the Management Board that they must comply with the recommendations of the Corporate Governance Code No. 4.2.3.

5.4 Supervisory Board

In the financial year, the Supervisory Board had the following members:

- Dieter Heyde, Chairman, until 15 June 2017
  - MBA, Bad Nauheim
  - Managing Partner of SALT Solutions GmbH, Würzburg
  - Member of the Advisory Board of CCP Software GmbH, Marburg

- Prof. Cyrus D. Khazaeli, Deputy Chairman, until 15 June 2017
  - Communications Designer, Berlin
  - Professor of Communication and Interaction Design at Berliner Technische Kunsthochschule [Berlin Technical Academy of Art], Berlin

- Philip W. Seitz, Deputy Chairman, since 10 July 2017
  - Lawyer, Hamburg
  - General Counsel & Director of Government Affairs of Tchibo GmbH, Hamburg

- Frank Riemensperger, since 23 June 2017, Chairman since 10 July 2017
  - Commercial computer scientist, Furtwangen
  - Chairman of the Management of Accenture Deutschland

- Daniel Schwartmann, since 23 June 2017
  - Graduate mathematician, Duisburg, Master in Finance, London
  - Managing Director of Corporate Development Europe, Africa and Latin America (Mergers & Acquisitions, Ventures, Investments), Accenture

After their appointment to the Supervisory Board, Mr Riemensperger and Mr Schwartmann declared their waiver of the statutory compensation to SinnerSchrader AG. Table 6 shows the compensation of the Supervisory Board members in the 2016/2017 financial year, taking account of the waiver:

Table 6 Compensation of the Supervisory Board members 2016/2017 in €

	FIXED SALARY
Dieter Heyde (until 15.06.2017)	15,833
Prof. Cyrus D. Khazaeli (until 15.06.2017)	9,896
Philip W. Seitz	12,500
Frank Riemensperger (since 23.06.2017)	—
Daniel Schwartmann (since 23.06.2017)	—
Total	**38,229**

In the 2016/2017 financial year, the share of the premium for D&O insurance accounted for by the Supervisory Board was unchanged over the previous year at € 834.

5.5 Participations

The participations held by SinnerSchrader Aktiengesellschaft as at 31 August 2017 are broken down as follows:

Table 7 Participations of SinnerSchrader AG

COMPANY	SHARE IN %	CURRENCY	NOMINAL CAPITAL	SHAREHOLDERS' CAPITAL	LAST ANNUAL RESULT	PROFIT/ LOSS TRANSFER AGREEMENT	REPORTING PERIOD
SinnerSchrader Deutschland GmbH, Hamburg, Germany	100.00	EUR	75,000	75,000	4,067,474[1]	yes	01.09.16 – 31.08.17
SinnerSchrader Commerce GmbH, Hamburg, Germany	100.00	EUR	25,000	1,490,651	−555,792[1]	yes	01.09.16 – 31.08.17
SinnerSchrader UK Ltd., London, UK[2]	100.00	GBP	100,000	−828,209	−28,326	no	01.09.15 – 31.08.16
SinnerSchrader Benelux BV, Rotterdam, The Netherlands[2]	100.00	EUR	18,000	−256,717	−10,265	no	01.01.15 – 31.12.15
SinnerSchrader Content GmbH, Hamburg, Germany[4]	100.00	EUR	765,400	529,105	742,491[1]	yes	01.09.16 – 31.08.17
SinnerSchrader Swipe GmbH, Berlin, Germany	100.00	EUR	25,000	−63,337	551,501	no	01.09.16 – 31.08.17
SinnerSchrader Praha s.r.o., Prague, Czech Republic	100.00	CZK	200,000	−11,366,418	10,865,846	no	01.09.16 – 31.08.17

1) Before profit-transfer
2) The company's activities have currently been temporarily discontinued; respective shares were written off in the year the activity was discontinued. Audited financial statements of the company are not available.

5.6 Consolidated Financial Statements

As at 31 August 2017 the Company was included in the Consolidated Financial Statements of SinnerSchrader AG, Hamburg, Germany (smallest scope), and also as at 31 August 2017 in the Consolidated Financial Statements of Accenture plc, Dublin, Ireland (largest scope).

The Consolidated Financial Statements of SinnerSchrader Aktiengesellschaft, Hamburg, Germany, are published in the Federal Gazette. Accenture plc is listed on the New York Stock Exchange, USA.

5.7 Major Events after the Balance Sheet Date

On 20 October 2017, the Management Board of SinnerSchrader AG and the management of Accenture Digital Holdings GmbH drew up the draft of a Control and Profit Transfer Agreement between SinnerSchrader AG as the controlled company and Accenture Digital Holdings GmbH as the controlling company.

The draft of the Control and Profit Transfer Agreement provides for a cash compensation according to Article 305 of the German Stock Corporation Act (AktG) in the amount of € 10.21 per SinnerSchrader share and a compensation payment for outside shareholders according to Article 304 of the AktG in the amount of € 0.27 gross (net, after corporation tax and solidarity surcharge: € 0.23) per full financial year. The payment obligations of Accenture Digital Holdings GmbH, comprising cash compensation or settlement payments, are secured by a letter of comfort from Accenture plc.

To take effect, the Agreement needs the approval of the General Meeting of SinnerSchrader AG according to Article 293 para. 1 AktG, the approval of the shareholders' meeting of Accenture Digital Holdings GmbH according to Article 293 para. 2 AktG and entry of conclusion of the Agreement in the Commercial Register at the headquarters of SinnerSchrader AG according to Article 294 para. 2 AktG. The shareholders' meeting of Accenture Digital Holdings GmbH will probably be held on 5 December 2017. The draft of the Control and Profit Transfer Agreement is to be presented for approval to an extraordinary Annual General Meeting of SinnerSchrader AG on 6 December 2017, invitations to which were issued on 25 October 2017 by means of publication in the Federal Gazette. The Parties intend to subsequently conclude the Agreement, probably on 7 December 2017. The Supervisory Board of SinnerSchrader AG approved conclusion of the Agreement in its meeting of 20 October 2017.

5.8 Declaration of Compliance under Article 161 of the German Stock Corporation Act

On 10 December 2016, the Management Board and the Supervisory Board submitted the Declaration of Compliance with the Corporate Governance Code required by Article 161 of the German Stock Corporation Act and made it permanently accessible to the shareholders on the Company's website.

5.9 Information according to Article 160 Para. 1 No. 8 of the German Stock Corporation Act

As at 31 August 2017 the participating interests in the Company, which have been notified according to Article 21 para. 1 of the German Securities Trading Act ("Wertpapierhandelsgesetz", "WpHG"), were as follows:

Table 8 Reports according to Article 21 para. 1 of the German Securities Trading Act

SHAREHOLDER	STOCK DECLARATION AS AT	MISSED (–) OR EXCEEDED (+) THRESHOLDS	NEW VOTING RIGHT SHARE	NUMBER OF VOTING RIGHTS	OF WHICH HELD AS TREASURY SHARES	OF WHICH TO BE ASSIGNED
		IN %	IN %	IN INDIVIDUAL SHARES	IN %	IN %
Hansainvest Hanseatische Investment GmbH, Germany	18.08.2017	5 (+)	5.1900	598,847	0.0000	5.1900
Sparta AG, Germany	11.08.2017	3 (–)	2.1700	250,000	2.1700	0.0000
Internationale Kapitalanlage-gesellschaft mbH, Düsseldorf, Germany	03.04.2017	5, 3 (–)	0.0000	0	0.0000	0.0000
Sebastian Dröber, Germany	03.04.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Holger Blank, Germany	03.04.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Accenture Digital Holdings GmbH, Germany	03.04.2017	50, 30, 25, 20, 15, 10, 5, 3 (+)	62.1300	7,171,473	59.6800	2.4500
Gerd Stahl, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Dirk Lehmann, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Matthias Fricke, USA	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Thomas Dyckhoff, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Matthias Schrader, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Oliver Sinner, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Dr Markus Conrad, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Detlef Wichmann, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Wolfgang Herz, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Agneta Peleback-Herz, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Michael Herz, Germany	31.03.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000
Bernward Beuleke, Germany	27.02.2017	30, 25, 20, 15, 10, 5, 3 (–)	0.0000	0	0.0000	0.0000

5.10 Fee for the Statutory Audit

The Annual General Meeting on 26 January 2017 elected Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, Germany, as the auditor for the 2016/2017 financial year. With respect to the fees, we refer to the Consolidated Financial Statements of SinnerSchrader AG for the 2016/2017 financial year in accordance with Article 285 sentence 1 indent 17 of the German Commercial Code.

5.11 Additional Information

5.11.1 Directors' Holdings of Shares and Subscription Rights to Shares (Directors' Dealings)

The following table shows the number of shares in SinnerSchrader AG and the number of subscription rights to shares held by directors of SinnerSchrader AG as at 31 August 2017 and any changes in the 2016/2017 financial year:

Table 9 Shares and options of the Board members in number

SHARES	31.08.2016	ADDITIONS	DISPOSALS	31.08.2017
Management Board:				
Matthias Schrader	2,588,399	–	2,588,399	–
Thomas Dyckhoff	109,950	–	109,950	–
Total shares of the Management Board	**2,698,349**	**–**	**2,698,349**	**–**
Supervisory Board:				
Dieter Heyde (until 15.06.2017)	–	–	–	–
Prof. Cyrus D. Khazaeli (until 15.06.2017)	–	–	–	–
Philip W. Seitz	–	–	–	–
Frank Riemensperger (since 23.06.2017)	–	–		
Daniel Schwartmann (since 23.06.2017)	–	–		
Total shares of the Supervisory Board	**–**	**–**	**–**	**–**
Total shares of the Board members	**2,698,349**	**–**	**2,698,349**	**–**

OPTIONS	31.08.2016	ADDITIONS	DISPOSALS	31.08.2017
Management Board:				
Matthias Schrader	–	–	–	–
Thomas Dyckhoff	45,000	–	45,000	–
Total shares of the Management Board	**45,000**	**–**	**45,000**	**–**
Supervisory Board:				
Dieter Heyde (until 15.06.2017)	–	–	–	–
Prof. Cyrus D. Khazaeli (until 15.06.2017)	–	–	–	–
Philip W. Seitz	–	–	–	–
Frank Riemensperger (since 23.06.2017)	–	–		
Daniel Schwartmann (since 23.06.2017)	–	–		
Total shares of the Supervisory Board	**–**	**–**	**–**	**–**
Total shares of the Board members	**45,000**	**–**	**45,000**	**–**

Hamburg, 15 November 2017

The Management Board

Matthias Schrader Thomas Dyckhoff

Audit Opinions

We have audited the Annual Financial Statements of SinnerSchrader Aktiengesellschaft, Hamburg, Germany, – comprising the balance sheet as at 31 August 2017 and the Statement of Operations for the financial year from 1 September 2016 to 31 August 2017 and the notes, including a representation of the accounting and valuation methods. We have also audited the Status Report merged with the Consolidated Status Report of SinnerSchrader Aktiengesellschaft, Hamburg, Germany, for the financial year from 1 September 2016 to 31 August 2017. In line with German statutory provisions, we have not verified the content of the Declaration of Conformity according to Article 289a para. 2 of the German Commercial Code published on the company website.

In our assessment, based on the findings made during the audit,

- the enclosed Annual Financial Statements comply in all respects with the German commercial law regulations relating to corporations and in compliance with the German principles of standard accounting, give a true and fair view of the company's asset and financial situation as at 31 August 2017 and its income position for the financial year from 1 September 2016 to 31 August 2017, and
- the enclosed Status Report merged with the Consolidated Status Report conveys an accurate view of the company's situation for the 2016/2017 financial year. In all key concerns, this Status Report merged with the Consolidated Status Report is in agreement with the Annual Financial statements, complies with the German statutory regulations and accurately represents the opportunities and risks of future development. Our audit opinion on the Status Report merged with the Consolidated Status Report does not cover the content of the above-mentioned Declaration of Conformity.

According to Article 322 para. 3 sentence 1 of the German Commercial Code we declare that our audit has not resulted in any objections to the correctness of the Annual Financial Statements and the Status Report merged with the Consolidated Status Report.

Basis for the Audit Opinions

We carried out our audit of the Annual Financial Statements and the Status Report merged with the Consolidated Status Report in agreement with Article 317 of the German Commercial Code and EU Audit Regulation (No. 537/2014), taking account of the German principles of proper auditing laid down by the Institute of Auditors [Institut der Wirtschaftsprüfer (IDW)]. Our responsibility under these regulations and principles is largely described in the section "Auditor's Responsibility for Auditing the Annual Financial Statements and the Status Report merged with the Consolidated Status Report" of our audit certificate. We are independent of the company in agreement with European and German commercial and professional law provisions and we have fulfilled our other German professional obligations in agreement with these requirements. Furthermore, we declare, in accordance with Article 10 para. 2 letter f) of EU Audit Regulation 537/2014 that we have not provided any prohibited non-auditing services pursuant to Article 5 para. 1 of EU Audit Regulation 537/2014 and that we maintained our independence from the company while carrying out the audit. We believe that the audit evidence we have obtained is sufficient and suitable to serve as the basis for our audit opinions on the Annual Financial Statements and the Status Report merged with the Consolidated Status Report.

Particularly Important Audit Circumstances in Auditing the Annual Financial Statements

Particularly important audit circumstances are circumstances that, in our professional judgement, were the most important in our audit of the Annual Financial Statements for the financial year from 1 September 2016 to 31 August 2017. These circumstances are considered in connection with our audit of the Annual Financial Statements as a whole and when forming our audit opinion on it; we do not issue a separate audit opinion on these circumstances.

Below are what we consider to be the particularly important audit circumstances:

1) Valuation of the shares in affiliated companies
2) Impacts of the merger with Accenture, completed during the year, on the Annual Financial Statements of SinnerSchrader AG

Re 1) Valuation of the Shares in Affiliated Companies

a) The Risk for the Annual Financial Statements

As at 31 August 2017 SinnerSchrader AG posted financial assets in the amount of € 31,615,000. At € 31,119,000, the majority of the financial assets are accounted for by shares in affiliated companies, which are posted at amortised acquisition costs. In the 2016/2017 financial year, a revaluation in the amount of € 2,529,000 recorded in previous years, was reversed in recognition of profit or loss.

The company's information on the evaluation of participating interests is in Sections "2 Accounting and Evaluation Principles", "3.1 Fixed Assets" and "3.4.3 Other Revenue Reserves" in the Notes and in Section "6. Business Development and Situation of the AG" of the Status Report merged with the Consolidated Status Report.

SinnerSchrader uses a discounted cash flow model to evaluate the financial assets. The premises used in the valuation model are derived from publicly accessible sources as far as possible and necessary (e.g. capital market data, interest rates). The expected development of the subsidiaries is shown by means of integrated balance sheet planning, whereby the sales revenues and the purchased services are planned using a bottom-up method. The cost budgets are transferred to the valuation model after manual plausibility checks by Controlling and the company's Management Board. The valuation model enables sensitivity calculations and also has automatic controls to ensure data consistency.

The risk for the Annual Financial Statements comes from inappropriate evaluation, especially from overvaluing the shares in affiliated companies. Due to the necessary individual assessment of the goodwill and the higher book values of individual financial assets, the risk of major errors is especially important in our view within the context of our audit.

b) Auditing Method and Conclusions

Starting from a record of the system, we assessed the appropriateness of the financial reporting process for evaluating participations and the controls implemented in this context. Building on this, we used random samples to check what we feel are the key controls with respect to their effectiveness within the context of our audit. We also checked whether the planning process ensures a sufficiently precise estimate of future cash flows.

To assess planning accuracy, we compared the income of the affiliated companies actually earned in the past with the planned result and analysed the reasons for any deviations from the plans.

Furthermore, we evaluated the appropriateness of key assessment parameters (e.g. interest rates) as part of individual case examinations.

We had no major objections during our audit of the effectiveness of the controls. We discovered no major errors during our audit of the valuation of shares in affiliated companies.

Re 2) Impacts of the Merger with Accenture, Completed during the Year, on the Annual Financial Statements of SinnerSchrader AG

a) The Risk for the Annual Financial Statements

On 20 February 2017, SinnerSchrader concluded a Business Combination Agreement (hereinafter referred to as "BCA") with Accenture Digital Holdings GmbH, Kronberg, Germany, (hereinafter referred to as "Accenture"). The content and objective of the agreement concern the taking over and integration of SinnerSchrader AG and its subsidiaries in the Accenture Group.

On concluding the agreement, SinnerSchrader took several measures with a major impact on the asset, financial and income position. These include cancelling existing stock option programmes, selling treasury stock to Accenture, making one-off staff retention payments and commissioning several consultancy companies dealing with integration. At the same time, Accenture undertook to partially reimburse the integration costs.

The measures taken by SinnerSchrader and the obligation for partial cost reimbursement made by Accenture are explained in Section “3.4.2 Capital Reserve” in the Notes and in Section “6 Business Development and Situation of the AG” of the Status Report merged with the Consolidated Status Report.

From our point of view, the complete and correct representation of the BCA concluded and the associated measures are particularly important for the Annual Financial Statements because the complexity and the total amount of the measures have a major impact on the asset, financial and income situation of the company.

b) Auditing Method and Conclusions

During our audit, we assessed the BCA and the associated measures in an individual assessment with regard to tax, company law and the impact on financial reporting. Not least, we assessed the representation of Accenture’s undertaking to partially reimburse the integration costs. Furthermore, we assessed the agreement of the accounting and assessment methods used by SinnerSchrader AG to cancel the stock option programmes with the German Commercial Code and the principles of standard accounting.

During the audit we carried out, while assessing the BCA and the measures taken in this context we made no major findings with respect to the correct portrayal of these circumstances in the Annual Financial Statements.

Responsibility of the Legal Representatives and the Supervisory Board for the Annual Financial Statements and the Status Report Merged with the Consolidated Status Report

The legal representatives are responsible for drawing up the Annual Financial Statements, which comply with the German commercial law regulations relating to corporations in all respects, and that the Annual Financial Statements convey an true and fair view of the asset, financial and income situation of the company, while respecting the German principles of standard accounting. Furthermore, the legal representatives are responsible for the internal controls that they have deemed necessary in agreement with the German principles of standard accounting to enable the drawing up of Annual Financial Statements that are free of – intentional or unintentional – misrepresentations.

When drawing up the Annual Financial Statements, the legal representatives are responsible for assessing the company’s ability to continue as a going concern. Furthermore, they have the responsibility to state circumstances associated with the going concern, where relevant. They are also responsible for posting to the balance sheet on the basis of the accounting principles of a going concern, unless actual or legal circumstances prevent this.

Moreover, the legal representatives are responsible for drawing up the Status Report merged with the Consolidated Status Report, which overall conveys an accurate view of the company and is consistent in all major aspects with the Annual Financial Statements, complies with German statutory provisions and accurately portrays the opportunities and risks of future development. The legal representatives are also responsible for the precautions and measures (systems) that they considered necessary to enable the drawing up of a Status Report merged with the Consolidated Status Report in agreement with the applicable German statutory provisions and to be able to provide sufficient appropriate proof for the statements in the Status Report merged with the Consolidated Status Report.

The Supervisory Board is responsible for monitoring the company’s accounting process to draw up the Annual Financial Statements and the Status Report merged with the Consolidated Status Report.

Responsibility of the Auditor for the Audit of the Annual Financial Statements and the Status Report Merged with the Consolidated Status Report

Our aim is to gain sufficient certainty as to whether the Annual Financial Statements as a whole are free of major – intentional or unintentional – misrepresentations and whether the Status Report merged with the Consolidated Status Report overall provides a true and fair view of the company’s situation and is consistent with the Annual Financial Statements in all major aspects and with the findings gained during the audit, complies with German statutory regulations and accurately portrays the opportunities and risks of future development, and to award an audit certificate containing our audit opinion on the Annual Financial Statements and the Status Report merged with the Consolidated Status Report.

Adequate certainty is a high degree of certainty, but no guarantee, that an audit conducted in compliance with Article 317 of the German Commercial Code and EU Audit Regulation 537/2014, taking account of the German principles of standard accounting laid down by the IDW, always reveals a major misrepresentation. Misrepresentations can result from violations or inaccuracies and are considered to be major if it can reasonably be expected that they individually or overall influence the economic decisions of addressees taken on the basis of these Annual Financial Statements and the Status Report merged with the Consolidated Status Report.

During the audit we exercise prudent judgement and maintain a critical attitude. Furthermore

- we identify and assess the risks of major – intentional or unintentional – misrepresentations in the Annual Financial Statements and the Status Report merged with the Consolidated Status Report, plan and conduct audit procedures as a reaction to these risks and acquire audit evidence that is sufficient and suitable to act as a basis for our audit opinion. The risk that major misrepresentations are not detected is higher in the case of violations than inaccuracies because violations can entail fraudulent collaboration, falsifications, intentional incompleteness, misleading representations or the termination of internal controls.
- we gain an understanding of the relevant internal control systems for auditing the Annual Financial Statements and the relevant precautions and measures for auditing the Status Report merged with the Consolidated Status Report to plan audit procedures that are appropriate under these circumstances, but not with the aim of issuing an audit opinion on the effectiveness of these systems in the company.
- we assess the appropriateness of the accounting methods used by the legal representatives and the justifiability of the estimated values and associated information presented by the legal representatives.
- we draw conclusions on the appropriateness of the accounting principles of a going concern used by the legal representatives and, on the basis of the audit evidence acquired, whether there is considerable uncertainty associated with events or circumstances that could pose major doubts on the company's ability to continue as a going concern. If we come to the conclusion that there is considerable uncertainty, in the Audit Certificate we are required to draw attention to the relevant information in the Annual Financial Statements and in the Status Report merged with the Consolidated Status Report or, if this information is inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence acquired up to the date of our certificate. However, future events or circumstances can result in the company no longer being able to continue as a going concern.
- we assess the overall representation, the structure and the content of the Annual Financial Statements, including the Notes and whether the Annual Financial Statements portray the business transactions and events in such a manner that the Annual Financial Statements convey a true and fair view of the company's asset, financial and income situation in accordance with the German principles of standard accounting.
- we assess agreement between the Status Report merged with the Consolidated Status Report and the Annual Financial Statements, its compliance with the law and the image of the company's situation that it conveys.
- we conduct audit procedures on the future-oriented statements made by the legal representatives in the Status Report merged with the Consolidated Status Report. On the basis of sufficient suitable audit evidence, we reproduce the important assumptions that the legal representatives used as a basis for the future-oriented statements and assess the appropriate derivation of the future-oriented statements from these assumptions. We do not issue a separate audit opinion on the future-oriented statements nor on the assumptions on which they are based. There is a considerable unavoidable risk that future events will deviate widely from the future-oriented statements.

Together with those responsible for monitoring, we discuss, among other things, the planned scope and scheduling of the audit and important audit findings, including any deficiencies in the integral control system that we come across during our audit.

We issue a declaration to those responsible for monitoring to the effect that we have complied with the relevant independence requirements, and discuss all relationships and other circumstances with them that can reasonably be assumed to have an impact on our independence and the protective measures taken for this.

Of those circumstances that we discussed with those responsible for monitoring, we identify those circumstances that were most important for the current reporting period in the audit of the Annual Financial Statements and were therefore the most important audit circumstances. We describe these circumstances in the Audit Certificate unless laws or other legal provisions exclude public statement of the circumstance.

Other Statutory and Legal Requirements

Other Information according to Article 10 EU Audit Regulation 537/2014

We were elected as auditors by the Annual General Meeting of 26 January 2017. We were commissioned by the Supervisory Board on 1 August 2017. We have worked as the SinnerSchrader auditors without interruption since the 2014/2015 financial year.

We declare that the audit opinions contained in this certificate agree with the additional report to the audit committee according to Article 11 EU Audit Regulation 537/201 (audit report).

Responsible Auditor

The auditor responsible for the audit is Mr Florian Riedl.

Hamburg, 20 November 2017

Ebner Stolz GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Thomas Götze	Florian Riedl
Auditor	Auditor

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements of SinnerSchrader Aktiengesellschaft give a true and fair view of the assets, liabilities, financial position and profit or loss of the AG, and the joint consolidated status report and group status report includes a fair view of the development and performance of the business and the position of the AG, together with a description of the principal opportunities and risks associated with the expected development of the AG.

Hamburg, 15 November 2017

The Management Board

Matthias Schrader Thomas Dyckhoff

04

Key Figures
SinnerSchrader Group

Q1–Q4 2016/2017 according to IFRS

		Q4	Q3	Q2	Q1
Gross revenues	€ 000s	14,633	15,150	13,630	13,269
EBITDA	€ 000s	1,613	1,564	1,183	1,491
EBITA	€ 000s	1,380	1,362	972	1,273
Relation of the EBITA to net revenues (operating margin)	€ 000s	9.4	9.0	7.1	9.6
EBIT	€ 000s	1,380	1,362	972	1,273
Net income	€ 000s	1,012	881	666	897
Net income per share, fully diluted	€	0.09	0.08	0.06	0.08
Cash flows from operating activities	€ 000s	1,844	–1,977	1,816	101
Employees, full-time equivalents	number	488	482	471	459

Five Years

		01.09.2016 31.08.2017	01.09.2015 31.08.2016	01.09.2014 31.08.2015	01.09.2013 31.08.2014	01.09.2012 31.08.2013
Gross revenues	€ 000s	56,682	51,353	51,975	51,355	41,263
Net revenues	€ 000s	56,682	51,131	47,690	48,601	36,401
EBITDA	€ 000s	5,851	5,452	3,826	3,858	1,430
EBITA	€ 000s	4,987	4,735	2,083	3,064	681
Relation of the EBITA to net revenues (operating margin)	%	8.8	9.3	4.4	6.3	1.9
EBIT	€ 000s	4,987	4,735	2,083	2,982	413
Net income	€ 000s	3,456	3,373	1,518	1,843	1
Net income per share, fully diluted	€	0.30	0.29	0.13	0.16	0.00
Cash flows from operating activities	€ 000s	1,784	3,500	1,679	1,517	2,439
Employees, full-time equivalents	number	475	446	478	444	406

		31.08.2017	31.08.2016	31.08.2015	31.08.2014	31.08.2013
Liquid funds and securities	€ 000s	4,944	6,099	5,559	5,833	5,949
Shareholders' equity	€ 000s	18,791	15,870	14,959	14,075	12,047
Balance sheet total	€ 000s	29,714	26,443	27,730	28,551	22,997
Shareholders' equity rate	%	63.2	60.0	53.9	49.3	52.4
Employees, end of period	number	529	505	506	521	451

Events & Contact Information

Financial Calendar 2017/2018

Extraordinary General Meeting	6 December 2017
1st Quarterly Report 2017/2018 (September 2017–November 2017)	16 January 2018
Annual General Meeting 2016/2017	31 January 2018
2nd Quarterly Report 2017/2018 (December 2017–February 2018)	12 April 2018
3rd Quarterly Report 2017/2018 (March 2018–May 2018)	12 July 2018
Announcement of preliminary figures for the 2017/2018 financial year	September 2018
Annual Report 2017/2018	November 2018
Annual General Meeting 2017/2018	January 2019

Our previous reports are available online and for download on our website www.sinnerschrader.ag.

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