DIEBOLD NIXDORF

Diebold Nixdorf AG

Annual Report Short Fiscal Year 2017
October 1, 2017 to December 31, 2017

GROUP MANAGEMENT REPORT OF DIEBOLD NIXDORF AKTIENGESELLSCHAFT FOR SHORT 2017 FISCAL YEAR

1 Fundamental information about the Group.

1.1 Structure and business operations.

Overview.

Global IT specialist with a consumer-facing business. Diebold Nixdorf AG (hereinafter referred to as the “Company" or the “Group") is one of the world's leading providers of IT solutions and services to retail banks and the retail industry. We also serve customers with similar structures, such as postal companies and service station operators. Our comprehensive portfolio is designed to support our customers' business operations – especially at branch and store level – in both sectors. Our core business involves optimizing and redesigning processes with the help of information technology (“IT”).

The Group's global workforce numbers around 8,400. Over half are employed outside Germany. Around 60% of the Group's net sales are generated by its retail banking products and services and roughly 40% from its retail industry business. Software and Services account for over half of the Group's business, while the rest is attributable to Hardware sales.

The business-related details presented and described in this management report are based on the following structure:

Group Reporting Structure.

GROUP

BANKING SEGMENT

RETAIL SEGMENT

Additional information is provided in respect of:

BUSINESS STREAMS
> Software/Services
> Hardware

REGIONS
> Germany
> Europe (without Germany)
> Asia/Pacific/Africa
> Americas

Legal structure of the Company.

Diebold Nixdorf AG (formerly "Wincor Nixdorf AG") is a stock corporation (Aktiengesellschaft) under German law. The Company's registered office is at Heinz-Nixdorf-Ring 1, in 33106 Paderborn. The section entitled "Fundamental information about the Group" in the Group management report of Diebold Nixdorf AG for fiscal 2015/2016 includes detailed information on the takeover of Diebold Nixdorf AG by Diebold Nixdorf, Incorporated, USA (formerly "Diebold, Incorporated"; hereinafter referred to as "Diebold Nixdorf, Inc."). With the approval of the Annual General Meeting, a domination (*Beherrschung*, officially referred to under IAS/IFRS as “control”) and profit transfer agreement ("DPLTA") was concluded in September 2016 between the wholly-owned subsidiary of Diebold Nixdorf, Inc., namely Diebold Nixdorf Holding Germany Inc. & Co. KGaA (formerly "Diebold Holding Germany Inc. & Co. KGaA", hereinafter referred to as "Diebold Nixdorf KGaA"), and Diebold Nixdorf AG. At the same time, an agreement was reached to change the company name from Wincor Nixdorf Aktiengesellschaft to Diebold Nixdorf Aktiengesellschaft. Both the domination and profit transfer agreement and the change of the company name became effective upon entry in the Commercial Register at the District Court of Paderborn in February 2017 respectively November 2016.

Based on a resolution passed by the General Meeting of Shareholders on January 23, 2017, the Group has changed its fiscal year. In future, the annual reporting period will correspond to the calendar year. Therefore, a short fiscal year covering three months has been introduced for the period from October 1 to December 31 (referred to hereinafter as "short fiscal year" or "short 2017 fiscal year").

In total, 88 entities were included in the consolidated financial statements of Diebold Nixdorf AG as part of full consolidation, while three entities were included by applying the equity method. Further details of the scope of consolidation are presented in the notes to the consolidated financial statements **[30]**.

We have an international network of hardware production facilities that includes a number of external partners. The Group has production sites in Germany and, as part of a joint venture, in China.

Our research and development activities are also spread around the world – in Germany, Switzerland, Poland, Singapore, and the Czech Republic. Additionally, we collaborate with a growing network of external partners and research institutes.

Business model.

Development of business processes with intelligent IT solutions. Diebold Nixdorf AG effectively supports the efforts of banks and retailers to gear their operations to the requirements of the digital age. Accordingly, one of our core tasks is to link digital and stationary sales channels together in a way that promotes new business.

There are two factors that our clients now have to take into account if they wish to remain competitive. Firstly, they have to adapt to the changing behavior patterns and changing expectations of consumers who are increasingly turning to electronic and mobile communication channels. The challenge here is to enhance the customer experience across the whole range of sales channels. Secondly, the general business environment – characterized by growing competition, low interest rates, and tighter regulation – means they have to continue streamlining their cost structures. One way in which they can achieve this is through further process automation and optimization.

At the same time, both retail banks and retailers have to meet the challenges thrown up by their ongoing international expansion. This process demands technological solutions that can be easily adapted and extended to new markets.

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Our Company supplies the information technology – Software, Hardware, and Services – that our customers need in order to overcome these challenges and seize new market opportunities as they arise. In line with the rapid advance of digitalization, we are keen to push software and software-related services to the forefront as the main engine of growth within the Group. At the same time, however, we plan to harness future business opportunities with our innovative hardware and to adapt our resources in this area so that we can operate more cost-effectively and even more competitively. Our success therefore depends on our ability to develop leading technologies and solutions, in addition to providing innovative “as-a-service” operating models. The aim here is to simplify the interfaces between our clients' processes and their customers and help our clients to work more efficiently and productively. In order to support this ongoing transformation of our clients' operations and establish ourselves as a long-term innovation partner, we make it our business to develop a thorough understanding of their processes. In this context, one of our key strengths is the fact that our customers can find all the products, services, and know-how they require from a single provider. From their perspective, that reduces the complexity of the transformation process. Furthermore, we can apply our strengths in a fully integrated form. At the same time, we are systematically extending our range of expertise and developing new and highly competitive services from directly within the market. Another factor in our favor is that we are in a strong position to retain the loyalty of our customers in the long term by providing support across the full spectrum. Within the framework of our business model, we act at all times in accordance with the principles of sustainability. Our principles are outlined in a dedicated section of this report under the heading "Sustainability."

Product and service portfolio.

Full-spectrum portfolio encompassing Software, Services, and Hardware. Our Company supplies IT solutions that can be implemented by retail banks and retail industry customers to create efficient and highly automated processes across all their sales channels. Our portfolio encompasses Software, Services, and Hardware. We cover the full spectrum of products and services – from process consulting and design through to delivery and integration of the right solution and ongoing operational support.

Two of the areas in which we specialize are:

- omni-channel software to link digital and stationary sales channels;
- the integration of mobile technologies, such as tablets, that can be deployed by our banking customers at branch level, for instance, to offer more detailed advice, and checkout applications on mobile devices for our retail customers.

Our highly available IT solutions facilitate customer-friendly and secure processing of standard transactions in the retail banking sector while creating a service-led purchasing environment for retailers.

In addition, alongside one of its core competencies – cash processing –, Diebold Nixdorf continues to develop its portfolio of cashless transaction solutions.

1.2 Goals and strategy of the Diebold Nixdorf, Inc. Group.

Predefined corporate goals and strategy.

Due to DPLTA concluded with Diebold Nixdorf KGaA, Diebold Nixdorf AG is ultimately subject to the control of Diebold Nixdorf, Inc. as the primary controlling entity. With this in mind, the objectives and strategy drawn up by the parent company for the Diebold Nixdorf, Inc., Group as a whole are applicable accordingly. Therefore, the goals and strategy defined for Diebold Nixdorf AG are based on details specified by Diebold Nixdorf, Inc.

Additionally, an extensive, multi-year integration and transformation program by the name of DN2020 has been initiated in support of the targets specified for the Diebold Nixdorf, Inc., Group. This program is aligned with the strategic mission statement defined for our integrated Group as regards the year 2020 and focuses on how we can embrace progressive change within our markets for the purpose of generating growth and operating in a manner that is as efficient and profitable as possible.

DN2020 encompasses all divisions and functions within the Group as a whole and therefore also applies to Diebold Nixdorf AG. The global program is built on six pillars:

Connected Commerce Strategy: We are committed to supporting our customers in their efforts to digitize their business operations. For this purpose, it is essential that we identify which fields of technology and which innovations hold potential for the future, in addition to determining how we can evolve our product and service offering.

Operational Excellence: Our own business processes must be centered around end-to-end customer satisfaction and operational efficiency. Only by embracing this principle of excellence can we continue to perform more successfully than others. To achieve this, we will focus on continuous improvement and the implementation of best practices.

Sales Excellence: Providing our customers with best-in-class service and support is an essential prerequisite for market success. With this in mind, we are strengthening our sales organization so that we can unlock further business opportunities, the emphasis being on advanced know-how together with superior infrastructures and processes.

Culture/Talent: We are looking to build a culture of innovation that demands top-level performance and fosters talent. At the same time, we consider it important that our business is fully aligned with statutory requirements and fundamental principles of ethics.

Financial Excellence: In order to pursue our goals and operate efficiently as a company, it is essential that we have access to up-to-the-minute corporate data. Therefore, we are committed to continuously improving our structures and processes for reporting and analysis as well as in the area of capital management.

Integration: We want to harness the opportunities of our business combination to the largest extent possible. For this purpose, we will be looking to leverage our strengths, harmonize internal processes, and drive forward business performance.

1.3 Corporate management and performance indicators.

Strategic planning as the basis for operational management. The management and control processes of the Diebold Nixdorf AG Group are based on annual plans, which to a large extent take account of the overall strategic planning of the Diebold Nixdorf, Inc. Group. These include an assessment of our sales units and regions and their corresponding markets and customers with a view to identifying changes and developments and building them into our corporate targets at an early stage. Additionally, strategic planning also covers the Group's main functions (Production and Procurement, Research and Development, Services) to ensure that they are aligned with changes in customer and market requirements. It provides the basis for medium-term objectives for the Banking and Retail segments. Additionally, the objectives for the Group's various units and functions are derived from this strategic plan.

Strategic considerations feed into a multi-year plan that also includes our budget target for the following year. This target is applied to operational planning for the various organizational units, at which point it is linked to more detailed objectives and measures at an operational level.

Opportunity and risk management also plays a key role in operational planning and in decision-making at an operating level. All the Group's operating units are integrated into this process. Every month, based on the latest results and developments, we draw up a rolling plan (forecast) with updated financial control indicators for the current fiscal year. By monitoring this rolling plan, we are able to identify any deviations from agreed targets at an early stage and, if required, initiate measures to ensure those targets are still met.

An integrated IT system is used for planning, control, and reporting processes.

It is monitored regularly and adapted as required to meet new demands. This ensures that the system remains up to date and effective.

Financing strategy provides room for maneuver. One of the prime objectives of the financing strategy adopted by Diebold Nixdorf AG is to maintain adequate levels of liquidity in order to ensure that the Company has sufficient financial scope to maneuver in respect of its ongoing business activities. At the same time, the aim is to make sure that the financial requirements associated with sustained growth by the Company are taken into account.

For the purpose of providing sufficient financial scope in pursuit of this goal, an agreement was entered into with Diebold Self-Service Solutions S.A.R.L. at the beginning of August 2016 covering a revolving credit line of €300 million over a term of five years.

Managing success with the help of selected financial indicators. Our main focus is on indicators of financial performance. They are compiled at Group level as central financial indicators. At the next reporting level below that, we measure our performance in respect of the Banking and Retail segments, the different regions, our sales entities, and investees, as well as our Hardware and Software/Services business streams.

Focus on main control parameters. The main financial performance indicators used to control the Diebold Nixdorf AG Group and as the basis for senior management decisions are **net sales** as well as **operating profit (EBITA)** before non-recurring items (transaction and restructuring expenses) and operating profit (EBITA) including transaction and restructuring expenses.

Operating profit (EBITA) is a key measurement and control indicator for the entire Diebold Nixdorf AG Group and for the underlying profitability of its Banking and Retail segments. EBITA stands for Earnings before Interest, Taxes, and Amortization (of Goodwill).

The **EBITA margin** is another financial indicator used to measure the performance of the Group's operating and strategic segments (Banking and Retail) and of its sales regions and sales units, the aim being to steer them towards profitable and sustainable growth. It is calculated as EBITA in relation to net sales.

Wider performance measured by additional indicators. In the course of our day-to-day operational business, we link various activities as closely as possible to the most important control parameters. Diebold Nixdorf AG also makes use of other financial and non-financial indicators to measure the economic success of its business activities.

At Group level, other financial indicators include **net cash from operating activities**, **working capital**, **gross profit margin**, **research and development costs,** and **selling, general, and administration expenses**. **Profit for the period** as well as related factors such as the **financial result** (i.e. net finance income/cost) and **taxes on income** (Group tax rate) are also carefully examined.

It should be noted that performance indicators such as EBITA, EBITA before restructuring and transaction expenses, EBITA after transaction expenses but before restructuring expenses, EBITA margin, EBITDA, EBITDA before restructuring and transaction expenses, working capital, and other key financials are not specifically defined by International Financial Reporting Standards (“IFRS”). Therefore, they constitute non-IFRS indicators. These are widely acknowledged definitions and key performance indicators (“KPIs”) used by numerous companies in the context of financial management.

The above financial indicators are supplemented by **non-financial indicators** within the Group's individual functional areas. These include the Group headcount in human resources, while in research and development (“R&D”) the number of patent applications and the number of active patents reflect the innovative strength of our research and development network. We also record data on quality, **supplier reliability**, and stock turn. These indicators help us to improve quality and achieve productivity gains, as well as generating economies of scale and reducing our costs.

As part of our sustainability management system, we look at **other non-financial indicators** in the fields of water and energy, business travel, transport, waste management, and human resources in order to monitor the Group's progress. Full details of these non-financial indicators can be found in our Sustainability Report.

1.4 Non-financial statement.

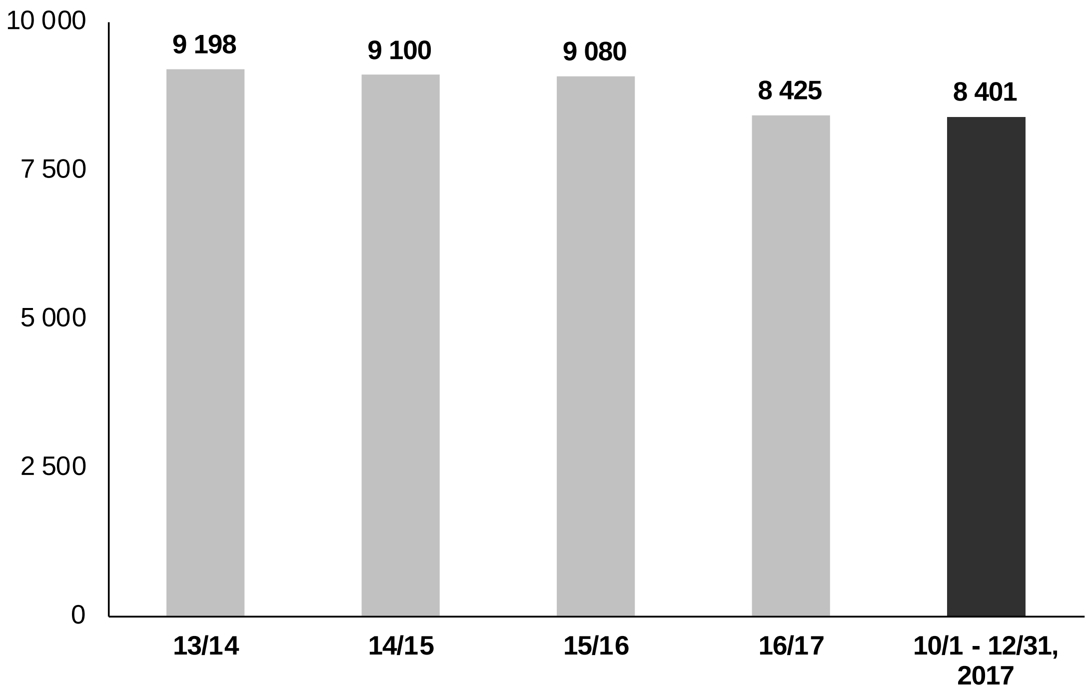
The non-financial statement will be published on our website www.dieboldnixdorfag.com (Investor Relations section) by the statutory deadline.

1.5 Employees.

Employee structure.

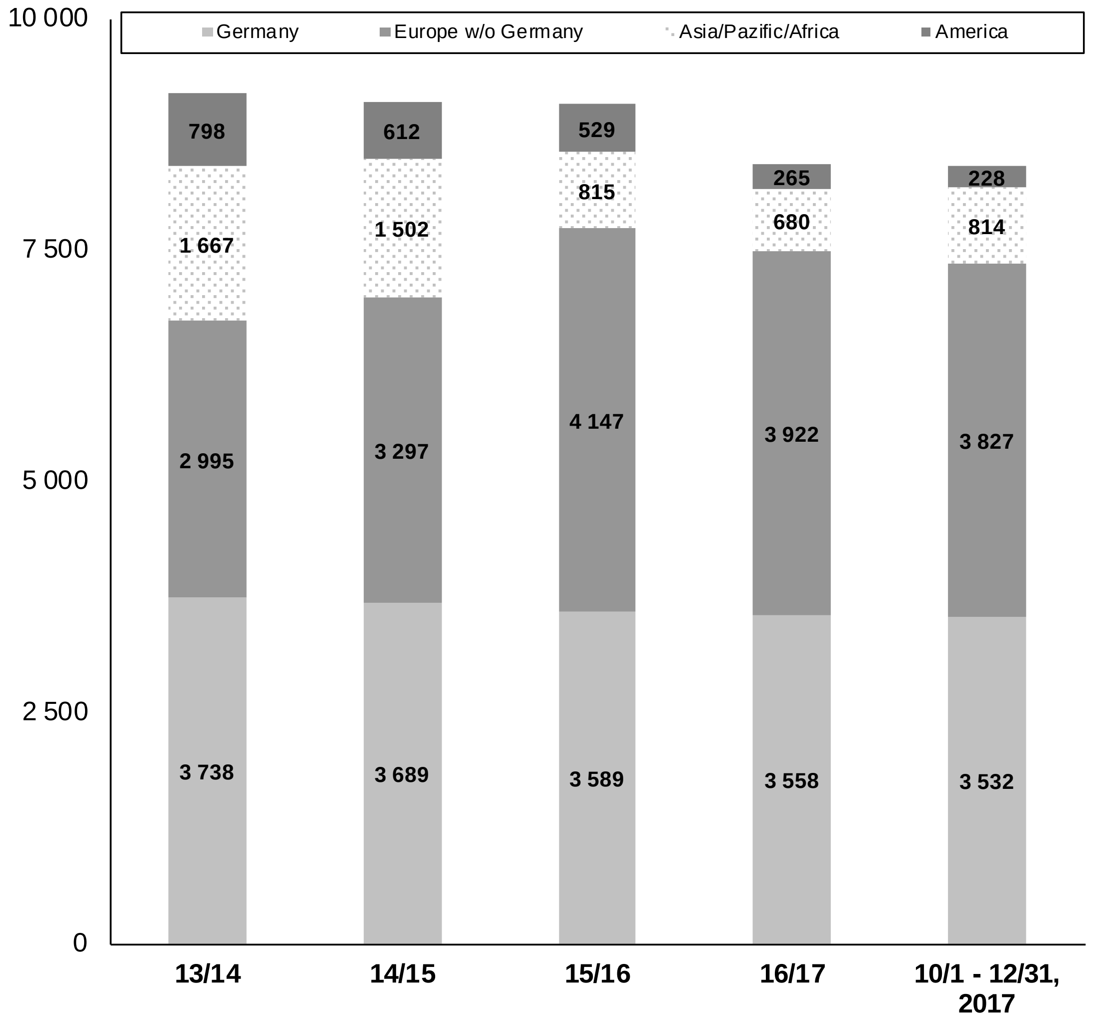
As of December 31, 2017, the Group's total headcount stood at 8,401 (Sept. 30, 2017: 8,425). In Germany, the number of employees at the end of the period under review totaled 3,532 (2016/2017: 3,558). The number of staff employed outside Germany was 4,869 (2016/2017: 4,867).

Group Headcount.



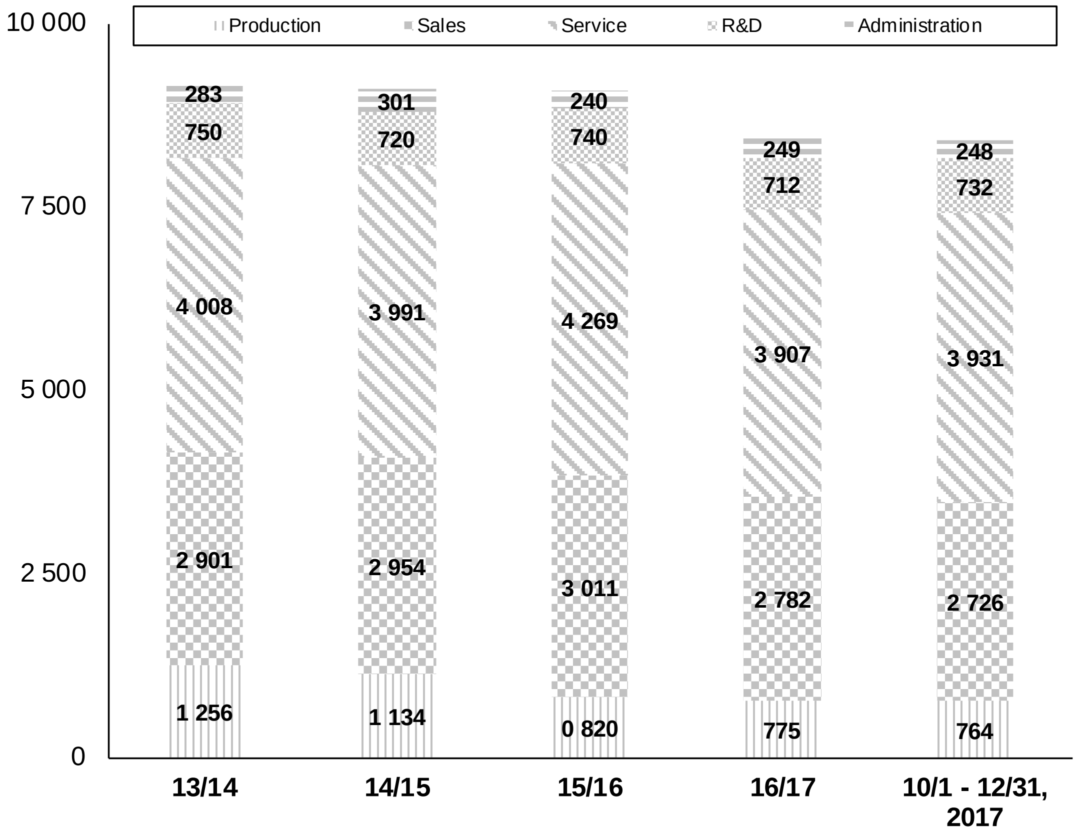
Change	-1%	0%	-7%	0%

Group Headcount by Region.



Focus on integration into the new organizational structure. During the year under review, the focus of our personnel work was on integrating employees into our new organizational structures. With this in mind, one of the main elements of our training and skills development program was lateral management, the aim being to give our senior specialist staff the skills needed to deal with cross-divisional projects and tasks.

Group Headcount by Function.



Training in Software and Services. We maintained our focus on initial and advanced training in the areas of Software and Services. Courses were arranged for sales staff from every part of the Company.

We held a series of centrally organized product training courses to ensure that our staff have the required portfolio and product know-how, especially on the Software side. In addition, we expanded our established train-the-trainer concept to enhance the skills of our in-house trainers in areas such as Services.

Attracting the next generation of skilled employees. As part of our wider strategy of integrating university graduates into the Company once they complete their studies, we constantly aim to develop new contacts in the field of higher education. Our targeted programs include tailored work experience opportunities, internships, and final-year research positions that allow students to gain practical experience. We also attract new technical and commercial staff through our dual education/training and degree/work programs.

This approach is complemented by a dedicated system of in-company talent spotting and development that we launched many years ago. With the help of this ongoing process, we have identified a number of employees with the skills needed for leadership positions in the new personnel structure.

Applying modern learning methods. Alongside the comprehensive training packages available through our Learning Management System, we provide our staff with the tools they need to acquire new skills and knowledge independently. We favor modern approaches such as e-learning and blended learning. These combine traditional seminars and workshops at the training center with modern e-learning techniques and greater use of video and online courses.

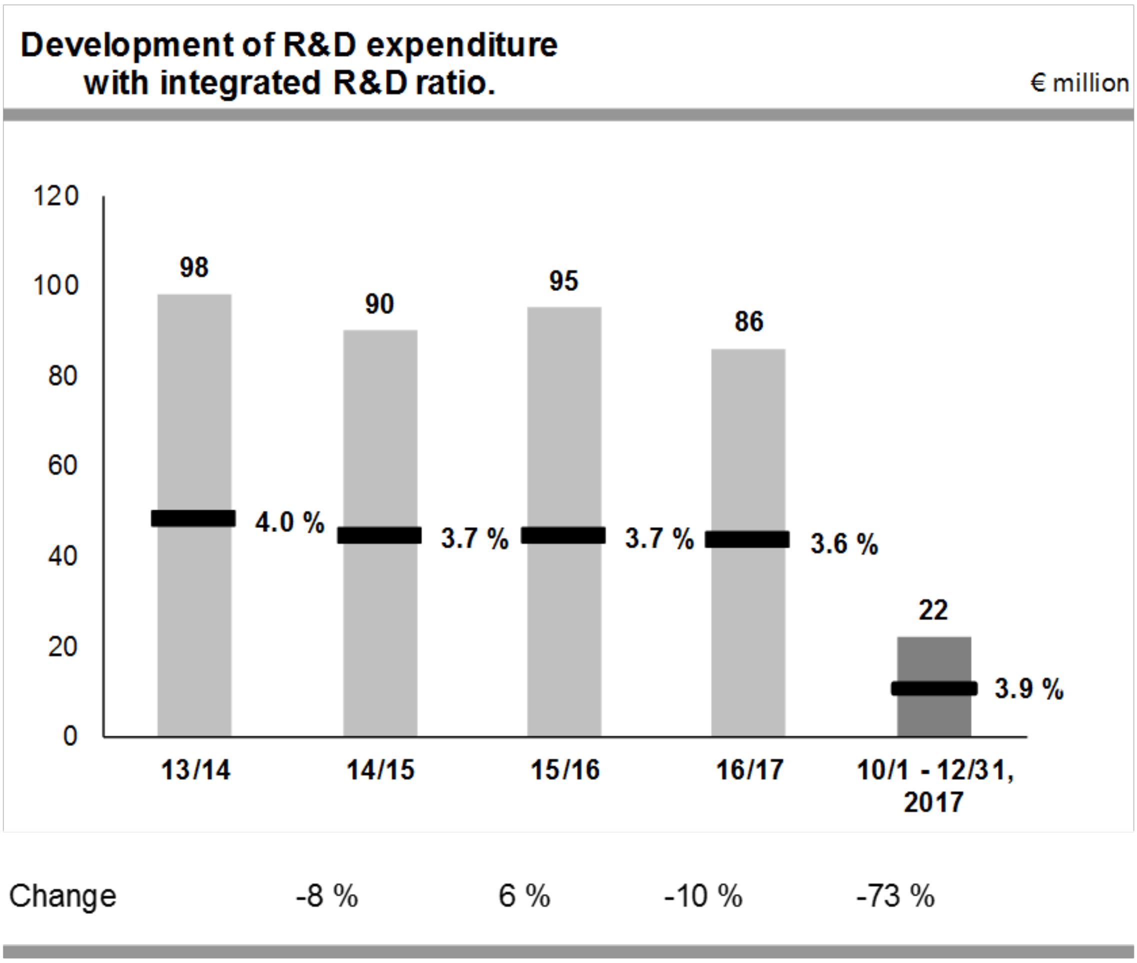
1.6 Research and development.

The goal of our research and development activities is to increase the value of our products and solutions for our customers. To a large extent, the future success and viability of our Company depends on whether we can offer exceptional services that satisfy those customers. We are committed to developing leading technologies and solutions, especially at the consumer interface. We want to equip our customers to forge a successful path in an environment of dynamic digitalization and to use our solutions as a tool that allows them to build bridges between the physical and the digital world.

One of our key competencies lies within the area of high-end automation technology; these highly sophisticated solutions are underpinned by extensive services as well as state-of-the-art hardware and software. Integrated solutions made up of systems, software, and IT services are a vital ingredient of the trend towards ever-greater digitalization in the banking and retail sectors. This is particularly the case when developing connected commerce concepts, implementing branch and store transformation projects, automating the full spectrum of cash processes, and devising systems to facilitate and handle cashless, card-based, and mobile payment procedures.

Regional concentration of R&D resources. At the end of the short fiscal year, the headcount within the area of R&D was 732 (Sept. 30, 2017: 712). In addition to Germany, we have research and development facilities in Switzerland, Poland, the Czech Republic and Singapore. The total number of active property rights was unchanged compared to September 30, 2017, at 1,829.

R&D expense down year on year. Research and development costs, which contained no significant non-recurring expenses (restructuring) in the short fiscal year and in the comparative prior-year period, amounted to €22 million (Oct. 1 - Dec. 31, 2016: €22 million). At 3.9%, the R&D ratio in the short fiscal year was slightly higher than in the same period a year ago (Oct. 1 - Dec. 31, 2016: 3.6%). In the short fiscal year, capitalized research and development costs amounted to €5 million (Oct. 1 - Dec. 31, 2016: €0 million). Amortization of capitalized research and development expenditure amounted to €1 million in the short fiscal year (Oct. 1 - Dec. 31, 2016: €0 million).



Software:

Fusing software strategies for banks and retailers.

We have brought together our software solutions for banks and retailers by creating Vynamic™, the aim being to power the ongoing transformation in the financial services and retail industries. Unlike traditional software suites available today, Vynamic™ breaks down channel silos to enable seamless consumer experiences at touchpoints such as mobile devices, automated teller machines, kiosks, and point-of-sale terminals.

Banking software: seamless offering spanning all physical and digital channels.

Our banking customers are gearing up more and more to offer their services across all their physical and digital channels and touchpoints with a view to establishing a uniform customer journey. We have restructured and extended our software suite so that our banking customers can display a full record of contact histories all the way from the first contact through to the conclusion of an operation or transaction.

One important trend that has emerged involves implementing architectures through cloud-based micro-services instead of monolithic environments, thus reducing installation and maintenance costs. In the year under review, we made some of our server software cloud-compatible with due regard for the latest standards.

New approaches to software development are needed in order to keep pace with demands on evolving technology platforms. We make increasing use of programming tools to help us produce and supply software at the required speed. These tools allow us to model transactions, and based on the transaction model we can then go on to produce software components that can be used for every channel. This helps to reduce complexity and cost and speeds up time to market.

We further adapted our graphical user interfaces ("GUIs") to the latest web development standards so that they can be used with the same look and feel on all terminals.

To enhance the security and availability of our installed systems, we refined our security software and invested in our own management software for remote maintenance of self-service systems.

Banking hardware: portfolio integration.

We further harmonized the global system portfolio for banks as part of our ongoing integration measures. This was achieved using a best-of-best approach. Our future portfolio will therefore comprise the best systems and individual components in terms of performance, total product life-cycle costs, and quality. Furthermore, we introduced a uniform company-wide color scheme for our system portfolio.

Some countries have issued new polymer banknotes. We have adapted our cash modules so that these notes can be processed with no loss of quality.

Security is a crucial element of cash handling. With this in mind, we continue our work to develop technologies and system components that help to improve security.

We made further improvements in respect of user-friendliness and user experience. At the same time, we integrated larger screens into our systems. As an alternative to entering a personal identification number ("PIN") using a separate keypad (Encrypted Pin Pad, EPP), we now provide systems that allow customers to enter their PIN using a touch monitor. The PIN is encrypted in the monitor and the encryption certified. To facilitate contactless transactions with near field communication ("NFC") cards or NFC-compatible smartphones, we are in the process of integrating NFC modules into our systems.

Retail software: enhanced user-friendliness and functionality.

Our focus with regard to the refinement of software used by retail customers was on improvements to the architecture, user-friendliness, and functionality of our Vynamic™ Retail Application Suite.

Thanks to our extended micro-services-based software architecture and standardized applications logic, we can now supply a comprehensive, future-proof applications suite based throughout on cloud-oriented technologies and development principles. At the same time, we harmonized the look and feel of the individual components, thereby ensuring the intuitive use of our solutions for all stationary and mobile applications. Based on this new technological foundation, we have been evolving our software solutions portfolio primarily in the area of mobile and stationary services, the focus being on customer engagement and retention. Vynamic™ Engage, a new element within the portfolio, was released at the beginning of fiscal 2018.

We also worked on improvements that make it possible to deploy the software more widely at an international level, thus supporting the expansion plans of many of our customers. Using standardized country versions, retailers will be able to open up new markets quickly and inexpensively without additional costs for software adaptation. Our out-of-the-box versions comply with the legislation, tax rules, and language requirements of numerous countries.

Strategic partnerships for selected high-growth areas.

Components for mobile solutions play an increasing role in our solutions portfolio. The strategic partnership between the Diebold Nixdorf, Inc. Group and Kony, Inc., one of the biggest providers of cross-platform, cloud-based mobility solutions, will help to expand our portfolio of mobile solutions for applications at branch level and in digital retailing. With the help of Vynamic Mobile™, the first apps for improved customer service and retention were launched.

Retail hardware: high-performance technology covering the full spectrum of retail formats.

We made further refinements to the retail systems in terms of performance, user-friendliness, and functionality, which included equipping our checkout systems with the latest processor technology. We also extended our range of self-checkout systems to include terminals that are capable of covering a wide range of in-store customer journeys. With a strong focus on fast-food restaurants, we developed a kiosk terminal that takes customer orders, provides product information, sells tickets, and automates routine tasks; it can even be used as a self-checkout.

1.7 Procurement, production, and logistics.

Global operations shaped by drive for integration. With regard to our procurement, production, and logistics activities in the period under review, the main focus again was on efforts to merge the production, procurement, and supply chain networks within the Diebold Nixdorf, Inc. Group. Over the course of the previous financial year 2016/2017 we had already consolidated our available capacity and at the same time implemented a highly efficient organizational structure with cutting-edge processes.

In line with the regional focus on sales in this new structure, we established a series of operations units to support our business in Germany, Europe excluding Germany, Asia/Pacific/Africa, and the Americas. As part of this arrangement, our regional supply chain organizations coordinate their activities closely with the regional sales units to plan future requirements and supply hardware products from the corresponding production sites. As far as possible, production is based on the “local for local” principle, i.e., within the sales region in question, so that we can respond quickly by making and delivering the products specifically requested by our customers close to where they are based.

The operations sites of the Diebold Nixdorf, Inc. Group in Paderborn, Greensboro, and Singapore assume the main control function within the network in respect of technology and processes, while satellites in Manaus (Brazil) and Goa (India) are specifically focused on local markets.

We have been able to generate considerable synergies, both in our operational processes and in planning and control functions. Both technical and personnel capacity underwent substantial streamlining within the new organization.

Thanks to its excellent cost structure and technological expertise, our production facility in Paderborn has established itself as a worldwide leader within the Diebold Nixdorf, Inc. Group. Substantial efficiency gains were achieved as a result of targeted investment in manufacturing technology, and through the introduction of cutting-edge processes. The emphasis here is on Industry 4.0 digital applications. With this in mind, we introduced a Smart Module Factory (“SMF”) as a plant-in-plant concept for the best possible provision of mechatronic assemblies. This involves implementing lean commodity supply and Industry 4.0 concepts, primarily with regard to process monitoring. To support these changes, we have taken steps to integrate and train our workforce, ensuring that they have the skills they need in the Industry 4.0 digital working environment.

Optimized supplier network. As part of our integration efforts, we completed the measures to implement a global purchasing organization. The main goal was to create a highly efficient network spanning our global development centers, operating sites, and procurement markets. The period under review also saw the successful continuation of our Strategic Partnership Program, the aim being to consolidate our global supplier network and leverage synergies. Despite highly unfavorable market trends, as evidenced by the dramatic surge in steel prices and a shortage of electronic components, we managed to achieve our streamlining targets for material costs. In addition, there was a strong focus on sourcing for the manufacture of next-generation products. By working in close collaboration with our strategic suppliers, we are thus able to establish a competitive foundation for new products with regard to material costs.

At the same time, we completed measures aimed at integrating the global supplier quality engineering organization, while also implementing the required quality standards and processes at an international level. It is one of the essential prerequisites for meeting our quality targets for this complex product ramp-up – from prototyping through to series production.

Embracing quality at every level. Diebold Nixdorf supplies its customers with solutions that combine the benefits of a highly failsafe design and exceptional availability. We believe in product quality and an outstanding range of services, even where solutions are highly complex.

Our approach to quality is holistic. We start by defining the requirements that our hardware, software and services need to meet. This is followed by the development of solutions and production, and finally implementation and operation at client companies. That means taking account of all influencing factors in our assessment of quality.

Our sites, development hubs and production facilities form a global quality network in which all Group undertakings aimed at achieving quality are coordinated. We made further progress on globally uniform quality standards and process harmonization with the goal of ensuring the highest possible levels of quality for the long term.

2 Report on Economic Position.

2.1 Macroeconomic and industry environment.

In its outlook of October 2017, the International Monetary Fund ("IMF") projected global economic growth of 3.6% in 2017 as a whole. For 2018, the IMF pointed to a potential expansion of 3.7%, noting that the pattern of global growth was broadly based and that global trade was increasing. At the same time, it warned of uncertainties and risks, with the shift towards greater monetary tightening being pursued by the major western central banks posing a threat to many emerging economies and developing countries. The IMF also drew attention to high levels of debt in China as a potential source of instability and to the risks posed by increasing protectionism around the world.

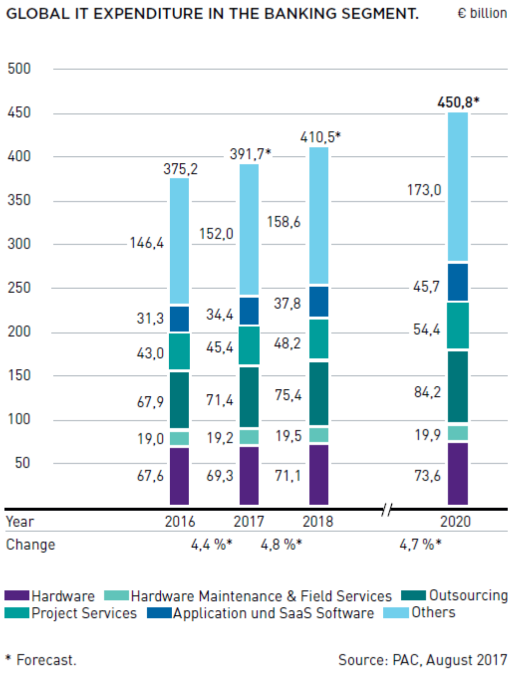
For the **eurozone**, the IMF's October outlook had included average projected growth rates of 2.1% (2017) and 1.9% (2018). According to the IMF, **Germany** was expected to grow at a slightly slower pace than the eurozone average, with GDP forecast to increase by 2.0% in 2017 and a further 1.8 % in 2018.

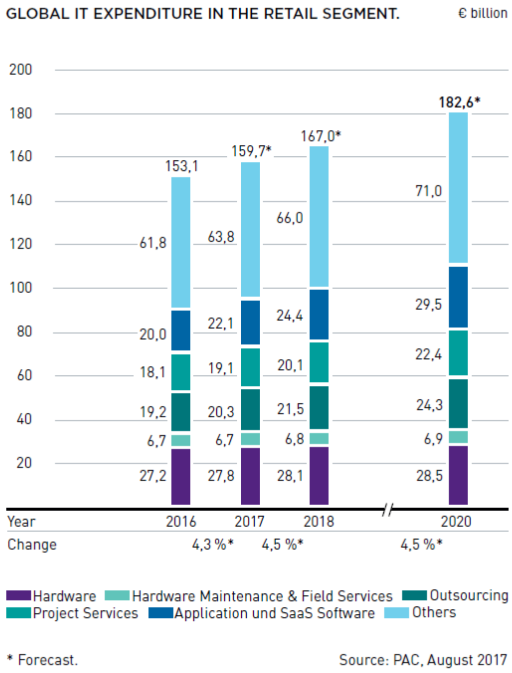
The IMF anticipated a gradual economic recovery in **Russia** in 2017 and 2018. Equally, **Latin America** is expected to see a slow recovery after the downturn in 2016. The IMF also took an optimistic view of economic growth in **China**.

As for the **United States**, the IMF projected growth of 2.2% in 2017 and 2.3% in 2018. The experts cited "significant policy uncertainty" with regard to the renegotiation of North American free-trade zones and ongoing debate concerning tax reforms.

Industry environment.

Expenditure on IT shows further increase in banking and retail sectors. According to an analysis by market research firm Pierre Audoin Consultants (PAC) published in August 2017, both banks and retailers have increased their capital spending on IT. Based on the data in the report, global expenditure within the banking sector will rise by 4.4% in the course of 2016 to 2017, while retail companies will increase their investments in IT systems by 4.3% year on year. In absolute terms, investment spending by banks and retailers is likely to rise to €391.7 billion and €159.7 billion respectively. Hardware-related business will play a marginal role when it comes to driving growth in the retail and banking industries. By contrast, business in the field of software and software-related services is likely to provide much more impetus. This is probably attributable largely to the impact of progressive digitalization and automation. Business within the area of outsourcing also holds potential for growth. In our opinion, the significant growth rates predicted in the field of banking, in particular, are due to substantial cost-related pressures and associated efforts to streamline fixed costs by outsourcing services to external business partners.





Banks: Against a background of macroeconomic stabilization, the conditions are in place for the global retail banking industry to achieve an average annual growth rate of 4.7% up to the year 2020. This was the conclusion reached by the Boston Consulting Group (referred to hereinafter as "BCG") following an assessment of its global banking pools, which are based on data from 2,100 banks in countries all over the world. Nevertheless, the regional picture remains extremely uneven, with wide variations between the developed markets of Western Europe and North America on the one hand and developing markets on the other.

In its latest study entitled Retail Banking Radar 2017, A.T. Kearney is less upbeat about the situation facing European banks in the context of the European Central Bank's ("ECB's") continued embrace of near-zero interest rates as a monetary policy tool and the risks posed by the Italian banking market. According to the study, the income generated per customer fell between 2015 and 2016 and therefore remained well below pre-financial crisis levels. Here too, however, there are striking regional differences.

Both studies conclude that there is a visibly widening gap between the market's top performers and the remaining banks. The authors suggest that in order to improve their cost-to-income ratio banks need to continue working on the transformation of their operating and IT models; these, it is said, could be refined through further centralization of operating processes as well as automation and industrialization. In pursuing these changes, it is essential that existing data is made usable to a greater extent than in the past by deploying big-data programs. This, as the study puts it, applies equally to the ongoing personalization of consumer-facing business.

Both studies also highlight the trend towards "open banking" (e.g., in Europe through the Second Payment Services Directive, PSD2) as one of the most important change factors to which the banks need to adopt a strategic response.

BCG recommends that as a priority banks should implement three basic strategies to optimize their income and avoid jeopardizing the relationship with their customers, especially in the battle over who can drive down costs the furthest. The first element of this strategy involves harnessing human and digital capacity more efficiently as a way of optimizing their marketing model. The second is to direct their “value proposition” to customers at a more individual level, and the third is to adopt a mindset that is centered on the customer’s goals rather than on products. BCG argues that many banks are unable to implement the last element of the strategy due to a lack of IT/process integration. It notes that while many have made considerable progress in terms of front-end development (e.g., user-friendly apps and websites), this has not been matched in the field of integration with the back-office.

Retail: focus on the “connected store.” Despite the growth in online sales, retail branches will retain their key role. In our omnichannel world, consumer expectations of both stationary and online retail experiences are increasing. Retailers need to put the “connected store” vision into practice so that they can offer their customers a better and more contemporary service. All these observations can be found in Planet Retail’s Store Tech Trends study, which was published in May 2017. According to the report, every area of the retail business will be transformed by systems that are perfectly integrated into the IT environment, improved communication technologies, customer retention systems, and solutions designed to recognize individual customers.

The trend toward store automation – from incoming supplies all the way through to the checkout – will continue. Consumers will increasingly use their own mobile devices to buy items in the store and will expect to be able to complete purchases that they initiated online. "Click and connect" services where consumers order goods online and then collect them at the store are just one example of this trend and lead to an increase in the frequency of visits. The Planet Retail study also notes that retailers are investing in "big data" solutions to give themselves a clear overview of stock levels and identify patterns of customer behavior.

From an overall perspective of the retail market, regional players are currently achieving dynamic growth, while global retailers continue to drive ahead with their plans for international expansion.

2.2 Course of business.

Business performance of the Group.

Overall assessment of business performance. The short fiscal year, covering the period from October 1 to December 31, 2017, developed along divergent lines for the Company. In terms of sales, as expected, Diebold Nixdorf AG was faced with challenging conditions within its banking-related Hardware business in particular. As regards to earnings, by contrast, operating profit proved very solid and was above expectations in the period under review, buoyed again by the faster-than-expected execution of integration measures initiated as part of the business combination with Diebold Nixdorf, Inc. and lower personnel expenses.

Comparison of actual and forecast course of business.

Net sales in line with guidance, operating profit up significantly on guidance. Based on the outcome of the DN2020 program, while considering the challenging market environment within the area of banking hardware, Diebold Nixdorf AG moved into the short 2017 fiscal year with a cautious outlook. The guidance figure for net sales, which had been very solid in the same period a year ago at €619 million, and for EBITA before non-recurring items, which had totaled €50 million, was set considerably lower. Non-recurring items (restructuring expenses attributable to the business combination with Diebold Nixdorf Inc.) had originally been budgeted at a level within the single-digit million range. The Company met its forecast for net sales issued as part of the fiscal 2016/2017 Group financial statements in respect of the short 2017 fiscal year. At the same time, the EBITA guidance figure was exceeded by a significant margin. This was attributable in part to a reduction in staff costs following downsizing and determined efforts relating to the transformation and integration measures being pursued at pace since the second half of fiscal 2016/2017. This coincided with cost streamlining within the Hardware business. In addition, one-time expenses attributable to integration and restructuring in the short fiscal year from October 1 to December 31, 2017, were offset almost entirely by the positive effects associated with the amalgamation of non-domestic Group companies. As a result of this, the net balance of one-time expenses was below expectations.

The key financial indicators for the short 2017 fiscal year, the fiscal year 2016/2017, and the comparative prior-year period from October 1 to December 31, 2016 are as follows:

Key financial indicators

€ million

	10/1 - 12/31, 2017	2016/2017	10/1 - 12/31, 2017
Net Sales	567	2,362	619
EBITA before restructuring and transaction expenses	62	200	50
EBITA before transaction expenses	56	173	50
EBITA including restructuring and transaction expenses	62	166	47
EBITDA before restructuring and transaction expenses	76	253	63
EBITDA including restructuring and transaction expenses	74	219	60
Net Income	51	119	32
Cash flow from operating activities	73	165	50

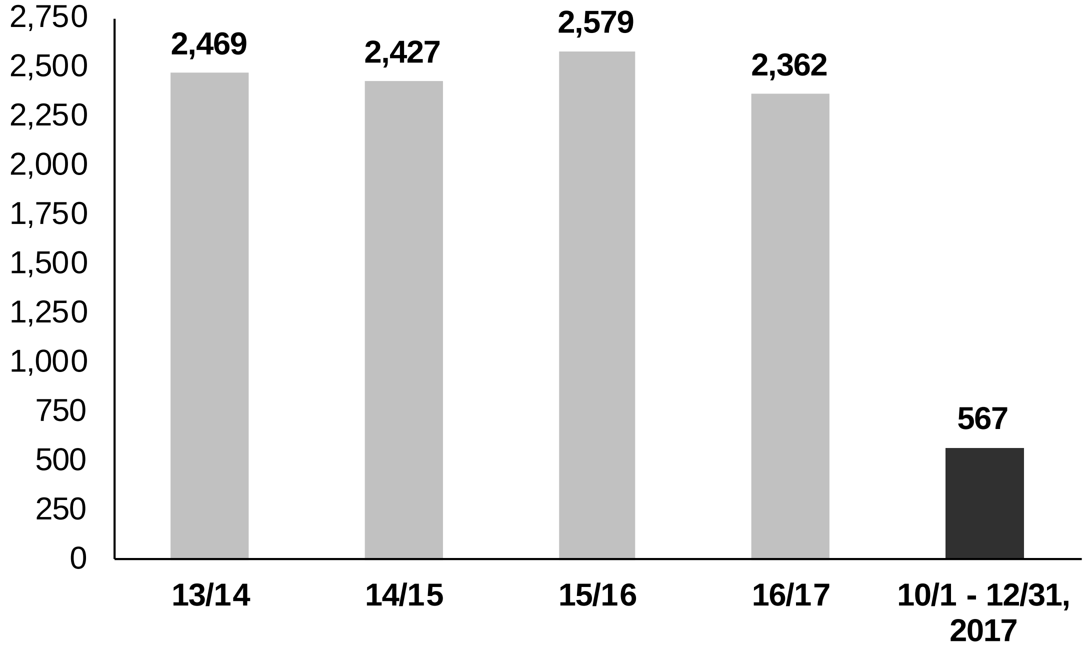
In terms of net sales, both the Banking segment and the Retail segment recorded substantial declines in the area of Hardware. By contrast, Software/Services remained stable in both segments compared to the prior-year period. Operating profit benefited from the positive effects outlined earlier. From the perspective of Diebold Nixdorf AG, the merging of business units as part of the DN2020 program had an impact on both net sales and operating profit.

In the short fiscal year from October 1 to December 31, 2017, net sales declined by 8% or €52 million to €567 million (Oct. 1 - Dec. 31, 2016: €619 million). By contrast, operating profit before non-recurring items (restructuring and transaction expenses) rose markedly by 24% or €12 million to €62 million (Oct. 1 - Dec. 31, 2016: €50 million).

Restructuring expenses amounted to €6 million in the period under review (Oct. 1 - Dec. 31, 2016: €0 million). Thus, operating profit after restructuring expenses stood at €56 million in the short fiscal year from October 1 to December 31, 2017 (Oct. 1 - Dec. 31, 2016: €50 million). In addition, there were transaction expenses of €8 million that coincided with income of €14 million (Oct. 1 - Dec. 31, 2016: expenses of €3 million and income of €0 million). After restructuring and transaction expenses, operating profit stood at €62 million (Oct. 1 - Dec. 31, 2016: €47 million).

Net Sales History.

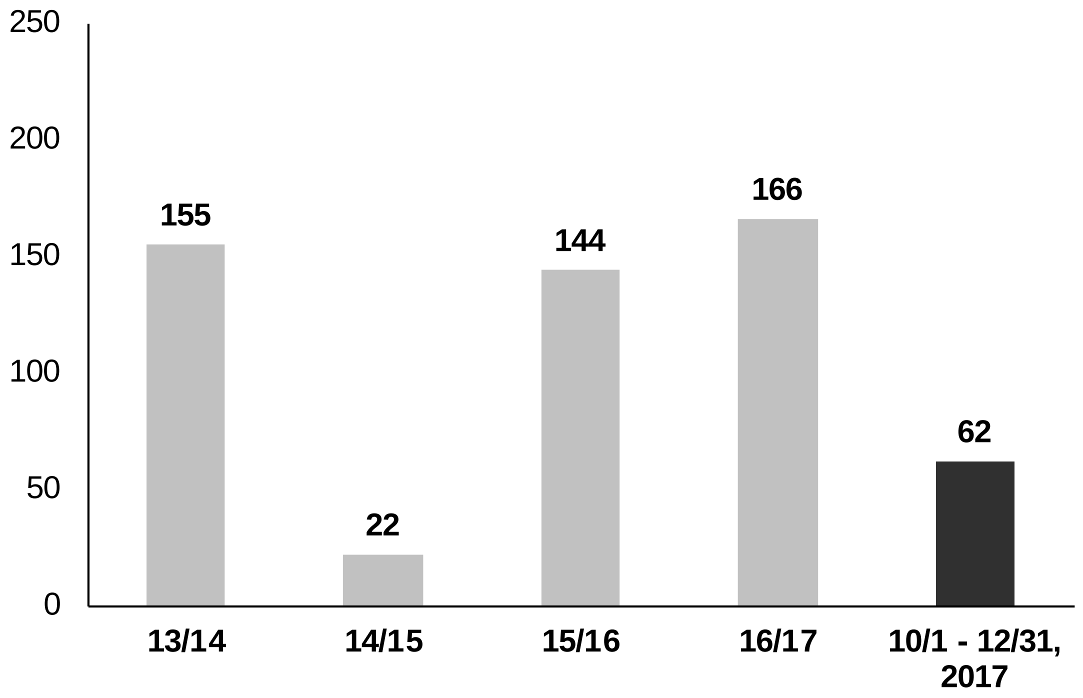
€ million



Change	-2 %	6 %	-8 %	-76 %

EBITA History.

€ million



Change	-86 %	555 %	15 %	-63 %

Reconciliation of EBITA.

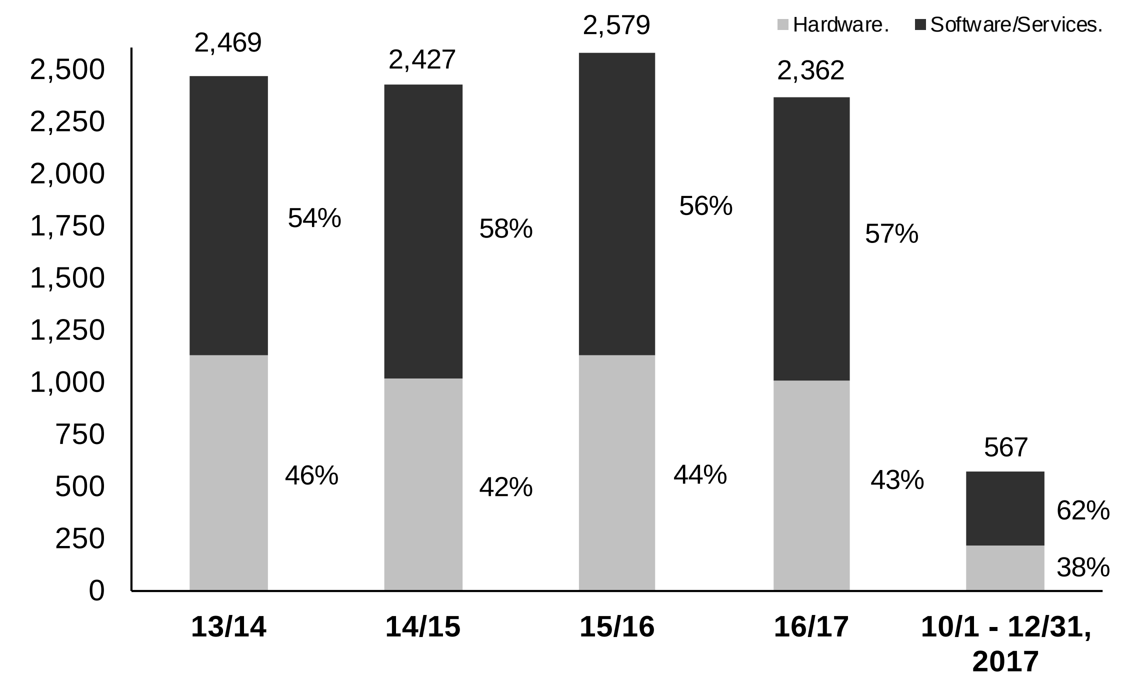
€ million

	10/1 - 12/31, 2017	2016/2017
EBITA before restructuring and transaction expenses	**62**	**200**
- Restructuring expenses	**-6**	**-27**
thereof restructuring expenses	*-6*	*-27*
thereof positive restructuring contributions	*0*	*0*
EBITA before transaction expenses	**56**	**173**
- Transaction expenses	**6**	**-7**
thereof transaction expenses	*-8*	*-41*
thereof positive transaction contributions	*14*	*34*
EBITA after restructuring and transaction expenses	**62**	**166**

Net sales by business stream.

Visible downturn in net sales from Hardware, Software/Services largely unchanged year on year. Hardware was faced with difficult business conditions in the short fiscal year under review. As a result of these challenges, the Company was unable to match the substantial prior-year revenue levels achieved in the Banking and Retail segments. By contrast, net sales in the area of Software/Services remained stable compared to the same period a year ago.

Net Sales Split: Hardware and Software/Services. € million

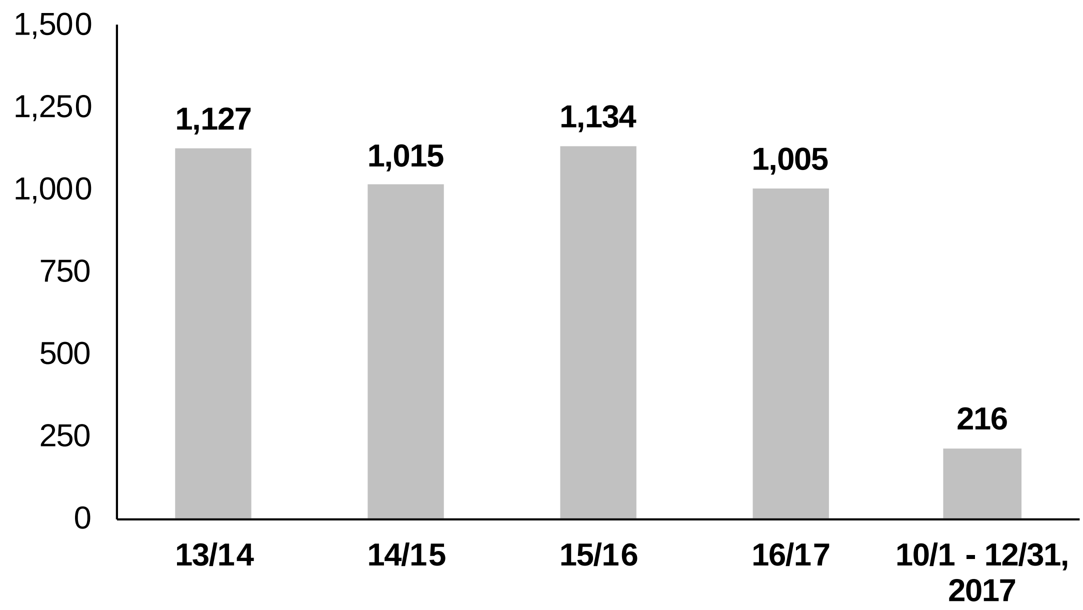


Change	-2 %	6 %	-8 %	-76 %	

At €216 million, consolidated net sales attributable to **Hardware** were down by a 21% on the same period a year ago (Oct. 1 - Dec. 31, 2016: €272 million). In this context, both the Banking segment and the Retail segment recorded a marked downturn in product shipments. As a result of this performance, the contribution made by the Hardware business to total consolidated net sales fell to 38% (Oct. 1 - Dec. 31, 2016: 44%).

Hardware.

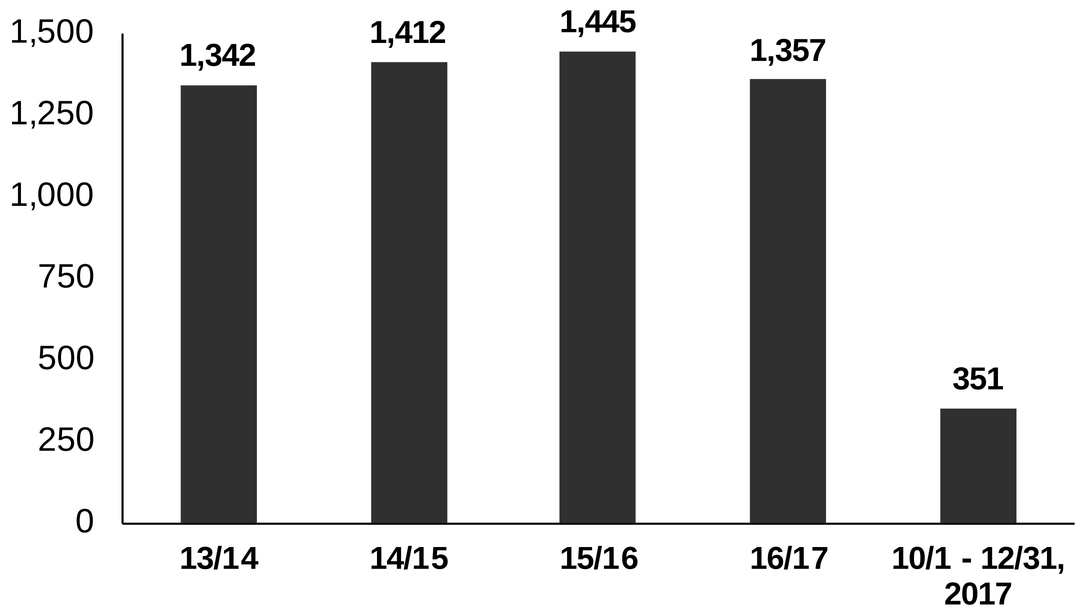
€ million



Change	-10 %	12 %	-11 %	-79 %

Net sales attributable to **Software/Services** rose marginally year on year during the short fiscal year under review, up by 1% to €351 million (Oct. 1 - Dec. 31, 2016: €347 million). This increase was attributable in almost equal measure to Software and Services. As regards total Group revenue, the proportion of net sales relating to Software/Services rose to 62% in the short fiscal year under review (Oct. 1 - Dec. 31, 2016: 56%).

Software/Services. € million

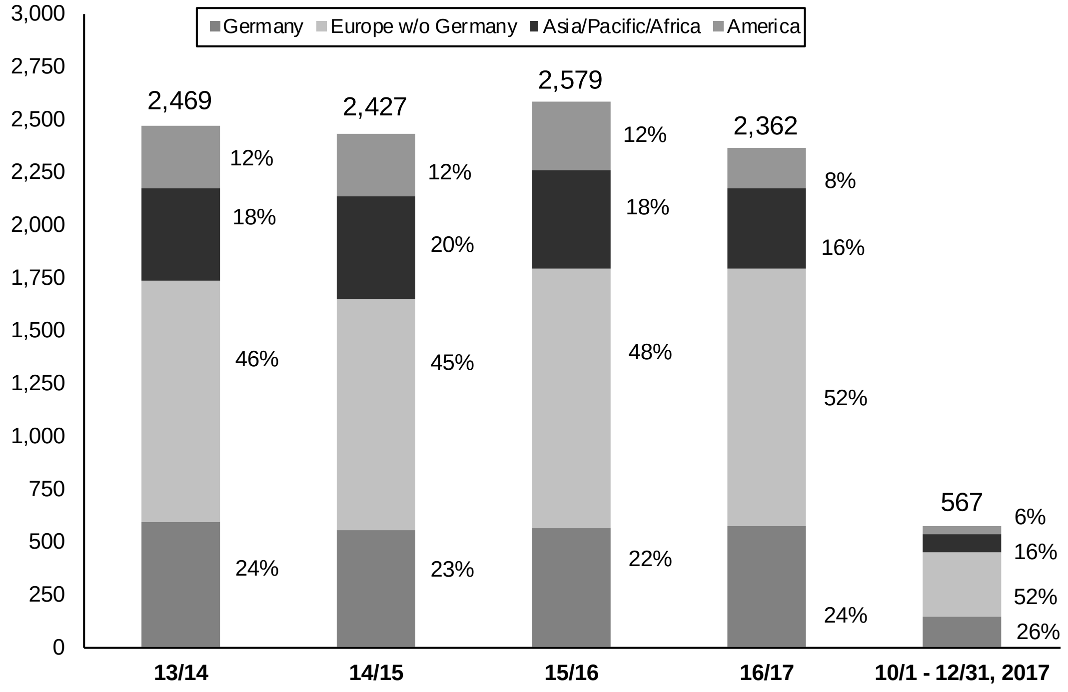


Change	5 %	2 %	-6 %	-74 %

Net sales by region.

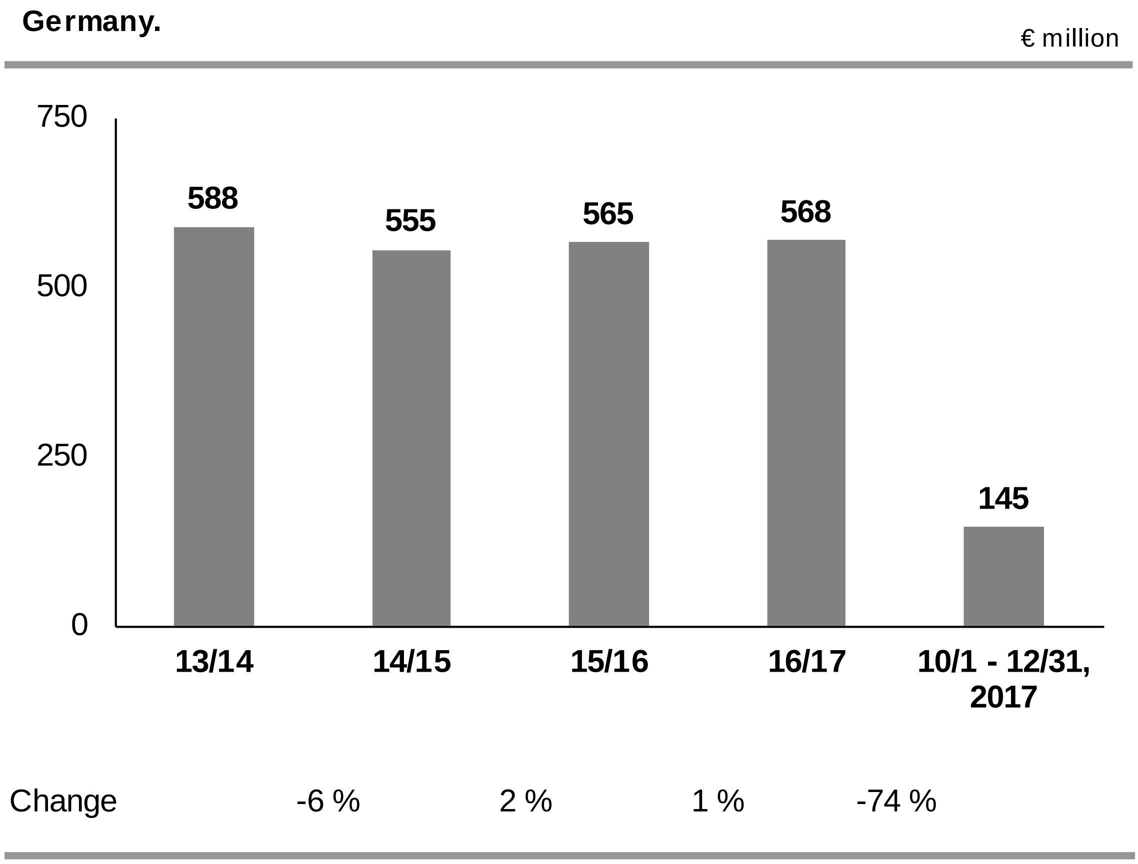
Downturn in all regions. Business in the various **regions** was down year on year in the period under review. The decline recorded in Germany and in Europe (excluding Germany) was slightly less pronounced than in the Group as a whole. The region covering the Americas saw a significant downturn in the wake of corporate integration measures, while business in Asia/Pacific/Africa recorded a decline in net sales that was comparable to that seen in the Group as a whole.

Comparison of Regional Sales Performance. € million

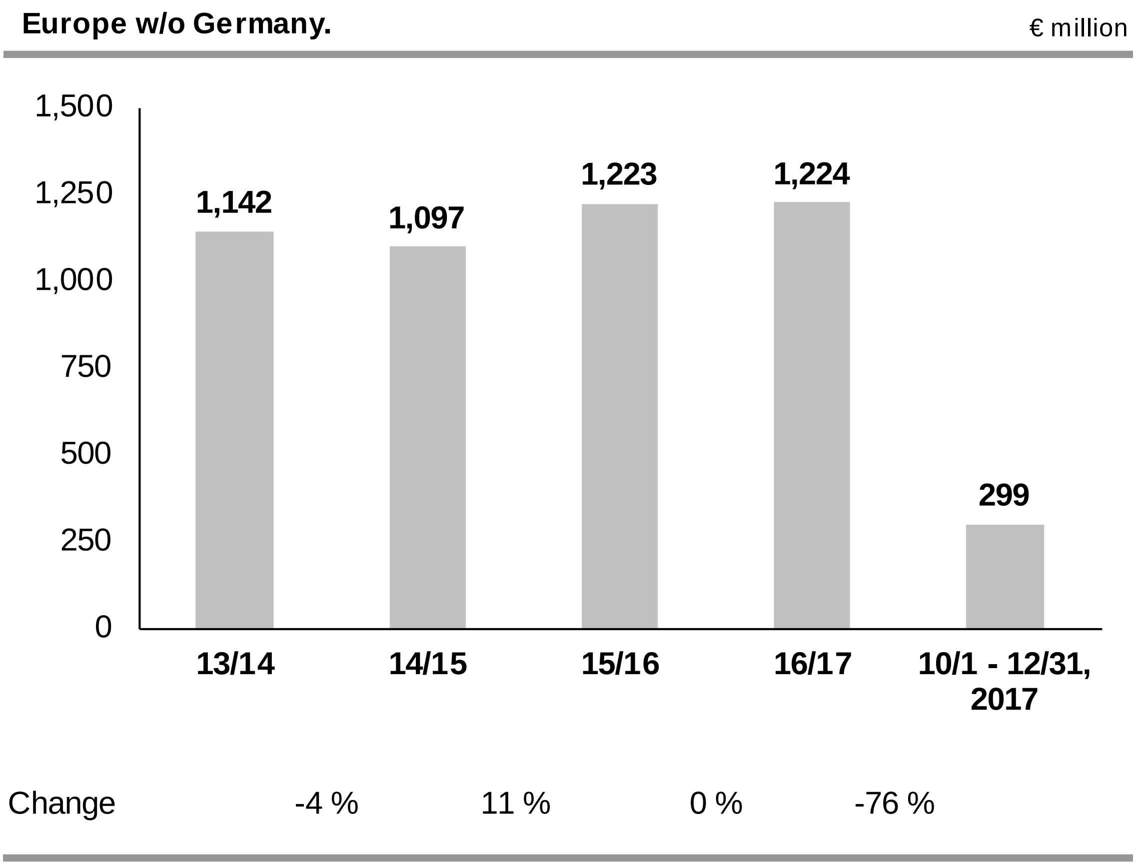


Change		-2 %	6 %	-8 %	-76 %

In **Germany** net sales fell by 7% to €145 million in the short fiscal year under review (Oct. 1 - Dec. 31, 2016: €156 million), with gains achieved in the Retail business failing to offset declines recorded in the area of Banking. On this basis, Germany's share of the Group's total net sales rose slightly and stood at 26% (Oct 1 – Dec. 31, 2016: 25 %).



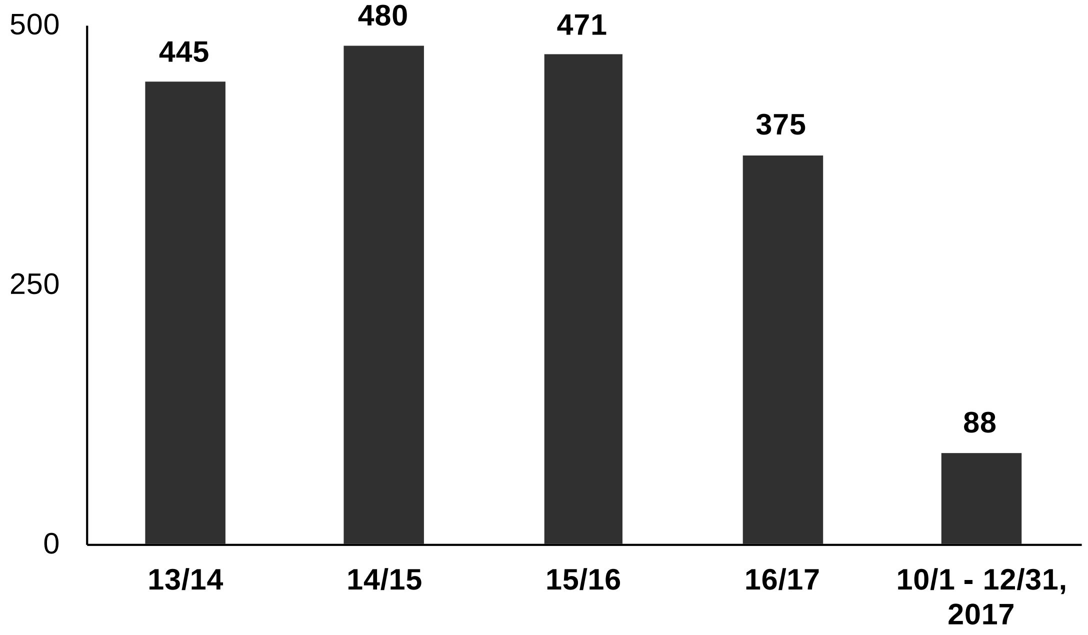
In the region encompassing **Europe** (excluding Germany) net sales totaled €299 million, which was 5% lower than the figure posted in the same period a year ago (Oct. 1 - Dec. 31, 2016: €315 million). In this region, both the Banking segment and the Retail segment were faced with a decline in business. Overall, Europe's (excluding Germany) share of the Group's total net sales rose to 52% (Oct. 1 - Dec. 31, 2016: 51%).



The **Asia/Pacific/Africa** region saw net sales fall by 7% to €88 million (Oct. 1 - Dec. 31, 2016: €95 million).

Asia/Pazific/Africa.

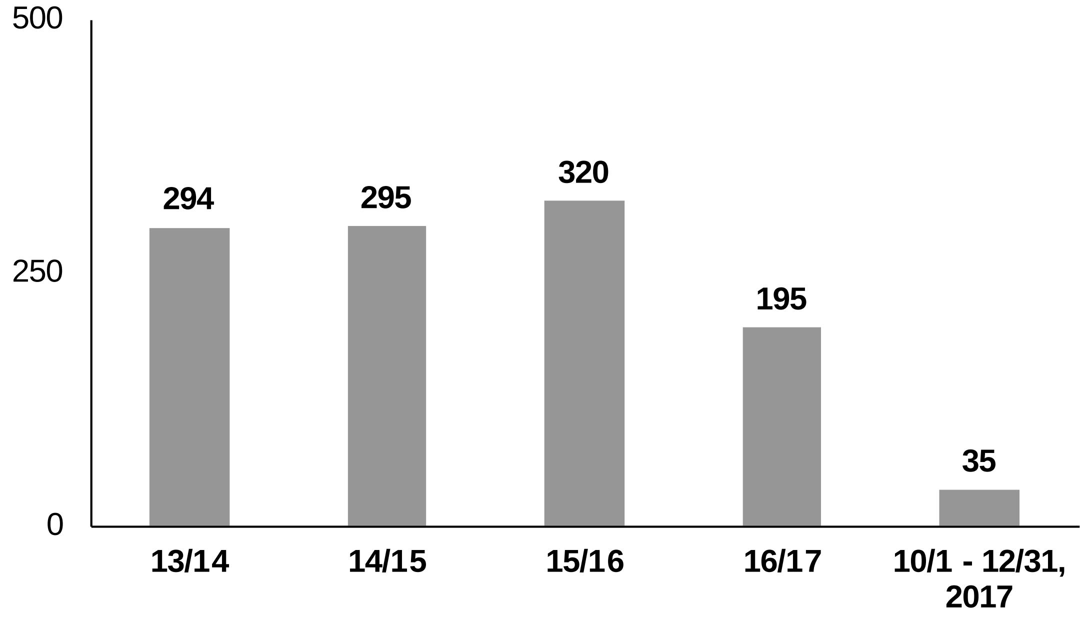
€ million



Change	8 %	-2 %	-20 %	-77 %	

As a region, the **Americas** recorded a decline in net sales by 34%, taking the figure to €35 million (Oct. 1 - Dec. 31, 2016: €53 million), which was attributable primarily to the integration measures implemented in the context of DN2020 and weaker sales volumes regarding hardware supplied to banks.

Americas. € million

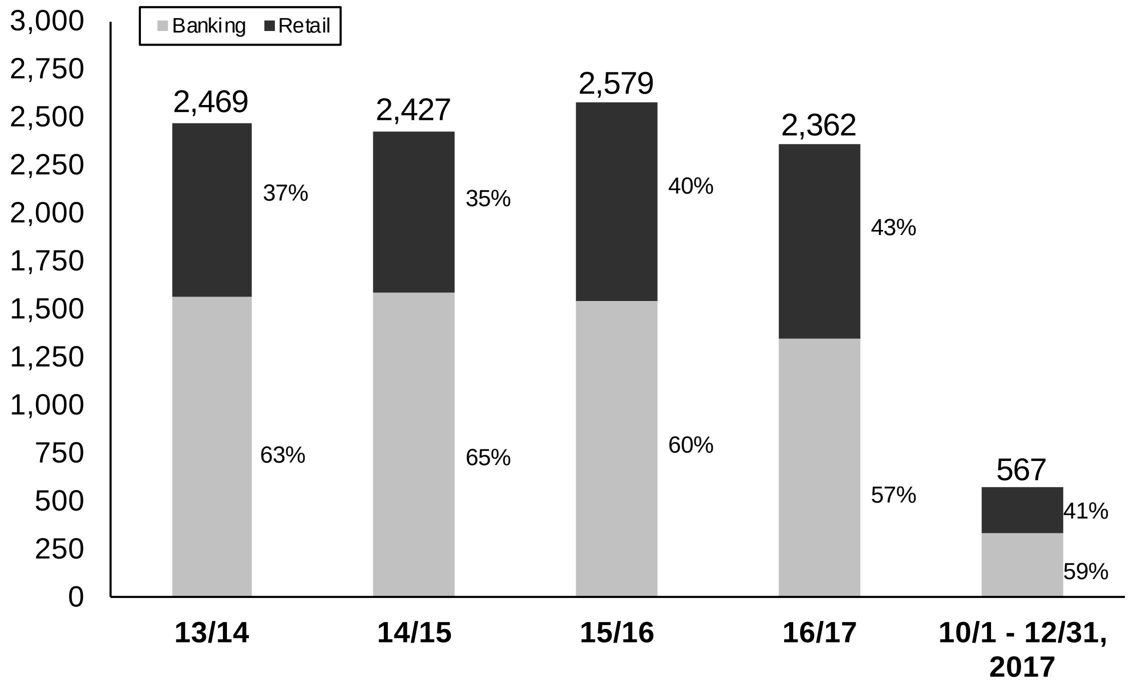


Change	0 %	8 %	-39 %	-82 %

2.3 Business performance by segment.

Consistent trends in both segments. Both the Banking segment and the Retail segment had to contend with a decline in net sales in the short fiscal year under review. Overall, the Banking segment accounted for 59% of total net sales (Oct. 1 - Dec. 31, 2016: 60%), while the Retail segment contributed 41% (Oct. 1 - Dec. 31, 2016: 40%) to total net sales.

Net Sales Split: Banking and Retail. € million

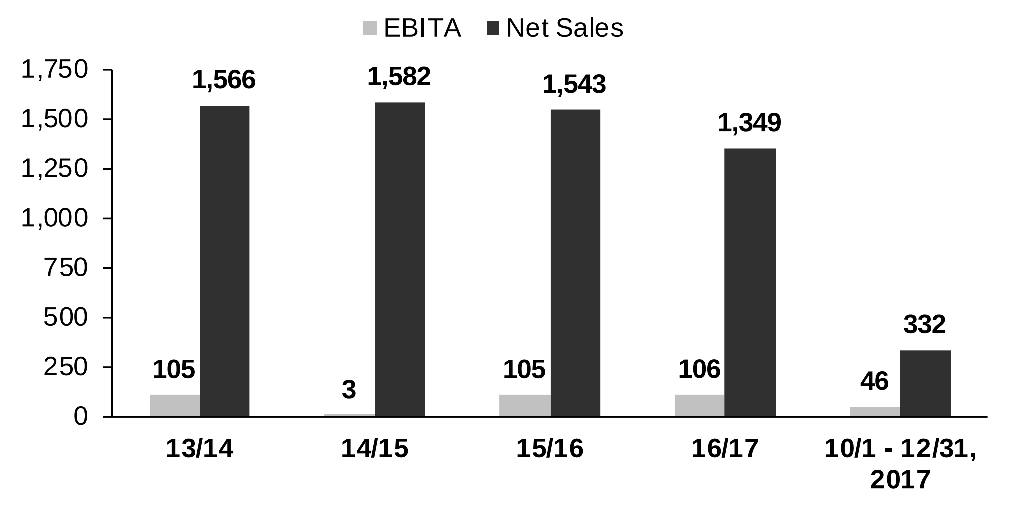


Change	-2 %	6 %	-8 %	-76 %

Banking segment performance.

Substantial downturn in net sales, contrasting with significant growth in EBITA before restructuring and transaction expenses. The **Banking** segment, which also includes business with postal companies, saw net sales fall by 10% year on year, taking the figure to €332 million in the short fiscal year under review (Oct. 1 - Dec. 31, 2016: €369 million). By contrast, EBITA before restructuring and transaction expenses rose by 26% to €43 million (October 1 – December 31, 2016: €34 million), with the EBITA margin standing at 13.0% (October 1 – December 31, 2016: 9.2%). This was driven in particular by determined efforts relating to the transformation and integration measures being pursued at pace since the second half of fiscal 2016/2017, which led to cost streamlining in the area of Hardware. Furthermore, variable compensation was lower in the short fiscal year compared to the prior-year period. This was due to the fact that variable compensation has been based primarily on targets in respect of the Diebold Nixdorf, Inc. Group and the attainment of these specific goals as well as on the stock performance of Diebold Nixdorf, Inc. shares. EBITA attributable to the Banking segment amounted to €46 million (October 1 – December 31, 2016: €32 million) after restructuring and transaction expenses, which was also significantly higher than the prior-year figure. Thus, the EBITA margin rose to 13.9% (October 1 – December 31, 2016: 8.7%).

Net Sales and EBITA History: Banking. € million



Net Sales Change		1 %	-2 %	-13 %	-75 %
EBITA change		-97 %	⬆	1 %	-57 %
EBITA margin	6.7 %	0.2 %	6.8 %	7.9 %	13.9 %

Segment performance by business stream.

Business volume was down substantially in the area of **Hardware** compared with the same period a year ago, particularly with regard to monofunctional systems.

Net sales from **Software/Services** remained stable year on year. While the Software and Professional Services business stream trended slightly weaker compared to the same period a year ago, Services recorded a marginal increase in net sales.

Segment performance by region.

In **Germany**, the Company fell short of its revenue figure recorded in the previous year, when a number of banks had invested in self-service technology as part of operating system migration.

In **Europe**, meanwhile, business was down slightly, with the various countries developing along very different lines in the period under review.

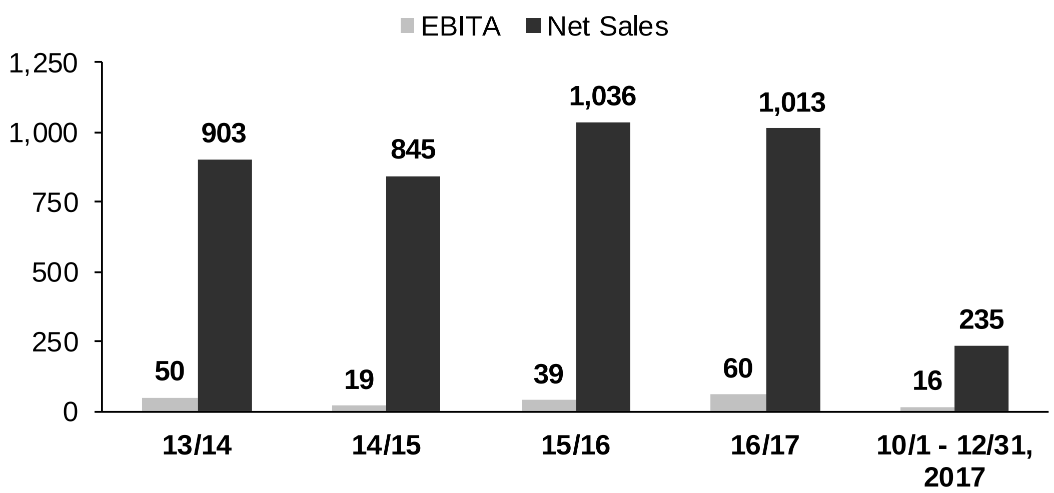
The region covering **Asia/Pacific/Africa** saw a significant downturn in net sales. It was impacted mainly by a decline in shipments of monofunctional systems.

Business activities in the **Americas** were brought together as part of ongoing integration measures. In combination with the sluggish performance of the market as a whole, this led to a sizeable reduction in net sales.

Retail segment performance.

Net sales close to prior-year level and EBITA up significantly before restructuring and transaction expenses. In the period under review, net sales within the Retail segment fell year on year, down 6% to €235 million (Oct. 1 - Dec. 31, 2016: €250 million). EBITA before restructuring and transaction expenses rose to €19 million in the period under review (Oct. 1 - Dec. 31, 2016: €16 million), particularly due to the determined pursuit of transformation and integration activities since the second half of fiscal 2016/2017. This translated into an improvement in the EBITA margin, which increased to 8.1% (Oct. 1 - Dec. 31, 2016: 6.4%). Furthermore, variable compensation was lower in the short fiscal year compared to the prior-year period. This was due to the fact that variable compensation has been based primarily on targets in respect of the Diebold Nixdorf, Inc. Group and the attainment of these specific goals as well as on the stock performance of Diebold Nixdorf, Inc. shares. EBITA after restructuring and transaction expenses totaled €16 million in the short fiscal year under review (Oct. 1 - Dec. 31, 2016: €15 million), while the EBITA margin stood at 6.8% (Oct. 1 - Dec. 31, 2016: 6.0%).

Net Sales and EBITA History: Retail. € million



Net sales change		-6 %	23 %	-2 %	-77 %
EBITA change		-62 %	105 %	54 %	-73 %
EBITA margin	5.5 %	2.2 %	3.8 %	5.9 %	6.8 %

Segment performance by business stream.

Segment performance by business stream. Whereas net sales from Hardware fell substantially year on year in the period under review, business relating to Software/Services was positive. However, growth generated in this area was not sufficiently strong to offset the downturn recorded by Hardware.

Segment performance by region.

In **Germany** business with retail companies remained stable. In particular, we managed to outpace our competitors in hardware-related projects.

In **Europe** (excluding Germany), meanwhile, we were faced with a significant downturn in business, as the Company was unable to match the substantial volumes recorded during the same period a year ago, particularly with regard to point of sales (“POS”) systems.

Net sales in **Asia/Pacific/Africa** grew slightly in the period under review. This was attributable to improved business in the area of Software/Services.

The **Americas** also saw a severe downturn in net sales in the short fiscal year under review. In contrast to the same period a year ago, there were no major rollouts relating to international retail companies in North America.

2.4 Performance, assets, and financial position.

Performance.

Group profit for the period rose by €19 million to €51 million in the short fiscal year under review (Oct. 1 - Dec. 31, 2016: €32 million).

Reconciliation of Result from Business Operations (EBITDA). € million

	10/1 - 12/31, 2017	2016/2017
Profit for the period	**51**	**119**
+ Income taxes	11	44
+ Financial result (finance costs - finance income)	0	3
+ Restructuring expenses	6	27
+ Trancaction expenses	-6	7
EBITA before restructuring and transaction expenses	**62**	**200**
+ Depreciation/amortization and write.down of industrial rights, licenses, and property, plant and equipment	13	50
+ Write-down of reworkable service parts	1	3
EBITDA before restructuring and transaction expenses	**76**	**253**
EBITDA after restructuring and transaction expenses	**76**	**219**

The Group's net sales totaled €567 million in the short 2017 fiscal year, down 8% on the prior-year figure (Oct. 1 - Dec. 31, 2016: €619 million). While revenue from sales in the Banking segment fell by 10% to €332 million (Oct. 1 - Dec. 31, 2016: €369 million), net sales within the Retail segment declined by 6% to €235 million (Oct. 1 - Dec. 31, 2016: €250 million).

In the short 2017 fiscal year and the other reporting periods presented in this document, functional costs and EBITA include one-time effects (i.e., non-recurring items) attributable to restructuring and transaction expenses associated with the business combination with Diebold Nixdorf, Inc. Restructuring expenses primarily include staff costs. Transaction expenses encompass personnel-related expenses as well as consulting fees and other expenses/income attributable to the amalgamation of entities in specific countries as part of the DN2020 program.

In fiscal 2016/2017, the principal parent company, Diebold Nixdorf, Inc. initiated a global transformation program by the name of DN2020, which is scheduled to span several years. This program is aligned with the strategic mission statement defined for the integrated Group in respect of the year 2020 and outlines the associated changes needed for us to drive growth in the markets of relevance to us and achieve the targeted performance levels.

Gross profit on net sales stood at €140 million (Oct. 1 - Dec. 31, 2016: €149 million). This figure was diluted by restructuring and transaction expenses totaling €4 million (Oct. 1 - Dec. 31, 2016: €0 million). Gross profit on net sales before restructuring and transaction expenses fell by €5 million, or 3%, to €144 million in the short 2017 fiscal year under review (Oct. 1 - Dec. 31, 2016: €149 million); the gross profit margin was 25.4% (Oct. 1 - Dec. 31, 2016: 24.1%).

Research and development costs, which again contained no significant expenses from non-recurring items (restructuring) in the period under review, amounted to €22 million (Oct. 1 - Dec. 31, 2016: €22 million). The R&D ratio stood at 3.9% (Oct. 1 - Dec. 31, 2016: 3.6%).

Selling, general, and administration expenses (including other operating income and expenses as well as net income from investments accounted for using the equity method) amounted to €56 million (Oct. 1 - Dec. 31, 2016: €80 million); this figure includes non-recurring income of €4 million (Oct. 1 - Dec. 31, 2016: expenses of €3 million). The total figure for selling, general, and administration expenses before restructuring and transaction expenses declined to €60 million (Oct. 1 - Dec. 31, 2016: €77 million), a reduction of €17 million or 22%. Alongside synergies relating to the DN2020 program, this includes a reduction in expenses due to changes in the basis of consolidation following integration. In the short 2017 fiscal year under review, transactions associated with the amalgamation of entities as part of the DN2020 program produced €14 million in other operating income as well as €4 million in other operating expenses. As a percentage of total net sales, the selling, general, and administration expense ratio before restructuring and transaction expenses stood at 10.6% (Oct. 1 - Dec. 31, 2016: 12.4%).

In the short 2017 fiscal year, operating profit (EBITA) totaled €62 million (Oct. 1 - Dec. 31, 2016: €47 million), including restructuring and transaction expenses of €0 million (Oct. 1 - Dec. 31, 2016: €3 million) attributable to the business combination with Diebold Nixdorf, Inc. Operating profit (EBITA) before transaction expenses, and including €6 million in restructuring expenses (Oct. 1 - Dec. 31, 2016: €0 million), amounted to €56 million (Oct. 1 - Dec. 31, 2016: €47 million). EBITA before restructuring and transaction expenses amounted to €62 million (Oct. 1 - Dec. 31, 2016: €50 million); the corresponding EBITA margin was 10.9% (Oct. 1 - Dec. 31, 2016: 8.1%).

Including restructuring and transaction expenses, EBITDA rose to €76 million (Oct. 1 - Dec. 31, 2016: €63 million). This represents an increase of €13 million or 21%. At €0 million, the Group's net financial result improved slightly in the period under review (Oct. 1 - Dec. 31, 2016: €-1 million). Earnings before taxes ended the fiscal year €17 million higher at €62 million (Oct. 1 - Dec. 31, 2016: €45 million). The Group's effective tax rate was 19% (Oct. 1 - Dec. 31, 2016: 30%).

Assets.

At the end of the short fiscal year covering the period from October 1 to December 31, 2017, the Group's balance sheet total was up by €29 million year on year at €1,618 million (2016/2017: €1,589 million).

Assets. € million

	Dec. 31, 2017	Sept. 30, 2017
Assets		
Intangible assets	396	373
Property, plant and equipment and financial assets	171	121
Non-current receivables and other assets	96	111
Non-current assets	**663**	**605**
Inventories	269	272
Current receivables and other assets	486	533
Cash and cash equivalents	121	95
Assets held for disposal	79	84
Current assets	**955**	**984**
Total Assets	**1,618**	**1,589**
Equity and liabilities		
Equity (incl. non-controlling interests)	**433**	**413**
Pension accruals and other accruals	84	100
Financial liabilities	1	1
Financial liabilities to affiliated companies	0	6
Other non-current liabilities	92	89
Non-current liabilities	**177**	**196**
Other accruals	136	149
Financial liabilities	2	1
Financial liabilities to affiliated companies	221	197
Trade payables	261	249
Other current liabilities	353	343
Liabilities relating to assets held for disposal	35	41
Current liabilities	**1,008**	**980**
Total liabilities	**1,618**	**1,589**

Fiscal 2016/2017 saw the introduction of the DN2020 transformation program within the Diebold Nixdorf, Inc. Group. One of the key components of this program is to merge entities in selected countries in order to present a consistent image as Diebold Nixdorf, Inc. within the markets in question and streamline administrative costs associated with duplicate legal structures in a specific country. Due to the planned disposal of subsidiaries of Diebold Nixdorf AG within the Diebold Nixdorf, Inc. Group in the coming twelve months, assets of €79 million (2016/2017: €84 million) attributable to these entities were reclassified to "assets held for sale" as of

December 31, 2017, in accordance with IFRS 5, while associated liabilities of €35 million (2016/2017: €41 million) were reclassified to the category entitled "liabilities relating to assets held for disposal."

At €396 million (2016/2017: €373 million), the carrying amount of intangible assets was up €23 million on the prior-year figure, which was attributable primarily to an acquisition of customer contracts within the Diebold Nixdorf, Inc. Group. The carrying amount of property, plant, and equipment was €5 million higher at €108 million (2016/2017: €103 million). While investments in property, plant, and equipment amounted to €15 million (2016/2017: €37 million), depreciation in this area totaled €9 million (2016/2017: €40 million). The main focus of capital expenditure was on IT equipment and specialist tools. Financial assets were recognized at €63 million, a year-on-year increase of €45 million (2016/2017: €18 million) that was mainly due to a rise by €40 million to €45 million in the carrying amounts of non-consolidated affiliated entities (2016/2017: €5 million). The carrying amount of non-current receivables and other assets fell by €15 million to €96 million (2016/2017: €111 million), primarily as a result of a reduction in the surplus of pension obligations. In total, non-current assets totaling €7 million (2016/2017: €6 million) were reclassified to "assets held for disposal."

Within the area of current assets, inventories fell by €3 million year on year to €269 million (2016/2017: €272 million), partly as a result of the separate presentation of €16 million (2016/2017: €15 million) in inventories within the category entitled "assets held for disposal." Current receivables and other assets fell by €45 million to €486 million (2016/2017: €533 million), mainly as a result of the decline in receivables from affiliated companies by €35 million to €42 million (2016/2017: €77 million) relating to goods and services transactions. Furthermore, current receivables and other assets totaling €47 million (2016/2017: €54 million) were presented separately in the category covering "assets held for disposal." Additionally, receivables from other long-term investees and investors decreased by €19 million to €17 million (2016/2017: €36 million) as part of normal business activities. Cash and cash equivalents rose by €26 million to €121 million (2016/2017: €95 million); at the same time, cash and cash equivalents totaling €9 million (2016/2017: €9 million) were reclassified and presented in "assets held for disposal."

Equity, including non-controlling interests, rose by €20 million year on year and amounted to €433 million (2016/2017: €413 million) in total. This increase was attributable primarily to €51 million (2016/2017: €119 million) in profit for the period. By contrast, equity was diluted by €43 million (2016/2017: €124 million) in profit transfers to Diebold Nixdorf KgaA. Additionally, a dividend of €51 million was paid out in fiscal 2016/2017. Further details of equity movements are presented in the table entitled Changes in Group Equity.

Non-current liabilities decreased by €19 million to €177 million (2016/2017: €196 million) in the period under review. This was attributable principally to the reduction in pension provisions and similar liabilities by €16 million to €59 million (2016/2017: €75 million) due to the increase in plan assets to be netted against obligations.

On August 8, 2016, under the terms of the business combination with Diebold Nixdorf, Inc., an agreement was concluded with Diebold Self-Service Solutions S.A.R.L. (hereinafter referred to as "Diebold S.A.R.L.") covering a revolving credit line of €300 million up to August 8, 2021. In the previous financial year, this loan replaced the revolving credit facility of €300 million with banks that was cancelled at the end of August 2016. Current financial liabilities from the revolving credit line amounted to €229 million as of December 31, 2017 (2016/2017: €209 million) including an amount of €8 million (2016/2017: €6 million) reclassified to "liabilities relating to assets held for disposal", which represents an increase of €20 million.

Current liabilities rose by €28 million to €1,008 million (2016/2017: €980 million). In this context, other current accruals (i.e., provisions) fell by €13 million to €136 million (2016/2017: €149 million), primarily as a result of lower provisions attributable to short-term personnel-related matters. In addition, a total of €5 million (2016/2017: €8 million) in other provisions was reclassified to "liabilities relating to assets held for disposal." From the present perspective, the accruals (i.e., provisions) recognized by the Group sufficiently cover all of its probable obligations. By contrast, trade payables arising from business transactions increased by €12 million to €261 million (2016/2017: €249 million)

Compared to the previous year, other current liabilities rose by €10 million to €353 million (2016/2017: €343 million). This increase was attributable mainly to the expansion of other payables by €13 million to €254 million (2016/2017: €241 million), primarily due to higher tax liabilities. A total of €35 million (2016/2017: €41 million) in current liabilities was presented in the category entitled "liabilities relating to assets held for disposal."

Financial position.

At €73 million, cash flow from operating activities in the short 2017 fiscal year was considerably higher than in the same period a year ago (Oct. 1 - Dec. 31. 2016: €50 million).

Cash flow.

€ million

	10/1 - 12/31, 2017	2016/2017
EBITDA	**76**	**219**
Cash flow from operating activities	73	165
Cash flow from investing activities	-17	-61
Cash flow from financing activities	-32	-73
Change in liquidity	**24**	**31**
Change in cash and cash equivalents from exchange rate movements	0	-1
Cash and cash equivalents at the beginning of the period*	104	74
Cash and cash equivalents at the end of the period*	**128**	**104**

*: Including cash and cash equivalents, cash and cash equivalent presented as assets held for sale as well as current bank liabilities.

EBITDA after restructuring and transaction expenses in connection with the Diebold Nixdorf, Inc. business combination, as the basis for the calculation of operating cash flow, was substantially higher year on year at €76 million (Oct. 1 - Dec. 31. 2016: €60 million). Income tax payments produced a cash outflow of €9 million (Oct. 1 - Dec. 31. 2016: €4 million). The reduction of working capital, adjusted for the effects of acquisitions and integration-specific changes to the basis of consolidation, resulted in a cash inflow of €21 million (Oct. 1 - Dec. 31. 2016: €1 million). Following the elimination of results from the disposal of entities and business units previously included in consolidation on the one hand and the addition of business units as part of integration measures on the other, operating cash flow was diluted by €12 million (Oct. 1 - Dec. 31. 2016: €0 million). Together, the change in other assets and other liabilities as well as the change in accruals (i.e., provisions) produced a cash inflow of €3 million (Oct. 1 - Dec. 31. 2016: cash outflow of €12 million).

Net cash used in investing activities over the reporting period rose to €17 million (Oct. 1 - Dec. 31. 2016: €12 million), as the purchase of intangible assets and property, plant, and equipment produced much higher cash outflows in the short fiscal year. Integration-related changes to the scope of consolidation were accounted for primarily as non-cash transactions and, having been offset against financial loans of related companies, allocated to investing activities. The inflow and outflow of cash and cash equivalents associated with these changes to the scope of consolidation have been presented as a cash inflow and cash outflow from investing activities.

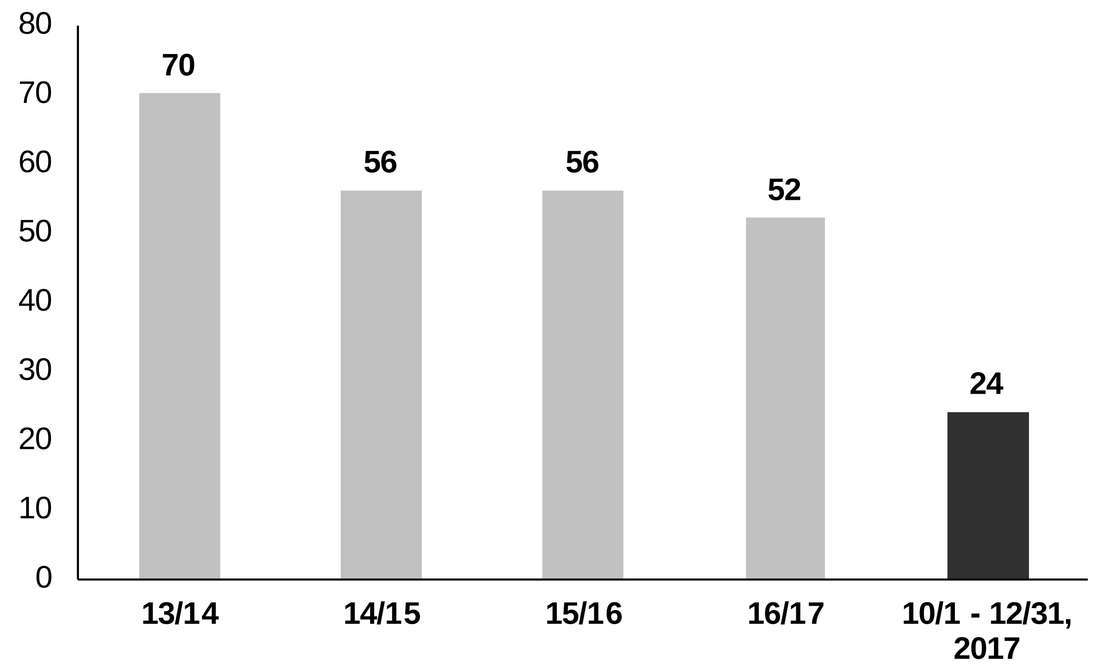
Net cash outflows from financing activities were €32 million (Oct. 1 - Dec. 31. 2016: net cash inflow of €50 million). In the short fiscal year, a net amount of €32 million (Oct. 1 - Dec. 31. 2016: cash inflow of €56 million from borrowings) was repaid to the related entity Diebold Nixdorf, Inc. (or offset) in the context of the revolving credit line. The transfer of profit completed in line with the control (also referred to as "domination") and profit transfer agreement with Diebold Nixdorf KGaA was accounted for as a non-cash transaction and, having been offset against financial loans of related companies, allocated to financing activities.

At €49 million, free cash flow (cash flow from operating activities less capital expenditure on intangible assets, property, plant and equipment, and reworkable service parts) in the short 2017 fiscal year was down by €9 million compared to the same period a year ago (Oct. 1 - Dec. 31, 2016: €40 million).

Capital expenditure.

In the short fiscal year investments totaled €24 million (Oct. 1 - Dec. 31. 2016: €10 million). These were directed primarily at IT equipment, software and licenses, specialist tools, and reworkable service parts. Within the IT field, our operations in Germany again formed one of the focal points of investment spending.

Capital expenditures. € million



Change	-20 %	0 %	-7 %	-54 %

3 Other statutory disclosures.

3.1 Corporate governance.

Management and responsibility.

A modern understanding of corporate governance. The Management Board and Supervisory Board of Diebold Nixdorf AG are committed to responsible business management and control aimed at the sustained creation of value. The principles of corporate governance serve as a basis and guide for employees' conduct in respect of day-to-day management and business operations.

Good corporate governance strengthens the trust of shareholders, business partners, employees, and the general public in our Company. It enhances corporate transparency and underpins the credibility of our organization. In embracing a well-balanced form of corporate governance, the Management Board and Supervisory Board endeavor to secure the overall competitiveness of Diebold Nixdorf AG, reinforce the level of confidence extended by the capital markets and the public in the Company, and raise enterprise value in a sustainable manner.

Corporate Governance Statement pursuant to Section 315d HGB.

The Corporate Governance Statement and the Corporate Governance Report have been made publicly available on our website at www.dieboldnixdorfag.com (Investor Relations section).

3.2 Compliance.

Compliance.

Corporate values and culture. For Diebold Nixdorf AG, a corporate and management culture that not only acknowledges the need to abide by statutory regulations but also embraces values such as integrity and fair competition is an essential prerequisite for a fully functioning compliance management system. Lawful conduct is a precondition for stable and enduring business relationships as well as sustained success with regard to the Company's commercial performance. The Management Board therefore regards compliance as a fundamental management task and has pledged to respect the law, while expressly acknowledging the importance of lawful, social, and ethical conduct. For the Company's employees, a functioning compliance management system offers a framework within which they can act and operate even in difficult situations. It thus helps not only to protect our Company against the detrimental effects of unlawful or non-compliant behavior but also to cement its reputation and enhance its long-term competitiveness.

With this in mind, Diebold Nixdorf AG is committed to refining its compliance management system on a continual basis in order to adapt it to the changing statutory and commercial factors that are of relevance to its global business activities. Following the business combination of former Diebold, Inc. and Wincor Nixdorf AG to create the Diebold Nixdorf, Inc. Group, the compliance management system of Diebold Nixdorf AG was integrated into the existing compliance program of Diebold Nixdorf, Inc., which includes the adaptation of applicable statutory provisions and organizational measures.

Compliance management system. Building on its understanding of compliance, Diebold Nixdorf AG has established a compliance management system tailored to the requirements of a Group operating at an international level. This system encompasses prevention, detection/control, and response. The focus of compliance management is on a preventative approach in support of a corporate culture that addresses the issue of potential misconduct before it arises by sensitizing and educating employees.

Against this background, considerable importance is attached to regular compliance training, which is conducted in the form of attended seminars as well as online sessions. Additionally, the compliance communication program and the personal support provided by the Corporate Compliance Office help to build awareness among the workforce of the issue of compliance and any associated risks.

Code of ethical business conduct for employees and suppliers. At the heart of Diebold Nixdorf AG's compliance management system is the code of ethical business conduct. Reflecting the values-led corporate culture embraced by the Group, it is binding for all employees. It is complemented by various guidelines such as the gifts, travel, and corporate hospitality policy, which provides personnel with an overview of how to deal with gifts, invitations, and corporate hospitality in general. The Group also has a guideline on the prevention of conflicts of interest. It is aimed at raising awareness of this topic within the workforce and offering help and advice on how to deal with such instances.

Another key element is the Code of Conduct for Diebold Nixdorf AG suppliers. It forms an integral part of the purchasing process and is fully incorporated in the purchase agreements.

The compliance organization. Diebold Nixdorf AG's compliance organization is headed by the Chief Compliance Officer (CCO), who reports directly to the Management Board and the Audit Committee of the Supervisory Board. The CCO is responsible for implementing and evolving the compliance management system throughout the Group. The COO is supported by a Group-wide compliance officer system that consists of Regional Compliance Officers, Area Compliance Officers, and Local Compliance Officers. They ensure that the compliance management system is applied correctly in their respective areas of responsibility. A central Compliance Office coordinates all compliance activities throughout the Group and advises employees on key issues.

3.3 Compensation report.

The information contained in the compensation report forms an integral part of the Group Management Report. Therefore, the Notes to the Group financial statements include no additional presentation of details discussed as part of the compensation report.

The compensation report outlines the key principles applied when determining remuneration levels for the Management Board (Vorstand) of Diebold Nixdorf AG. It also describes the structure and level of compensation for the Management Board. Additionally, the report presents the principles and scope of Supervisory Board compensation.

The compensation report has been prepared in conformity with the recommendations of the German Corporate Governance Code (in the version of February 7, 2017) and includes information which, in accordance with the requirements of German commercial law, amended by the Act on the Disclosure of Management Board Compensation (Gesetz über die Offenlegung der Vorstandsvergütungen – VorstOG) of August 3, 2005, forms an integral part of the Notes to the Group financial statements pursuant to Section 314 of the German Commercial Code (Handelsgesetzbuch – HGB) and the Group Management Report pursuant to Section 315 HGB in conjunction with Section 315e HGB.

System of compensation for the Management Board.

The Supervisory Board of Diebold Nixdorf AG, acting on the recommendations of its Personnel Committee, which deals with the employment contracts of members of the Management Board and in consultation with the Board of Directors and Compensation Committee of the parent company, Diebold Nixdorf, Incorporated (hereinafter referred to as Diebold Nixdorf, Inc.), determines the overall level of compensation for each member of the Management Board. Additionally, it regularly reviews and makes decisions relating to the compensation system for the Management Board, as well as the appropriateness of the total compensation payable to each member of the Management Board, including all significant elements within the contract. The requirements of the Act on the Appropriateness of Management Board Compensation (Gesetz zur Angemessenheit der Vorstandsvergütung – VorstAG) dated July 31, 2009, have been met in respect of existing employment contracts and with regard to the extension of employment contracts for members of the Management Board.

The compensation of members of the Management Board of Diebold Nixdorf AG is determined on the basis of the Company's size and global operations, its economic and financial situation, and the level and structure of management board compensation offered by similar companies based in Germany and abroad. Due to the domination and profit transfer agreement with Diebold Nixdorf KGaA that has been in effect since February 2017, it also takes into account the established compensation system of Diebold Nixdorf, Inc. In addition, the duties, contribution, and performance of each member of the Board of Directors for the Diebold Nixdorf, Inc. Group are taken into account. The level of compensation is designed to be competitive within the market for highly qualified executives and to provide incentives for successful work that contributes in turn to the organization’s sustained development as part of a high-performance culture. Diebold

Nixdorf AG regularly takes part in remuneration reviews relating to both its own industry and MDAX-listed enterprises as well as the established peer group companies for Diebold Nixdorf, Inc. following domination, with the express purpose of ensuring horizontal comparability of Management Board compensation. Furthermore, when determining compensation levels for the Management Board, the pay scale and remuneration system within the Diebold Nixdorf, Inc. Group are taken into account (verticality).

By way of derogation from these regulations, divergent provisions applied and continue to apply for the following members of the Management Board, none of whom receive compensation from Diebold Nixdorf AG as described in this report:

- Christopher A. Chapman: Chief Financial Officer since April 1, 2017
- Alan Kerr: Member of the Management Board from October 1, 2016, to March 31, 2017
- Stefan Merz: Member of the Management Board from October 1, 2016, to March 31, 2017

These members of the Management Board have/had employment contracts with Diebold Nixdorf AG but do/did not receive compensation under those agreements. Compensation with respect to the duties performed by them is covered by Diebold Nixdorf, Inc. Additionally, the aforementioned members of the Management Board are not included in the retirement benefit scheme of Diebold Nixdorf AG.

The remuneration of the Management Board is focused on performance and comprises the four components described below:

1. Fixed basic salary plus fringe benefits
2. Variable compensation (bonus) dependent on the attainment of specific targets (short-term performance-based component)
3. Share-based compensation (long-term incentive component)
4. Pension commitment

Within this context, the fixed basic salary, the fringe benefits, and the pension commitment represent non-performance-based components. The fixed basic salary is payable in monthly installments of equal amounts. The fringe benefits mainly comprise contributions made to accident and liability insurance policies as well as the provision of a company car. Additionally, all members of the Management Board of Diebold Nixdorf AG, with the exception of the aforementioned active and former Board members, are entitled to retirement benefits, as described in detail in the section entitled Pension Commitments.

Variable, performance-based compensation payable in the form of a bonus is dependent on the attainment of specific targets; since April 1, 2017, effective from January 1, 2017, these targets have been defined in relation to Diebold Nixdorf, Inc. and individual performance and provided to each member of the Management Board in writing. As the fiscal year of the parent company Diebold Nixdorf, Inc. corresponds to the calendar year, the following regulations were put in place in respect of the targets and calculations relating to short-term variable compensation of members of the Management Board for the short 2017 fiscal year as well as the fiscal year 2016/2017:

- For the period from October 1, 2016, to December 31, 2016, the objectives and defined targets applied in previous years remained in place. These targets were set on the basis of EBITDA (earnings before interest, taxes, depreciation, and amortization) and Group net income. Each target received the same weighting and was settled separately. If the agreed budget per target is met in full (100%), the member of the Management Board receives 100% of his/her annual fixed basic salary as a bonus. If he/she falls short of the agreed budget by a maximum of 20%, the bonus is reduced on a straight-line basis. If the specified targets are met to an extent equivalent to 80%, the member of the Management Board receives 25% of the agreed bonus. Based on the EBITDA and net income figures achieved in this period, pro rata compensation – with a target attainment of 100% – was paid out in March 2017.
- Since April 1, 2017, individualized personal targets have been in place for each member of the Management Board, based on the goals of Diebold Nixdorf, Inc. and individual goals; they are presented separately in the following sections.

Members of the Management Board receive share-based compensation instruments and share options as a form of compensation with a long-term incentive effect. For each member of the Management Board, the share-based compensation as a long-term incentive component lies between 30% and 50% of target annual income. The remainder is derived from the member's fixed annual salary and pension commitment (25%-40%) and from variable compensation (25%-30%) (bonus). Full details are established by the Supervisory Board of Diebold Nixdorf AG in consultation with the Board of Directors and Compensation Committee of Diebold Nixdorf, Inc.

The non-performance-based and performance-based components of compensation for members of the Management Board are itemized below and relate to all duties performed within the Group:

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	Non-performance-based				Performance-based		Total	
	Fixed basic salary		Fringe benefits					
	Oct. 1 - Dec. 31, 2017	2016/2017	Oct. 1 - Dec. 31, 2017	2016/2017	Oct. 1 - Dec. 31, 2017	2016/2017	Oct. 1 - Dec. 31, 2017	2016/2017
Dr. Jürgen Wunram	133,750.00	517,500.00	7,678.91	27,595.67	214,000.00	125,000.00	355,428.91	670,095.67
Olaf Heyden	117,500.00	450,000.00	7,681.33	28,713.22	188,000.00	107,500.00	313,181.33	586,213.22
Dr. Ulrich Näher[1)]	117,500.00	450,000.00	9,316.60	35,304.36	188,000.00	107,500.00	314,816.60	592,804.36
Rainer Pfeil[2)]	105,000.00	210,000.00	9,340.85	17,840.35	236,250.00	0.00	350,590.85	227,840.35
Eckard Heidloff[3)]	0.00	350,000.00	0.00	24,019.99	0.00	350,000.00	0.00	724,019.99
Summe	**473,750.00**	**1,977,500.00**	**34,017.69**	**133,473.59**	**826,250.00**	**690,000.00**	**1,334,017.69**	**2,800,973.59**

[1)] Member of the Management Board of Diebold Nixdorf AG since March 1, 2016
[2)] Member of the Management Board of Diebold Nixdorf AG since April 1, 2017
[3)] Left the Company effective from March 31, 2017; amount of performanced-based compensation 2016/2017 equals 50% of target value for the year under review

The performance-based amounts of fiscal 2016/2017 refer to the targets and performance in the period October 1 to December 31, 2016. Performance-based compensation for the remaining period of fiscal 2016/2017 as well as the short 2017 fiscal year was based on goals or targets of the fiscal year of Diebold Nixdorf, Inc. As these targets had not yet been attained at the time of preparing the prior-year report and will not be attained until the end of the 2017 calendar year, details in respect of their attainment and the associated amounts to be paid are presented in the short 2017 fiscal year.

Presentation of compensation for each member of the Management Board.

In line with German Corporate Governance Code (GCGC) recommendations, compensation payable to the Management Board for the short 2017 fiscal year has been disclosed in an itemized format based on the so-called model tables recommended by the GCGC. One of the key features of this presentation is the separate disclosure of benefits granted and actual allocations.

The benefits granted include fixed compensation and fringe benefits as well as short-term variable target compensation in the event of full target attainment and long-term share-based compensation measured at fair value at the date of granting. The details presented with regard to benefits granted also include benefit expense. Additionally, the minimum and maximum figures attainable are listed for each component of compensation.

The allocation includes fixed compensation actually granted in fiscal year 2016/2017 and in the short 2017 fiscal year as well as the total amount of variable compensation paid by the Company in the respective fiscal years. In accordance with GCGC recommendations, the list also includes the respective benefit expenses, despite the fact that these are not, strictly speaking, considered to be allocations.

- **Dr. Jürgen Wunram**

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	Benefits granted				Allocation	
	2016/2017	**Oct. 1 - Dec. 31, 2017**	**Oct. 1 - Dec. 31, 2017 (Min)**	**Oct. 1 - Dec. 31, 2017 (Max)**	**2016/2017**	**Oct. 1 - Dec. 31, 2017**
Dr. Jürgen Wunram President & CEO Board Member since March 1, 2007						
Fixed compensation	517,500.00	133,750.00	133,750.00	133,750.00	517,500.00	133,750.00
Fringe benefits	27,595.67	7,678.91	7,678.91	7,678.91	27,595.67	7,678.91
Total fixed compensation	**545,095.67**	**141,428.91**	**141,428.91**	**141,428.91**	**545,095.67**	**141,428.91**
Short-term variable compensation[1)]	125,000.00	535,000.00	0.00	1,070,000.00	125,000.00	214,000.00
Long-term share-based compensation						
Stock options 2017 Diebold Nixdorf Inc.	322,568.58	0.00	0.00	n. m.[2)]	---	---
Restricted Stock Units	219,200.45	0.00	0.00	n. m.[2)]	---	---
Performance shares	726,031.72	0.00	0.00	n. m.[2)]	---	---
Share option program 2012 (2012-2016)	---	---	---	---	---	---
Share option program 2013 (2013-2017)	---	---	---	---	2,815,509.06	---
Share option program 2016 (2016-2020)	---	---	---	---	---	---
Total variable compensation	**1,392,800.75**	**535,000.00**	**0.00**	**n. m.[2)]**	**2,940,509.06**	**214,000.00**
Service costs	100,000.00	25,000.00	25,000.00	25,000.00	100,000.00	25,000.00
Total	**2,037,896.42**	**701,428.91**	**166,428.91**	**n. m.[2)]**	**3,585,604.73**	**380,428.91**

[1)] Possible range between 0% (no payout) and 200% (max. payout) for 12 months

[2)] n. m. = no maximum amount; the contracts of employment include suitable provisions to ensure that the amount allocated does not exceed compensation granted in an unreasonable manner. The number of performance shares earned falls within a range, including a maximum value, established by the individual award.

As part of the amendment to the compensation structure for the Management Board, the short-term compensation component in respect of the 2017 calendar year is based on several targets. The predominant proportion of short-term variable compensation components relates to operating profit before exceptional items (Non-GAAP OP) with respect to Diebold Nixdorf, Inc.; other components include free cash flow of Diebold Nixdorf, Inc. and individual targets.

Provisions relating to the short-term variable compensation component stipulate that insofar as a target is exceeded a maximum of 200% of the contractually agreed figure attributable to this goal shall be available for payout. If the actual performance falls short of the target by a significant degree, no payment shall be made in respect of the short-term compensation component attributable to this goal. Payouts are subject to the discretion of the Board of Directors of Diebold Nixdorf, Inc. as well as that of the Supervisory Board of Diebold Nixdorf AG.

Dr. Jürgen Wunram's short-term variable compensation granted and paid out in respect of fiscal 2016/2017, covering the period from October 1, 2016, to December 31, 2016, encompasses 25% of the short-term compensation component of €500k applicable prior to contractual amendments.

- **Olaf Heyden**

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	Benefits granted				Allocation	
	2016/2017	Oct. 1 - Dec. 31, 2017	Oct. 1 - Dec. 31, 2017 (Min)	Oct. 1 - Dec. 31, 2017 (Max)	2016/2017	Oct. 1 - Dec. 31, 2017
Olaf Heyden Board member since May 1, 2013						
Fixed compensation	450,000.00	117,500.00	117,500.00	117,500.00	450,000.00	117,500.00
Fringe benefits	28,713.22	7,681.33	7,681.33	7,681.33	28,713.22	7,681.33
Total fixed compensation	**478,713.22**	**125,181.33**	**125,181.33**	**125,181.33**	**478,713.22**	**125,181.33**
Short-term variable compensation[1)]	107,500.00	470,000.00	0.00	940,000.00	107,500.00	188,000.00
Long-term share-based compensation						
Stock options 2017 Diebold Nixdorf Inc.	212,531.59	0.00	0.00	n. m.[2)]	---	---
Restricted Stock Units	144,436.55	0.00	0.00	n. m.[2)]	---	---
Performance shares	478,361.57	0.00	0.00	n. m.[2)]	---	---
Share option program 2012 (2012-2016)	---	---	---	---	---	---
Share option program 2013 (2013-2017)	---	---	---	---	---	---
Share option program 2016 (2016-2020)	---	---	---	---	---	---
Total variable compensation	**942,829.70**	**470,000.00**	**0.00**	**n. m.[2)]**	**107,500.00**	**188,000.00**
Service costs	50,000.00	12,500.00	12,500.00	12,500.00	50,000.00	12,500.00
Total	**1,471,542.92**	**607,681.33**	**137,681.33**	**n. m.[2)]**	**636,213.22**	**325,681.33**

[1)] Possible range between 0% (no payout) and 200% (max. payout) for 12 months

[2)] n. m. = no maximum amount; the contracts of employment include suitable provisions to ensure that the amount allocated does not exceed compensation granted in an unreasonable manner. The number of performance shares earned falls within a range, including a maximum value, established by the individual award.

As part of the amendment to the compensation structure for the Management Board, the short-term compensation component in respect of the 2017 calendar year is based on several targets. The predominant proportion of short-term variable compensation components relates to Non-GAAP OP with respect to Diebold Nixdorf, Inc.; other components include free cash flow of Diebold Nixdorf, Inc. and individual targets.

Provisions relating to the short-term variable compensation component stipulate that insofar as a target is exceeded a maximum of 200% of the contractually agreed figure attributable to this goal shall be available for payout. If the actual performance falls short of the target by a significant degree, no payment shall be made in respect of the short-term compensation component attributable to this goal. Payouts are subject to the discretion of the Board of Directors of Diebold Nixdorf, Inc. as well as that of the Supervisory Board of Diebold Nixdorf AG.

Olaf Heyden's short-term variable compensation granted and paid out in respect of fiscal 2016/2017, covering the period from October 1, 2016, to December 31, 2016, encompasses 25% of the short-term compensation component of €430k applicable prior to contractual amendments.

- **Dr. Ulrich Näher**

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	Benefits granted				Allocation	
	2016/2017	Oct. 1 - Dec. 31, 2017	Oct. 1 - Dec. 31, 2017 (Min)	Oct. 1 - Dec. 31, 2017 (Max)	2016/2017	Oct. 1 - Dec. 31, 2017
Dr. Ulrich Näher Board member since March 1, 2016						
Fixed compensation	450,000.00	117,500.00	117,500.00	117,500.00	450,000.00	117,500.00
Fringe benefits	35,304.36	9,316.60	9,316.60	9,316.60	35,304.36	9,316.60
Total fixed compensation	**485,304.36**	**126,816.60**	**126,816.60**	**126,816.60**	**485,304.36**	**126,816.60**
Short-term variable compensation[1)]	107,500.00	188,000.00	0.00	940,000.00	107,500.00	188,000.00
Long-term share-based compensation						
Stock options 2017 Diebold Nixdorf Inc.	212,531.59	0.00	0.00	n. m.[2)]	---	---
Restricted Stock Units	144,436.55	0.00	0.00	n. m.[2)]	---	---
Performance shares	478,361.57	0.00	0.00	n. m.[2)]	---	---
Share option program 2012 (2012-2016)	---	---	---	---	---	---
Share option program 2013 (2013-2017)	---	---	---	---	---	---
Share option program 2016 (2016-2020)	---	---	---	---	---	---
Total variable compensation	**942,829.70**	**188,000.00**	**0.00**	**n. m.[2)]**	**107,500.00**	**188,000.00**
Service costs	50,000.00	12,500.00	12,500.00	12,500.00	50,000.00	12,500.00
Total	**1,478,134.06**	**327,316.60**	**139,316.60**	**n. m.[2)]**	**642,804.36**	**327,316.60**

[1)] Possible range between 0% (no payout) and 200% (max. payout) for 12 months

[2)] n. m. = no maximum amount; the contracts of employment include suitable provisions to ensure that the amount allocated does not exceed compensation granted in an unreasonable manner. The number of performance shares earned falls within a range, including a maximum value, established by the individual award.

As part of the amendment to the compensation structure for the Management Board, the short-term compensation component in respect of the 2017 calendar year is based on several targets. The predominant proportion of short-term variable compensation components relates to Non-GAAP OP with respect to Diebold Nixdorf, Inc.; other components include free cash flow of Diebold Nixdorf, Inc. and individual targets.

Provisions relating to the short-term variable compensation component stipulate that insofar as a target is exceeded a maximum of 200% of the contractually agreed figure attributable to this goal shall be available for payout. If the actual performance falls short of the target by a significant degree, no payment shall be made in respect of the short-term compensation component attributable to this goal. Payouts are subject to the discretion of the Board of Directors of Diebold Nixdorf, Inc. as well as that of the Supervisory Board of Diebold Nixdorf AG.

Dr. Ulrich Näher's short-term variable compensation granted and paid out in respect of fiscal 2016/2017, covering the period from October 1, 2016, to December 31, 2016, encompasses 25% of the short-term compensation component of €430k applicable prior to contractual amendments.

- **Rainer Pfeil**

€

	Benefits granted				Allocation	
	2016/2017	Oct. 1 - Dec. 31, 2017	Oct. 1 - Dec. 31, 2017 (Min)	Oct. 1 - Dec. 31, 2017 (Max)	2016/2017	Oct. 1 - Dec. 31, 2017
Rainer Pfeil Board member since April 1, 2017						
Fixed compensation	210,000.00	105,000.00	105,000.00	105,000.00	210,000.00	105,000.00
Fringe benefits	17,840.35	9,340.85	9,340.85	9,340.85	17,840.35	9,340.85
Total fixed compensation	**227,840.35**	**114,340.85**	**114,340.85**	**114,340.85**	**227,840.35**	**114,340.85**
Short-term variable compensation[1)]	0.00	315,000.00	0.00	630,000.00	0.00	236,250.00
Long-term share-based compensation						
Stock options 2017 Diebold Nixdorf Inc.	---	---	---	---	---	---
Restricted Stock Units	161,281.26	0.00	0.00	n. m.[2)]	---	---
Performance shares	203,711.52	0.00	0.00	n. m.[2)]	---	---
Share option program 2012 (2012-2016)	---	---	---	---	---	---
Share option program 2013 (2013-2017)	---	---	---	---	---	---
Share option program 2016 (2016-2020)	---	---	---	---	---	---
Total variable compensation	**364,992.78**	**315,000.00**	**0.00**	**n. m.[2)]**	**0.00**	**236,250.00**
Service costs	25,000.00	12,500.00	12,500.00	12,500.00	25,000.00	12,500.00
Total	**617,833.13**	**441,840.85**	**126,840.85**	**n. m.[2)]**	**252,840.35**	**363,090.85**

[1)] Possible range between 0% (no payout) and 200% (max. payout) for the period since the appointment of Rainer Pfeil to the Management Board

[2)] n. m. = no maximum amount; the contracts of employment include suitable provisions to ensure that the amount allocated does not exceed compensation granted in an unreasonable manner. The number of performance shares earned falls within a range, including a maximum value, established by the individual award.

[3)] Share options from 2016 were granted prior to appointment as a member of the Board of Directors.

All data presented in this section relates solely to the period since the appointment of Rainer Pfeil to the Management Board.

As part of the amendment to the compensation structure for the Management Board, the short-term compensation component in respect of the 2017 calendar year is based on several targets. The predominant proportion of short-term variable compensation components relates to individual targets; other components include Non-GAAP OP with respect to Diebold Nixdorf, Inc. and the free cash flow of Diebold Nixdorf, Inc.

Provisions relating to the short-term variable compensation component stipulate that insofar as a target is exceeded a maximum of 200% of the contractually agreed figure attributable to this goal shall be available for payout. If the actual performance falls short of the target by a significant degree, no payment shall be made in respect of the short-term compensation component attributable to this goal. Payouts are subject to the discretion of the Board of Directors of Diebold Nixdorf, Inc. as well as that of the Supervisory Board of Diebold Nixdorf AG.

- **Eckard Heidloff**

€

	Benefits granted				Allocation	
	2016/2017	Oct. 1 - Dec. 31, 2017	Oct. 1 - Dec. 31, 2017 (Min)	Oct. 1 - Dec. 31, 2017 (Max)	2016/2017	Oct. 1 - Dec. 31, 2017
Eckard Heidloff **President & CEO** **Board member until March 31, 2017**						
Fixed compensation	350,000.00	0.00	0.00	0.00	350,000.00	0.00
Fringe benefits	24,019.99	0.00	0.00	0.00	24,019.99	0.00
Total fixed compensation	**374,019.99**	**0.00**	**0.00**	**0.00**	**374,019.99**	**0.00**
Short-term variable compensation[1]	350,000.00	0.00	0.00	0.00	350,000.00	0.00
Long-term share-based compensation						
Share option program 2012 (2012-2016)	---	---	---	---	---	---
Share option program 2013 (2013-2017)	---	---	---	---	4,291,694.12	---
Share option program 2016 (2016-2020)	---	---	---	---	---	---
Pro rata compensation 2016/2017[3]	350,000.00	---	---	---	350,000.00	0.00
Total variable compensation	**700,000.00**	**0.00**	**0.00**	**n. m.**[2]	**4,991,694.12**	**0.00**
Service costs	63,041.00	0.00	0.00	---	63,041.00	0.00
Total	**1,137,060.99**	**0.00**	**0.00**	**n. m.**[2]	**5,428,755.11**	**0.00**

[1] Possible range between 0% (no payout) and 200% (max. payout) for 12 months

[2] n. m. = no maximum amount; the contracts of employment include suitable provisions to ensure that the amount allocated does not exceed compensation granted in an unreasonable manner.

[3] The long-term compensation component for fiscal 2016/2017 was granted on a pro rata basis and paid accordingly as part of the termination agreement.

All data presented in this section in respect of the 2016/2017 financial year relates solely to the period up to the removal of Eckard Heidloff as CEO & President. As regards to fiscal 2016/2017, Eckard Heidloff received the contractually agreed variable compensation components pro rata on the basis of a notional target attainment of 100%.

Share-based compensation (long-term incentive component).

Prior to the domination and profit transfer agreement, eligible members of the Management Board received share options of Diebold Nixdorf AG as a form of compensation with a long-term incentive effect. In fiscal 2016/2017, all members of the Management Board as well as all other holders of options received an offer from Diebold Nixdorf, Inc. to replace Diebold Nixdorf AG share options held in exchange for Diebold Nixdorf, Inc. performance-based cash incentive awards ("DN Performance Awards") as described below.

Immediately prior to the offer to replace the share options with the Diebold Nixdorf, Inc. performance-based cash incentive awards described below, in April 2017, share options held by each member of the Management Board under the respective share option programs were as follows:

Units

	2016	2015	2014	Total
Dr. Jürgen Wunram	66,016	79,852	62,403	208,271
Olaf Heyden	56,774	55,897	43,682	156,353
Dr. Ulrich Näher[1) 2)]	56,774	55,897	0	112,671
Rainer Pfeil[3) 4)]	24,426	29,546	23,089	77,061
Total	**203,990**	**221,192**	**129,174**	**554,356**

[1)] Member of the Management Board since March 1, 2016
[2)] Share options from 2015 were granted prior to appointment as member of the Management Board
[3)] Member of the Management Board since April 1, 2017
[4)] Share options from 2014 - 2016 were granted prior to appointment as member of the Management Board

On March 22, 2017, the vesting period for the 2013 share option program came to an end. A total of 643,076 options of the 774,806 share options issued were exercised. The exercise price, having accounted for dividends, was €38.26. The relevant exchange price was determined on the basis of the unweighted average of the stock within the Xetra trading system of the Frankfurt Stock Exchange in the closing auction of the thirty exchange trading days immediately prior to the execution date. This price was calculated as €69.20. The associated gain per option is €30.94. In total, the Management Board exercised 218,397 share options; of this total, 127,398 share options were attributable to Eckard Heidloff and 90,999 to Dr. Jürgen Wunram. The settlement of options was effected by means of a cash settlement.

On April 25, 2017, in order to align incentive compensation, the Compensation Committee of the Board of Directors of Diebold Nixdorf, Inc. approved a one-time offer to certain employees to replace employees' outstanding Diebold Nixdorf AG share options with performance-based cash incentive awards (DN Performance Awards). The grant of the DN Performance Awards was contingent on the employee's agreement to cancel the outstanding share options. The Diebold Nixdorf AG options subject to the above offer were those vesting in March of 2018, 2019, and 2020 respectively. Each tranche of share options had a different vest date and a different "in the money" value, and so each tranche was replaced with a DN Performance Award that had the same measurement date (of 2018, 2019, or 2020, for example). In addition, each award is structured to approximate the original "in-the money" value of the cancelled share options at target, the option "under water" line at threshold, and a maximum at approximately 155% of the Diebold Nixdorf, Inc. stock price. The DN Performance Awards were based on a Diebold Nixdorf, Inc. stock price of $26.18.

In the event of a declining Diebold Nixdorf, Inc. share price, payouts only occur down to a specific threshold, Diebold Nixdorf, Inc. average share price determined individually for each plan based on the value of the "under water" options; if the share price falls below this threshold level in the respective exercise period, no payment is made. The relevant share price is determined on the basis of the average closing prices of Diebold Nixdorf, Inc. shares on the New York Stock Exchange (NYSE) within 20 exchange trading days up to and including the final trading day of the respective exercise period.

The compensatory amounts for eligible members of the Management Board of Diebold Nixdorf AG in April 2017 are presented below; these amounts may subsequently increase or decrease in line with changes in the price of Diebold Nixdorf, Inc. shares:

€

	2016	2015	2014	Total
Dr. Jürgen Wunram	999,482.24	1,805,453.72	486,743.40	3,291,679.36
Olaf Heyden	859,558.36	1,263,831.17	340,719.60	2,464,109.13
Dr. Ulrich Näher[1) 2)]	859,558.36	1,263,831.17	0.00	2,123,389.53
Rainer Pfeil[3) 4)]	369,809.64	668,035.06	180,094.20	1,217,938.90
Total	**3,088,408.60**	**5,001,151.12**	**1,007,557.20**	**9,097,116.92**

1) Member of the Management Board of Directors since March 1, 2016
2) Share options from 2015 were granted prior to appointment as member of the Management Board
3) Member of the Management Board since April 1, 2017
4) Share options from 2014 - 2016 were granted prior to appointment as member of the Management Board

In addition, President & CEO Dr. Jürgen Wunram as well as members of the Management Board Olaf Heyden, Dr. Ulrich Näher, and Rainer Pfeil participate in the "Diebold Nixdorf, Incorporated Amended and Restated 1991 Equity and Performance Incentive Plan" (hereinafter referred to as "LTI Plan 1991") and, from 2018 onward, in the "2017 Equity and Performance Incentive Plan." As part of the LTI Plan 1991, the members of the Management Board were granted performance–based shares, restricted stock units, and stock options as a long-term incentive component of compensation.

Performance-based shares

Performance-based shares are granted on the basis of a three-year performance period (January 1, 2017, to December 31, 2019); they provide value based on the three-year Total Shareholder Return Ranking (TSR Ranking) of the S&P 400 Midcap Index companies vs. Diebold Nixdorf, Inc. The number of shares vested at the end of the performance period can lie within a range of 0% and 200% of the target, based on the relative TSR Ranking in respect of the two target categories.

Restricted Stock Units (hereinafter referred to as RSUs)

The purpose of these awards is to ensure retention of the executives' services for a specified period of time and to enhance their incentive for meeting objectives defined by Diebold Nixdorf, Inc. RSUs vest ratably over a three-year period on the anniversary of the date of grant. The period during which RSUs are allocated covers three years in total. After each year, one-third (1/3) of the allocated RSUs shall vest and become non-forfeitable, and the corresponding volume of shares is credited to the securities deposit account of the member of the Management Board. In those years in which the RSUs have not yet become non-forfeitable, the member of the Management Board shall receive dividend equivalent payments as determined in the same manner as shareholders of Diebold Nixdorf, Inc. The non-forfeitable allocation of RSUs is linked solely to the retention of the Board member's services for the Company, subject to certain holding restrictions. The value of each RSU at the date of allocation was determined according to the Diebold Nixdorf, Inc. shares as an unweighted average over a period of 20 exchange trading days immediately prior to the grant date.

Stock Options

Stock options provide value based solely on stock price appreciation. Grants of stock options have a ten-year term and vest ratably over a three-year period. The exercise price is based on the closing price of common shares on the grant date and is valued using the Black-Scholes stock option valuation method.

The rights granted as part of the long-term compensation component (at the grant date) are as follows:

			Monte Carlo options pricing model	
	Pro rata value of compensation component with long-term incentive in respect of target annual income[1)]	Number of PSUs	Value per PSU[2)]	Total of compensation component with long-term incentive effect[2)]
Dr. Jürgen Wunram	535,000.00	21,851	33.23	726,031.72
Olaf Heyden	352,500.00	14,397	33.23	478,361.57
Dr. Ulrich Näher[3)]	352,500.00	14,397	33.23	478,361.57
Rainer Pfeil[4)]	157,500.00	6,131	33.23	203,711.52
Total	**1,397,500.00**	**56,776**		**1,886,466.38**

[1)] Targeted amount, in €; 50% of total value of compensation component with long-term incentive effect

[2)] in €, at grant date

[3)] Member of the Management Board since March 1, 2016

[4)] Member of the Management Board since April 1, 2017

			Value at grant date	
	Pro rata value of compensation component with long-term incentive in respect of target annual income[1)]	Number of RSUs	Amount per RSU[2)]	Total of compensation component with long-term incentive effect[2)]
Dr. Jürgen Wunram	214,000.00	8,740	25.08	219,200.45
Olaf Heyden	141,000.00	5,759	25.08	144,436.55
Dr. Ulrich Näher[3)]	141,000.00	5,759	25.08	144,436.55
Rainer Pfeil[4)]	157,500.00	6,131	26.31	161,281.26
Total	**653,500.00**	**26,389**		**669,354.80**

[1)] Targeted amount, in €; 20% of total value of compensation component with long-term incentive effect; Rainer Pfeil: 50%

[2)] in €, at grant date

[3)] Member of the Management Board since March 1, 2016

[4)] Member of the Management Board since April 1, 2017

			Black-Scholes options pricing model	
	Pro rata value of compensation component with long-term incentive in respect of target annual income[1)]	Number of stock options	Amount per stock option[2)]	Total of compensation component with long-term incentive effect[2)]
Dr. Jürgen Wunram	321,000.00	75,356	4.28	322,568.58
Olaf Heyden	211,500.00	49,650	4.28	212,531.59
Dr. Ulrich Näher[3)]	211,500.00	49,650	4.28	212,531.59
Total	**744,000.00**	**174,656**		**747,631.76**

[1)] Targeted amount, in €; 30% of total value of compensation component with long-term incentive effect

[2)] in €, at grant date

[3)] Member of the Management Board since March 1, 2016

The personnel expenses recognized in the short 2017 fiscal year and in fiscal 2016/2017 in connection with the various share-based compensation instruments as well as in respect of the compensatory amount are distributed among the Board members as follows:

€

	Oct. 1 - Dec. 31, 2017	2016/2017
Dr. Jürgen Wunram	-629,392.52	2,663,019.30
Olaf Heyden	-188,549.30	693,250.77
Dr. Ulrich Näher[1)]	-47,965.68	386,544.23
Rainer Pfeil[2)]	-108,050.28	458,174.27
Eckard Heidloff[3)]	0.00	1,307,616.89
Summe	**-973,957.77**	**5,508,605.46**

[1)] Member of the Management Board since March 1, 2016

[2)] Member of the Management Board since April 1, 2017

[3)] Left the Company effective from March 31, 2017

The negative amounts presented in respect of the short 2017 fiscal year are attributable to the performance of Diebold Nixdorf, Inc. stock and the thus resulting changes to the assigned values for DN Performance Awards.

Pension commitments.

The retirement benefit system in place for the respective members of the Management Board is based on a one-time payout or installment payments. They are entitled to the pension payments when reaching the age of sixty. However, should a member remain on the Management Board in an active capacity beyond this period, the receipt of retirement benefits will only be possible as from the end of his/her employment contract as a member of the Management Board.

The pension benefits awarded to members of the Management Board at the end of the reporting period and the allocations made to retirement accruals are as follows:

€

	Retirement capital			
	Total		Allocations in fiscal year	
	Dec. 31, 2017	Sept. 30, 2017	**Oct. 1 - Dec. 31, 2017**	2016/2017
Dr. Jürgen Wunram	1,301,200.00	1,301,200.00	25,000.00	100,000.00
Olaf Heyden	292,725.00	292,725.00	12,500.00	50,000.00
Dr. Ulrich Näher[1)]	195,000.00	195,000.00	12,500.00	50,000.00
Rainer Pfeil[1)]	578,820.50	557,977.00	12,500.00	25,000.00
Eckard Heidloff[2)]	0.00	0.00	0.00	63,041.00
Total	2,367,745.50	2,346,902.00	62,500.00	288,041.00

[1)] Retirement capital benefits include benefits granted prior to the appointment as member of the Management Board

[2)] Left the Company effective from March 31, 2017

The table shows the one-time payout entitlements that members of the Management Board would receive when reaching the age of sixty, on the basis of the entitlements accumulated up to the end of each fiscal year, as well as the entitlement acquired in each fiscal year that was allocated to pension accruals (i.e., provisions) as service costs. In the event that the respective members continue to hold a position on the Management Board, the actual pensions and/or one-time payout benefits will be higher than those presented in the table, particularly as a result of future financing contributions. The allocations to retirement capital, as listed in the table, will occur in the same amount in subsequent years until the end of the respective contracts for the members of the Management Board and will bear interest of 3.5% per annum.

Other information as well as provisions applicable in the event of termination of Board members' contracts.

There were no loan arrangements with members of the Management Board in the short 2017 fiscal year or fiscal 2016/2017. Furthermore, no benefits of a similar nature were granted.

The provisions in place with regard to the early termination of contracts with members of the Management Board differ in some points. Therefore, these details have been presented individually for each member of the Management Board. The contracts of the members of the Management Board include a reference to the provisions of Section 4.2.3 (4) of the GCGC and stipulate a settlement payment as outlined in the Code.

In case of incapacity for work caused by illness or by any other reason for which the member of the Management Board is not responsible, the member of the Management Board shall continue to receive his fixed remuneration for a period of up to 18 months as of the beginning of the incapacity for work, such term expiring in any event if he leaves the Company. Bonuses shall be paid for a period of six months as of the beginning of illness or unavailability, as far as the targets have been achieved. After the expiry of a period of 18 months as of the beginning of incapacity for work, the Company may terminate the contract with the member of the Management Board as at the end of each calendar month, which shall coincide with the early payout of disability benefits in respect of obligations under defined contribution plans of Diebold Nixdorf AG.

Members of the Management Board receive no compensation for positions held within Group entities. Members of the Management Board are subject to the non-compete obligation provided in Section 88 of the German Stock Corporation Act (Aktiengesetz – AktG). The contracts for the Management Board do not contain any provisions concerning the termination of the contract in the event of a change of control.

- **Dr. Jürgen Wunram**

In the event of the unilaterally declared termination, resignation, or revocation as well as in the event of a mutually agreed termination of the contract of the member of the Management Board, the following shall apply with respect to remuneration:

a) if Dr. Wunram resigns from his office without a compelling reason, he shall as from the date on which the resignation comes into effect until the expiry of this contract neither receive fixed compensation nor variable compensation, i.e., neither a bonus (= short-term variable compensation component) nor share-based compensation (= long-term variable compensation component). Long-term variable compensation issued to Dr. Wunram prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Dr. Wunram prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

b) if Dr. Wunram resigns from his office for a compelling reason in accordance with Section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB), he shall as from the date of termination up to the expiry of his contract receive as remuneration his previous fixed compensation without variable compensation. Long-term variable compensation issued to Dr. Wunram prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Dr. Wunram prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

c) if the service contract of Dr. Wunram is terminated by the Company for a compelling reason within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB), either with or without a phase-out period, Dr. Wunram shall no longer receive variable compensation for the current financial year, nor shall he receive such compensation in respect of a possible phase-out period.

d) In the event

(i) of a premature termination of his mandate as a member of the Management Board by way of a revocation of his appointment without a compelling reason within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB) for which Dr. Wunram is responsible and which would entitle the Company to terminate said contract, or in the event of a mutually agreed termination of this contract,

(ii) of Dr. Wunram being removed as a member of the Board of Directors or the Executive Committee of Diebold Nixdorf, lnc. without a compelling reason,

(iii) of Dr. Wunram terminating his membership of the Board of Directors or the Executive Committee at the request of Diebold Nixdorf, lnc.,

(iv) that his responsibilities as member of the Executive Committee of Diebold Nixdorf, Inc. are substantially changed, without his consent, and

(v) in the event of a mutually agreed termination of this contract covering appointment to the Management Board, Diebold Nixdorf AG guarantees that Dr. Wunram – in respect of the aforementioned points (ii) to (iv) only insofar as he steps down from his post on the Management Board during the term of the business combination agreement of November 23, 2015 – shall receive a one-time severance payment under the provisions of the Senior Leadership Severance Plan of Diebold Nixdorf, Inc. in the version applicable in January 2017 (SLSP), or, if higher, a severance payment as stipulated under his current service contract as a member of the Management Board:

If Dr. Wunram leaves the Company, Dr. Wunram shall receive, in the events of (ii) to (v) only if he leaves during the term of the business combination agreement dated November 23, 2015, by and between the Company and Diebold Nixdorf, Inc., as severance payment twice the amount of the total sum of annual fixed remuneration, annual fringe benefits, annual contributions to the company pension scheme, and the annual monetary benefits relating to the use of the company car as well as twice the amount of short-term and long-term variable compensation. The current version of the Management Board contract shall apply for the purpose of calculating the severance payment. If, at the time of termination of the contract, the remaining term is less than two years, the severance payment will be calculated in the event of (i) pro rata temporis. The provisions set out in Section 4.2.3 (4) of the German Corporate Governance Code shall apply in the event of (i) accordingly. The restriction of severance pay to the remaining term shall not apply in those cases in which the extent of severance pay is determined on the basis of the Senior Leadership Severance Plan of Diebold Nixdorf, Inc.

Long-term variable compensation issued to Dr. Wunram prior to the termination of his Management Board contract, however, shall not lapse; instead, it may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Dr. Wunram prior to the termination of his Management Board contract for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance Incentive Plan shall apply accordingly.

In the event of a revocation of his appointment as well as in the case of resignation from his post, Dr. Wunram shall be entitled to terminate this contract without notice and receive the stipulated severance payment. In case of an intra-year termination with regard to the financial year, remuneration entitlements will be granted pro rata temporis in consideration of the preceding sections.

- **Olaf Heyden and Dr. Ulrich Näher**

In the event of the unilaterally declared termination, resignation, or revocation as well as in the event of a mutually agreed termination of the contracts of the members of the Management Board, the following shall apply with respect to remuneration:

a) if a member of the Management Board resigns from his office without a compelling reason, he shall as from the date on which the resignation comes into effect until the expiry of this contract neither receive fixed compensation nor variable compensation, i.e., neither a bonus (= short-term variable compensation component) nor share-based compensation (= long-term variable compensation component). Long-term variable compensation issued to a member of the Management Board prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to a member of the Management Board prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

b) if a member of the Management Board resigns from his office for a compelling reason in accordance with Section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB), he shall as from the date of termination up to the expiry of his contract receive as remuneration his previous fixed compensation without variable compensation. Long-term variable compensation issued to a member of the Management Board prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to a member of the Management Board prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

c) if a contract in respect of the Management Board is terminated by the Company for a compelling reason within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB), either with or without a phase-out period, the member of the Management Board shall no longer receive variable compensation for the current financial year, nor shall he receive such compensation in respect of a possible phase-out period.

d) In the event

(i) of a premature termination of his mandate as a member of the Management Board by way of a revocation of his appointment without a compelling reason within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB) for which the member of the Management Board may be deemed responsible and which would entitle the Company to terminate said contract or in the event of a mutually agreed termination of this contract,

(ii) of the Board member being removed as a member of the Executive Committee of Diebold Nixdorf, lnc. without a compelling reason,

(iii) of the Board member terminating his membership of the Executive Committee at the request of Diebold Nixdorf, lnc.,

(iv) that his responsibilities as member of the Executive Committee of Diebold Nixdorf, lnc. are substantially changed, without his consent, and

(v) in the event of a mutually agreed termination of the contract covering appointment to the Management Board, Diebold Nixdorf AG guarantees that said member of the Management Board – in respect of the aforementioned points (ii) to (iv) only insofar as he steps down from his post on the Management Board during the term of the business combination agreement of November 23, 2015 – shall receive a one-time severance payment under the provisions of the Senior Leadership Severance Plan of Diebold Nixdorf, lnc. in the version applicable in January 2017 (SLSP), or, if higher, a severance payment as stipulated under his current service contract as a member of the Management Board:

If the member of the Management Board leaves the Company, he shall receive, in the events of (ii) to (v) only if he leaves during the term of the business combination agreement dated November 23, 2015 by and between the Company and Diebold Nixdorf, Inc., as severance payment twice the amount of the total sum of annual fixed remuneration, annual fringe benefits, insurance premiums, annual contributions to the company pension scheme, and the annual monetary benefits relating to the use of the company car under the terms of the contract as well as one-and-a-half the amount of short-term and long-term variable compensation pursuant to the terms of the relevant contract. The current version of the relevant Management Board contract shall apply for the purpose of calculating the severance payment.

If, at the time of termination of the contract, the remaining term is less than two years, the severance payment will be calculated in the event of (i) pro rata temporis. The provisions set out in Section 4.2.3 (4) of the German Corporate Governance Code shall apply in the event of (i) accordingly. The restriction of severance pay to the remaining term shall not apply in those cases in which the extent of severance pay is determined on the basis of the Senior Leadership Severance Plan of Diebold Nixdorf, lnc.

Long-term variable compensation issued to a member of the Management Board prior to the termination of his contract, however, shall not lapse; instead, it may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to a member of the Management Board prior to termination of his contract for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

In the event of a revocation of his appointment as well as in the case of resignation from his post, the member of the Management Board shall be entitled to terminate this contract without notice and receive the severance payment stipulated under the contract. In case of an intra-year termination with regard to the financial year, remuneration entitlements will be granted pro rata temporis in consideration of the preceding sections.

- **Rainer Pfeil**

In the event of the unilaterally declared termination, resignation, or revocation as well as in the event of a mutually agreed termination of the contract of the member of the Management Board, the following shall apply with respect to remuneration:

a) If Mr. Pfeil resigns from his office without a compelling reason, he shall as from the date on which the resignation comes into effect until the expiry of this contract neither receive fixed compensation nor variable compensation, i.e., neither a bonus (= short-term variable compensation component) nor share-based compensation (= long-term variable compensation component). Long-term variable compensation issued to Mr. Pfeil prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Mr. Pfeil prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

b) If Mr. Pfeil resigns from his office for a compelling reason in accordance with Section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB), he shall as from the date of termination up to the expiry of his contract receive as remuneration his previous fixed compensation without variable compensation. Long-term variable compensation issued to Mr. Pfeil prior to his resignation, however, may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Mr. Pfeil prior to resignation for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance lncentive Plan shall apply accordingly.

c) If this contract is terminated by the Company for good cause within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB), either with or without a phase-out period, Mr. Pfeil shall no longer receive variable compensation for the current financial year, nor shall he receive such compensation in respect of a possible phase-out period.

d) In the event of a premature termination of his mandate as a member of the Management Board by way of a revocation of his appointment without a compelling reason within the meaning of Section 626 German Civil Code (Bürgerliches Gesetzbuch – BGB) for which Mr. Pfeil may be deemed responsible and which would entitle the Company to terminate said contract or in the event of a mutually agreed termination of the Management Board contract, Mr. Pfeil shall receive severance pay on the basis of the following provisions: Mr. Pfeil shall receive twice the amount of the total sum of annual fixed remuneration, annual fringe benefits, insurance premiums, annual contributions to the company pension scheme, and the annual monetary benefits relating to the use of the company car as well as one-and-a-half the amount of short-term and long-term variable compensation pursuant to the terms of the contract. The severance payment shall be limited to the compensation of the remaining term of Mr. Pfeil's contract. If, at the time of termination of the contract, the remaining term is less than two years, the severance payment will be calculated pro rata temporis. The provisions set out in Section 4.2.3 (4) of the German Corporate Governance Code shall apply accordingly.

Long-term variable compensation issued to Mr. Pfeil prior to termination of his Management Board contract, however, shall not lapse; instead it may be exercised at the end of a possible vesting/lock-up period if the other requirements relating to the exercise of such forms of compensation are fulfilled. As regards long-term variable compensation issued to Mr. Pfeil prior to termination of the Management Board contract for the period as from 2017, the provisions set out in the LTI Plan 1991 and the 2017 Equity and Performance Incentive Plan shall apply accordingly. In case of an intra-year termination with regard to the financial year, remuneration entitlements will be granted pro rata temporis in consideration of the preceding sections.

Remuneration of former members of the Management Board.

In the short 2017 fiscal year, the total emoluments received by former members of the Management Board and their surviving dependents amounted to €32k in total (2016/2017: €4,435k). The figure in respect of the previous year includes compensation resulting from the termination of the employment contract of Eckard Heidloff, which totaled €4,311k. Provisions in the amount of €4,783k (2016/2014: €4,756k) have been recognized in connection with pension obligations towards former members of the Management Board and their surviving dependents.

System of compensation for the Supervisory Board.

Supervisory Board compensation is determined on the basis of the size of the enterprise, the duties and responsibilities of Supervisory Board members, and the economic situation of the Company. The provisions relating to Supervisory Board compensation are specified in Section 12 of the Articles of Association of Diebold Nixdorf AG, which was most recently amended on the basis of a resolution passed by the Annual General Meeting of Shareholders on January 29, 2007, and came into force upon entry in the Commercial Register on March 14, 2007. According to these provisions, the members of the Supervisory Board receive a fixed amount of €30,000 as annual compensation, payable after the end of the fiscal year. In the case of the Chairperson of the Supervisory Board, compensation is equivalent to three times the annual amount, and in the case of his/her deputy, one and a half times the annual amount mentioned above. The Chairperson of the Audit Committee also receives one and a half times the annual amount of compensation. Members of the Supervisory Board whose appointment to the board or to one of the above-mentioned functions is limited to part of the fiscal year shall receive proportionate compensation for each month commenced. In addition to annual compensation, the members of the Supervisory Board receive an attendance allowance of €3,000 per day for meetings of the Supervisory Board and of the committees to which they are appointed. If a meeting of the Supervisory Board attended by the member coincides with a meeting of one of the Supervisory Board's committees, the attendance allowance is paid for only one such meeting.

The remuneration of individual members of the Supervisory Board of Diebold Nixdorf AG is shown in the following table:

€

	Annual compensation		Attendance allowances		Total	
	Oct. 1 - Dec. 31, 2017	2016/2017	Oct. 1 - Dec. 31, 2017	2016/2017	Oct. 1 - Dec. 31, 2017	2016/2017
Dr. Alexander Dibelius (Chairman)	22,500.00	90,000.00	3,000.00	24,000.00	25,500.00	114,000.00
Michael Schild* (Deputy Chairman)	11,250.00	45,000.00	3,000.00	27,000.00	14,250.00	72,000.00
Dr. Valerie Barth (since January 25, 2016)	7,500.00	30,000.00	3,000.00	24,000.00	10,500.00	54,000.00
Christopher A. Chapman (October 1, 2016 until March 31, 2017)	0.00	0.00	0.00	0.00	0.00	0.00
Elin Dera* (since January 25, 2016)	7,500.00	30,000.00	3,000.00	27,000.00	10,500.00	57,000.00
Dr. Dieter Düsedau (since October 1, 2016 Chairman of the Audit Committee)	11,250.00	45,000.00	3,000.00	27,000.00	14,250.00	72,000.00
Andreas W. Mattes (October 1, 2016 until February 12, 2018)	0.00	0.00	0.00	0.00	0.00	0.00
Stefan E. Merz (since May 2, 2017)	0.00	0.00	0.00	0.00	0.00	0.00
Elizabeth C. Radigan (since October 1, 2016)	0.00	0.00	0.00	0.00	0.00	0.00
Edmund Schaefer* (since January 25, 2016)	7,500.00	30,000.00	3,000.00	24,000.00	10,500.00	54,000.00
Reinhard Steinrücke* (since January 25, 2016)	7,500.00	30,000.00	3,000.00	24,000.00	10,500.00	54,000.00
Daniela Ueberschär* (since January 25, 2016)	7,500.00	30,000.00	3,000.00	24,000.00	10,500.00	54,000.00
Carmelo Zanghi*	7,500.00	30,000.00	3,000.00	24,000.00	10,500.00	54,000.00
Total	**90,000.00**	**360,000.00**	**27,000.00**	**225,000.00**	**117,000.00**	**585,000.00**

* Employee representative

The Supervisory Board members Andreas W. Mattes, Christopher A. Chapman, Stefan E. Merz, and Elizabeth C. Radigan did not receive any compensation in respect of their roles as members of the Supervisory Board, as these duties are covered by current employment contracts with Diebold Nixdorf, Inc.

3.4 Disclosures required under takeover law.

Disclosures relating to capital, voting rights, and appointment of members of the Management Board.

As the parent company of the Diebold Nixdorf AG Group, Diebold Nixdorf AG utilizes an organized market as defined by Section 2 (7) WpÜG (German Securities Acquisition and Takeover Act) through the Company's issued shares with voting rights and, therefore, reports pursuant to Section 315a HGB (German Commercial Code).

As of December 31, 2017, the share capital of Diebold Nixdorf AG is €33,084,988.00, divided into 33,084,988 no-par-value shares ("Stückaktien" governed by German law).

Each share is furnished with the same rights and has one vote at the General Meeting. The Management Board is not aware of any restrictions to the voting rights of individual shares. The Company's employee share ownership plans include time-related restrictions for a small number of shares, e.g., in the case of vesting/lock-up periods.

On September 26, 2016, the DPLTA was concluded between Diebold Nixdorf AG and Diebold Nixdorf Holding Germany Inc. & Co. KGaA as the controlling entity, following approval by the Annual General Meeting of Diebold Nixdorf AG; the aforementioned agreement came into effect on February 14, 2017, upon entry in the Commercial Register of Diebold Nixdorf AG. The Company is not aware of any other direct or indirect equity interests that exceed 10% of the voting rights.

In connection with the DPLTA, Diebold Nixdorf KGaA has guaranteed that minority interests shall receive recurring compensation of €3.13 (gross) – less possible deductions for corporation tax and solidarity surcharge according to the tax rate applicable in respect of these taxes for the financial year in question – for each Diebold Nixdorf AG ordinary share; this compensation shall fall due for payment on the first banking day subsequent to the AGM for the respective financial year ended. As Diebold Nixdorf AG has adopted a short financial year for the reporting period, under the terms of the agreement the amount of compensation for the short financial year shall be reduced pro rata temporis to 25% of the aforementioned gross amount. Additionally, each minority interest shall have the right to request a cash settlement of €55.02 from Diebold Nixdorf KGaA for each Diebold Nixdorf AG ordinary share transferred.

The shares do not confer any special rights with controlling powers. Furthermore, there is no control over voting rights in those cases in which employees hold a share in equity.

Rules for the appointment and removal of members of the Management Board are laid out in Sections 84 and 85 AktG (German Stock Corporation Act), which stipulate that members of the Management Board shall be appointed by the Supervisory Board for a maximum period of five years. After each period of office, members may be reappointed or their period of office extended for a further maximum period of five years in each case. According to Section 5 of the Articles of Association, the number of members of the Management Board is determined by the Supervisory Board; the Management Board must consist of at least two members.

The Articles of Association may only be amended by the General Meeting (Section 179 (1) Sentence 1 AktG). Pursuant to Section 13 of the Articles of Association, the Supervisory Board may only amend and decide on the wording of the Articles of Association. In accordance with Section 18 (1) of the Articles of Association, resolutions of the General Meeting may be passed by a simple majority of the votes cast in the absence of a mandatory provision of the law stipulating otherwise. In cases where the law requires a majority of the share capital represented at the time of voting, a simple majority of the share capital represented will suffice in the absence of a mandatory provision of the law stipulating otherwise.

Authorization of the Management Board to buy back shares in the Company.

In the period from January 26, 2016, up to and including January 25, 2021, the Company is authorized to purchase the Company's own shares, also known as treasury shares, with the consent of the Supervisory Board, up to a total of 10% of the current share capital at the time of the resolution or – if this value is lower – at the time of the exercising of this authorization. In doing so, the shares acquired due to this authorization together with other shares of the Company that it has already acquired and still possesses or are assigned to it pursuant to Sections 71d, 71e AktG (German Stock Corporation Act) may not exceed 10% of the respective share capital at any time. The authorization can be exercised for any legally permissible purpose; however, the Company may not trade in its own shares. The Company may purchase the shares on the stock exchange or by means of a public offering extended to all shareholders. The shares may also be acquired by the Company's dependent companies within the meaning of Section 17 AktG (German Stock Corporation Act) or companies in which the Company is the majority shareholder within the meaning of Section 16 (1) AktG (German Stock Corporation Act) or, for its or their account, by third parties. In the event of acquisition via the stock exchange, the consideration paid by the Company for the acquisition of each share (without expenses incidental to the acquisition) shall not exceed or be below the share price by more than 10%. The applicable share price within the meaning of the foregoing provision in case of acquisition on the stock exchange shall be the price determined on the day of the trade in the opening auction of a share of the Company of the same class with the same rights in XETRA trading (or a system replacing XETRA) on the Frankfurt Stock Exchange.

As regards treasury shares held within the Diebold Nixdorf AG Group as of December 31, 2017, please refer to the notes to the separate financial statements prepared by Diebold Nixdorf AG in accordance with the German Commercial Code (Handelsgesetzbuch – HGB).

The Management Board is authorized to use the shares for all legally permissible purposes, in particular to sell them through the stock exchange or by making a public offering to all shareholders. The shareholders have no subscription right in the event of a sale through the stock exchange. In the event of a sale by means of public offering, the Management Board is authorized, with the consent of the Supervisory Board, to exclude subscription rights for the shareholders for fractional amounts. The Management Board is further authorized, with the consent of the Supervisory Board, to effect a sale of the Company's acquired own shares in a manner other than through the stock exchange or by making a public offering to all shareholders, provided the acquired own shares are sold for cash at a price not substantially lower than the stock market price for Company shares of the same class with the same rights on the date of such sale. However, this authorization shall only apply under the condition that the shares sold in this manner may not exceed an aggregate of 10% of the Company's share capital at the time of such resolution or – if this is lower – at the time of the exercising of this authorization. In calculating this 10% limit, all shares issued after this authorization from authorized capital excluding subscription rights in accordance with Section 186 (3) Sentence 4 AktG (German Stock Corporation Act) and options or conversion rights for Company shares granted after this authorization if the grant excludes subscription rights in accordance with Section 186 (3) Sentence 4 AktG shall be taken into account.

The shares can also be purchased using put or call options or forward purchase agreements (jointly: "derivatives"). The Company is authorized to sell options to third parties, which obligates the Company to purchase shares of the Company upon exercising the option (put option), to purchase options that give the Company the right to purchase shares of the Company upon exercising the option (call option) and to purchase shares of the Company using a combination of put and call options. These respective option conditions must ensure that the Company is only provided with shares that it has purchased while upholding the principle of equality in treatment (Section 53a AktG). All purchases of shares using derivatives are restricted to a maximum of 5% of the existing share capital at the time of the resolution of the General Meeting regarding this authorization or – if this is lower – at the time of exercising this authorization. The terms of the derivatives must end, at the latest, on January 24, 2021. Within this context, the term of an individual derivative may in each case not exceed 18 months. The option premiums paid by the Company for call options and received by the Company for put options may not be significantly higher or lower than the theoretical market value determined by recognized financial mathematical methods of the respective options; the agreed-upon exercise price is to be taken into consideration as part of the aforementioned calculation. The purchase price per share of the Company to be paid upon exercising the option and/or to be paid at the due date of the forward purchase agreements may not exceed the average price of the Company's shares of the same class with the same rights in the closing auction of XETRA trading (or a system replacing XETRA) on the Frankfurt Stock Exchange over the last three trading days prior to the day of the conclusion of the relevant option and/or forward purchase agreement by more than 10%, or fall short of this by more than 20% (respectively without ancillary purchase costs, but taking the option premium received and/or paid into account). The option transactions must be concluded respectively with an independent bank or independent financial institution at conditions close to the market.

Shareholders' subscription rights with respect to the Company's treasury shares shall be excluded in the following cases:

- Where the Company uses its treasury shares under the terms of a business combination or the (direct or indirect) acquisition of equity holdings with the consent of the Supervisory Board.
- Where the treasury shares are used to fulfill obligations in relation to stock options under the Company's stock option programs.
- Where the treasury shares are used to fulfill conversion rights or obligations in relation to participatory certificates with warrants and/or convertible participatory certificates and/or convertible bonds and/or bonds with warrants and/or income bonds issued by the Company or by the Company’s dependent Group companies with the consent of the Supervisory Board.

Authorizations of the Management Board to issue shares.

1. Authorized Capital 2014 pursuant to Section 4 (5) of the Articles of Association:

The Management Board has been authorized to increase share capital, with the Supervisory Board's approval, by up to €16,542,494.00 (in words: sixteen million five hundred and forty-two thousand four hundred and ninety-four euros) (Authorized Capital 2014) through the issue, for cash and/or non-cash contributions, of new bearer shares under single or multiple initiatives up to January 19, 2019. Shareholders must be granted a right of subscription. However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude fractional amounts from shareholders' subscription rights. The Management Board is also entitled, subject to the consent of the Supervisory Board, to exclude shareholders' subscription rights where the issue price does not lie significantly below the current stock market trading price. This authorization shall only apply subject to the condition that the total shares issued without shareholder subscription rights, in accordance with Section 186 (3) Sentence 4 AktG (German Stock Corporation Act), may not exceed 10 % of the share capital at the time of the resolution. The aforementioned limit of 10% of share capital shall take into account all shares and rights granting an entitlement to subscribe shares in the Company that have been issued or sold under exclusion of subscription rights pursuant to or in accordance with Section 186 (3) Sentence 4 AktG (German Stock Corporation Act) since the aforementioned authorization was granted, i.e., since January 20, 2014. Furthermore, the Management Board is authorized to exclude shareholders' subscription rights with the prior consent of the Supervisory Board when issuing shares for non-cash contributions for the purpose of acquiring (including indirect acquisitions) entities, parts of entities, or equity interests in entities; in this case, the exclusion of subscription rights shall be limited to no more than 20% of the share capital of the Company at the time of the resolution or, if this figure is lower, at the time of the exercising of this authorization.

In addition, the aforementioned authorizations regarding the exclusion of subscription rights shall only apply subject to the condition that the proportion of shares issued since the granting of this authorization, i.e., since January 20, 2014, on the basis of this or other authorizations for the issuance or sale of shares in the Company or rights granting an entitlement to subscribe shares in the Company under exclusion of subscription rights pursuant to or in accordance with Section 186 (3) AktG (German Stock Corporation Act) do not exceed a total of 20% of share capital existing at the time of the resolution or, if this figure is lower, at the time of the exercising of this authorization. The Management Board is also authorized, with the consent of the Supervisory Board, to determine the additional rights attaching to the shares and the terms and conditions of the share issue. The Supervisory Board shall be authorized to adapt the wording of the Articles of Association after a complete or partial increase in the Company's share capital on the basis of Authorized Capital 2014 or after expiry of the period of authorization to reflect the extent of the capital increase executed on the basis of Authorized Capital 2014.

2. Contingent Capital I 2014 pursuant to Section 4 (7) of the Articles of Association:

The share capital is conditionally increased by up to €1,654,249.00 (in words: one million six hundred and fifty-four thousand two hundred and forty-nine euros), divided into up to 1,654,249 bearer shares (Contingent Capital I 2014). This contingent capital increase is to be used exclusively to cover stock options issued to members of the Company's Management Board, board members of subordinate associated companies within and outside of Germany, and to other executives and employees of the Company and its subordinate associated companies as detailed in the provisions of the authorization resolved by the AGM on January 20, 2014, and as detailed in the provisions of the authorization resolved by the AGM of January 20, 2014, in the version amended on the basis of the resolution passed by the AGM of January 25, 2016. It shall only be implemented to the extent that holders of share options exercise their right to subscribe shares in the Company and the Company does not provide the consideration in cash or with its own shares. The new shares shall carry dividend rights from the beginning of the fiscal year in which they are issued. If they are issued before the ordinary AGM, the new shares shall be entitled to dividends for the previous fiscal year as well.

Authorization to issue participatory certificates with warrants and/or convertible participatory certificates, bonds with warrants, convertible bonds and/or income bonds and to exclude subscription rights.

The Management Board was authorized by the AGM on January 21, 2013, with the consent of the Supervisory Board, once or several times up to January 20, 2018 – also under the exclusion of the subscription right subject to certain preconditions having been met –

- to issue bearer participatory certificates (i) to which bearer participatory certificates with warrants are attached or (ii) that are attached to a conversion right for the holder for a maximum term of 20 years as of their issue, and to grant option rights to the holders of participatory certificates with warrants and conversion rights to the holders of convertible participatory certificates to bearer shares in the Company, as detailed by the conditions of the participatory certificates with warrants or convertible participatory certificates

and instead of or in addition

- to issue bearer bonds with warrants and/or bearer convertible bonds and/or bearer income bonds (hereinafter referred to jointly as "bonds with warrants and/or convertible bonds") with a maximum term of 20 years and to grant option rights to the holders of bonds with warrants and conversion rights to the holders of convertible bonds to bearer shares in the Company, as detailed by the conditions of the bonds with warrants or convertible bonds.

  The aggregate principal amount of the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds to be issued under this authorization was not to exceed €500,000,000.00. Option rights or conversion rights were only to be issued in respect of shares of the Company with a proportionate amount of share capital of up to €10,000,000.00 in total. The Company's share capital had been conditionally increased under the provisions set out in Section 4 (8) of the Articles of Association. The authorization expired subsequent to the end of the reporting period but prior to the publication of this management report. The rights under this authorization were not exercised.

Significant agreements in the event of a takeover offer.

Diebold Nixdorf AG has not entered into any significant agreements that are contingent on a change of control of the Company following a takeover offer.

There are currently no agreements between Diebold Nixdorf AG and members of the Management Board or employees for the payment of compensation in the event of a takeover offer.

4 Report on opportunities and risks.

Diebold Nixdorf regularly finds itself confronted by opportunities and risks that can have both a positive and a negative impact on the Group’s assets, profits, and cash flow, as well as on intangibles such as its reputation; these opportunities and risks are inextricably linked with the Group's commercial activities.

In this report on opportunities and risks, we will outline the fundamental elements of the risk management system operated by Diebold Nixdorf AG, discuss the key opportunities and risks faced by the Group, and present Diebold Nixdorf AG's profile of opportunities and risks.

4.1 Risk management system.

We define risks as possible future developments or events that may result in an adverse variance from our forecasts. Alongside risks, we also look in equal measure at possible opportunities. In general, opportunities can be defined as potential future developments or events that may have a positive impact on the Group's future performance and forecast if used in the right manner.

We interpret risk management as the ongoing challenge of identifying, analyzing, and evaluating the entire range of potential and actual developments so that we can control our response wherever possible. Risk management is an integral part of the management system adopted by Diebold Nixdorf AG. The aim is to identify at an early stage any risks that might jeopardize the Company's targeted growth and/or its existence as a going concern and thus mitigate their impact. These activities are by no means restricted to risks; they are also applied in equal measure to opportunities. To this end, we have clearly defined the management and corporate structure of Diebold Nixdorf AG and separated certain functions in order to preserve the integrity of individual Group functions.

We follow the globally acknowledged Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) conceptual framework as regards the process of determining our opportunities and risks on a regular basis. Applying a classification system that includes four categories (Strategic, Operational, Financial, and Legal), all potential deviations from targets are assigned on the basis of gross exposure notifications. In this case, the opportunity (risk), measured on the basis of possible cash inflow (cash outflow) within the coming fiscal year, is defined as the product of the estimated positive (negative) effect on EBITA upon occurrence of the event and the estimated probability of occurrence.

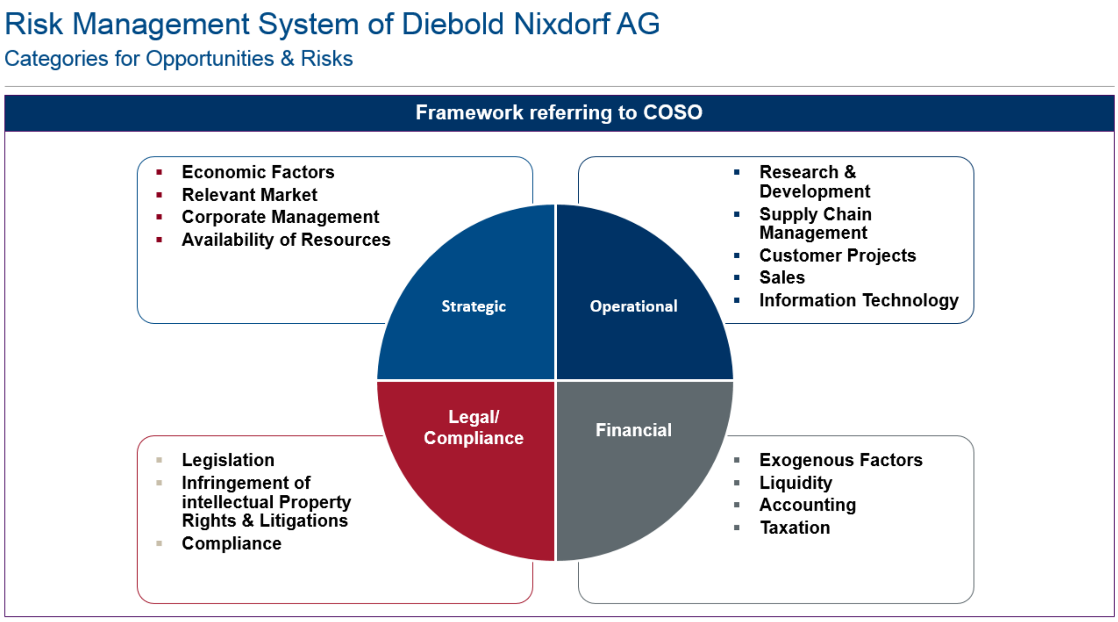
Our risk management system is structured in such a way that opportunities and risks are monitored and evaluated – based on approved annual budgets – at a decentralized level. This means that risk management takes place both in our legally independent units and at Group level, with operating units enjoying a high degree of autonomy so that they can react flexibly to opportunities as they arise. To be more precise, the ongoing tasks of identification, evaluation, implementation of measures, and controlling occur directly within the respective operational units. Target EBITA serves as the basis for determining opportunities and risks.

Reporting processes that relate to specific parameter thresholds and the actual extent of risk are used to coordinate the activities of the relevant Group functions. A deal review process (“DRP”), which also involves members of the Management Board, has been established to discuss key projects, agree on appropriate measures, and assess and manage projects with due regard for the risk strategy. Our centralized rrisk management department is responsible for controlling this risk management process and defining our risk standards and risk control tools. By embedding risk management within overall Group Controlling, we can ensure that it is treated as an integral component of business management rather than as a one-time assessment of fundamental risks, e.g., relating to the approval of specific projects. In this context, we compile an annual report on opportunities and risks, in addition to considering opportunities and risks relating to the Group and individual business units as part of monthly, quarterly, and annual assessment meetings. Furthermore, we have established a risk reporting process whereby the central risk management team is notified directly of any significant opportunities/risks that have newly emerged or of any dramatic changes to the opportunity/risk situation.

The main elements of the risk management system have also been documented in our management handbook and in Group directives.

As an international enterprise with a diversified product portfolio, Diebold Nixdorf AG is exposed continuously to a number of developments and events that may have a material influence on its business performance.

Diebold Nixdorf AG applies the following categorization for the purpose of determining opportunities and risks:



Strategic influencing factors encompass macroeconomic influences such as economic trends in the respective sales markets, but also the impact of natural disasters or terrorist attacks.

This category also includes influences centered around the factors of competition, innovation, and market growth relating to the market that is of relevance in particular to Diebold Nixdorf AG.

Specifically, it should be noted that the entry into force of the DPLTA, which allows Diebold Nixdorf, Inc., to pursue the further integration of Diebold Nixdorf AG in accordance with statutory provisions set out in German legislation, may lead to potential deviations from original targets. Subsidiaries of Diebold Nixdorf AG and Diebold Nixdorf, Inc. are being merged in selected countries, as a result of which the Group structure of Diebold Nixdorf AG as well as the number of entities to be included in consolidation will change.

Additionally, both positive and negative effects may occur as a result of management activities that are not aligned with corporate planning. Application of the internal control system and execution or implementation of special projects are two aspects to be cited in this context. For example, this category also includes influences from the DN2020 integration program that is built on six key pillars. Additionally, the general availability of resources such as highly qualified managers and skilled workers as well as access to essential IT structures are of particular relevance to the Group in strategic terms.

The category comprising **operational opportunities and risks** assesses aspects that relate directly to the Group's operating activities. For example, in the area of R&D this might include incorporating customer needs at an early stage of the process for the purpose of offering a portfolio of products and services tailored to market requirements or the timely provision of a product featuring the expected functionality and quality.

Opportunities/risks relating to our supply chain may occur as a result of disruptions or impairments in procurement and production, but also with regard to channels of distribution for hardware and software. At the same time, changing commodity and energy prices may have an impact on earnings generated by Diebold Nixdorf AG. In the area of hardware production we consider optimal capacity utilization of our plants as well as expenses associated with the relocation of manufacturing to be critical factors influencing our bottom-line results. Risks relating to transportation and channels of distribution may occur in the form of delayed deliveries and damages in transit, with associated financial repercussions.

This category also includes the assessment of sales-specific opportunities/risks, such as changing profit margins due to the prevailing level of concentration in the competitive environment. Other operational opportunities/risks might arise from delayed schedules when it comes to implementing specific projects or from non-budgeted expenses for the operation and maintenance of customer systems.

For Diebold Nixdorf AG, as an established supplier of IT solutions for banks and retail companies, exposure to risks associated with data handling in the areas of Outsourcing and Store Lifecycle Management is an issue of increasing significance. Insufficient availability of IT systems, with concomitant claims for compensation by our business partners on the one hand, but also better-than-expected performance on the other hand, may have financial consequences.

Diebold Nixdorf AG's business is also influenced by **financial risks**. They mainly include currency, liquidity, and credit risks, as well as risks associated with interest rate changes. For the purpose of limiting these risks, Diebold Nixdorf AG manages Group financing centrally to a large extent and finances itself within the Diebold Nixdorf, Inc. Group.

The risk of a change in interest rates arises from taking up credit tied to the market rate. Interest expenses are mainly linked to the short-term variable market interest rate (EURIBOR) plus a margin. This margin can be subject to change depending on certain financial ratios. Being tied to a market interest rate, therefore, means that we are exposed to an interest rate risk as soon as that rate increases. In order to counteract this risk, we have concluded interest rate swap contracts.

The global nature of the Group generates payments in both directions in a range of currencies. Incoming and outgoing payments in individual currencies are netted off against each other. Thus, by selecting suitable suppliers and making appropriate location-related decisions, we actively seek to create a natural hedging effect to the greatest extent possible. The netted-off amounts represent our remaining exchange rate risk, which is then hedged up to 100% (depending on volume and currency) on a rolling 12-month basis by means of suitable financial instruments.

We reduce credit default risks by consistently obtaining credit reports, setting credit limits, and running a proactive debtor management function, including a payment reminder system and active debt collection. Diebold Nixdorf AG uses letters of credit to secure receivables from countries classified as presenting a credit risk.

Refinancing of Diebold Nixdorf AG Group entities is primarily conducted at a central level; this poses the risk of insufficient cash reserves for the on-time settlement of financial obligations. Diebold Nixdorf AG addresses this risk by monitoring its cash flow as well as by maintaining reserves in the form of unused credit lines within the Diebold Nixdorf, Inc. Group.

A long-term loan commitment has been made by Diebold Nixdorf, Inc., which provides Diebold Nixdorf AG with sufficient room for maneuver with regard to financing. Diebold Nixdorf AG is therefore exposed to the liquidity risk of Diebold Nixdorf, Inc. From a third-party perspective, therefore, Diebold Nixdorf AG has the same credit rating as Diebold Nixdorf, Inc. Additionally, a loan granted by the European Investment Bank was extinguished in fiscal 2016/2017 prior to maturity.

For further details of financial instruments within the Group, please refer to section 22 in the notes to the consolidated financial statements.

Diebold Nixdorf AG is exposed to a range of opportunities and risks in the **legal environment**. These might occur in connection with disputes possibly arising in the future in respect of legal issues or property rights. Legal disputes may arise in the ordinary course of business, for instance, with regard to disputes relating to products supplied and services rendered, product liability, product defects, quality issues, or the infringement of property rights.

Despite far-reaching communication and training measures as well as an established system of compliance management, it is conceivable that we may be affected by compliance-related infringements (e.g., antitrust and corruption transgressions). This can have a range of legal consequences, e.g., financial penalties and fines. Alongside these threats, we see ourselves exposed to regulatory risks arising from our international business activities. At the same time, a functioning compliance system may also create opportunities when it comes to securing contracts for customer projects.

4.2 Description of the main features of the internal control and risk management system with regard to the Group accounting process (Section 315 (2), No. 5 HGB).

A key element of our strategy for minimizing and avoiding risk, especially in the areas of accounting and financial reporting, is the internal control system. Diebold Nixdorf AG's internal control system contains a series of principles, procedures, and measures that are intended to ensure that the accounting process is effective, cost-efficient, and in compliance with statutory regulations.

Diebold Nixdorf AG's internal guidelines on accounting and financial reporting under IFRS provide a framework of uniform accounting policies for all the domestic and international companies that make up the consolidated Group. They also include stipulations for the Group financial statements as well as detailed and formalized requirements to be applied by Group companies.

We promptly evaluate the impact of all new regulations and amendments to existing accounting rules and, where they are of relevance to us, incorporate them into the accounting process.

In addition, with regard to finances and financial reporting, integrity and responsibility are ensured by the inclusion of an obligation to that effect in the Group's internal Code of Conduct.

Diebold Nixdorf AG has established a largely uniform IT platform, a uniform system of accounts, and standardized, computer-based accounting processes. This standardization ensures that all significant transactions are recorded in a proper, timely, and uniform manner. Mandatory rules are in place for any additional manual recording of transactions. Accounting valuations, e.g., testing for the impairment of goodwill, are carried out by the Group's own specialist staff; in isolated cases, such as the measurement of pension obligations, this task is performed by external valuation experts.

In order to prepare Diebold Nixdorf AG's consolidated financial statements, the separate financial statements of those companies whose accounts are maintained using Diebold Nixdorf AG's standard IT platform are transferred to an IT consolidation system based on SAP SEM. Data for the financial statements of all other Group companies is delivered using a web-based interface. The data provided to the parent company is automatically checked by the system. The separate financial statements submitted by Group companies are subjected to further centralized checks with due regard for the reports prepared by the auditors.

Information relevant to the consolidation process is automatically identified and obtained by the system, thus ensuring that Group internal transactions are properly and completely eliminated. All consolidation processes involved in drawing up the Group financial statements are performed and documented within the IT-based consolidation system. The components of the Group financial statements, including any significant disclosures for the Notes to the financial statements, are derived from the resulting information. At the heart of the internal control system lie a series of both process-integrated and process-independent measures. One fundamental element of the process-integrated measures is automatic, IT-based process control.

Additional control functions, including manual process controls such as the "four-eyes principle," have been established through the organizational separation of administrative, executive, billing, and authorization functions. The IT systems we use for this purpose are also protected as far as possible against unauthorized access through a system of access rights and restrictions. It should be noted, however, that even the use of appropriate and properly functioning systems cannot provide absolute certainty. Other control tasks are performed by specific Group functions such as the central tax department. Both the Supervisory Board of Diebold Nixdorf AG (in particular its Audit Committee) and Internal Audit are integrated into the internal control system and are tasked with carrying out independent checks.

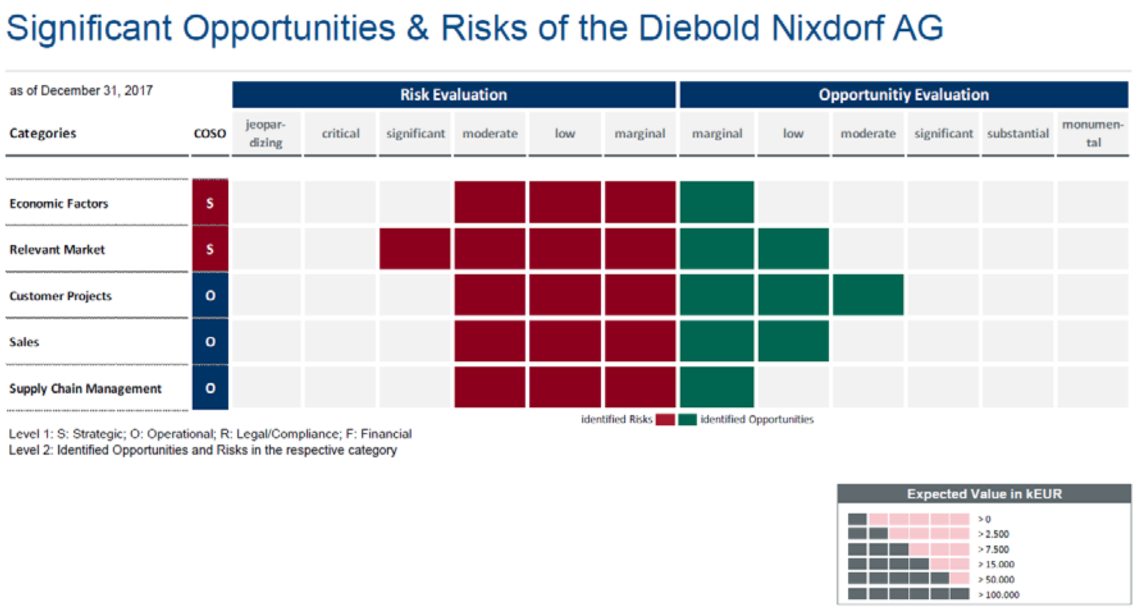
4.3 Compliance.

Group Internal Audit conducts regular checks on the internal control systems and business processes of both subsidiaries and centralized functions with regard to compliance, cost-effectiveness, efficiency, and security. In particular, it monitors compliance with directives, organizational precautionary measures, financial indicators relating to the income statement and statement of financial position, and the structure of contracts, in addition to drawing up proposals for process optimization. As an independent body, it reports directly to the Management Board and the Supervisory Board's Audit Committee.

4.4 Presentation of significant opportunities and risks.

Opportunities and risks are accorded equal status within the risk management process and are allocated to the four principal categories outlined above. The following overview presents the Group's key opportunities and risks identified as part of the analysis. The potential positive effects on earnings as a result of opportunities and the possible negative effects on earnings attributable to risks within the next fiscal year, as determined by opportunity and risk reports, form the basis of this assessment.

Opportunities and risks are categorized according to specific expected values as marginal, low, moderate, significant, critical/substantial, and jeopardizing the entity as a going concern/prominent. The Group's opportunity and risk profile, based on an assessment scale, i.e., parameter thresholds, determined in close cooperation with the Management Board, is presented below. In keeping with the principle of materiality, we have restricted this presentation to those influencing factors that were evaluated at the very least as "moderate" at Group level.



Economic factors. Budgeted EBITA may be impacted significantly if individual economies or global economic conditions in general develop at a level that is at variance with original projections. The reasons for such deviations can be multifaceted. They may include economic fluctuations in the sales markets of Diebold Nixdorf AG as well as unforeseeable positive or negative developments relating to political hot spots around the globe and their impact on the growth performance of the major economies. It is conceivable that these external factors, which can be controlled only to a limited extent, might cause a deviation – in either direction – from the target forecast. As regards economic performance, the risk assessed in this context is adjudged to be markedly higher in comparison with the potential opportunities.

Relevant market. Alongside economic factors, the category comprising strategic opportunities and risks also includes the aspect of changes within the markets that are of specific relevance to the Diebold Nixdorf AG portfolio. Relevant markets are defined as those sales regions in which we are active with our product portfolio for retail banks and retail companies. This portfolio consists of hardware, software, and services. The opportunities and risks to be highlighted in this category also include those associated with trends relating to automation and digitalization in specific markets. These may also have an impact on our customers' decision-making processes with regard to technology or may possibly result in delayed action due to the greater complexity of projects. Additionally, risks may occur in those cases in which entities with a similar product portfolio decide to enter a regional market or, alternatively, influence the market by applying a different verticalization strategy and such activities subsequently lead to a reduction in earnings at Diebold Nixdorf AG. By contrast, earnings may increase if competitors retreat from individual markets or if Diebold Nixdorf AG is able to strengthen its own market position in dedicated segments vis-à-vis competing entities.

Regardless of the competitive situation, high acceptance levels with regard to specific products can create market dynamics – both positive and negative – as a result of reaction to individual elements of the portfolio that is difficult to predict. Given the current situation in the relevant market, we are of the opinion that the associated risks are more pronounced than the opportunities identified within this area.

Supply chain management. As one of the world's leading providers of IT solutions and services, Diebold Nixdorf AG is dependent on a functioning supply chain. It is essential that we safeguard the security of supply across the entire chain of value creation, which also applies when implementing new sourcing strategies. Although our supply chain management has adopted a seamless approach from supplier through to customer, we cannot rule out entirely the possibility of an impact on earnings as a result of circumstances along the value chain within the areas of procurement, production, or sales.

As regards to procurement, we endeavor to identify and realize potential for improvement, avoid single sourcing, and minimize faults associated with sourced parts by selecting appropriate suppliers and carrying out inspections. We have reduced our vertical range of manufacture as part of measures aimed at restructuring our production operations. This generally leads to a greater level of dependence on selected suppliers. We are committed to treating our suppliers as full-fledged partners along the value chain and to establishing a relationship of trust with them. The cost savings targeted by Diebold Nixdorf AG in the area of production may have favorable add-on effects; at the same time, however, possible delays pose the risk of a much more negative effect on earnings. Deviations from planned capacity utilization levels as a result of economies of scale generated or not generated by the Company can have similar effects on earnings.

Customer projects. Our business has changed over recent years. The overall complexity of projects is becoming much more pronounced. Our Group has evolved from a hardware supplier into a provider of intricate IT solutions and services. Projects that undergo a dedicated approval process often cover a period of several years; we cannot rule out entirely the possibility of time and cost overruns within the individual subprojects. The execution of projects is safeguarded by clearly defined project structures and project management methods, as well as experienced project managers. Despite this, significant risks may occur over the course of project implementation or during operational deployment, particularly in the case of complex software projects or when assuming responsibility for the operation of complex customer IT environments. Other examples of opportunities/risks associated with customer projects include expenses in excess of or lower than those computed as part of fixed-price agreements, dependence on business partners, liability provisions, and contractual penalties.

The aforementioned risks may be attributable to several factors and necessitate an individual strategy of risk prevention. We have taken the conscious decision to assign responsibilities for risk mitigation in a decentralized manner across the Group, as this approach facilitates rapid identification, evaluation, mitigation, and control of risks.

At the same time, the execution of customer projects may also produce opportunities for the Company. Although the scope of such opportunities is considered to be less pronounced, successful project management or the ability to apply to future customer projects specific learning effects gained from completed projects can contribute substantially to above-average project results and therefore have a positive impact on target attainment.

Sales. Diebold Nixdorf AG's target markets differ in terms of their competitive situation and their concentration of competition. In the context of a given customer or competitive situation, individual and project-related decisions as to products/services and terms offered – which may also, for example, include larger than expected price erosion – can have a different effect on EBITA than originally planned. This effect may be either positive or negative. Such aspects are reflected in the – evenly matched – opportunity and risk profiles presented in this section. EBITA attributable to the subsequent year may also be affected as a result of customer-side delays in the placement of orders or by the fact that they are effected earlier than planned.

4.5 Overall risk.

As of the reporting date, and in the foreseeable future, the Management Board is not aware of any individual risk that could pose a danger to the continued existence of the Diebold Nixdorf AG Group as a going concern. Equally, in the view of the Management Board, the sum of all opportunities and risks does not show the Diebold Nixdorf AG Group to be in any jeopardy as of the date of preparing this report.

5 Report on expected developments.

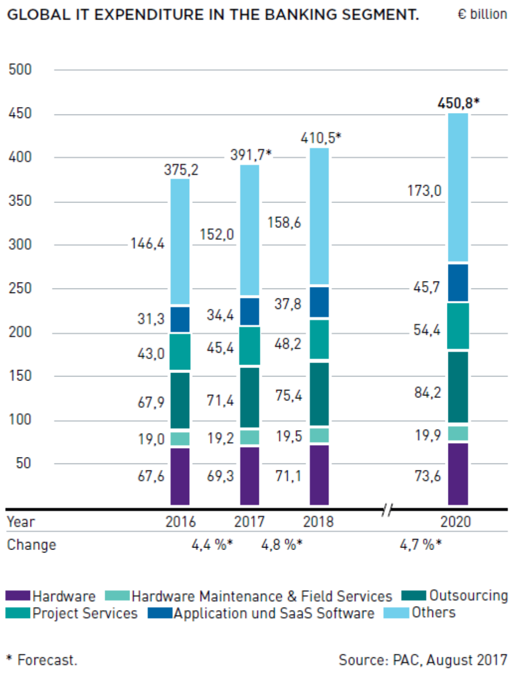
5.1 Macroeconomic and industry environment.

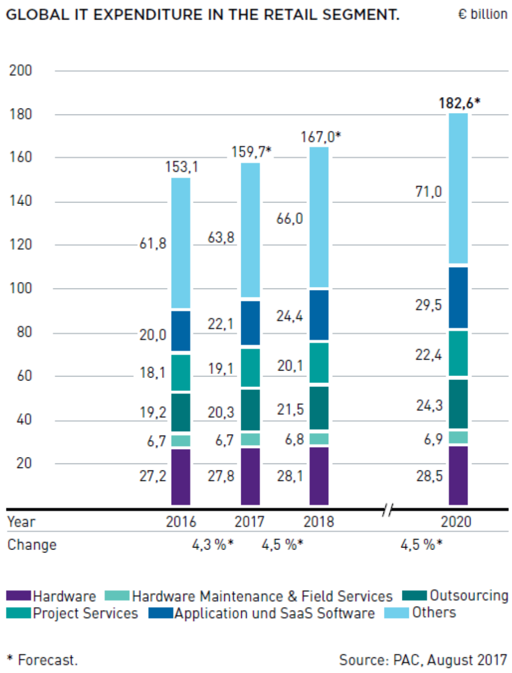
Anticipated macroeconomic developments. The IMF remained consistent in its projections for global growth in the year as a whole: as outlined three months earlier, the IMF expects the world economy to expand by 3.6% in 2017.

The IMF's outlook for 2018 is slightly more optimistic than in the past. It estimates that the world economy will expand by 3.7% in 2018, having revised upward by 0.1 percentage point its previous outlook for global growth. This forward momentum is likely to be driven by the United States, Japan, the eurozone, China, and the emerging economies of Asia.

Industry environment. Based on market analyses, global spending on IT will again rise in 2018 – in both the banking sector and the retail industry.

According to figures published by market research firm PAC in August 2017, IT investment in the banking sector is set to expand from €391.7 billion in 2017 to €410.5 billion in 2018. This represents an increase of 4.8%. Based on PAC's research, the retail industry is also poised to ramp up investment in IT, with spending in 2018 forecast to rise by 4.5% compared with the year 2017. In absolute terms, this would be equivalent to IT expenditure of €167.0 billion in the retail industry in 2018, on the back of €159.7 billion in 2017. Hardware-related business will play a marginal role when it comes to driving growth in the retail and banking industries. By contrast, business in the field of software and software-related services is likely to provide much more impetus. In our estimation, this is attributable largely to the impact of progressive digitalization and automation. Business within the area of outsourcing also holds potential for growth. In our opinion, the significant growth rates predicted in the field of banking, in particular, are due to substantial cost-related pressures and associated efforts to streamline fixed costs by outsourcing services to external business partners.





Overall assessment of the business environment. Against the backdrop of the wider market picture set to emerge in fiscal 2017/2018, the fundamental route taken by the Group in terms of strengthening its business in the area of software/software-related and higher-end services would appear justified. These business streams underpin digitalization of customer operations and are being fueled by growing demand. By contrast, this trend may lead to a shift in customers' focal points when it comes to investment spending in more traditional areas of business, which may ultimately coincide with lower demand in this category.

5.2 Expected business performance for the Diebold Nixdorf AG Group.

The outlook for fiscal 2018 is subject to considerable uncertainty. This is due to the DPLTA, under the terms of which the parent company may, at any time, issue instructions that could have a material impact on the business performance of the Diebold Nixdorf AG Group in fiscal 2018.

As for fiscal 2018, we anticipate that net sales will remain unchanged or increase marginally compared to the comparative pro-forma prior-year figure for the 2017 calendar year of approx. €2,300 million. However, comparability with the pro-forma prior-year figure is possible only to a limited extent due to the amalgamation of business units as part of the DN2020 program. This has both positive as well as negative effects on net sales. Net sales for the Banking and Retail segments are expected to develop along the same lines. EBITA (without transaction and restructuring expenses) is expected to be considerably lower than the comparative pro-forma prior-year figure of approx. €210 million. Against the backdrop of continued price erosion in the hardware market and the adverse effects of this trend on earnings, we anticipate that this decline can be offset only partially by productivity gains and quality improvements as well as the positive effects of measures implemented in the context of the DN2020 program. Additionally, earnings in respect of the pro-forma prior-year period had been favorably influenced by low variable staff costs. Our projections for 2018 also include one-time expenses. These, however, are expected to be significantly lower than the figures recorded in the comparative pro-forma prior-year period.

5.3 Overall assessment of future business development.

With regard to fiscal 2018, as mentioned earlier, guidance is associated with significant levels of uncertainty; in this context, we anticipate that net sales will remain unchanged or increase marginally in relation to the comparative pro-forma period. EBITA (without transaction and restructuring expenses) is expected to be considerably lower than the comparative pro-forma prior-year figure. Due to the amalgamation of business units already implemented or scheduled for execution in 2018, comparability with prior-period financial statements is extremely difficult. One-time expenses are expected to be substantially lower than the figures recorded in the comparative pro-forma prior-year period..

Disclaimer:

This document contains forward-looking statements that are based on current estimates and assumptions made by the management of Diebold Nixdorf AG. Under no circumstances shall these statements be considered as constituting a guarantee that such expectations are correct or will materialize. In particular, it should be noted that the parent company may demand the implementation of measures on the basis of the domination (*Beherrschung*, officially referred to as “control” under IAS/IFRS) and profit transfer agreement; such measures may have an impact on details and figures presented in the report on expected developments. The future performance as well as the results actually achieved by Diebold Nixdorf AG and its affiliated companies are subject to various risks and uncertainties. Therefore, they may differ materially from those expressed or implied by forward-looking statements. A number of these factors are beyond Diebold Nixdorf AG's sphere of influence and cannot be forecast or predicted with any level of certainty, e.g., those factors relating to future economic conditions or the actions of competitors and other market participants. Diebold Nixdorf AG disclaims any obligation to update any forward-looking statements to reflect subsequent events or circumstances.

Diebold Nixdorf Aktiengesellschaft, Paderborn
Group Income Statement for the short fiscal year from October 1, 2017 to December 31, 2017.

€k

	Note	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Net sales	1	**567,350**	**2,361,733**
Cost of sales		-426,913	-1,807,656
Gross profit	2	**140,437**	**554,077**
Research and development expenses		-22,173	-86,493
Selling, general and administration expenses	3	-71,541	-328,968
Other operating income	4	14,277	33,949
Other operating expenses	4	-2,120	-8,109
Result from equity accounted investments	10	3,540	1,228
Net profit on operating activities		**62,420**	**165,684**
Finance income	5	1,504	3,025
Finance costs	5	-1,419	-5,611
Profit before income taxes		**62,505**	**163,098**
Income taxes	6	-11,698	-44,343
Profit for the period		**50,807**	**118,755**
Profit attributable to non-controlling interests		504	752
Profit attributable to equity holders of Diebold Nixdorf AG		**50,303**	**118,003**
Shares for calculation of earnings per share (in thousands)	7	**29,816**	**29,816**
Earnings per share (€)	7	**1.69**	**3.96**

Diebold Nixdorf Aktiengesellschaft, Paderborn
Group Statement of Comprehensive Income for the short fiscal year from October 1, 2017 to December 31, 2017.

€k

	Note	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Profit for the period		**50,807**	**118,755**
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges - effective portion of changes in fair value		708	4,338
Cash flow hedges - reclassified to profit or loss		-1,445	-3,224
Exchange rate changes - resulting in neither profit or loss		19	-6,056
Exchange rate changes - reclassified to profit or loss		-3	837
Items that will not be reclassified to profit or loss:			
Actuarial gains and losses		997	29,139
Other comprehensive income (net of tax)	17	**276**	**25,034**
Total comprehensive income		**51,083**	**143,789**
Total comprehensive income attributable to:			
Non-controlling interests		**727**	**1,396**
Equity holders of Diebold Nixdorf AG		**50,356**	**142,393**

Diebold Nixdorf Aktiengesellschaft, Paderborn
Group Balance Sheet as of December 31, 2017.

Assets €k

	Note	Dec. 31, 2017		Sept. 30, 2017	
Non-current assets					
Intangible assets	8	395,524		373,047	
Property, plant and equipment	9	107,836		102,540	
Investments accounted for using the equity method	10	13,841		10,301	
Investments	10	49,196		8,454	
Reworkable service parts	11	32,608		32,650	
Trade receivables	12	6,310		7,080	
Other assets	12	29,807		43,343	
Deferred tax assets	13	27,568	662,690	27,765	605,180
Current assets					
Inventories	14	269,281		271,784	
Trade receivables	12	317,305		313,832	
Receivables from affiliated companies	12	41,712		77,353	
Receivables from related companies	12	17,053		36,431	
Current income tax assets	12	14,066		12,300	
Other assets	12	96,624		92,537	
Investments	10	4		5	
Cash and cash equivalents	15	120,678		95,315	
Assets held for sale	16	78,934	955,657	83,906	983,463
Total assets			**1,618,347**		**1,588,643**

Equity and Liabilities €k

	Note	Dec. 31, 2017		Sept. 30, 2017	
Equity					
Subscribed capital of Diebold Nixdorf AG		33,085		33,085	
Retained earnings		500,433		493,409	
Treasury shares		-173,712		-173,712	
Other components of equity		39,488		29,519	
Equity attributable to equity holders of Diebold Nixdorf AG	17	399,294		382,301	
Non-controlling interests	18	34,106	433,400	30,715	413,016
Non-current liabilities					
Accruals for pensions and similar commitments	19	59,063		75,040	
Other accruals	20	25,405		25,382	
Financial liabilities	21	1,150		1,046	
Financial liabilities to affiliated companies	21	0		6,042	
Trade payables	21	537		560	
Other liabilities	21	67,169		68,392	
Deferred tax liabilities	13	23,913	177,237	20,119	196,581
Current liabilities					
Other accruals	20	136,469		149,025	
Financial liabilities	21	1,558		1,093	
Advances received	21	11,239		10,098	
Trade payables	21	260,807		248,563	
Liabilities to affiliated companies	21	27,787		24,824	
Financial liabilities to affiliated companies	21	221,409		196,988	
Liabilities to related companies	21	19,515		31,292	
Current income tax liabilities	21	40,053		35,785	
Other liabilities	21	253,518		240,538	
Liabilities with regard to assets held for sale	16	35,355	1,007,710	40,840	979,046
Total equity and liabilities			**1,618,347**		**1,588,643**

Diebold Nixdorf Aktiengesellschaft, Paderborn
Group Cash Flow Statement for the short fiscal year from October 1, 2017 to December 31, 2017.[1)]

€k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
EBITA	**62,420**	**165,684**
Amortization/depreciation of property rights, licenses and property, plant and equipment	12,897	50,134
Write-down of reworkable service parts	1,077	2,913
EBITDA	**76,394**	**218,731**
Interest received	956	2,241
Interest paid	-283	-4,271
Income taxes paid	-9,396	-24,469
Result on disposal of intangible assets and property, plant and equipment	882	-12
Result from the disposal of consolidated affiliated companies	-12,157	-25,840
Change in accruals	-30,893	38,821
Other non-cash items	-7,245	-25,768
Change in working capital	21,116	32,061
Change in other assets and other liabilities	33,672	-46,156
Cash flow from operating activities	**73,046**	**165,338**
Payments received from the disposal of property, plant and equipment	239	227
Payments received from the disposal of investments and other payments received	1	24
Payments received in connection from the disposal of consolidated affiliated companies less financial resources outflow	-2,640	-2,653
Payments made for investment in intangible assets	-6,131	-16,552
Payments made for investment in property, plant and equipment	-15,215	-26,668
Payments received/made for acquisition of consolidated affiliated companies, jointly controlled entities, and other business units, including financial resources inflow	8,994	-8,021
Payments made for investment in reworkable service parts	-2,264	-7,757
Cash flow from investment activities	**-17,016**	**-61,400**
Payments made to equity holders	0	-50,986
Payments received from financial loan draw-downs	125	0
Payments received from financial loan draw-downs from affiliated companies	-32,181	44,007
Payments made for repayment of financial loans	0	-65,275
Payments made to non-controlling interests	0	-745
Other financing activities	-62	-719
Cash flow from financing activities	**-32,118**	**-73,718**
Net change in cash and cash equivalents	**23,912**	**30,220**
Change in cash and cash equivalents from exchange rate movements	122	-575
Cash and cash equivalents at beginning of period[2)]	103,903	74,258
Cash and cash equivalents at end of period[2)]	**127,937**	**103,903**

[1)] For further explanations, see Note ▶ 28.

[2)] Include cash and cash equivalents, cash and cash equivalent presented as assets held for sale as w ell as current bank liabilities.

Diebold Nixdorf Aktiengesellschaft, Paderborn
Changes in Group Equity as of December 31, 2017.[1)]

€k

	Equity attributable to equity holders of Diebold Nixdorf AG								
				Other components of equity					
	Subscribed capital	Retained earnings	Treasury shares	Add. paid-in capital	Exchange rate changes	Cash flow hedges	Total	Non-controlling interests	Equity
As of October 1, 2016	**33,085**	**515,927**	**-173,712**	**40,376**	**-3,620**	**-1,635**	**410,421**	**30,110**	**440,531**
Cash flow hedges	0	0	0	0	0	1,114	1,114	0	1,114
Exchange rate changes	0	0	0	0	-5,136	0	-5,136	-83	-5,219
Actuarial gains and losses	0	28,412	0	0	0	0	28,412	727	29,139
Other comprehensive income	**0**	**28,412**	**0**	**0**	**-5,136**	**1,114**	**24,390**	**644**	**25,034**
Profit for the period	0	118,003	0	0	0	0	118,003	752	118,755
Total comprehensive income	**0**	**146,415**	**0**	**0**	**-5,136**	**1,114**	**142,393**	**1,396**	**143,789**
Disposal of controlling interests with loss of control	0	2,021	0	0	0	0	2,021	0	2,021
Hypothetical current tax taken over by the parent company	0	0	0	16,518	0	0	16,518	0	16,518
Recognition of liabilities for taxes acc. to §16 Corporate Tax Law (KStG) on compensation payments	0	0	0	-18,098	0	0	-18,098	0	-18,098
Changes in other retained earnings	0	3,655	0	0	0	0	3,655	-46	3,609
Distributions	0	-50,986	0	0	0	0	-50,986	-745	-51,731
Profit transfer to Diebold Nixdorf KGaA for 2016/2017	0	-123,623	0	0	0	0	-123,623	0	-123,623
Transactions with equity holders	**0**	**-168,933**	**0**	**-1,580**	**0**	**0**	**-170,513**	**-791**	**-171,304**
As of September 30, 2017	**33,085**	**493,409**	**-173,712**	**38,796**	**-8,756**	**-521**	**382,301**	**30,715**	**413,016**
As of October 1, 2017	**33,085**	**493,409**	**-173,712**	**38,796**	**-8,756**	**-521**	**382,301**	**30,715**	**413,016**
Cash flow hedges	0	0	0	0	0	-737	-737	0	-737
Exchange rate changes	0	0	0	0	-224	0	-224	240	16
Actuarial gains and losses	0	1,014	0	0	0	0	1,014	-17	997
Other comprehensive income	**0**	**1,014**	**0**	**0**	**-224**	**-737**	**53**	**223**	**276**
Profit for the period	0	50,303	0	0	0	0	50,303	504	50,807
Total comprehensive income	**0**	**51,317**	**0**	**0**	**-224**	**-737**	**50,356**	**727**	**51,083**
Decrease of controlling interests with loss of control	0	0	0	0	0	0	0	-465	-465
Decrease of controlling interests without loss of control	0	0	0	7,059	0	0	7,059	3,139	10,198
Hypothetical current tax taken over by the parent company	0	0	0	3,839	0	0	3,839	0	3,839
Recognition of liabilities for taxes acc. to §16 Corporate Tax Law (KStG) on compensation payments	0	0	0	32	0	0	32	0	32
Changes in other retained earnings	0	-1,552	0	0	0	0	-1,552	-10	-1,562
Profit transfer to Diebold Nixdorf KGaA for Oct. 1, 2017 - Dec. 31, 2017	0	-42,741	0	0	0	0	-42,741	0	-42,741
Transactions with equity holders	**0**	**-44,293**	**0**	**10,930**	**0**	**0**	**-33,363**	**2,664**	**-30,699**
As of December 31, 2017	**33,085**	**500,433**	**-173,712**	**49,726**	**-8,980**	**-1,258**	**399,294**	**34,106**	**433,400**

[1)] For further explanations, see Note ▶ 17.

Diebold Nixdorf Aktiengesellschaft, Paderborn
Notes to the Group Financial Statements for the short fiscal year from October 1, 2017 to December 31, 2017

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8.

Operating Segments.[1)] €k

	Banking	Retail	Group
Net sales to external customers	332,357 (1,348,627)	234,993 (1,013,106)	**567,350** (2,361,733)
Operating profit (EBITA)	46,316 (105,429)	16,104 (60,255)	**62,420** (165,684)
Result from equity accounted investments	3,540 (1,228)	0 (0)	**3,540** (1,228)
Segment assets	505,063 (486,105)	349,095 (336,128)	**854,158** (822,233)
Segment liabilities	268,696 (283,424)	183,058 (168,996)	**451,754** (452,420)
Investment in intangible assets and property, plant and equipment	15,524 (30,915)	5,822 (13,398)	**21,346** (44,313)
Investment in reworkable service parts	1,743 (5,818)	521 (1,939)	**2,264** (7,757)
Amortization/depreciation of property rights, licenses and property, plant and equipment	9,535 (40,302)	3,362 (9,832)	**12,897** (50,134)
Write-down of reworkable service parts	829 (2,185)	248 (728)	**1,077** (2,913)
Research and development expenses	13,704 (56,723)	8,469 (29,770)	**22,173** (86,493)

Last year's figures are shown in brackets.

1) For further explanations, see Note ▶ 29.

Secondary Information.[1)] €k

	Europe	*Included in Europe: Germany*	Asia/ Pacific/ Africa	Americas	Group
Net sales to external customers	443,794 (1,791,719)	*144,555* *(567,803)*	87,927 (374,989)	35,629 (195,025)	**567,350** (2,361,733)
Segment assets	749,975 (699,359)	*452,827* *(401,254)*	104,183 (122,874)	0 (0)	**854,158** (822,233)
Non-current assets	188,318 (162,608)	*21,154* *(141,021)*	7,179 (5,430)	152 (212)	**195,649** (168,250)
Investment in intangible assets and property, plant and equipment	19,616 (32,038)	*16,676* *(23,826)*	1,704 (1,610)	26 (10,665)	**21,346** (44,313)
Investment in reworkable service parts	2,260 (7,627)	*2,260* *(7,627)*	4 (130)	0 (0)	**2,264** (7,757)

Last year's figures are shown in brackets.

1) For further explanations, see Note ▶ 29.

GENERAL INFORMATION.

Diebold Nixdorf AG Group (in the following “Diebold Nixdorf AG”, the “Company” or the “Group”) is one of the world’s leading providers of IT solutions to banks and retailers. The extensive portfolio is aimed at optimizing business processes within bank branches and retail outlets. This is essentially about reducing complexity and cost, and improving service to the end customer.

The Banking segment’s proposition includes hardware, software, IT services, and consulting services. Automated teller machines (ATMs), cash recycling systems, automated teller safes and transaction terminals are key elements of the hardware portfolio. Besides software for the operating systems banks may benefit from software by means of which they are able to manage processes throughout all distribution channels.

Through the Retail segment, Diebold Nixdorf AG also provides hardware, software, IT services, and consulting services. Key elements are programmable ePOS systems or self-checkout systems and relate to the checkout area. The software portfolio allows the entire control of all processes and systems within the branch.

For both retail banks and retailers our IT services ensure the maximum availability of installed IT systems. Moreover, for both segments professional services offer software adaptation and integration to the IT environment of our customers. For reporting purposes, these services are allocated to either one of the segments Retail or Banking.

Diebold Nixdorf AG is represented in over 130 countries around the world and has its own subsidiary companies in 38 of these. Major business geographies are Germany and Europe. The Group’s main production facility is located in Germany. Research and development (R&D) within the Group is conducted predominantly in Germany, Poland, Singapore, and Czechia.

The parent company of the Group is Diebold Nixdorf Aktiengesellschaft (in the following “Diebold Nixdorf AG”) located on Heinz-Nixdorf-Ring 1, 33106 Paderborn, Germany. The Company is registered at the local court office in Paderborn, Germany under the number HRB 6846. The stock of Diebold Nixdorf AG is listed on the Frankfurt Stock Exchange in the Prime Standard segment and is part of the SDAX. The Group changed its financial year due to the resolution of the Annual General Meeting on January 23, 2017. As a result, three-month short fiscal year has been formed for the period October 1 to December 31, 2017. For this reason, comparability with the previous year´s figures is limited as they relate to the full financial year 2016/2017.

The functional and reporting currency of Diebold Nixdorf AG is the euro (€). The Group financial statements are set up in euro since this is the currency in which the majority of the Group’s transactions are carried out. Reported figures are shown in thousands of euro (€k) unless stated otherwise.

Several Group balance sheet and Group income statement items have been combined in order to improve clarity. These items are stated and explained separately in the Notes to the Group financial statements. The Group income statement is structured using the cost of sales method.

On March 15, 2018, the Board of Directors of Diebold Nixdorf AG authorized the Group financial statements for issue to the Supervisory Board.

Use of International Financial Reporting Standards (IFRS).

The Group financial statements of Diebold Nixdorf AG as of December 31, 2017, have been prepared in accordance with the International Financial Reporting Standards (in the following "IFRS") as adopted by the European Union (in the following "EU") and the provisions of commercial law to be additionally applied in accordance with Section 315e (1) of the German Commercial Code.

During short fiscal year 2017, Diebold Nixdorf AG has applied the following amendments and changes to accounting standards for the first time:

- Annual Improvements to IFRS 2014 – 2016 Cycle
  (to be applied for periods beginning on or after January 1, 2017)
- Amendments to IAS 7: "Amendments Disclosure Initiative"
  (to be applied for periods beginning on or after January 1, 2017)
- Amendments to IAS 12: "Amendments Recognition of Deferred Tax Assets for Unrealised Losses"
  (to be applied for periods beginning on or after January 1, 2017)

The first time application of the amendments and accounting standards had no material effect on the Group financial statements of Diebold Nixdorf AG as of December 31, 2017.

Accounting Standards Not Applied before the Effective Date.

In addition, the following Standards and amendments have been released by the International Accounting Standards Board ("IASB") and adopted by the EU until December 31, 2017; however, they are not yet applicable for the Group financial statements of Diebold Nixdorf AG in short fiscal ending December 31, 2017:

- Annual Improvements to IFRS 2014 – 2016 Cycle
  (to be applied for periods beginning on or after January 1, 2018)
- Amendments to IAS 2: "Amendments Classification and Measurement of Share-based Payment Transactions"
  (to be applied for periods beginning on or after January 1, 2018)
- Amendments to IFRS 4: "Amendments Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"
  (to be applied for periods beginning on or after January 1, 2018)
- IFRS 9 (2014): "Financial Instruments"
  (to be applied for periods beginning on or after January 1, 2018)
- Amendments to IFRS 15: "Amendment Clarifications to IFRS 15"
  (to be applied for periods beginning on or after January 1, 2018)
- IFRS 15 "Revenue from Contracts with Customers including amendments to IFRS 15"
  (to be applied for periods beginning on or after January 1, 2018)
- IFRS 16: "Leases"
  (to be applied for periods beginning on or after January 1, 2019)

We intend to consider the standards and amendments in our Group financial statements in the fiscal year in which they have to be applied, according to the guidelines of the EU.

IFRS 9: "Financial Instruments"

IFRS 9 is the result of an extensive review of accounting policies relating to financial instruments and it replaces IAS 39. IFRS 9 includes new standards on the classification and measurement of financial instruments as well as accounting policies to be applied in the case of hedging relationships. Additionally, it introduces new requirements concerning the impairment of financial instruments. Diebold Nixdorf AG will apply IFRS 9 as from January 1, 2018, for the first time and is likely to make use of the simplification option offered under this standard in respect of comparative information presented for prior periods.

IFRS 9 includes a new approach to classification and measurement for financial assets. It takes into account an entity's business model for managing such financial assets as well as the contractual cash flow characteristics of the financial asset.

IFRS 9 encompasses three important classification categories for financial assets: measured at amortized cost; measured at fair value through profit or loss (FVTPL); and measured at fair value through other comprehensive income (FVOCI). The standard eliminates the following categories outlined in IAS 39: held to maturity, loans and receivables, and available for sale.

Under IFRS 9, a derivative embedded in a contract for which a financial asset within the scope of the Standard forms the basis is never recognized separately. Instead, the hybrid financial instrument as a whole is assessed for the purpose of classification.

We anticipate that the majority of our financial assets will continue to be recognized in profit or loss at amortised cost. Equity securities can either be classified as measured at fair value through other comprehensive income or as measured at fair value through profit or loss. It is not possible, at this point in time, to provide a reliable assessment of the impact that the introduction of IFRS 9 might have on the recognition of our equity instruments, as the decision regarding measurement through other comprehensive income or through profit or loss has not yet been made.

IFRS 9 replaces the model of "incurred losses" described in IAS 39 with a future-oriented model of "expected credit losses." It requires significant judgments when it comes to determining the extent to which expected credit losses are influenced by changes regarding economic conditions. Such expected credit losses are measured on the basis of weighted probabilities.

The new impairment model is to be applied to financial assets measured at amortized cost or at FVOCI – with the exception of equity securities held as financial assets – as well as to contract assets.

As regards to the newly defined requirements concerning impairment, we intend to apply the simplified impairment approach specified under IFRS 9 and account for the lifetime-expected credit losses for all trade receivables and contract assets. The financial impact will be dependent on the financial instruments recognized at the date of adopting the standard. It is likely, however, that impairment losses will be recognized at an earlier stage.

At this moment in time, we anticipate that all existing hedging relationships designated as effective in the past will in future also meet the requirements defined under IFRS 9. Therefore, application of the new standard is not expected to have a material impact in this respect. We have not yet made a decision on whether to apply the option of recognizing forward components in other comprehensive income.

IFRS 15: ”Revenue from Contracts with Customers“

On May 28, 2014 the IASB published IFRS 15 *revenue recognition* that was incorporated by EU in 2016. The objective of IFRS 15 is to introduce a consistent approach to the recognition of revenue from contracts with customers and to bring together the principles of revenue recognition in a single standard. IFRS 15 replaces the actual regulations according to IAS 11 and IAS 18 as well as IFRIC 13, IFRIC 15, IFRIC 18, and SIC-31. The implementation of the new accounting standard shall improve the transparency and comparability of financial information.

As regards to the sale of goods, revenue is currently recognized based on the transfer of risks and rewards in connection with the respective delivery terms associated with the transfer of ownership to the customer. Revenues are recognized at this point in time, insofar as the amount of revenue and the cost incurred can be measured reliably; the receipt of the consideration is probable; and there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Under IFRS 15, revenues are recognized as soon as a customer gains control of the goods.

Under IAS 18, revenues for services are recognized when the service has been performed. Under IFRS 15, the total consideration attributable to service contracts is allocated to the services on the basis of stand-alone selling prices. The stand-alone selling prices are determined on the basis of the list prices at which the Group offers its services as part of separate transactions. Based on the Group's assessment, the fair values and the stand-alone selling prices for services are, to a large extent, comparable.

Diebold Nixdorf AG has established a cross-functional steering committee and a project implementation team to oversee the first-time application of IFRS 15, the purpose being to assess the impact of this standard on the group revenue from contracts with customers. We used a bottom-up approach to assess and document the effects of this standard on our portfolio of contracts. This involved reviewing our current accounting policies and methods in comparison with the requirements set out in the new standard in order to identify potential discrepancies.

Due to the shift from performance obligation that is fulfilled on a specific date to performance obligation that is fulfilled over a period of time, the timing of revenue recognition defers. Especially through applying time-related revenue recognition according to IFRS 15 for all revenues that were so far recognized by following the “Completed-Contract-Method” the revenue will be realised through the complete agreed service period.

As a result, parts from the revenue should have already been realised in 2017 or prior periods and therefore cannot be constituted as turnover for fiscal year 2018. Nevertheless this effect is compensated by future agreed time-related contracts. Based on the impact analysis of the new standard Diebold Nixdorf AG does not expect any significant impacts on the turnover amount.

The introduction of IFRS 15 when applying the modified retrospective method does not result in any changeover effects as no significant construction contracts within the meaning of IAS 11 and no significant customer loyalty programs within the meaning of IFRIC 13. Also there will be no material impact compared to the practice previously in place under IAS 18 with regard to revenue generated from sales. Diebold Nixdorf will apply the retrospective method within the transition of IFRS 15, accordingly the cumulative non-material adjustment amounts are recognized in retained earnings as of January 1, 2018.

Alongside the above-mentioned effects on profit and loss, we also anticipate changes with regard to the statement of financial position, in particular in the form of an increase in the balance sheet total. This is due to the explicit requirement under IFRS 15 to recognize contract assets and liabilities. We will also be required to make additional qualitative and quantitative disclosures in the Notes.

IFRS 16: ”Leases“

At the beginning of 2016 the IASB issued IFRS 16 *Leases*. This standard shall be applied for annual reporting periods beginning on or after January 1, 2019 and replaces the current IAS 17.

Diebold Nixdorf AG Group does not anticipate for an early adoption of IFRS 16.

The key changes incorporated within IFRS 16 *Leases* relate to the lessee. Applying a consistent approach to lease agreements, the new standard specifies that all lessees shall recognize an intangible asset in the form of a right of use as well as a corresponding liability if they have not elected to apply the recognition exemptions relating to leases for which the underlying asset is of low value or to leases that, at the commencement date, have a lease term of 12 months or less. As regards to recognition by lessors, the requirements set out in IFRS 16 are largely unchanged from those specified in earlier standards on leases. The distinction between finance lease and operating lease continues to apply.

In the past, Diebold Nixdorf AG has mainly entered into operating lease agreements. Due to the mandatory application of the newly defined standards in IFRS 16, this will have a sizeable impact on the consolidated financial statements, particularly with regard to financial position, performance, and cash flows.

The application of IFRS 16 is likely to result in a significant increase in intangible assets, as the standard requires the recognition of right-of-use assets. In parallel, non-current financial liabilities will increase accordingly. Additionally, both the nature and the presentation of expenses from operating leases will change in respect of depreciation of right-of-use assets and interest expenses associated with corresponding liabilities. In the past, payments from operating lease arrangements were accounted for in operating cash flow, as specified under the old standard. According to the new requirements of IFRS 16, both the principal and the interest portions of a lease payment are to be accounted for in cash flow from financing activities. This will lead to a reduction in cash flow from financing activities, but also to an improvement in operating cash flow. This, in turn, will produce an increase in free cash flow.

Current obligations in the form of existing minimum lease payments attributable to current operating lease arrangements are presented in Note [26] Other Financial Commitments. A cross-Group project team has been put together for the purpose of implementing the new standard; it is currently analyzing the impact of first-time application of IFRS 16 on the Group. At this point in time, we are not in a position to reliably quantify the full-scale impact on the consolidated financial statements of Diebold Nixdorf AG.

Accounting Standards Not yet adopted into EU Law.

In addition, the IASB has issued further standards, interpretations and amendments of existing standards that the EU has not incorporated into existing law as of December 31, 2017:

- Amendment to IAS 19: “Plan Amendment, Curtailment or Settlement"
  (to be applied for periods beginning on or after January 1, 2019)
- Amendment to IAS 28: “Long-term Interests in Associates and Joint Ventures“
  (to be applied for periods beginning on or after January 1, 2019)
- Amendment to IAS 40: “Transfers of Investment Property“
  (to be applied for periods beginning on or after January 1, 2018)
- Annual Improvements to IFRS Standards 2015-2017 Cycle
  (to be applied for periods beginning on or after January 1, 2019)
- Amendment to IFRS 2: “Amendments Classification and Measurement of Share-based Payment Transactions“
  (to be applied for periods beginning on or after January 1, 2018)
- Amendment to IFRS 9: “Prepayment Features with Negative Compensation“
  (to be applied for periods beginning on or after January 1, 2019)
- Amendments to IFRS 10 and IAS 28: “Amendments Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” and “Amendments Effective Date” (mandatory application date not yet known)
- Amendments to IFRS 14: “Regulatory Deferral Accounts”
  (to be applied for periods beginning on or after January 1, 2016)
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration“
  (to be applied for periods beginning on or after January 1, 2018)
- IFRIC 23 “Uncertainty over Income Tax Treatments“
  (to be applied for periods beginning on or after January 1, 2019)
- IFRS 17 “Insurance Contracts“
  (to be applied for periods beginning on or after January 1, 2021)

At the date on which the Group financial statements are issued, we do not expect any material effects resulting from the standards and amendments to existing standards that have not yet been incorporated into existing EU law on the presentation of the Group financial statements of Diebold Nixdorf AG at the moment of first-time application.

METHODS OF CONSOLIDATION.

Consolidation Group.

The Group financial statements as of December 31, 2017, basically include the subsidiaries controlled by Diebold Nixdorf AG. Control exists if Diebold Nixdorf AG is exposed, or has rights, to variable returns of companies and has the ability to affect those returns through its power. Inclusion of such companies' in the Group financial statements begins from the date Diebold Nixdorf AG obtains control. It ceases, when Diebold Nixdorf AG loses control of the company.

The number of consolidated companies changed in short fiscal ending December 31, 2017 as follows:

	Germany	Other countries	**Total**
October 1	27	64	**91**
Newly founded company	1	0	**1**
Liquidated and deconsolidated companies	0	-4	**-4**
December 31	**28**	**60**	**88**

Newly Founded Company.

In the period under review the Diebold Nixdorf Deutschland GmbH, Paderborn has been established with a share capital of €25k. The founding was financed with available liquid resources of Diebold Nixdorf AG Group.

Sale of Interests with Loss of Control.

In the period under review the DN2020 transformation program within the Diebold Nixdorf Inc. Group continued. One of the key components of this program is to merge entities in selected countries in order to present a consistent image as Diebold Nixdorf within the markets in question and streamline administrative costs associated with duplicate legal structures in a specific country

In the context of this program following entities have been liquidated and deconsolidated by Diebold Nixdorf AG:

- WINCOR NIXDORF (Proprietary) Ltd, South Africa
- WINCOR NIXDORF Australia Pty, Ltd
- WINCOR NIXDORF Oil & Gas IT LLC, Moscow, Russia
- Dynasty Technology Brasil Software Ltda.

The result from these transactions is recognized within the other operating income and described in Note **[4]**.

Associated Companies.

Since the sale of the majority interests, the Chinese companies Aisino-Wincor Retail & Banking Systems (Shanghai) Co., Ltd., Shanghai, China, and Aisino-Wincor Manufacturing (Shanghai) Co., Ltd., Shanghai, China, as well as Aisino-Wincor Engineering Pte. Ltd., Singapore, Singapore, (in the following all companies: Aisino-Wincor) have been associated companies of Diebold Nixdorf AG Group, which has a 43.6% share in the voting rights of each.

Consolidation Principles.

The Group financial statements are based on the annual accounts of companies forming part of the Group, such accounts having been compiled under uniform Group rules as of December 31, 2017, and, for the comparative period, as of September 30, 2017. By departure from this, we have used interim accounts in respect of one entity as of December 31, 2017, as local statutory requirements dictate that the fiscal year beginning October 1, 2017 covers a fifteen month period. Accordingly the fiscal year ends on December 31, 2018 for this entity.

The accounting of business combinations was carried out in accordance with IFRS 3 using the acquisition method. The cost of the acquisition is the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the transaction date. The acquired assets, liabilities, and contingent liabilities are measured at fair value from the date when control is transferred to the Group.

Goodwill is recognized at the acquisition date as the excess of the cost of the acquisition plus the amount of any non-controlling interests in the acquiree as well as the acquisition-date fair value of the acquirer's previously held equity interest over the net fair value of identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For each business combination, Diebold Nixdorf AG independently decides whether non-controlling interests of the acquiree are measured at fair value or at their proportionate share of the acquiree's identifiable net assets.

Goodwill is not amortized on a scheduled basis. Moreover, goodwill is tested for impairment annually or if an indication for impairment exists, and if applicable, an impairment loss is recorded.

The interests in subsidiary companies, which are not attributable to the parent company, are shown within Group equity as "non-controlling interests." Changes in equity interests in Group subsidiaries that reduce or increase Group's percentage ownership without changes of control status are accounted for as an equity transaction between owners. As far as put options for non-controlling interests exist, these are presented based on the respective purchase price agreement at the present value of the exercise price as a financial liability.

If Diebold Nixdorf AG loses control of a subsidiary, the assets, liabilities, any non-controlling interests, prorated Goodwill and foreign exchange reserves are derecognized. Gains and losses from the disposal of subsidiaries are recognized under the other operating result.

Investments that do not have a material impact on the Group's financial position or results of operations are recognized in the consolidated financial statements at cost of acquisition less any impairment losses.

Mutual receivables and payables between companies included in the consolidated accounts, intra-Group income and expenses, as well as intra-Group profit or loss from the delivery of goods and services, are eliminated. If necessary, deferred taxes are applied on consolidation transactions.

Joint ventures and associated companies are accounted for using the equity method. Based on the cost of the investment at the date of acquisition, the carrying amount of the investment is increased or decreased by the share of profit or loss, dividends distributed, the share of intra-Group profit elimination resulting from business with Diebold Nixdorf AG, and other changes in the equity of the joint ventures and associated companies attributable to the investments of Diebold Nixdorf AG or its consolidated subsidiaries. Investments in companies accounted for using the equity method are written down as impaired if the recoverable amount falls below the carrying amount.

Currency Translation.

In the individual annual accounts prepared in local currency, foreign currency transactions are recorded at the exchange rates applicable at the time of the transactions. Monetary items in foreign currency (cash and cash equivalents, receivables and payables) are valued at the mid exchange rate on the balance sheet date. The exchange rate profits or losses arising from the valuation or transaction of monetary items are shown in the Group income statement. Non-monetary items are recorded using historical exchange rates.

Annual accounts prepared in foreign currencies have been converted into euro using the functional currency method, in accordance with IAS 21. The functional currency is the currency in which a foreign entity primary operates or settles payments. As the Group companies undertake business dealings financially, economically, and organizationally independently, the functional currency is, in general, identical with the local currency. However, in the case of Wincor Nixdorf C.A., Caracas, Venezuela, IT SOLUCIONES INTEGRALES C.A., Baquisimeto, Venezuela, DIEBOLD NIXDORF PTE. LTD., Singapore, DIEBOLD NIXDORF MANUFACTURING PTE. LTD., Singapore, Wincor Nixdorf S.A. de C.V., Mexico City, Mexico, and Wincor Nixdorf IT Support S.A. de C.V., Mexico City, Mexico, the U.S. dollar, and in the case of Diebold Nixdorf Teknoloji A.S., Kadikoy/Istanbul, Turkey, the euro, is used as the functional currency, since these currencies influence the purchase and sales prices for goods and services of the foreign entities.

Balance sheet items, including goodwill, are converted at the mid exchange rate applicable on the balance sheet date, and income and expenses in the Group income statement are converted using average exchange rates (annual averages) provided that the foreign exchange rates are more or less stable. The variance arising from conversion is offset against shareholders' equity without affecting profit. Currency differences that result from comparison to last year's currency conversion are also charged against equity without affecting profit. In the event of the disposal of a subsidiary, which results in a loss of control, the cumulative amount of exchange rate differences previously recognized directly in equity is reclassified to the profit or loss as part of the gain or loss on disposal.

The foreign exchange rates of the significant currencies for the Group have developed as follows:

		Average rate		Closing rate	
1 € =	ISO Code	**Oct. 1, 2017 - Dec. 31, 2017**	**Oct. 1, 2016 - Sep. 30, 2017**	**Dec. 31, 2017**	**Sept. 30, 2017**
Pound sterling	GBP	0.8823	0.8727	0.8872	0.8818
U.S. dollar	USD	1.1818	1.1091	1.1993	1.1806

ACCOUNTING AND VALUATION PRINCIPLES.

The Group financial statements are prepared on the basis of accounting and valuation policies that are applied uniformly throughout the Group. The accounting and valuation principles have been retained unchanged compared to the previous year.

Assets and liabilities have been valued at historical acquisition/production cost, with the exception of the items reflected at fair value, such as financial instruments classified as “financial asset or financial liabilities at fair value through profit or loss,” derivatives, and plan assets within the scope of pension obligations.

Assumptions and Estimations.

In compiling the Group financial statements, assumptions have been made and estimates used, which have affected the value and reporting of capitalized assets and liabilities, of income and expenses, and of contingent liabilities.

The assumptions mainly relate to the Group-wide setting of standard economic utilization periods of intangible assets and property, plant and equipment, and to the valuation of inventories.

Estimates that have a material influence on the consolidated financial statements are described in the course of the explanatory notes to cash flows used for impairment tests (see subsequent section on Impairment), to the ability of future tax benefits to be realized (see Note ▶ 6), to investments accounted for using the equity method (see Note ▶10) to accruals for pensions and similar commitments (see Note ▶ 19), to other accruals (see Note ▶ 20), as well as to financial instruments (see Note ▶22).

The estimates are based on historical experience and other assumptions that are considered valid at the preparation of the consolidated financial statements and were considered to be the most likely form by the management under given circumstances. The underlying future business development is the one for which the highest probability can be assumed. Additionally, the development of the retail and banking industry as well as of the business environment has been accounted for. The estimates and the underlying assumptions are continuously verified. The actual values may vary in individual instances from the assumptions and estimates made if the general conditions unfold in contrast to the expectations at the balance sheet date. Revisions to estimates are incorporated once improved knowledge is obtained.

With regard to the general assumptions and estimates used of circumstances beyond the aforementioned, we refer to the following general remarks in this chapter as well as in the Notes to the Group Income Statement and Group Balance Sheet and Other Information.

In compiling the Group financial statements judgments with regard to the accounting of cash flow hedges have been made in the process of applying accounting policies.

Net Sales.

Net sales are derived from the business streams Hardware as well as Software/Services. Included in the business stream Software is revenue from software licenses and software-related services (professional services). The business stream Services comprises product-related services and high-end services like Managed Services and Outsourcing.

Net sales from the delivery of hardware and software licenses are recognized as soon as the entity has transferred to the customer the significant risks and rewards of ownership. Within this context, Diebold Nixdorf AG retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control. The amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the enterprise. No net sales are recognized if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Net sales from professional services, product-related and high-end services are recognized when the service is rendered, insofar as the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the enterprise. In the case of maintenance agreements, net sales are recognized on a straight-line basis over the contract terms as this measures the services performed most reliably. With long-term Professional Services contracts partial performances that are referring to proportionate allocable considerations are generally stipulated. Net sales are recognized when the partial performances have been rendered and accepted based on the conditions specified in the contract.

In case of multiple-component contracts with a determinable amount for subsequent services for software and services, the related revenues are deferred and recognized as income over the period of the contract. Amounts are normally recognized as income according to the service provision.

Net sales are generally stated net of sales taxes, other taxes, and sales deductions as discounts and allowances at the fair value of the consideration received or to be received.

Income from operating leases and finance leases is recognized based on the provisions of IAS 17.

Cost of Sales.

The cost of sales includes costs of the sale of products and services as well as purchase costs of the sale of merchandise. In addition to direct material and production costs, the cost of sales comprises overheads, including the pro-rata consumption of intangible assets and property, plant and equipment.

Research and Development Expenses.

Research expenses are not to be capitalized. Research expenses are therefore recorded in profit or loss once incurred.

Development expenses of the Group are capitalized if certain criteria of IAS 38.57 are met cumulatively. Under these rules, capitalization is required whenever development expenses may be reliably measured, the product or procedure are technically feasible, future economic benefits are probable, and the Group intends and disposes of sufficient resources to complete the development and to use or sell the asset.

Capitalized development expenses are valued at cost of acquisition or production, less scheduled depreciation and impairment losses. Upon receipt, advances or reimbursements are deducted from development expenses.

Non-capitalized development expenses are recorded in profit or loss once incurred. This refers to the major part of the research and development expenses of the Group and concerns enhancements and improvements of already existing products. These do not comply with the criteria of IAS 38 for separate capitalization of development expenses.

Borrowing Costs.

Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction, or production of a qualifying asset and therefore are part of the cost of that asset.

Government Grants.

Government grants are recognized only if there is a reasonable assurance that the associated conditions will be met and the grants will be received. Basically, grants related to assets are reported as a reduction of cost of the assets concerned with a corresponding reduction of depreciation and amortization in subsequent periods. Grants related to income (e.g., grants from the Federal Employment Agency) are stated as a reduction of the corresponding expenses in the periods in which the expenses the grant is intended to compensate are incurred. During the short year under review, government grants related to income came to €263k (2016/2017: €1,160k) and are reported in principle in the Group income statement under its related functional costs (cost of sales, research and development expenses and selling, general and administration expenses).

Taxes.

In fiscal year 2016/2017, a domination (Beherrschung, officially referred to under IAS/IFRS as “control”) and profit transfer agreement (“DPLTA”) came into force between Diebold Nixdorf AG and Diebold Nixdorf Holding Germany Inc. & Co. KGaA (formerly ”Diebold Holding Germany Inc. & Co. KGaA“, in the following ”Diebold Nixdorf KGaA“), a wholly-owned subsidiary of Diebold Nixdorf, Inc., upon entry in the Commercial Register at the District Court of Paderborn at February 14, 2017. Due to the thus resulting inclusion of Diebold Nixdorf AG and the domestic entities formerly belonging to the tax group of Diebold Nixdorf AG in the consolidated tax group of Diebold Nixdorf KGaA in respect of taxes on income, any liability for income tax payments relating to Diebold Nixdorf AG expired. All profits of the domestic tax group are now legally subject to taxation in respect of Diebold Nixdorf KGaA, which is not included in the consolidated financial statements of Diebold Nixdorf AG.

The provisions set out in IAS 12 do not include explicit regulations concerning the recognition of tax expense incurred by domestic consolidated tax groups belonging to the Diebold Nixdorf AG Group. With this in mind, when preparing the consolidated financial statements of Diebold Nixdorf AG, irrespective of an actual liability in respect of taxation, all tax expense attributable to domestic consolidated tax groups belonging to the Group were accounted for in the consolidated financial statements of Diebold Nixdorf AG. Therefore, rather than adopting a position based on the formal procedures of the law, the Company decided to allocate the relevant tax items from an economic/commercial (i.e., substance over form) perspective. The method chosen is based on the notional existence (i.e., legal fiction) of a separate/independent liability in respect of taxation on the part of controlled entities belonging to the Group. Consequently, all effects of taxation relating to these entities were accounted for in the consolidated financial statements of Diebold Nixdorf AG. This includes the recognition of current taxes as well as the aspect of accounting for tax risks and possible tax back payments or refunds for prior periods, in addition to the concomitant effects in regard to deferred taxes. In the case of the tax fiction outlined above, no obligations have arisen within the Diebold Nixdorf AG Group in a legal sense. Therefore, the capital reserves were increased by an amount equivalent to the tax expense recognized in respect of tax expense incurred by the controlled entities.

Income taxes comprise both current and deferred taxes. Taxes are recorded in the Group income statement unless they refer to items directly recorded under shareholders' equity, in which case the corresponding taxes are also entered under shareholders' equity without any effect upon profit.

Current income taxes are taxes expected to be payable for the year, on the basis of tax rates valid in the year in question, plus any tax corrections for previous years.

Deferred taxes are reported in respect of temporary differences between the values, for tax purposes, of assets and liabilities and their values in the Group financial statements. In addition, deferred tax assets in respect of the future utilization of tax losses carried forward are shown. Deferred tax assets on temporary differences and tax losses carried forward are recognized to the extent that it is probable that sufficient taxable income will be available in order to use them. The deferred taxes are shown at the rates of tax that will be effective under applicable law at the time at which the temporary differences are predicted to turn around, or at which the tax losses carried forward can probably be used.

Deferred taxes on "outside basis differences" are not recognized if a reversal of the difference is not expected in the foreseeable future and the parent entity is able to control the timing of the temporary differences.

Offsetting of deferred tax assets and deferred tax liabilities is performed if the positions are related to income taxes, which are levied by the same tax authorities, for which the Group has a right to set off the recognized amounts and which arise for the same companies or within the same tax group, respectively.

Other taxes, such as capital-based taxes and energy taxes, have been included in the respective expense items by function. The cash compensation payable by Diebold Nixdorf KGaA to non-controlling interests (i.e., minority shareholders) of Diebold Nixdorf AG, which is taxable by Diebold Nixdorf AG as the controlled entity in accordance with Section 18 of the German Corporation Tax Act (Körperschaftsteuergesetz), also results in other taxes. These are to be estimated with regard to the duration of the domination and profit transfer agreement and in respect of the cash compensation probably payable during this period; said amounts shall be accounted for as other liabilities through a reduction in capital reserves. The change of this position is shown in the development of the Group-equity.

Intangible Assets.

Intangible assets are accounted for at cost and, as the useful lives are, with the exception of goodwill, finite, amortized in a scheduled manner in equal annual amounts over the relevant utilization period. If there are indications of impairment of intangible assets, they are tested for impairment (see "Impairment") and, if necessary, written down. The write-downs are reversed with effect on profit, if the reasons for the impairment losses no longer apply, to the maximum of amortized costs.

The amortization period for commercial patents and licenses is a maximum of five years, for internally generated intangible assets the amortization period is three years.

The amortization as well as impairment losses of intangible assets are included in the Group income statement under the functional costs (cost of sales, research and development expenses, and selling, general and administration expenses).

As in the previous year, there were no reversals of impairment losses on intangible assets. No borrowing costs were recognized as a cost component of intangible assets during the year under report.

According to IFRS 3, goodwill is not amortized on a scheduled basis, only if a need for impairment loss exists. A recorded impairment loss on goodwill may not be reversed in subsequent periods.

Property, Plant and Equipment.

Property, plant and equipment are valued at cost of acquisition or production, less scheduled depreciation and impairment losses. They were not revalued in accordance with the option under IAS 16.

If there are indications of impairment of items of property, plant and equipment, they are tested for impairment (see Impairment) and, if necessary, written down. The write-downs are reversed, if the reasons for the impairment losses no longer apply, to the maximum of amortized costs.

The cost of acquisition comprises the acquisition price, ancillary costs, and subsequent acquisition costs, less any reduction received on the acquisition price. Production costs include direct costs as well as proportionate indirect costs.

Business and factory premises are amortized over a maximum of 50 years, plant and machinery over an average of ten years, other fixed assets and office equipment mainly over five years, and products leased to customers as per the terms of the relevant contract. Property, plant and equipment are mainly depreciated using the straight-line method, in accordance with economic utilization. If parts of single assets have different useful lives, they are separately depreciated on a scheduled basis.

The depreciation of the fiscal year as well as impairment losses are included in the Group income statement under the functional costs (cost of sales, research and development expenses, and selling, general and administration expenses).

Expenses for the repair of property, plant and equipment, such as ongoing maintenance costs, are normally recognized in income. The cost of acquisition or construction is capitalized if a repair will result in future economic benefits.

As in the previous year, there were no reversals of impairment losses on property, plant and equipment. No borrowing costs were recognized as a cost component of property, plant and equipment during the year under review.

Impairment.

With the exception of inventories (see Reworkable Service Parts and Current Inventories) and deferred tax assets (see Taxes), the book values of assets held by the Group are checked on each balance sheet date for indicators favoring impairment. Where such indicators exist, the settlement value of the assets (recoverable amount) is estimated and where necessary devaluation is made with a corresponding charge to the Group income statement.

According to IAS 36, goodwill is tested for impairment annually, or if an indication for impairment exists, by the execution of an impairment test. In doing so, the carrying amount of a cash-generating unit or a group of cash-generating units ("cash-generating unit") is compared with the recoverable amount. The recoverable amount of a cash-generating unit is the greater of fair value less costs to sell and value in use. If the recoverable amount of a cash-generating unit is lower than its carrying amount, a goodwill impairment loss is recorded in the amount of the difference.

The goodwill derived from the carve-out of the Siemens Group has been allocated to the operating segments Retail and Banking. As of December 31, 2017, the aggregate carrying amounts of material goodwill amount to €200,267k (2016/2017: €200,359k) for "Banking Carve-out" and to €85,829k (2016/2017: €85,868k) for "Retail Carve-out." Goodwill resulting from subsequent acquisitions has been individually allocated to the areas within the segments Retail and Banking. These cash-generating units refer to the lowest level within the Diebold Nixdorf AG Group at which goodwill is monitored for management purposes. As of December 31, 2017, goodwill allocated to cash-generating unit "Banking Europe" amounts to €34,978k (2016/2017: €34,978k), the total amount of the remaining goodwill is €19,325k (2016/2017: €18,980k).

In the case of Diebold Nixdorf AG, the recoverable amount equals the value in use, which is determined by the discounted cash flow method. The basis for the determination of future cash flows is data from the detailed Group planning for the periods until 2020. The cash flow projections take into account past experience, current operating profits and influences of expected future market developments of the respective segments and geographical sub markets. A slight increase in cash flow is expected for all cash-generating units to which a material carrying amount of goodwill is assigned. Possible future cash flows from acquisitions are not included. The assumptive continual growth of 0.75% (2016/2017: 0.75%) for perpetuity complies with the general expectation of the business development of the cash-generating units.

The compulsory weighted average cost of capital for impairment testing is determined by the Capital Asset Pricing Model. The cost of capital is composed of a risk-free interest rate and the market risk premium. Moreover, the beta derived from the peer group, the debt capital spread as well as the capital structure is considered. Furthermore, tax rates attributable to the cash-generating units and country risks are included.

In short fiscal year October 1, 2017 to December 31, 2017, no impairment was necessary. There are also no indications for impairment under consideration of sensitivity analyses of possible changes in key assumptions (long-term growth rate and discount rate).

The following table presents the key assumptions used for the impairment test of the cash-generating units in order to determine the value in use:

€k

	Oct. 1, 2017 - Dec. 31, 2017			**Oct. 1, 2016 - Sep. 30, 2017**		
	Goodwill	Long-term growth rate	Interest rate	Goodwill	Long-term growth rate	Interest rate
Banking (Carve-out)	200,267	0.75%	12.5%	200,359	0.75%	12.7%
Retail (Carve-out)	85,829	0.75%	12.5%	85,868	0.75%	12.7%
Banking Europe	34,978	0.75%	13.1%	34,978	0.75%	13.5%
Other cash-generating units	19,325	0.75%	8.5 - 13.1%	18,980	0.75%	8.5 - 13.5%
Total	**340,399**			**340,185**		

Leasing.

A lease is an agreement whereby the lessor assigns to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases are classified as either finance or operating leases. Leasing transactions that transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee are classified as finance leases. All other leasing agreements are classified as operating leases.

Where Diebold Nixdorf AG is the lessor in an operating lease, the lease payments received are recognized in income. The leased asset remains on the balance sheet of the Company.

Where Diebold Nixdorf AG is the lessee in an operating lease, the lease payments are expensed.

Where Diebold Nixdorf AG is the lessor in a finance lease, the net investment in the lease is reflected in sales and a leasing receivable is recognized. The lease payments received are divided into the principal portion and the interest income using the effective-interest method.

Where Diebold Nixdorf AG is the lessee in a finance lease, the leased asset is capitalized at the lower of the fair value or present value of the minimum lease payments at the beginning of the lease term, and simultaneously recognized under financial liabilities. The minimum lease payments essentially comprise financing costs and the principal portion of the remaining obligation. The leased asset is depreciated by the straight-line method over the estimated useful life or the shorter lease term. The lease payments to be made are divided into the principal portion and the interest expense using the effective-interest method.

Leasing agreements where Diebold Nixdorf AG is the lessor in an operating lease or finance lease are agreements in connection with the rental of ATMs and Point of Sale (“POS”) systems.

Reworkable Service Parts and Current Inventories.

Reworkable service parts and current inventories are valued at purchase or production cost, or at lower net realizable value.

The purchase cost of reworkable service parts, raw materials, supplies, and merchandise is calculated using the average valuation method.

In accordance with IAS 2 “Inventories,” pro-rata material costs and production overheads (assuming normal utilization), including depreciation on production equipment and production-related social security costs, are included along with production material and production wages in the production cost of reworkable service parts and finished and unfinished products. Interest on loan capital is not capitalized.

Write-downs for inventory risks are undertaken to an appropriate and adequate extent. Lower net realizable values are used where required. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. If the reasons for a lower valuation no longer apply to inventories that have formerly been written down and the net selling price has therefore risen, the reversal of the write-down is recognized in the Group income statement as a reduction of cost of sales.

As of the balance sheet date, there were no substantial orders that would require capitalization in accordance with IAS 11 “Construction Contracts.”

Other Receivables and Liabilities.

Non-financial assets and liabilities as well as accrued items and advance payments are carried at amortized costs.

Financial instruments.

Basic Information.

Financial assets are recognized if Diebold Nixdorf AG has a contractual right to receive cash or other financial assets from another party. Financial liabilities are recognized if Diebold Nixdorf AG has a contractual obligation to transfer cash or other financial assets to another party. Purchases and sales of financial assets are basically recognized as of the settlement date. However, purchases and sales of securities are accounted for with the settlement price and derivatives with the acquisition costs at trade date.

Financial assets and liabilities are initially measured at fair value. The carrying amount of financial instruments that are not measured at fair value through profit or loss in subsequent periods includes also the directly attributable transaction costs.

Diebold Nixdorf AG does not use the option to categorize financial assets or financial liabilities at fair value through profit or loss (Fair Value Option (“FVO”)) when initially recognized, with the exception of the issue described in Notes ▶ 10 and ▶ 22.

Subsequent measurement of financial instruments recognized in the Group accounts is in line with the measurement categories defined in IAS 39 “Financial Instruments: Recognition and Measurement”:

- Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (FVO and held for trading ("HfT")): at fair value
- Held-to-Maturity Investments ("HtM"): at amortized cost
- Loans and Receivables ("LaR"): at amortized cost
- Available-for-Sale Financial Assets ("AfS"): at fair value or at cost
- Financial Liabilities at Amortized Cost ("FLAC"): at amortized cost

There were no reclassifications between the different IAS 39 measurement categories in the year under review.

Financial assets and liabilities are reported without being offset. They are only offset when there is a legal right to do so and the enterprise intends to settle them on a net basis. The recognized carrying amount of current financial assets and liabilities is an appropriate estimate of the fair value.

If there are objective or substantial indications of impairment of a financial asset, an impairment loss is recognized in profit or loss and presented on separate accounts for impairment losses. The carrying amounts of financial assets not carried at fair value are examined for impairment requirements both individually (specific allowances for impairment losses) and in groups with similar default risk profiles (specific impairment allowances calculated on a portfolio basis). Objective evidence includes, for example, considerable financial difficulty of the debtor obligor, disappearance of an active market, and significant changes in the technological, market, economic, or legal environment. A significant or prolonged decline in fair value of an equity instrument is objective evidence of impairment. The expenses are recorded in profit and loss under the functional costs. Appropriate risk provisioning was recognized for all discernible risks of default. The theoretically maximum remaining risk of default of financial assets is therefore the same as their recognized carrying amounts.

Financial assets are derecognized when the contractual rights to cash flows end or substantially all the risks and rewards of ownership are transferred to another party. Financial liabilities are derecognized when the contractual obligation is settled or legally revoked.

Net gains and losses from financial instruments include changes of write-downs and foreign currency valuation effects recognized in net profit on operating activities and interest income and expenses recognized in the financial result.

For information on risk management please refer to Note ▶ 22 and/or to the Group Management Report.

Investments.

IAS 39 divides these financial instruments into the categories of "financial assets at fair value through profit or loss", "held to maturity", "available for sale" or "loans and receivables". Investments measured and managed internally at fair value and designated accordingly on initial recognition are categorized as financial assets at fair value through profit or loss. Investments whose fair value may be reliably measured are classified as "available-for-sale financial assets" and measured at fair value; changes in fair value will be recognized in other comprehensive income. If this is not possible, investments are measured at cost.

Loans are credits that are classified as "loans and receivables" according to IAS 39. Measurement in subsequent periods is at amortized cost using the effective-interest rate method.

Receivables and Other Assets.

Receivables and other assets are sub-classified into “Trade Receivables” and “Other Receivables and Other Assets.”

First-time recognition of “Trade Receivables” is at fair value plus directly attributable transaction costs. Measurement in subsequent periods is at amortized cost using the effective-interest rate method due to the “loans and receivables” measurement category.

“Other Receivables and Other Assets” comprise both non-financial assets and financial assets including derivative financial instruments. With the exception of derivative financial instruments, financial assets are measured at fair value plus directly attributable transaction costs at first-time recognition. They are assigned to the “loans and receivables” category under IAS 39, and are measured at amortized cost using the effective-interest rate method in subsequent periods. Non-financial assets are measured in line with the respective applicable standard.

Cash and Cash Equivalents.

Cash and cash equivalents include marketable securities as well as cash in hand and cash at bank and checks. Cash on hand and bank balances are measured at fair value plus directly attributable transaction costs at first-time recognition. They are assigned to the “loans and receivables” category under IAS 39, and are therefore measured at amortized cost in subsequent periods using the effective-interest rate method. Foreign currency stocks are valued at their mid-price on the balance sheet date. Bank balances and securities included in cash and cash equivalents have a remaining term of up to three months on acquisition.

At Diebold Nixdorf AG, securities are principally allocated to the categories “financial assets at fair value through profit or loss” or “available-for-sale financial assets.” Both categories are initially and subsequently measured at fair value. In order to determine the fair value of marketable securities at the balance sheet date, respective quotations of banks have been obtained and market prices of trading systems have been used. Changes in value of the securities classified as “financial assets at fair value through profit or loss” are recorded in finance income and finance costs. Changes in securities classified as “available-for-sale financial assets” are shown within equity under consideration of deferred tax effects. At the selling date, realized gains or losses are recorded in finance income and finance costs.

Financial Liabilities.

Primary financial instruments include financial liabilities, trade payables and non-derivative other financial liabilities. Trade payables and non-derivative other financial liabilities include amounts for outstanding invoices and deferred staff liabilities. In accordance with IAS 39, primary financial liabilities are stated at fair value at initial recognition, considering directly attributable transaction costs. Measurement in subsequent periods is at amortized cost using the effective-interest rate method.

Derivative Financial Instruments.

Derivative financial instruments of the Group comprise hedging instruments used to manage interest rates and exchange rate fluctuations. These instruments serve to reduce income volatility. No derivatives are held for trading purposes. Nevertheless, derivatives not meeting the requirements for hedge accounting in accordance with IAS 39, or for which the hedged item no longer exists, are classified as “held for trading.”

The scope of hedge accounting by financial derivatives comprises recognized, pending and highly probable hedged items. In accordance with IAS 39, derivatives meet the recognition criteria for assets and liabilities, as a result of which they must be capitalized (other assets) or expensed (other liabilities) at fair value.

Derivative transactions are accounted for at acquisition cost at the trading date, in general, acquisition costs of derivative transactions equal their fair values at that date. In subsequent periods, they are capitalized at their fair values. Resultant profits or losses flow through to profit for the period in question where the requirements for cash flow hedge accounting are not met. If hedging relationships are effective, the amounts of profit are under consideration of deferred tax effects credited (and losses charged) to equity, with no effect on profit or loss. The reclassification from equity to Group income statement takes place when the hedged item is recognized in income, or is no longer expected to occur.

Accruals for Pensions and Similar Commitments.

Accruals in respect of beneficiaries’ and pensioners’ pension obligations are created using the projected unit credit method. This method takes account not only of known pensions and known earned future pension entitlements at the balance sheet date, but also of expected future increases in pensions and salaries having estimated the relevant influencing factors.

Plan assets measured at fair value are netted with directly related pension obligations. A negative net obligation arising from prepaid future contributions is only recognized as an asset to the extent that a cash refund from the plan or reductions of future contributions to the plan are available (“asset ceiling”). Any exceeding amount is recognized in equity in the period when it is incurred. The interest on plan assets and defined benefit obligations is calculated with a single interest rate in accordance with the provisions of IAS 19.

According to IAS 19.83 the discount rate used to discount accruals for pensions and similar commitments has to be determined at each valuation date. The discount rate is based on the market yields on high-quality corporate bonds and with that at low-risk. The terms of the corporate bonds have to be consistent with the estimated terms of the obligations. The discount has been calculated based on RATE:Link unchanged to last balance sheet date.

Pension expenses are recorded immediately in the relevant year’s profit for the period. Service cost is presented in the functional costs and net interest on net defined benefit liability in the financial result. Effects from remeasurements of the net defined benefit liability are fully recognized in the fiscal year in which they occur. They are reported as a component of other comprehensive income in the statement of comprehensive income. They remain outside profit or loss in subsequent periods as well.

Other Accruals.

Other accruals are created on the balance sheet in respect of legal or constructive obligations to third parties resulting from past events, as well as for onerous contracts where the outflow of funds to settle such obligations is probable and can be estimated reliably.

Other accruals are measured in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets“ or IAS 19 “Employee Benefits.” The values used for such accruals are based on the best estimate. Where required, accruals are stated net of unaccrued interest. Claims for reimbursements from third parties are capitalized separately if their realization is virtually certain.

Accruals for restructuring costs are recognized in accordance with IAS 37.70 et seq. when the Group has a detailed formal plan for the restructuring and has notified the affected parties. Those accruals only cover expenses that arise directly from restructuring measures, are necessary for restructuring, and are not related to future business operations.

Where income from an order does not cover prime cost, accruals are created for onerous contracts to the value of the variance between income and expenses.

Where delay and contract penalties are agreed in contracts for the supply of goods and/or services, and where the incurrence of penalties is probable in the light of the current position, a corresponding accrual for delay and contract penalties is created.

Share-based Payment Transactions.

Share-based payment includes liability-based payment plans, which are settled in cash.

The liability-based payment plans are measured at fair value as of each balance sheet date until they are settled, and the obligation is recognized under other financial liabilities.

The result to be recognized in the reporting period equates to the change in the fair value of the liability between the balance sheet dates plus the dividend equivalent paid out in the reporting period and is recognized under functional costs.

Additional explanation for share-based payment transactions can be found under “Liabilities” (Note ▶ 21).

Disposal Groups.

The Group recognizes assets and liabilities as disposal groups if the assets and liabilities directly associated with these assets are to be disposed of as a group, by sale or otherwise, and if the criteria set out in IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” have been met in their entirety. The assets and liabilities of the disposal group are presented separately in the statement of financial position as "Assets held for sale" and "Liabilities with regard to assets held for sale." Reclassifications of intangible assets, property, plant, and equipment, and financial assets are presented in "Other changes" relating to the respective items included in the Fixed Assets Schedule of the Group. The expenses and revenues of a disposal group are included in profit or loss from continuing operations up to the date of disposal, unless the disposal group qualifies for reporting as a discontinued operation.

A disposal group is measured initially according to the relevant provisions set out in IFRS. Subsequently, the resulting carrying amount of the group is compared with the net fair value for the purpose of determining the lower of its carrying amount. Impairments resulting from the initial classification as held for sale as well as subsequent impairment losses and reversals are accounted for in profit and loss up to the amount of the cumulative impairment loss.

If changes to the plan of sale mean that the criteria for classification as a disposal group are no longer met, the separate presentation of assets and liabilities of the disposal group in the line items "Assets held for sale" and "Liabilities with regard to assets held for sale" for the prior year is retained; the assets and liabilities of the disposal group are only re-presented under the separate items of the statement of financial position for the annual period under review. In this case, the disposal group is measured at the lower of amortized cost and the recoverable amount. The disposal group also includes goodwill acquired as part of a business combination if the disposal group constitutes a cash-generating unit and goodwill was allocated to this cash-generating unit. If the disposal group only constitutes part of the cash-generating unit, goodwill is allocated to said cash-generating unit on a pro rata basis; it is presented in "Assets held for sale."

NOTES TO THE GROUP INCOME STATEMENT.

(1) Net Sales.

Net sales are comprised as follows:

€k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Hardware	216,348	1,004,644
Software/Services	351,002	1,357,089
	567,350	**2,361,733**

(2) Gross Profit.

Gross margin on net sales amounts to 24.8% (2016/2017: 23.5%) and is 1.3 percentage points higher compared with the previous fiscal year.

The foreign currency gains and losses of €1,166k (2016/2017: €295k) shown in the Group income statement are essentially comprised within the cost of sales.

(3) Selling, General and Administration Expenses.

These mainly comprise personnel expenses and general costs in selling and administrative departments, plus miscellaneous taxes.

(4) Other operating income/ Other operating expense.

As a consequence of the DN2020 transformation program, continued in the short fiscal year, entities in selected countries were amalgamated in order to present a consistent image as Diebold Nixdorf within the markets in question and streamline administrative costs associated with duplicate legal structures in a specific country. As part of these measures, Diebold Nixdorf AG acquired and disposed of specific entities, in addition to disposing of individual assets by means of asset deals.

In the short fiscal year, other operating profit amounted to €12,157k (2016/2017: €25,840k). This figure includes other operating income of €14,277k (2016/2017: €33,949k), which is mainly attributable to two specific factors. First, the deconsolidation of the three entities WINCOR NIXDORF (Proprietary) Ltd, South Africa, WINCOR NIXDORF Australia Pty, Ltd and Dynasty Technology Brazil Software, accounts for €8,295k, with all interests in the aforementioned entities having been disposed of in the period under review. Secondly, the disposal of various assets and liabilities within the context of the aforementioned transformation program produced additional "other operating income" of €5,982k.

Other operating expenses totaling €2.120k (2016/2017: €8,109k) was attributable to the deconsolidation of Wincor Nixdorf Oil & Gas IT LLC, Moscow (Russia) and to the disposal of various assets and liabilities as part of the aforementioned activities and associated impairments recognized immediately prior to disposal, as all transactions were concluded at the fair value of the assets and liabilities at the data of disposal.

(5) Finance Income and Finance Costs.

Finance income and finance costs are comprised as follows:

€k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Income from securities and other income	284	160
Interest and similar income	1,220	2,865
Finance income	**1,504**	**3,025**
Interest and similar expenses	-953	-4,501
Interest element within additions to long-term accruals and other finance costs	-466	-1,110
Finance costs	**-1,419**	**-5,611**
	85	**-2,586**

(6) Income Taxes.

€k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Current taxes on income and profit	-7,565	-38,923
Deferred tax income and expenses	-4,133	-5,420
	-11,698	**-44,343**

The amounts for current taxes on income and profit relate, within Germany, to corporate income tax and municipal corporate income tax, plus proceeds from partial release of tax accruals made during the previous year and, in the case of foreign subsidiaries, income-related taxes calculated in accordance with the national tax legislation applicable to the individual companies.

Included in current taxes on income and profit are non-periodic tax incomes amounting to €2,532k (2016/2017: tax expenses €3,142k).

The deferred taxes are the result of time-related variances in reported values between the tax accounts of individual companies and the values of the Group balance sheet, using the liability method, plus capitalization of tax losses capable of being carried forward. In reviewing the amount of a deferred tax asset recognized in the balance sheet, it is crucial to assess whether it is probable that temporary differences will reverse and tax losses carried forward will be utilized, being the basis for the recognition of deferred tax assets. This is dependent on future taxable profits arising in those periods when taxable temporary differences reverse and tax losses carried forward may be utilized. Based on past experience and the projected development of taxable profit, Diebold Nixdorf AG assumes that the corresponding benefits associated with deferred tax assets will be realized. A deferred tax asset will be recognized to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered. As of December 31, 2017, tax losses carried forward exist in the amount of €40,496k (2016/2017: €41,370k) and temporary differences in the amount of €12k (2016/2017: €25k) on which no deferred tax asset has been capitalized. Tax losses amounting to €16,497k (2016/2017: €19,405k) for which no deferred tax assets were recognized account for the period until 2025.

Actual tax expenses for short fiscal year October 1, 2017 to December 31, 2017 are € 7.054k below of (2016/2017: €4,586k below) those which would be expected to be arrived at through the application of the ultimate parent company's tax rate.

As of December 31, 2017, unchanged to the previous year, all German deferred taxes were calculated in respect of temporary differences using a combined tax rate of rounded 30%. The reported value of all deferred taxes on tax losses carried forward was arrived at by using tax rates as, in the previous year, of 14% for municipal corporate income tax and 16% for corporation tax and solidarity tax.

The table below contains a reconciliation of expected net tax expenses to the actual reported tax:

€k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Profit before income taxes	**62,505**	**163,098**
Expected tax expenses based on a tax rate of 30%	**-18,752**	**-48,929**
Differences from expected tax expenses		
Difference to local tax rates	856	10,964
Decreases/increases in tax due to tax-exempt income and non-tax-deductible expenses	6,479	4,704
Corrections relating to other periods and other effects	816	-4,143
Changes of allowances/non-recognition of deferred taxes on current losses and temporary differences	-876	-6,794
Usage of deferred tax assets not recognized in previous years	0	-1
Other	-221	-144
Total adjustments	**7,054**	**4,586**
Actual tax expenses	**-11,698**	**-44,343**

The effective tax rate is 18.7% (2016/2017: 27.2%).

The deferred tax assets and liabilities relate to the following balance sheet items:

€k

	Dec. 31, 2017		Sept. 30, 2017	
	Deferred tax assets	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
Intangible assets	20,194	68,132	20,610	67,758
Property, plant and equipment	5,794	618	6,740	698
Investments	656	745	566	725
Inventories	7,507	2,743	6,960	785
Receivables and other current assets	1,711	6,467	2,536	5,330
Pension accruals	25,568	3,157	20,882	1,964
Other accruals	17,642	1,201	18,182	1,092
Liabilities	8,213	1,590	7,229	512
Losses carried forward	1,679	0	1,876	0
Other	1,181	1,837	960	31
	90,145	86,490	86,541	78,895
Netting off of deferred tax assets and liabilities	-62,577	-62,577	-58,776	-58,776
	27,568	**23,913**	**27,765**	**20,119**

The changes in deferred tax assets and liabilities shown above are recognized in profit or loss with the following exceptions, which are charged directly to equity:

In the deferred tax assets to pension accruals revaluations of the net defined liability with an equity increasing effect of €12,176k (2016/2017: €12,623k) are included.

Changes in equity to the fair value of financial instruments that meet the requirements of IAS 39 for hedge accounting had an equity-enhancing effect of deferred taxes in the amount of €572k (2016/2017: €256k) and are presented in the deferred tax liabilities to receivables and other assets in the amount of €700k (2016/2017: €1,144k) and the deferred tax assets to liabilities of €1,272k (2016/2017: €1,400k).

(7) Earnings per Share.

Earnings per share are calculated by dividing profit or loss attributable to shareholders of Diebold Nixdorf AG by the weighted average number of shares outstanding.

A dilution of earnings per share due to share-based payment programs is ruled out, as all of the current share-based payment programs (see Note **[21]**) will not be settled in shares but in cash payments, based on contractual agreements with Diebold Nixdorf, Inc.

	Oct. 1, 2017 - Dec. 31, 2017	**Oct. 1, 2016 - Sep. 30, 2017**
Profit attributable to equity holders of Diebold Nixdorf AG (€k)	50,303	118,003
Number of shares outstanding as of October 1 (in thousands)	29,816	29,816
Number of shares outstanding as of December 31 (in thousands)	29,816	29,816
Weighted average number of shares outstanding (in thousands)	29,816	29,816
Diluted earnings per share (€)	**1.69**	**3.96**

NOTES TO THE GROUP BALANCE SHEET.

(8) Intangible Assets.

Changes in intangible assets were as follows:

€k

	Commercial patents and similar rights/items plus licenses to such rights/items	Internally generated intangible assets	Goodwill	Advances made	Total
Cost of acquisition or production					
Balance as of October 1, 2016	**60,500**	**9,228**	**351,720**	**121**	**421,569**
Currency translation	-492	69	-456	0	-879
Additions to consolidation group	287	0	0	0	287
Disposals to consolidation group	-1,343	0	-9,177	0	-10,520
Additions	4,344	12,235	1,593	220	18,392
Transfers	138	0	0	-121	17
Other changes	0	0	-574	0	-574
Disposals	-5,785	0	-2,620	0	-8,405
Balance as of September 30, 2017/ October 1, 2017	**57,649**	**21,532**	**340,486**	**220**	**419,887**
Currency translation	-224	57	-118	0	-285
Additions to consolidation group	0	0	349	0	349
Disposals to consolidation group	-171	0	0	0	-171
Additions	20,408	4,914	0	0	25,322
Transfers	759	0	0	-220	539
Disposals	-3	0	0	0	-3
Balance as of December 31, 2017	**78,418**	**26,503**	**340,717**	**0**	**445,638**
Depreciation					
Balance as of October 1, 2016	**42,253**	**1,235**	**3,165**	**0**	**46,653**
Currency translation	-492	0	0	0	-492
Additions to consolidation group	286	0	0	0	286
Disposals to consolidation group	-1,224	0	-1,564	0	-2,788
Depreciation for the fiscal year	7,974	2,292	0	0	10,266
Disposals	-5,785	0	-1,300	0	-7,085
Balance as of September 30, 2017/ October 1, 2017	**43,012**	**3,527**	**301**	**0**	**46,840**
Currency translation	-228	0	0	0	-228
Additions to consolidation group	0	0	17	0	17
Disposals to consolidation group	-168	0	0	0	-168
Depreciation for the fiscal year	2,175	1,480	0	0	3,655
Disposals	-2	0	0	0	-2
Balance as of December 31, 2017	**44,789**	**5,007**	**318**	**0**	**50,114**
Carrying amount as of December 31, 2017	**33,629**	**21,496**	**340,399**	**0**	**395,524**
Carrying amount as of September 30, 2017	**14,637**	**18,005**	**340,185**	**220**	**373,047**

The additions during the short fiscal year relate to the acquisition of new property rights, similar rights and values as well as licenses for such rights and values in the amount of €20,408k (2016/2017: €4,344k), and internally generated intangible assets with an amount of €4,914k (2016/2017: €12,235k). €19,191k of the additions of rights is attributable to WINCOR NIXDORF International GmbH, Paderborn from the acquisition of customer contracts within the Diebold Nixdorf, Inc.-Group for the region Europe. Within the additions of internally generated intangible assets the amount of €2,358k (2016/2017: €5,987k) is attributable to the AEVI business unit for the development of new technology in the field of cashless payment and €2,556k (2016/2017: €6,248k) to WINCOR NIXDORF International GmbH, Paderborn for software development in regards to operation of ATMs and cashier systems.

The net changes in the consolidation group of patents and licenses are mainly attributable to the acquisition of PT. Diebold Indonesia, Jakarta (Indonesia) and deconsolidation of Wincor Nixdorf Oil & Gas IT LLC, Moscow (Russia) and Dynasty Technology Brazil Software Ltda., São Paula (Brazil).

(9) Property, Plant and Equipment.

Changes in property, plant and equipment were as follows:

€k

	Land, buildings, and other equivalent rights	Plant and machinery	Other fixed assets and office equipment	Products leased to customers	Equipment under construction	Total
Cost of acquisition or production						
Balance as of October 1, 2016	**57,332**	**43,137**	**328,804**	**13,480**	**4,163**	**446,916**
Currency translation	-346	-121	-1,554	-190	-65	-2,276
Additions to consolidation group	4	0	454	0	0	458
Disposals to consolidation group	-1,160	-119	-5,098	-3,160	-8	-9,545
Additions	1,266	136	23,294	414	2,410	27,520
Transfers	0	1,069	862	0	-1,948	-17
Others	-812	-258	-1,451	0	0	-2,521
Disposals	-1,567	-1,527	-9,198	-266	-29	-12,587
Balance as of September 30, 2017/ October 1, 2017	**54,717**	**42,317**	**336,113**	**10,278**	**4,523**	**447,948**
Currency translation	-59	-41	-332	38	0	-394
Additions to consolidation group	297	0	4,014	0	0	4,311
Disposals to consolidation group	0	-4	-294	0	0	-298
Additions	339	619	13,761	77	419	15,215
Transfers	0	0	3,506	0	-4,045	-539
Others	194	14	534	0	0	742
Disposals	-3,015	-563	-3,811	-1,339	0	-8,728
Balance as of December 31, 2017	**52,473**	**42,342**	**353,491**	**9,054**	**897**	**458,257**
Depreciation						
Balance as of October 1, 2016	**34,193**	**33,414**	**252,642**	**9,761**	**0**	**330,010**
Currency translation	-300	-110	-1,398	-184	0	-1,992
Additions to consolidation group	0	0	129	0	0	129
Disposals to consolidation group	-215	-116	-4,877	-2,606	0	-7,814
Depreciation for the fiscal year	3,081	2,304	33,278	1,107	0	39,770
Others	-809	-171	-1,343	0	0	-2,323
Disposals	-1,300	-2,232	-8,591	-249	0	-12,372
Balance as of September 30, 2017/ October 1, 2017	**34,650**	**33,089**	**269,840**	**7,829**	**0**	**345,408**
Currency translation	-48	-34	-321	36	0	-367
Additions to consolidation group	206	0	3,054	0	0	3,260
Disposals to consolidation group	0	-3	-214	0	0	-217
Depreciation for the fiscal year	718	529	7,816	179	0	9,242
Others	194	5	504	0	0	702
Disposals	-2,619	-546	-3,501	-942	0	-7,608
Balance as of December 31, 2017	**33,101**	**33,040**	**277,178**	**7,102**	**0**	**350,420**
Carrying amount as of December 31, 2017	**19,372**	**9,302**	**76,313**	**1,952**	**897**	**107,836**
Carrying amount as of September 30, 2017	**20,067**	**9,228**	**66,273**	**2,449**	**4,523**	**102,540**

Additions to property, plant and equipment are valued at €15,215k (2016/2017: €27,520k), with large individual elements of this being other fixed assets and office equipment at €13,761k. These are essentially IT equipment and specialist tools,.

The net changes in the scope of consolidation are attributable to newly consolidated or deconsolidated companies. The additions to the scope of consolidation relate to PT. Diebold Indonesia, Jakarta (Indonesia). The disposals via deconsolidation relate to WINCOR NIXDORF AUSTRALIA PTY LTD, Sydney (Australia), WINCOR NIXDORF (PTY) LTD, Hurlingham-Sandton (South Africa), Wincor Nixdorf Oil & Gas IT LLC, Moscow (Russia) and Dynasty Technology Brazil Software Ltda., São Paulo (Brazil).

Products leased to customers concern ATMs, which are leased in the scope of operating lease contracts. The minimum lease periods are between three and ten years, partially with extension options.

The future minimum lease payments under all non-redeemable lease agreements are as follows:

€k

	Dec. 31, 2017	Sept. 30, 2017
Residual term up to 1 year	8,069	8,398
Residual term between 1 and 5 years	8,643	11,139
Residual term more than 5 years	671	975
	17,383	**20,512**

(10) Investments and Investments Accounted for Using the Equity Method.

Among investments additionally non-consolidated subsidiaries, interests, loans, and other receivables are recorded in these positions.

The at equity recognized investment in associated company Aisino-Wincor increased in comparison to prior year considering attributable intercompany profit elimination by €3.540k to a total of €13,841k (2016/2017 €10,301k). The held shares amounting to 43.6%.

The 6% interest in WINCOR NIXDORF Immobilien GmbH & Co. KG, Paderborn, is – unchanged to the previous year – accounted for "financial assets at fair value through profit or loss (FVO)." The net book value as of December 31, 2017 increased by €377k to a total amount of €1,441k compared to prior year (2016/2017: €1,064k). This investment does not have a quoted market price in an active market; therefore existing contractual settlements were used in order to calculate the fair value.

The 25% interest in CI Tech Components AG, Burgdorf, Switzerland is accounted for as “Available for sale”, because no major influence can be exerted. Fair value of this interest amounts to €2,513k unchanged to the previous year

In addition investments in non-consolidated subsidiaries amount to €45,215k (2016/2017: €4,581k).The increase in comparison to September 30, 2017 of €40,364k mainly results from the acquisition of all shares of Diebold France SARL, Guyancourt, France. As at balance sheet date this company has minor importance for Diebold Nixdorf AG Group the company was not fully consolidated.

(11) Reworkable Service Parts.

Where necessary, the lower net realizable value was used, with due regard to selling and production costs still to be incurred. The total book value of reworkable service parts, valued as of December 31, 2017, at their lower of cost and net realizable value, was €32,608k (2016/2017: €32,650k). Write-down of reworkable service parts reported under cost of sales is €1,077k (2016/2017: €2,913k).

(12) Receivables and Other Assets.

Trade receivables are comprised as follows:

€k

	Dec. 31, 2017	Sept. 30, 2017
Trade receivables, gross	342,089	342,517
less: allowance for doubtful accounts	-18,474	-21,605
Trade receivables, net	**323,615**	**320,912**

Trade receivables with an amount of €6,310k (2016/2017: €7,080k) become due after one year.

Allowances for trade receivables have changed as shown in the following table:

€k

	Specific allowances		Portfolio-based allowances		Total	
	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Balance as of October 1	19,471	27,072	2,134	2,732	21,605	29,804
Changes in allowances with effect on profit and loss	-2,351	-7,601	-780	-598	-3,131	-8,199
Balance as of December 31	**17,120**	**19,471**	**1,354**	**2,134**	**18,474**	**21,605**

On the balance sheet date, trade receivables which are past due but not impaired, exist as follows:

€k

	Past due 1 - 30 days	Past due 31 - 180 days	Past due more than 180 days
December 31, 2017	**53,486**	**34,026**	**1,629**
September 30, 2017	37,977	51,148	772

With respect to trade receivables as at the balance sheet date past due but not impaired, there are no indications that customers will not be able to meet their obligations, based on credit history and current credit ratings. This also applies to the trade receivables that are neither past due at the balance sheet date nor impaired.

Trade receivables comprise receivables from finance leases in the amount of €10,022k (2016/2017: €13,468k). The leasing contracts are originally concluded for a term of up to ten years. Allowances for finance lease receivables amounted to €101k (2016/2017: €136k) in the short fiscal year.

Residual Terms of Present Value of Minimum Lease Payments Receivable. €k

	Dec. 31, 2017	Sept. 30, 2017
Residual term up to 1 year	4,509	6,940
Residual term between 1 and 5 years	5,477	6,484
Residual term more than 5 years	36	44
	10,022	**13,468**

Residual Terms of Total Gross Investment in the Lease. €k

	Dec. 31, 2017	Sept. 30, 2017
Residual term up to 1 year	4,826	7,497
Residual term between 1 and 5 years	5,733	7,269
Residual term more than 5 years	37	46
Unearned finance income	-574	-1,344
Present value of minimum lease payments receivable	**10,022**	**13,468**

Other receivables and other assets comprise the following:

€k

	Dec. 31, 2017		Sept. 30, 2017	
	Total	due > 1 year	Total	due > 1 year
Receivables from related companies	17,053	0	36,431	0
Receivables from affiliated companies	41,712	0	77,353	0
Current income tax assets	14,066	0	12,300	0
Other assets	126,431	36,605	135,880	50,324
	199,262	**36,605**	**261,964**	**50,324**

The decrease of receivables from affiliated companies at the balance sheet date is mainly related to the settlement of purchase price receivables outstanding on previous balance sheet date, which resulted from the sale of shares held from affiliated companies and sale of assets and liabilities from single affiliates of Diebold Nixdorf AG within Diebold Nixdorf, Inc. Group.

Other assets include the following items:

€k

	Dec. 31, 2017		Sept. 30, 2017	
	Total	**due > 1 year**	Total	due > 1 year
Sales tax	13,178	0	12,596	0
Surplus of plan assets	12,316	12,316	21,642	21,642
Prepaid expenses	31,255	6,798	32,429	6,981
Other	3,517	0	1,812	9
Other non-financial assets	**60,266**	**19,114**	**68,479**	**28,632**
Forward currency transactions	3,219	0	4,418	0
Receivables from employees	4,008	74	769	83
Other	58,938	17,417	62,214	21,609
Other financial assets	**66,165**	**17,491**	**67,401**	**21,692**
	126,431	**36,605**	**135,880**	**50,324**

The other financial assets include €13,740k (2016/2017 €17,781k) cash and cash equivalents with limited disposability. In addition the other financial assets include receivables in connection with the sale of previously consolidated subsidiaries. These receivables amounting to €32,395k are unchanged to the previous year's reporting date.

(13) Deferred Taxes.

Deferred taxes have been accrued for under the "temporary concept" in accordance with IAS 12 "Income Taxes," using the tax rates in force, approved, and known, as of the balance sheet date.

As of December 31, 2017, these items include deferred tax assets of €27,568k (2016/2017: €27,765k) and deferred tax liabilities of €23,913k (2016/2017: €20,119k), after netting off deferred tax liabilities with deferred tax assets. Deferred tax assets of €1,679k (2016/2017: €1,876k) are the result of the probable future utilization of tax losses carried forward. Further explanatory notes on deferred tax assets are contained in Note ▶ 6.

(14) Inventories.

€k

	Dec. 31, 2017	Sept. 30, 2017
Raw materials and supplies	58,958	59,132
Unfinished goods	19,482	19,594
Finished goods and merchandise	190,050	192,000
Advances made	791	1,058
	269,281	**271,784**

Where necessary, the lower net realizable value was used, with regard to selling and production costs still to be incurred. The total book value of inventories valued as of December 31, 2017, at their lower of cost and net realizable value, was €88,759k (2016/2017: €87,369k). Inventory impairment reported under cost of sales is €2,365k (2016/2017: €4,788k).

(15) Cash and Cash Equivalents.

The cash in hand of €15,654k (2016/2017: €13,716k) mainly includes test cash for automated teller machines and cash in connection with customer contracts. Bank demand deposits add up to €104,645k (2016/2017: €81,363k). Checks amount to €379k (2016/2017: €236k).

In addition, cash and cash equivalents of €8,649k (2016/17: €9,471k) were reported as "Assets held for sale".

(16) Assets held for Sale.

The transformation program DN2020 started in fiscal year 2016/2017 within the Diebold Nixdorf, Inc. Group was continued in the short fiscal year. Fundamental part of this program is the merge of companies in different countries in order to present a consistent image as Diebold Nixdorf within the market in question and streamline administrative costs that would incur through operating multiple legal entities in one country. Following companies fulfill the IFRS 5 conditions and have to be presented accordingly as disposal group as of December 31, 2017:

- WINCOR NIXDORF (Thailand) Co. Ltd
- WINCOR NIXDORF (Philippines) Inc.
- WINCOR NIXDORF India Private Ltd.
- WINCOR NIXDORF SA de CV (Mexico)
- WINCOR NIXDORF Inc. (USA)
- Diebold Nixdorf Portugal Unipessoal Lda
- WINCOR NIXDORF Canada Inc.
- WINCOR NIXDORF Soluceos em Tecnilogia da Informacao Ltda. (Brazil)

Therefore following main groups have been stated separately in balance sheet under assets and liabilities as “Assets held for sale” and „Liabilities with regard to assets held for sale“ as of December 31, 2017:

€k

	Dec. 31, 2017	Sept. 30, 2017
Intangible assets as well as property, plant and equipment	732	772
Inventories	15,952	14,681
Trade receivables	25,250	27,469
Receivables from affiliated companies	16,170	15,592
Current income tax assets	5,520	7,165
Deferred tax assets	4,607	4,623
Other assets	2,054	4,133
Cash and cash equivalents	8,649	9,471
Assets held for sale	**78,934**	**83,906**
Accruals for pensions and similar commitments	30	32
Other accruals	5,058	7,813
Advances received	1,715	316
Trade payables	6,554	8,423
Liabilities to affiliated companies	4,123	2,458
Financial liabilities to affiliated companies	7,209	5,920
Current income tax liabilities	2,044	3,507
Other liabilities	8,622	12,371
Liabilities with regard to assets held for sale	**35,355**	**40,840**

(17) Group Equity.

The changes in Group equity and individual elements thereof are shown in detail in the “Changes in Group Equity” table.

Distributions.

In contrast to the prior periods, no dividend was declared or paid in respect of the fiscal year or the short year under review. Due to the DPLTA with Diebold Nixdorf KGaA, which came into effect in the annual period under review, Diebold Nixdorf AG is prohibited from using for the purpose of a dividend payout its unappropriated retained earnings (*Bilanzgewinn*, i.e., its distributable profit) or any retained profits brought forward or other reserves created prior to the coming into effect of the domination and profit transfer agreement.

The DPLTA includes an obligation toward minority shareholders (i.e., non-controlling interests) of Diebold Nixdorf AG for the duration of the agreement in the form of a recurring compensation in cash. For each full fiscal year of Diebold Nixdorf AG the aforementioned shareholders shall receive, per Diebold Nixdorf AG no-par-value bearer share ("Stückaktien" governed by German law), each representing a notional value of €1.00 in share capital, a gross amount of €3.13 ("Gross Compensation Amount"), less possible deductions for corporation tax (*Körperschaftsteuer*) and solidarity surcharge (*Solidaritätszuschlag*) according to the tax rate applicable in respect of these taxes for the financial year in question ("Net Compensation Amount"). This deduction is to be made only in respect of any portion contained within the Gross Compensation Amount that relates to profits that are subject to German corporate income tax. When rounded to a full-cent amount in accordance with commercial practice, this portion amounts to €1.97 per Diebold Nixdorf AG share. Based on the circumstances at the time of the conclusion of the domination and profit transfer agreement, this results in a recurring compensation of €2.82 for each Diebold Nixdorf AG share for an entire fiscal year of Diebold Nixdorf AG. For the avoidance of doubt, it is agreed that any withholding tax (such as capital gains tax plus solidarity surcharge thereon) shall be withheld from the net compensation amount to the extent required by law.

The recurring compensation is due on the first banking day following the respective Annual General Meeting ("AGM") of Diebold Nixdorf AG for the preceding fiscal year, but in any event within eight months following the conclusion of the respective fiscal year. The next AGM of Diebold Nixdorf AG is scheduled to take place in May 2018.

Under the terms of the DPLTA, Diebold Nixdorf AG is obliged to transfer to Diebold Nixdorf KGaA its short fiscal year profit under commercial law (before profit/loss transfers) totalling €42,741k as of December 31, 2017 (2016/2017: €123,623k), this amount had not been paid out to Diebold Nixdorf KGaA.

Capital Management.

As a matter of principle, Diebold Nixdorf AG pursues the Group's reported equity only as a passive management parameter due to the DPLTA with Diebold Nixdorf KGaA agreed in fiscal year 2016/2017, because the aim of generating an appropriate return on capital through the contractual agreed profit and loss transfer of Diebold Nixdorf AG cannot be pursued any longer.

Subscribed Capital.

The capital stock is divided into 33,084,988 no-par shares ("Stückaktien" governed by German law). All shares issued up to and including December 31, 2017, are fully paid-up. Each share is granted equal voting rights and equal dividend entitlement. Changes in the number of shares issued and entitled to dividend were as follows:

Balance as of October 1, 2017 / December 31, 2017	**29,816,211**
Weighted average of shares in short fiscal year 01. Okt. 2017 - 31. Dez. 2017	29,816,211

Treasury Shares.

As of December 31, 2017, the total number of treasury shares held by the Company was 3,268,777. This equals 9.88 % of the subscribed capital. The acquisition costs (including ancillary costs of acquisition to the amount of €111k) amounting to €173,712k were deducted in full from equity.

Authorized Share Capital.

As the result of a resolution at the AGM on January 20, 2014, the Board of Directors has been authorized to increase the Company's share capital with the Supervisory Board's approval by up to €16,542,494 through the issue for cash and/or contributions in kind of new ordinary bearer shares under single or multiple initiatives up to January 19, 2019.

Contingent Share Capital.

The share capital is conditionally increased by up to €1,654,249, divided into up to 1,654,249 bearer shares ("Contingent Share Capital I 2014"). This Contingent Share Capital increase is to be used exclusively to cover stock options issued to members of the Company's Management Board, board members of subordinate associated companies within and outside of Germany, and to other executives and employees of the Company and its subordinate associated companies, as specified in detail in the authorization resolved by the AGM on January 20, 2014, and as detailed in the authorization resolved by the AGM on January 20, 2014, in the version amended by AGM resolution on January 25, 2016. It shall only be effected to the extent that bearers of share options exercise their right to subscribe for Company shares and the Company does not provide the consideration in cash or by means of its own shares. The new shares shall carry dividend rights from the beginning of the fiscal year in which they are issued. Should the issue take place before the ordinary AGM, the new shares shall be entitled to dividends for the previous fiscal year as well.

Authorization to issue participatory certificates with warrants and/or convertible participatory certificates and/or convertible bonds and/or bonds with warrants and/or income bonds and to exclude the subscription right.

The Board of Directors was authorized by the AGM on January 21, 2013, with the consent of the Supervisory Board, once or several times up to January 20, 2018,

- to issue bearer participatory certificates (i) to which bearer participatory certificates with warrants are attached or (ii) that are attached to a conversion right for the holder for a maximum term of 20 years as of their issue, and to grant option rights to the holders of participatory certificates with warrants and conversion rights to the holders of convertible participatory certificates to bearer shares in the Company as detailed by the conditions of the participatory certificates with warrants or convertible participatory certificates

and instead of or in addition

- to issue bearer bonds with warrants and/or bearer convertible bonds and/or bearer income bonds (hereinafter referred to jointly as "bonds with warrants and/or convertible bonds") with a maximum term of 20 years and to grant option rights to the holders of bonds with warrants and conversion rights to the holders of convertible bonds to bearer shares in the Company as detailed by the conditions of the bonds with warrants or convertible bonds.

The aggregate principle amount of the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds to be issued under this authorization shall not exceed €500,000,000. Option rights or conversion rights shall only be issued for Company shares that account for a maximum total of €10,000,000 of the capital stock.

For details and other conditions to the authorization and exclusion of the subscription right, please refer to the section "Takeover-related Disclosures" of the Group Management Report.

Retained Earnings.

Other retained earnings contain the cumulative profits made by the subsidiary companies included in the Group financial statements, the profit for the period, other consolidation reserves, reserves resulting from expired share-based payment programs, actuarial gains and losses recognized in other comprehensive income, and effects of the limit on plan assets as well as corresponding deferred tax effects.

Other Components of Equity.

Other components of equity consist of all amounts recognized directly in equity resulting from the translation of the financial statements of foreign subsidiaries, the effects of recognizing changes in the fair value of derivative financial instruments directly in equity, deferred taxes on items recognized directly in equity, as well as the additional funds received from the issue of shares.

Other Comprehensive Income.

The table below presents the development of other comprehensive income and the associated tax effects:

Tax Effects Other Comprehensive Income. €k

	Oct. 1, 2017 - Dec. 31, 2017			Oct. 1, 2016 - Sep. 30, 2017		
	Gross result	**Taxes**	**Net result**	Gross result	Taxes	Net result
Cash flow hedges	-1,052	315	-737	1,592	-478	1,114
Exchange rate changes - reclassified to profit or loss	16	0	16	-5,219	0	-5,219
Actuarial gains and losses	1,476	-479	997	38,127	-8,988	29,139
Other comprehensive income	**440**	**-164**	**276**	**34,500**	**-9,466**	**25,034**

(18) Non-controlling Interests.

All non-controlling interests are presented in detail in the “Changes in Group Equity” table.

The major non-controlling interests are the shares in the AEVI subgroup. The parent company is AEVI International GmbH, Paderborn. The summarized financial information according to IFRS constitutes information before eliminations between the other entities of the Group:

AEVI - Subgroup €k

	Oct. 1, 2017 - Dec. 31, 2017	**Oct. 1, 2016 - Sep. 30, 2017**
Net sales	14,863	70,325
Profit for the period	-790	-5,759
Profit attributable to non-controlling interests	-106	-769
Cash flow from operating activities	2,573	-12,849
Cash flow from investment activities	-2,358	-6,069
Cash flow from financing activities	-267	-13,683
	Dec. 31, 2017	**Sept. 30, 2017**
Non-current assets	13,713	12,538
Current assets	43,064	45,788
Non-current liabilities	12,236	12,916
Current liabilities	17,925	18,075
Net assets	**26,616**	**27,335**
Net assets of non-controlling interests	19,564	19,660

(19) Accruals for Pensions and Similar Commitments.

For certain groups of employees of Diebold Nixdorf AG, post-employment benefit schemes are available. Schemes vary depending on the legal, economic, and tax environments of the respective country. They are primarily designed as defined benefit plans, but also as defined contribution plans. For defined benefit plans accruals for pensions and similar commitments are recorded for the net defined liability after taking account of amounts recognized as asset:

€k

	Dec. 31, 2017	Sept. 30, 2017
Present value of unfunded obligations	50,547	49,472
Present value of funded obligations	260,578	257,710
Fair value of plan assets	-264,378	-253,784
Net defined benefit liability	**46,747**	**53,398**
Therein amount recognized as asset	12,316	21,642
Accruals for pensions and similar commitments	**59,063**	**75,040**

The over-funding (amount recognized as asset) of €12,316k (2016/2017: €21,642k) is presented under other non-current assets.

Defined benefit plans.

The significant defined benefit plans are arranged for employees in Germany. There are inter alia also defined benefit plans in the United Kingdom, France and Switzerland. In Germany, post-employment benefit schemes are set up as employer funded pension plans as well as deferred compensation plans.

With regard to employment law, the employer funded pension commitments in Germany are based upon direct performance-related commitments in terms of defined contribution plans. Each beneficiary receives, depending on individual pay-scale grouping, contractual classification, or income level, different yearly contributions. The contribution is multiplied by an age factor appropriate to the current pension scheme and credited to the individual retirement account of the employee. The retirement accounts may be used up at retirement by either a one-time pay-off or payments of ten years' installments at maximum. Insured events are disability, death and reaching of retirement age.

In June 2006, Diebold Nixdorf AG created plan assets according to IAS 19 as part of a Contractual Trust Arrangement ("CTA"), by transferring assets to a registered association (Alme Pension-Stiftung, formerly Wincor Nixdorf Pension Trust e. V.) in order to fund pension obligations to employees. The association is investing in current and non-current assets; this way considering the maturity structure of the underlying pension obligations. The funding strategy is reviewed regularly by analyzing asset development as well as the current situation of the financial market. The weighted average of benefit obligations plans is 11 years and is unchanged to the previous year.

The only considerable risk to which the plans expose Diebold Nixdorf AG Group is the capital market development. The latter is influencing the discount rate for the valuation of the defined benefit obligations as well as the return on plan assets.

Change in Defined Benefit Obligation. €k

	Dec. 31, 2017	Sept. 30, 2017
Present value of defined benefit obligation as of October 1	307,182	554,478
Current service cost	1,626	8,542
Past service cost	0	-323
Effects from settlements	0	122
Interest cost	1,215	4,236
Effect of changes in demographic assumptions	0	-724
Effect of changes in financial assumptions	3,774	-13,032
Effect of experience adjustments	-1,514	-5,834
Pension payments	-1,533	-10,972
Settlement payments from plan	0	-122
Member contributions	73	832
Divestitures/transfers	779	-228,022
Exchange rate differences	-477	-1,999
Present value of defined benefit obligation as of December 31	**311,125**	**307,182**

Change in Plan Assets. €k

	Dec. 31, 2017	Sept. 30, 2017
Fair value of plan assets as of October 1	253,784	472,991
Interest income	989	3,549
Return on plan assets (excluding interest income)	9,769	4,384
Member contributions	73	307
Employer contributions	180	1,273
Pension payments	-122	-242
Divestitures/transfers	0	-227,072
Exchange rate differences	-295	-1,406
Fair value of plan assets as of December 31	**264,378**	**253,784**

For fiscal year January 1, 2018 to December 31, 2018, employer contributions to plan assets in the amount of €1,100k are expected.

Plan assets were invested in the following assets:

%

	Dec. 31, 2017	Sept. 30, 2017
Equity instruments	4.3	4.1
Debt instruments	30.9	30.0
Investment funds	24.7	24.0
Real estate funds	5.0	4.6
Assets held by insurance company	0.2	0.1
Real estate	6.5	7.1
Other capital investments	0.2	0.2
Short-term financial investments	28.2	29.9

Plan assets do not contain any own financial instruments. The real estate is primarily not used by the Group. Shares, debt instruments, investment funds, real estate funds and other investments have a quoted market price in an active market, whereas real estate and insurance contracts have not.

Effect of the asset ceiling. €k

	Dec. 31, 2017	Sept. 30, 2017
Effect of the asset ceiling as of October 1	0	201
Exchange rate differences	0	-201
Effect of the asset ceiling as of December 31	**0**	**0**

Net defined benefit liability reconciliation. €k

	Dec. 31, 2017	Sept. 30, 2017
Net defined benefit liability as of October 1	53,398	81,688
Pension expenses	1,852	9,028
Actuarial gains/losses	-7,510	-23,974
Changes in asset ceiling (excluding interest expense)	0	-201
Pension payments	-1,411	-10,730
Settlement payments from plan	0	-122
Member contributions	0	524
Employer contributions	-180	-1,273
Divestitures/transfers	779	-950
Exchange rate differences	-181	-592
Net defined benefit liability as of December 31	**46,747**	**53,398**

Actuarial Assumptions.

With regard to the Group entities, the discount rate (weighted average) represents the significant actuarial assumption for the valuation of defined benefit obligations:

%

	Dec. 31, 2017	Sept. 30, 2017
Discount rate	1.5	1.6

Depending on the defined benefit plan, income and pension trends but also employee turnover assumptions are taken into consideration for the calculation of the defined benefit obligations. In addition, life expectancy assumptions based on current mortality tables are considered. The 2005G Heubeck Tables are used in Germany,

Sensitivity Analysis.

For Diebold Nixdorf AG Group, the sensitivity of the discount rate as the significant actuarial assumption has been identified on the lines of the determination of the present value of the defined benefit obligations. An increase or decrease in the assumed interest rate by 0.25 percentage points would have the following impact on the present value of the defined benefit obligations as of December 31, 2017:

€m

	Increase	Decrease
Change in discount rate by 0.25 percentage points	-8	9

Pension Expenses. €k

	Oct. 1, 2017 - Dec. 31, 2017	1.10.2016 - 30.09.2017
Current service cost	1,626	8,542
Past service cost	0	-323
Effects from settlements	0	122
Net interest	226	687
Pension expenses	**1,852**	**9,028**

Defined Contribution Plans.

Under defined contribution plans, an entity pays fixed contributions and does not assume any other obligations. The personnel expenses of the short fiscal year include expenses for defined contribution plans in the amount of €8,067k (2016/2017: €29,009k).

(20) Other Accruals.

€k

	Sept. 30, 2017	Currency variances/ transfers	Draw-downs	Releases	Additions	Accumu-lation	IFRS 5	Dec. 31, 2017
Non-current other accruals								
Personnel obligations	11,034	-894	-726	-2	2,017	80	0	11,509
Environmental protection obligations	5,307	42	0	0	3	0	0	5,352
Warranties	3,885	-723	0	0	585	0	0	3,747
Onerous contracts	1,011	0	0	0	0	0	0	1,011
Other miscellaneous accruals	4,145	-129	-230	0	0	0	0	3,786
Total non-current other accruals	**25,382**	**-1,704**	**-956**	**-2**	**2,605**	**80**	**0**	**25,405**
Current other accruals								
Current accruals associated with sales and procurement markets								
Warranties	*26,856*	*652*	*-4,605*	*-2,206*	*4,157*	*0*	*38*	*24,892*
Onerous contracts	*2,738*	*0*	*-1,197*	*0*	*773*	*0*	*0*	*2,314*
Delay and contract penalties	*3,161*	*0*	*-290*	*-219*	*587*	*0*	*0*	*3,239*
Miscellaneous	*14,007*	*-90*	*-1,476*	*-610*	*512*	*0*	*1,894*	*14,237*
Total current accruals associated with sales and procurement markets	**46,762**	**562**	**-7,568**	**-3,035**	**6,029**	**0**	**1,932**	**44,682**
Accruals for personnel obligations	77,082	880	-25,135	-952	14,373	0	259	66,507
Accruals for other taxes	894	-27	-13	0	47	0	11	912
Other miscellaneous accruals	24,287	88	-3,077	-1,090	3,456	151	553	24,368
Total current other accruals	**149,025**	**1,503**	**-35,793**	**-5,077**	**23,905**	**151**	**2,755**	**136,469**
Total other accruals	**174,407**	**-201**	**-36,749**	**-5,079**	**26,510**	**231**	**2,755**	**161,874**

The accruals are based on estimations due to historical information for similar circumstances. The Group expects that majority of the accruals will be settled in coming fiscal year.

Other provisions include restructuring costs for personnel in the amount of €24,461k (2016/2017: €34,387k).

The accruals for personnel have been created essentially for pre-retirement part-time working arrangements, vacation and flextime not taken, service anniversary awards, as well as severance payments. As a means of entering into early retirement, several German legal entities offer a company-subsidized pre-retirement part-time working scheme using the “block model.” The term of the scheme is between two and six years, and entry to the scheme is permitted no earlier than the employee’s 55th birthday. Essentially, during the working phase, the employee performs full duties on half pay. During the release phase, the employee no longer works, but receives the remaining 50% of his or her remuneration. The employer subsidy takes the form of topping up of remuneration and contributions to social pension insurance. The insolvency protection has been handled by a guarantee agreement closed with a bank.

Accruals for environmental protection obligations are recognized according to statutory regulations for the waste disposal of products put into circulation.

Warranty accruals are created in respect of product warranty obligations, which are prescribed by statute or contractually agreed, or which have arisen de facto.

Other current miscellaneous accruals contain obligations associated with pending legal proceedings and accruals for costs associated with year-end closing.

(21) Liabilities.

€k

		Residual term		
	Total	**up to 1 year**	**between 1 and 5 years**	**more than 5 years**
Financial liabilities	2,708 (2,139)	1,558 (1,093)	1,150 (1,046)	0 (0)
Financial liabilities to affiliated companies	221,409 (203,030)	221,409 (196,988)	0 (6,042)	0 (0)
Advances received	11,239 (10,098)	11,239 (10,098)	0 (0)	0 (0)
Trade payables	261,344 (249,123)	260,807 (248,563)	194 (187)	343 (373)
Liabilities to affiliated companies	27,787 (24,824)	27,787 (24,824)	0 (0)	0 (0)
Liabilities to related companies	19,515 (31,292)	19,515 (31,292)	0 (0)	0 (0)
Current income tax liabilities	40,053 (35,785)	40,053 (35,785)	0 (0)	0 (0)
Other liabilities	320,687 (308,930)	206,389 (189,911)	114,298 (119,019)	0 (0)
	904,742 (865,221)	**788,757** (738,554)	**115,642** (126,294)	**343** (373)

Last year’s equivalent figures are shown in brackets.

Financial Liabilities.

Financial liabilities consist of bank liabilities and liabilities from finance leases. The bank liabilities are shown at amortized costs. These are generally reflecting fair values.

Bank liabilities as of the balance sheet date came to a total of €2,540k (2016/2017: €1,190k), Liabilities from finance leases amount to €168k (2016/2017: €229k) as of the balance sheet date. The referring assets are disclosed in property, plant and equipment as other fixed assets and office equipment amounting to €219k (2016/2017: €212k).

Following the business combination with Diebold Nixdorf, Inc., a contract for a revolving credit facility of €300,000k with a term until August 8, 2021, was concluded on August 8, 2016, with Diebold Self-

Service Solutions S.A.R.L. ("Diebold S.A.R.L."). As of the balance sheet date, € 228,619k (2016/2017 €208,950k) had been drawn from the revolving credit facility, including an amount of €7,209k (2016/2017: €5,920k) reclassified to "Liabilities with regard to assets held for sale".

Residual Terms of Present Value of Minimum Lease Payments. €k

	Dec. 31, 2017	Sept. 30, 2017
Residual term up to 1 year	168	209
Residual term between 1 and 5 years	0	20
	168	**229**

Residual Terms of Future Total Minimum Lease Payments. €k

	Dec. 31, 2017	Sept. 30, 2017
Residual term up to 1 year	173	218
Residual term between 1 and 5 years	0	21
Interest	-5	-10
Present value of minimum lease payments	**168**	**229**

Other Liabilities.

Breakdown of Other Liabilities. €k

	Total	Residual term up to 1 year	Residual term between 1 and 5 years	Residual term more than 5 years
Deferred income	128,815 (128,179)	81,687 (77,552)	47,128 (50,627)	0 (0)
Other tax liabilities	59,832 (52,519)	46,282 (38,041)	13,550 (14,478)	0 (0)
Social security liabilities	8,715 (8,048)	8,715 (8,048)	0 (0)	0 (0)
Other non-financial liabilities	**197,362** **(188,746)**	**136,684** **(123,641)**	**60,678** **(65,105)**	**0** **(0)**
Liabilities to employees	36,290 (36,925)	36,290 (36,925)	0 (0)	0 (0)
Interest rate derivatives	4,569 (6,112)	0 (0)	4,569 (6,112)	0 (0)
Forward currency transactions	1,963 (2,105)	1,963 (2,105)	0 (0)	0 (0)
Liabilities for share-based payment	16,889 (19,920)	1,285 (2,421)	15,604 (17,499)	0 (0)
Put-option of non-controlling interests	36,951 (33,218)	3,504 (2,915)	33,447 (30,303)	0 (0)
Others	26,663 (21,904)	26,663 (21,904)	0 (0)	0 (0)
Other financial liabilities	**123,325** **(120,184)**	**69,705** **(66,270)**	**53,620** **(53,914)**	**0** **(0)**
	320,687 (308,930)	**206,389** (189,911)	**114,298** (119,019)	**0** (0)

Last year's equivalent figures are shown in brackets. Further explanatory notes on the other financial liabilities are to be found in Note ▶ 22.

Share-based Payment Program.

Diebold Nixdorf AG has set up 13 share-based payment programs for managers since 2004 (2004 - 2016). The following conditions have to be applied to programs 2014 to 2016:

The vesting period of the share options is four years. Each share option entitles the bearer to purchase one share in the Company at the exercise price (strike price). There is no limit to the profit which can accrue upon purchase. In each case, the exercise price is equivalent to 112% of the average exchange price on the 30 stock exchange trading days that immediately preceded the issue of stock options on, March 26, 2014 (program 2014), March 25, 2015 (program 2015) and April 12, 2016 (program 2016) (program 2014: €56.20, program 2015: €43.93, program 2016: €53.12). The share-based payment program takes account of distributions made during the life of the options, such as dividend payments and any drawing rights or other special rights. The target criteria has not been changed during the life of the programs until now. The options can be exercised within a period of ten stock exchange trading days commencing on the first stock exchange trading day following expiration of the holding period of four years (exercise period). The vesting conditions also stipulate that the declaration of exercise may or must be issued during the specified vesting period of four years, within the last ten stock exchange trading days in XETRA on the Frankfurt Stock Exchange, effective from the end of the last day of the vesting period or a later date. Basically, the holder of the option has to remain in the Company's employ until the end of the vesting period.

All share based payment programs are classified and accounted for as an obligation to settle in cash since fiscal year 2015/2016. Please refer to the disclosure under "Share option reclassification" in prior year in the "Changes in Group Equity" table. Until each obligation is settled, the fair value will be remeasured on each reporting date and added in instalments over time. Changes resulting from the measurement will be recognized through profit or loss.

The fair values of the ongoing share-based payment programs were calculated by an external expert using the Black-Scholes formula.The underlying assumptions for the ongoing programs are as follows:

	Program 2016	Program 2015	Program 2014
Granted share options	714,470	717,048	678,361
Exercise price of the option at grant date	€59.49	€49.20	€62.94
Expected volatility	19.26%	19.26%	19.26%
Option life	4 years	4 years	4 years
Expected dividends	€8.46	€5.64	€2.82
Risk-free interest rate	0.01%	0.01%	0.01%
Fluctuation rate	2.8%	2.8%	2.8%

The total expenses recognized in the reporting period for all ongoing share-based payment programs amount to €244k (2016/2017: €6,778k). In addition to the expenses for the measurement of the ongoing share-based payment programs as of the reporting date, these total expenses also include the expenses from the measurement of the 2013 share-based payment program that expired in March 2017. The overall obligation from the ongoing share-based payment programs 2014 - 2016, recognized as a financial liability, totals €1,408k.

Share options reported as of December 31, 2017, consist of options from share-based payment programs 2014 to 2016. The program 2014 will expire in March 2018, the program 2015 in March 2019 and the program 2016 in March 2020. The weighted average residual term of the programs is about 1 year.

The vesting period for the 2013 share-based payment program expired on March 22, 2017. Of the 774,806 stock options issued, 643,076 options have been exercised. The exercise price, including dividends, was €38.26. The relevant share price was calculated on the basis of the unweighted average of the share price in the Xetra trading system at the Frankfurt Stock Exchange in the closing auction of the 30 trading days directly, in front of the exercise date and amounts to €69.20. The resulting profit per option is €30.94. The options were settled in cash.

The expected volatility was calculated as the average of the historic volatilities of EUREX options to the Diebold Nixdorf AG share for 3-month and 12-month periods.

The changes in the composition of share options are as follows:

	Oct. 1, 2017 - Dec. 31, 2017		Oct. 1, 2016 - Sep. 30, 2017	
	Number	Average exercise price €	Number	Average exercise price €
As of October 1	110,163	60.29	2,664,955	53.66
Exercised during the period	0	---	643,076	43.20
Replacement[1)]	0	---	1,888,216	---
Expired during the period	0	---	23,500	55.26
As of December 31	**110,163**	**60.29**	**110,163**	**60.29**
Exercisable as of December 31	0	---	0	---

[1)] replaced by „performance-based cash incentive awards“ ("DN Performance Awards")

“Performance-based cash incentive awards” (in the following “DN Performance Awards”).

On April 25, 2017, in order to align incentive compensation, the Compensation Committee of the Board of Directors of Diebold Nixdorf, Inc. approved a one-time offer to certain employees to replace employees’ outstanding Diebold Nixdorf AG share options with performance-based cash incentive awards (“DN Performance Awards”). The grant of the DN Performance Awards was contingent on the employee’s agreement to cancel the outstanding share options. The Diebold Nixdorf AG options subject to the above offer were those vesting in March of 2018, 2019, and 2020 respectively. Each tranche of share options had a different vest date and a different "in the money" value, and so each tranche was replaced with a DN Performance Award that had the same measurement date (of 2018, 2019, or 2020, for example). In addition, each award is structured to approximate the original “in-the money” value of the cancelled share options at target, the option “under water” line at threshold, and a maximum at approximately 155% of the Diebold Nixdorf, Inc. stock price. The DN Performance Awards were based on a Diebold Nixdorf, Inc. stock price of $26.18.

In the event of a declining Diebold Nixdorf, Inc. share price, payouts only occur down to a specific threshold, Diebold Nixdorf, Inc. average share price determined individually for each plan based on the value of the “under water” options. If the share price falls below this threshold level in the respective exercise period, no payment is made. The relevant share price is determined on the basis of the average closing prices of Diebold Nixdorf, Inc. shares on the New York Stock Exchange (NYSE) within 20 exchange trading days up to and including the final trading day of the respective exercise period.

Other Share-Based Programs.

In addition to DN Performance Awards program a number of Diebold Nixdorf AG employees participate in the "Diebold Nixdorf, Incorporated Amended and Restated 1991 Equity and Performance Incentive Plan" (hereinafter referred to as "LTI Plan 1991") and, from 2018 onward, in the "2017 Equity and Performance Incentive Plan." As part of the LTI Plan 1991, these employees/members of the Management Board were granted performance–based shares, restricted stock units, and stock options as a long-term incentive component of compensation.

Performance-based shares (hereinafter referred to as PSUs): PSUs are granted on the basis of a three-year performance period (January 1, 2017, to December 31, 2019); they provide value based on the three-year Total Shareholder Return Ranking ("TSR Ranking”) of the S&P 400 Midcap Index companies vs. Diebold Nixdorf, Inc. The number of shares vested at the end of the performance period can lie within a range of 0% and 200% of the target, based on the relative TSR Ranking in respect of the two target categories.

Restricted Stock Units (hereinafter referred to as RSUs): The purpose of these awards is to ensure retention of the beneficiaries services for a specified period of time and to enhance their incentive for meeting objectives defined by Diebold Nixdorf, Inc. RSUs vest ratably over a three-year period on the anniversary of the date of grant. The period during which RSUs are allocated covers three years in total. After each year, one-third (1/3) of the allocated RSUs shall vest and become non-forfeitable, and the corresponding volume of shares is credited to the securities deposit account of the employee. In those years in which the RSUs have not yet become non-forfeitable, the employee shall receive dividend equivalent payments as determined in the same manner as shareholders of Diebold Nixdorf, Inc. The non-forfeitable allocation of RSUs is linked solely to the retention of the employee's services for the Company, subject to certain holding restrictions. The value of each RSU at the date of allocation was determined according to the Diebold Nixdorf, Inc. shares as an unweighted average over a period of 20 exchange trading days immediately prior to the grant date.

Stock Options: Stock options provide value based solely on stock price appreciation. Grants of stock options have a ten-year term and vest ratably over a three-year period. The exercise price is based on the closing price of common shares on the grant date and is valued using the Black-Scholes stock option valuation method.

All share based payment programs are classified and accounted for as an obligation to settle in cash, as Diebold Nixdorf AG is obliged to compensate the entitled employees. Until each obligation is settled, the fair value will be remeasured on each reporting date and added in instalments over time. Changes resulting from the measurement will be recognized through profit or loss. In short fiscal year

October 1, 2017 to December 31, 2017 the total expenses out of these programs sums up to €1,282k (2016/2017: €3,161k), the liability amounts to €4,443k (2016/2017: €3,161k) as of December 31, 2017.

OTHER INFORMATION.

(22) Financial Instruments.

Financial instruments are contractual obligations to receive or deliver cash and cash equivalents. In accordance with IAS 32 and IAS 39, these include both primary and derivative financial instruments. Primary financial instruments include, in particular, cash and cash equivalents, trade receivables and payables, credits, and loans. Derivative financial instruments primarily include forward currency transactions and interest rate hedging instruments.

The following tables show the carrying amounts and fair values of financial assets and liabilities by category of financial instruments and reconciliation to the corresponding line item in the Group balance sheet. Finance lease receivables and liabilities, and derivatives that qualify for hedge accounting as well as put options for non-controlling interests, are also included although they are not part of any IAS 39 measurement category. Since the line items “Other Receivables” and “Other Liabilities” contain both financial instruments and non-financial assets and liabilities (in particular, advance payments for services to be received/made in the future and other tax receivables/payables), the reconciliation is shown in the column headed “thereof outside IFRS 7.”

Carrying Amounts, Amounts Recognized, and Fair Values by Measurement Category as of December 31, 2017.

€k

	Category in accordance with IAS 39	Carrying amount	Thereof outside IFRS 7	Thereof amounts recognized in balance sheet according to IAS 39: Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss	Thereof amounts recognized according to IAS 17	Fair value of financial instruments under IFRS 7
Assets								
Cash and cash equivalents	LaR	120,678	0	120,678	0	0	0	120,678
Trade receivables	LaR / n/a	323,615	0	313,593	0	0	10,022	323,615
thereof: receivables from finance leases	*n/a*	*10,022*	*0*	*0*	*0*	*0*	*10,022*	*10,022*
Receivables from affiliated companies	LaR	41,712	0	41,712	0	0	0	41,712
Receivables from related companies	LaR	17,053	0	17,053	0	0	0	17,053
Other receivables	LaR / n/a / HfT	126,431	60,266	62,946	3,215	4	0	66,165
thereof: derivatives with a hedging relationship	*n/a*	*3,215*	*0*	*0*	*3,215*	*0*	*0*	*3,215*
thereof: derivatives without a hedging relationship	*HfT*	*4*	*0*	*0*	*0*	*4*	*0*	*4*
Investments	LaR/ FVO/ AfS	49,200	0	47,759	0	1,441	0	49,200
Liabilities								
Trade payables	FLAC	261,344	0	261,344	0	0	0	261,344
Liabilities to affiliated companies	FLAC	27,787	0	27,787	0	0	0	27,787
Liabilities to related companies	FLAC	19,515	0	19,515	0	0	0	19,515
Financial liabilities	FLAC / n/a	2,708	0	2,540	0	0	168	2,708
thereof: liabilities from finance leases	*n/a*	*168*	*0*	*0*	*0*	*0*	*168*	*168*
Other liabilities	FLAC / n/a / HfT	320,687	214,250	62,953	41,729	1,754	0	106,437
thereof: other non-interest-bearing liabilities	*FLAC / n/a*	277,203	214,250	62,953	0	0	0	62,953
thereof: Put-option of non-controlling interests	*n/a*	*36,951*	*0*	*0*	*36,951*	*0*	*0*	*36,951*
thereof: derivatives with a hedging relationship	*n/a*	*4,778*	*0*	*0*	*4,778*	*0*	*0*	*4,778*
thereof: derivatives without a hedging relationship	*HfT*	*1,754*	*0*	*0*	*0*	*1,754*	*0*	*1,754*

Aggregated by Category in Accordance with IAS 39

	Category in accordance with IAS 39	Carrying amount	Thereof outside IFRS 7	Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss	Thereof amounts recognized according to IAS 17	Fair value of financial instruments under IFRS 7
Loans and receivables	LaR	555,982	0	555,982	0	0	0	555,982
Available-for-sale financial assets	AfS	47,759	0	47,759	0	0	0	47,759
Financial assets and liabilities measured at fair value through profit or loss (Fair Value Option)	FVO	1,441	0	0	0	1,441	0	1,441
Financial assets measured at fair value through profit or loss (Held for Trading)	HfT	4	0	0	0	4	0	4
Financial liabilities measured at fair value through profit or loss (Held for Trading)	HfT	1,754	0	0	0	1,754	0	1,754
Financial liabilities measured at amortized cost	FLAC	374,139	0	374,139	0	0	0	374,139

LaR: Loans and Receivables.
FVO: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Fair Value Option).
HfT: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Held for Trading).
AfS: Available-for-Sale Financial Assets (At Cost).
FLAC: Financial Liabilities at Amortized Cost.

Carrying Amounts, Amounts Recognized, and Fair Values by Measurement Category as of September 30, 2017. €k

	Category in accordance with IAS 39	Carrying amount	Thereof outside IFRS 7	Thereof amounts recognized in balance sheet according to IAS 39: Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss	Thereof amounts recognized according to IAS 17	Fair value of financial instruments under IFRS 7
Assets								
Cash and cash equivalents	LaR	95,315	0	95,315	0	0	0	95,315
Trade receivables	LaR / n/a	320,912	0	307,444	0	0	13,468	320,912
thereof: receivables from finance leases	*n/a*	*13,468*	*0*	*0*	*0*	*0*	*13,468*	*13,468*
Receivables from affiliated companies	LaR	77,353	0	77,353	0	0	0	77,353
Receivables from related companies	LaR	*36,431*	*0*	*36,431*	*0*	*0*	*0*	*36,431*
Other receivables	LaR / n/a / HfT	135,880	68,479	62,983	4,407	11	0	67,401
thereof: derivatives with a hedging relationship	*n/a*	*4,407*	*0*	*0*	*4,407*	*0*	*0*	*4,407*
thereof: derivatives without a hedging relationship	*HfT*	*11*	*0*	*0*	*0*	*11*	*0*	*11*
Investments	LaR/ FVO/ AfS	8,459	0	7,395	0	1,064	0	8,459
Liabilities								
Trade payables	FLAC	249,123	0	249,123	0	0	0	249,123
Liabilities to affiliated companies	FLAC	24,824	0	24,824	0	0	0	24,824
Liabilities to related companies	FLAC	31,292	0	31,292	0	0	0	31,292
Financial liabilities	FLAC / n/a	2,139	0	1,910	0	0	229	2,139
thereof: liabilities from finance leases	*n/a*	*229*	*0*	*0*	*0*	*0*	*229*	*229*
Financial liabilities to affiliated companies	FLAC	6,042	0	6,042	0	0	0	6,042
Other liabilities	FLAC / n/a / HfT	308,930	208,666	58,829	39,588	1,847	0	100,264
thereof: other non-interest-bearing liabilities	*FLAC / n/a*	267,495	208,666	58,829	0	0	0	58,829
thereof: Put-option of non-controlling interests	*n/a*	*33,218*	*0*	*0*	*33,218*	*0*	*0*	*33,218*
thereof: derivatives with a hedging relationship	*n/a*	*6,370*	*0*	*0*	*6,370*	*0*	*0*	*6,370*
thereof: derivatives without a hedging relationship	*HfT*	*1,847*	*0*	*0*	*0*	*1,847*	*0*	*1,847*

Aggregated by Category in Accordance with IAS 39

Loans and receivables	LaR	579,526	0	579,526	0	0	0	579,526
Available-for-sale financial assets	AfS	7,395	0	7,395	0	0	0	7,395
Financial assets and liabilities measured at fair value through profit or loss (Fair Value Option)	FVO	1,064	0	0	0	1,064	0	1,064
Financial assets measured at fair value through profit or loss (Held for Trading)	HfT	11	0	0	0	11	0	11
Financial liabilities measured at fair value through profit or loss (Held for Trading)	HfT	1,847	0	0	0	1,847	0	1,847
Financial liabilities measured at amortized cost	FLAC	372,020	0	372,020	0	0	0	372,020

LaR: Loans and Receivables.
FVO: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Fair Value Option).
HfT: Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (Held for Trading).
AfS: Available-for-Sale Financial Assets (At Cost).
FLAC: Financial Liabilities at Amortized Cost.

Financial instruments measured at fair value are allocated to different measurement levels in accordance with IFRS 7. This includes financial instruments that are

1. measured at their fair values in an active market for identical financial instruments (level 1),
2. measured at their fair values in an active market for comparable financial instruments or using measurement models whose main input factors are based on observable market data (level 2), or
3. using input factors not based on observable market data (level 3).

The following table shows the amounts allocated to each measurement level at December 31, 2017:

Allocation Fair Value Hierarchy. €k

	Fair value	Level 1	Level 2	Level 3
Financial assets at fair value - not effecting net income				
Derivatives being part of a hedge	3,215	0	3,215	0
	(4,407)	(0)	(4,407)	(0)
Financial assets at fair value - affecting net income				
Designated as such upon initial recognition	1,441	0	0	1,441
	(1,064)	(0)	(0)	(1,064)
Derivatives not being part of a hedge	4	0	4	0
	(11)	(0)	(11)	(0)
Financial liabilities at fair value - not effecting net income				
Derivatives being part of a hedge	4,778	0	4,778	0
	(6,370)	(0)	(6,370)	(0)
Put-option of non-controlling interests	36,951	0	0	36,951
	(33,218)	(0)	(0)	(33,218)
Financial liabilities at fair value - affecting net income				
Derivatives not being part of a hedge	1,754	0	1,754	0
	(1,847)	(0)	(1,847)	(0)

Last year's figures are shown in brackets.

If reclassifications between the fair value measurement levels are made, they are recorded at the end of the reporting period in which they occurred. Neither during the short fiscal year nor in the previous year, there have been reclassifications between the fair value measurement levels.

The asset that is shown under level 3 concerns the 6% interest in WINCOR NIXDORF Immobilien GmbH & Co. KG. The net result of the company will be allocated on a pro-rata basis; therefore the presented fair value will be converted accordingly. The effect on the profit or loss is presented in the financial result.

Put options for non-controlling interests in the amount of the present value of the exercise price are presented without any effect on profit or loss against retained earnings as a financial liability as level 3. The measurement is derived from expected net sales contributions, operating profit (EBITA) as well as weighted average cost of capital (“WACC”).

The following table shows the reconciliation from the opening balance to the ending balance fair values of level 3 instruments:

€k

	Sept. 30, 2017	resulting in profit or loss	resulting in neither profit or loss	**Dec. 31, 2017**
6% interest in WINCOR NIXDORF Immobilien GmbH & Co. KG	1,064	377	---	**1,441**
Put-option of non-controlling interests	33,218	---	3,733	**36,951**

Due to minor changes in the value of the 6% interest the sensitivity analysis of valuation-relevant parameters does not result in significant and decision-useful information.

The measurement of level 3 put options for non-controlling interests is based on a discounted cash flow model. The sensitivity analysis of the significant unobservable inputs used in the fair value measurement is as follows:

€k

	resulting in neither profit or loss	
	Increase	**Decrease**
Growth rate expected net sales contribution (change +/- 5 %)	1,041	-1,041
Operating profit (EBITA - change +/- 5 %)	681	-681
WACC (change +/- 1 %)	-501	457

The fair values of forward currency transactions have been obtained by traded forward rates. The determination of the fair values of the swaps at the balance sheet date was based upon corresponding quotations obtained from banks using internal mark-to-market models.

Due to the short-term maturities of cash and cash equivalents, trade receivables and payables, as well as other current receivables and payables, their fair values approximate their carrying amount. The fair values of non-current financial assets and liabilities are estimated by discounting expected future cash flows using current interest rates for debt of similar terms and remaining maturities. Cash and cash equivalents, other receivables, and investments are not past due and not impaired.

“Available-for-Sale Financial Assets“ are measured at cost include investments in non-consolidated subsidiaries and other investments.

The net gains and losses from financial instruments by IAS 39 category are shown in the following table:

Net Gain/Loss by Category. €k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Loans and receivables	1,923	-6,839
Financial assets measured at fair value through profit or loss (fair value option)	377	0
Financial assets and liabilities measured at fair value through profit or loss (held for trading)	-172	-2,679
Financial liabilities measured at amortized cost	-1,577	1,541
	551	**-7,977**

Net result under "Loans and receivables" mainly comprises interests on financial receivables, impairment allowances on trade receivables, as well as gains and losses on foreign currency receivables.

The category "Financial assets measured as at fair value through profit or loss (fair value option)" includes the changes of the fair value of the interest in WINCOR NIXDORF Immobilien GmbH & Co. KG.

Gains and losses arising from changes in fair value of interest rate derivatives that do not comply with the hedge accounting requirements under IAS 39 are included in the "Financial assets and liabilities measured as at fair value through profit or loss (held for trading)" category.

The net result of the category "Financial liabilities measured at amortized cost" mainly comprise interest expenses on financial liabilities as well as gains and losses on foreign currency liabilities.

Gains and losses arising from finance lease and from derivatives that qualify for hedge accounting are not included in the net result, as they are not part of any IAS 39 measurement category.

Total interest income and total interest expense for financial assets or financial liabilities that are not measured at fair value through profit or loss are structured as follows:

Net Interest Result from Financial Instruments. €k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Total interest income	523	720
Total interest expenses	-157	-1,070
	366	**-350**

Risks Arising from Financial Instruments.

Typical risks arising from financial instruments include credit risk, liquidity risk, and market risks. The risk management system of the Group including its goals, methods, and processes is presented in the Risk Report of the Group Management Report. Based on the information presented below, we have identified no explicit concentrations of risk attributable to financial risks.

Credit Risks.

Diebold Nixdorf AG attempts to reduce the credit risks by using trading information, credit limits, and debtor management, including a payment reminders system and proactive debt collection. In view of the fact that no single customer accounted for more than 10% of net sales in the short fiscal year and fiscal year 2016/2017, there is no concentration of risk with regard to credit risks. We operate with letters of credit to safeguard receivables from customers in countries with a credit risk, such as Argentina, Nigeria, Pakistan and Ukraine. The maximum default risk is represented by the carrying amounts of the financial assets recognized in the Group balance sheet.

In the case of derivative financial instruments, the Group is exposed to credit risks arising from the non-performance of contractual obligations by the contracting parties. These risks are minimized by only entering into agreements with contracting parties who have a good credit standing. The entire portfolio of derivative financial instruments is spread across several banks to reduce the risk of default. The default risk of derivatives equals their positive fair values.

Financial Assets and Financial Liabilities from Derivatives that are subject to Netting, Collateral or Other Similar Arrangements. €k

	Gross value in balance sheet		Potential offsetting value		Net value	
	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Financial assets	**3,219**	4,418	**238**	207	**2,981**	4,211
Financial liabilities	**6,532**	8,217	**238**	207	**6,294**	8,010

Potential netting arrangements are based on the German master agreement for financial forward transactions.

Liquidity Risks.

From an operating point of view, the management of the Group’s liquidity exposures is centralized by a cash pooling process. This process enables the Group to manage the liquidity surplus and liquidity requirements according to the actual needs of the Group and each subsidiary. The Group’s short-term and midterm liquidity management takes into account the maturities of financial assets and financial liabilities, as well as estimates of cash flows from the operating activities. Liquidity needs are covered with cash and cash equivalents totaling €129,327k (2016/2017: €104,786k) including an amount of €8,649k (2016/2017: €9,471k), that is presented within “Assets held for sale”.

Following the business combination with Diebold Nixdorf, Inc., a contract for a revolving credit facility of €300,000k with a term until August 8, 2021, was concluded on August 8, 2016, with Diebold S.A.R.L.. As of the balance sheet date, €228,619k (2016/2017 €203,030k) had been drawn from the revolving credit facility, including an amount of €7,209k (2016/2017: €5,920k) reclassified to "liabilities relating to assets held for disposal".

As of December 31, 2017, Diebold Nixdorf AG had unused credit facilities amounting to €117,381k (2016/2017: €141,050k), of which €46,000k (2016/2017: €50,000k) is attributable to unutilized overdraft facilities and €71,382k (2016/2017: €91,050k) to the revolving credit facility from Diebold S.A.R.L. Diebold Nixdorf AG`s liquidity risk can be classified as very low overall.

The financial liabilities are expected to result in the following (undiscounted) payments in the next years:

€k

	Gross value Dec. 31, 2017	Cash flows 2018	Cash flows 2019 - 2022	Cash flows from 2023
Trade payables	261,344	261,344	0	0
Liabilities to affiliated companies	27,787	27,787	0	0
Liabilities to related companies	19,515	19,515	0	0
Financial liabilities	2,708	1,558	1,150	0
thereof: liabilities from finance leases	*173*	*173*	*0*	*0*
Financial liabilities to affiliated companies	222,010	221,903	107	0
Other liabilities	106,436	69,866	36,570	0
thereof: other non-interest-bearing liabilities	*62,953*	*62,953*	*0*	*0*
thereof: Put-option of non-controlling interests	*36,951*	*3,504*	*33,447*	*0*
thereof: derivatives with a hedging relationship	*4,778*	*1,655*	*3,123*	*0*
thereof: derivatives without a hedging relationship	*1,754*	*1,754*	*0*	*0*
Total	**639,800**	**601,973**	**37,827**	**0**

€k

	Gross value Dec. 31, 2017	Cash flows 2015/2016	Cash flows 2016/2017-2019/2020	Cash flows from 2020/2021
Trade payables	249,123	249,123	0	0
Liabilities to affiliated companies	24,824	24,824	0	0
Liabilities to related companies	31,292	31,292	0	0
Financial liabilities	2,139	1,093	1,046	0
thereof: liabilities from finance leases	*239*	*218*	*21*	*0*
Financial liabilities to affiliated companies	*203,631*	*197,482*	*6,149*	*0*
Other liabilities	100,264	65,295	34,969	0
thereof: other non-interest-bearing liabilities	*58,829*	*58,829*	*0*	*0*
thereof: Put-option of non-controlling interests	*33,218*	*2,915*	*30,303*	*0*
thereof: derivatives with a hedging relationship	*6,370*	*1,704*	*4,666*	*0*
thereof: derivatives without a hedging relationship	*1,847*	*1,847*	*0*	*0*
Total	**611,273**	**569,109**	**42,164**	**0**

Market Risks.

Market risk is the risk that fair values or future cash flows of non-derivative or derivative financial instruments will fluctuate due to changes in risk factors. Currency and interest rate risks are the significant market risks to which Diebold Nixdorf AG is exposed. Associated with these risks are fluctuations in income, equity, and cash flow.

The following analyses and amounts determined by means of sensitivity analyses represent hypothetical, future-oriented data that can differ from actual outcomes because of unforeseeable developments in financial markets. Moreover, non-financial or non-quantifiable risks, such as business risks, are not considered here.

Currency Risks.

Within Diebold Nixdorf AG, both sales and purchases are also transacted in foreign currency, which creates a currency risk. At Diebold Nixdorf AG, these are mainly U.S. dollar and pounds sterling. The risk is considerably reduced by natural hedging, i.e., management of sales and purchases by choice of location and suppliers.

The nominal sum of the forward currency transactions for the foreign currencies U.S. dollar and pounds sterling amounts to €87,583k (2016/2017: €106,958k). The risk is hedged for a period of twelve months in advance by monthly due-forward currency transactions with banks. Since the hedge is classified as highly effective, a cash flow hedge is accounted for according to IAS 39 "Financial Instruments: Recognition and Measurement." The currency forward contracts designated to the cash flow hedge accounting hedge expected forward currency transactions for the coming twelve months. The corresponding fair values, which are determined by market prices, amount to €3,215k and - €209k (2016/2017: €4,407k and - €258k) at the balance sheet date, and have been recorded without any impact on profit and loss within equity, having taken into account deferred taxes. The fair values are presented under other liabilities. The fair values of forward currency transactions have been obtained by traded forward rates. The forward currency transactions will affect profit and loss at maturity date. In the course of the period under review, an amount equivalent to €2,478k (2016/2017: -€6,243k) of forward currency transactions existing at the end of the previous fiscal year was recognized in profit or loss under cost of sales.

The remaining net currency risk not hedged by forward currency transactions amounts to approximately 20 million U.S. dollars (2016/2017: approximately 29 million U.S. dollars) as well as approximately 8 million pounds sterling (2016/2017: approximately 9 million pounds sterling) and are regarded as minor. The flows of foreign currency are recorded centrally for the entire Group and, where feasible, equalized out. No foreign currency options were transacted during the fiscal year and the previous year.

If the euro had been revalued and devalued respectively by 10% against the U.S. dollar as of December 31, 2017, the other components of equity (before deferred taxes) and the fair value of forward currency transactions would have been €4,224k higher, and €5,152k lower, respectively (2016/2017: €5,858k higher, and €7,143k lower, respectively). If the euro had been revalued and devalued respectively by 10% against pounds sterling as of December 31, 2017, the other components of equity (before deferred taxes) and the fair value of forward currency transactions would have been €3,142k higher, and €3,836k lower, respectively (2016/2017: €3,141k higher, and €3,835 lower, respectively).

Interest Rate Risks.

In order to reduce the risk of interest rate changes, Diebold Nixdorf AG entered into interest rate hedges.

As of May 28, 2010, an interest swap for a nominal sum of €50,000k, with a ten-year term from October 1, 2010 until September 30, 2020, has been concluded. The interest swap designated to the cash flow hedge accounting hedges interest payments for the coming four years. For this interest swap, the three-month EURIBOR is received and a fixed interest of 2.974% is paid. The fair value, which is measured at market prices, is -€4,569k (2016/2017: -€6,112k). This interest swap with a clean value of -€4,239k (2016/2017: -€4,666k) has been directly recognized in the other components of equity, having taken into account deferred taxes. In short fiscal year €413k (2016/2017: €1,637k) has been reclassified from equity to profit or loss. The remaining net interest risk on financial liabilities not hedged amounts to approximately €179 million and is regarded as minor due to the current interest environment.

No further interest rate swaps have been concluded in the year under review.

An increase/decrease of 100 basis points of the interest rates on balance sheet date would result in the following changes: the other components of equity (before deferred taxes) would have been increased by €1,309k and decreased by €1,365k, respectively (2016/2017: increased by €2,945k and decreased by €3,014k, respectively).

(23) Cost of Materials.

€k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Cost of raw materials, supplies, and bought-in goods	152,304	715,906
Cost of bought-in services	150,262	599,169
	302,566	**1,315,075**

The net change in finished and unfinished goods and services amounts to €12,034k decrease (2016/2017:€19,225k decrease) in the year under review.

(24) Personnel Expenses and Employees.

€k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Wages and salaries	121,822	574,588
Social security contributions and welfare expenses	21,124	86,912
Retirement benefit expenses	4,185	21,064
	147,131	**682,564**

The average number of employees during the short year was 8 445 (2016/2017: 8 851), excluding apprentices. Headcount breakdown by function was as follows:

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Production	768	796
Sales/Services	6 703	7 081
Research and development	726	731
Administration	248	243
	8 445	**8 851**

(25) Guarantees and Contingent Liabilities.

Contingent liabilities amounted to €19,760k (2016/2017: €18,871k) and reflect potential tax risks.

In addition, Diebold Nixdorf AG guarantees for customer funds which have been at its premises as of December 31, 2017. At the beginning of the following fiscal year, the customer funds have been paid in to the customers' bank accounts or used for the filling of ATM cassettes of various banks. Any related claims are not expected as a regular reconciliation with the customers is performed. Moreover, in order to cover the risks of possible loss of customer funds, external insurances have been procured.

(26) Other Financial Commitments.

€k

	Total	Residual term up to 1 year	Residual term between 1 and 5 years	Residual term more than 5 years
Future payment commitments from				
real estate leases	78,613 (94,730)	28,307 (28,165)	44,161 (58,923)	6,145 (7,642)
miscellaneous tenancies and leases	18,328 (19,842)	9,423 (11,250)	8,905 (8,592)	0 (0)
long-term purchase and service contracts	12,180 (14,530)	7,757 (8,774)	4,423 (5,756)	0 (0)
acquisition of intangible assets and property, plant and equipment	8,793 (10,094)	8,793 (10,094)	0 (0)	0 (0)
	117,914 (139,196)	**54,280** (58,283)	**57,489** (73,271)	**6,145** (7,642)

Last year’s equivalent figures are shown in brackets.

The future payment commitments from real estate leases and miscellaneous tenancies and leases represent the future minimum lease payments in connection with operating leases, as per IAS 17. The agreements comprise the leasing of buildings and motor vehicles. Leasing expenses amounted to €13,259k (2016/2017: €57,528k) in the year under review.

(27) Related Parties.

Related parties according to IAS 24 “Related Party Disclosures” are, besides the Board of Directors, essentially the Supervisory Board, Companies within Diebold Nixdorf, Inc. Group, that are not part of Diebold Nixdorf AG Group, investments, and shareholders.

In August 2016, Diebold Nixdorf KGaA, Eschborn, acquired a majority in Diebold Nixdorf AG (formerly Wincor Nixdorf AG). On September 26, 2016, the shareholders of Diebold Nixdorf AG at an Extraordinary General Meeting approved DPLTA with Diebold Nixdorf KGaA, which became effective with registration into the commercial register on February 14, 2017. In conjunction with the approved DPLTA Diebold Nixdorf, Inc. – without entering into the agreement – separately issued a comfort letter in favor of Diebold Nixdorf AG. By means of this comfort letter Diebold Nixdorf, Inc. commits itself to unlimitedly and irrevocably provide Diebold Nixdorf KGaA with the necessary financial support to fulfill its possible loss compensation obligations according to § 302 AktG against Diebold Nixdorf AG in due time. Diebold Nixdorf AG will be included in the Group financial statements of Diebold Nixdorf, Inc., North Canton, Ohio, USA as of December 31, 2017.

Business relations with affiliated companies. €k

	Transaction values for the year ended		Balance outstanding as at	
	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017	Dec. 31, 2017	Sept. 30, 2017
Sale of goods and service parts	44,099	69,149	47,617	31,131
Administrative and passed on services	1,215	7,273	605	1,992
Obtained services	16,068	23,626	31,305	27,282
Financing expenses	21	1,057	228,619	208,839
Sale of entities and sale of assets and liabilities	11,489	25,840	10,265	59,712

Compensation of Board of Directors and Supervisory Board.

The compensation of the Board of Directors is as follows:

€k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Short-term benefits (without share-based compensation)	1,334	2,801
Share-based compensation	0	3,303
Total compensation	**1,334**	**6,104**
Post-employment benefits	63	288
Total	**1,397**	**6,392**

The disclosure of share-based compensation refers to the fair value at the grant date. Additions to superannuation (current service costs) for current members of the Board of Directors are disclosed as post-employment benefits. With the conversion of the pension scheme from pension payments to a one-time pay-off or payments in several installments, also pension obligations of the Board of Directors were adapted. As of December 31, 2017, the entitlement to funds of the Board of Directors upon reaching the specified age limit (retirement capital) amounts to €2,368k (2016/2017: €2,347k).

As of December 31, 2017, as well as of September 30,2017 the members of the of the Board of Directors and the Supervisory Board, did not own any stock options from the share-based payment programs 2014 to 2016 of Diebold Nixdorf AG. They have been replaced by equity instruments based on Diebold Nixdorf, Inc. shares. With the change to share-based payments the Board of Directors held in total 56,776 performance-based shares, 26,389 restricted stock units and 174,656 stock options relating to Diebold Nixdorf, Inc. shares. At the end of prior fiscal year the number of these equity-based instruments was respectively zero.

The compensation of the Supervisory Board is as follows: in the year under review, the members of the Supervisory Board received fringe benefits amounting to €117k (2016/2017: €585k). No long-term benefits are arranged with the members of the Supervisory Board. In addition to their compensation as members of the Supervisory Board, those employee representatives who are employees of the Group receive compensation unrelated to their service on the Supervisory Board. The total amount of such compensation was €137k (2016/2017: €747k).

For individualized presentation and further details of the Board of Director´s and Supervisory Board's compensation, please refer to the presentation of the compensation report, which is part of the Group Management Report.

Total compensation paid to former members of the Board of Directors amounted to €32k in short fiscal year October 1, 2017 to December 31, 2017(2016/2017: €4,435k; included is a compensation of €4,311k for the termination of the employment contract of Eckard Heidloff). An amount of €4,783k (2016/2017: €4,756k) is accrued for pension obligations of former members of the Board of Directors and their bereaved.

Business relations with joint ventures and associated companies.

The Group has business relations with the joint venture CROWN B.V. Transactions with this related party result from the delivery and service relations in the ordinary course of business. The volume of business relations is minor.

In addition, the Group has business relationships with associated companies Aisino-Wincor Retail & Banking Systems (Shanghai) Co., Ltd, Shanghai, Aisino-Wincor Manufacturing (Shanghai) Co., Ltd, Shanghai und Aisino-Wincor Engineering Pte. Ltd., Singapore. These relationships resulted in income of €2,015k (2016/2017: €13,552k) and expenses of €2,193k (2016/2017: €37,142) in the short fiscal year. Furthermore out of these relationships, trade receivables amount to €9,372k (2016/2017: €22,094) as well as finance receivables of €3,504k (2016/2017: €2,314k). Further on, trade payables to associated companies amount to €17,165k (2016/2017: €31,079k).

(28) Notes to the Group Cash Flow Statement.

The Group cash flow statement has been drawn up in accordance with IAS 7 “Statements of Cash Flows.”

Cash and cash equivalents include not only cash amounting to €129,327k (2016/2017: €104,786k) but also current bank liabilities repayable at any time amounting to €1,390k (2016/2017: €883k), as these could be considered in the management of cash.

The output value of the Group cash flow statement is EBITA (earnings before interest, taxes and amortization of goodwill), which amounted to €62,420k in the year under review (2016/2017: €165,684k). Adding amortization and depreciation of property rights, licenses and property, plant and equipment and write-downs on reworkable service parts gives EBITDA of €76,394k (2016/2017: €218,731k).

In addition, the income taxes paid of €-9,396k (2016/2017: -€24,469k), the elimination of the result from the sale of subsidiaries of €-12,157k (2016/2017: -€25,840k), the change in working capital of €21,116k (2016/2017: €32,061k) and the change in other assets and other liabilities as well as accruals of €2,779k (2016/2017: -€7,335k) resulted in cash flow from operating activities of €73,046k (2016/2017: €165,338k).

Lease payments from customers for Diebold Nixdorf AG products and lease payments from Diebold Nixdorf AG for operating lease assets are presented in cash flow from operating activities. Lease payments for assets, which classify as a finance lease and are capitalized, are recorded in cash flow from financing activities.

As a consequence of the DN2020 transformation program initiated in fiscal 2016/2017 within Diebold Nixdorf, Inc. Group and continued in short fiscal year, entities in selected countries were amalgamated in order to present a consistent image as Diebold Nixdorf within the markets in question and streamline administrative costs associated with duplicate legal structures in a specific country. As part of these measures, Diebold Nixdorf AG acquired and disposed of specific entities, in addition to disposing of individual assets by means of asset deals.

The following table illustrates the effects of these transactions on balance sheet items:

€k

	Dec. 31, 2017	Sept. 30, 2017
Intangible assets and Property, Plant and Equipment	60,974	-4,898
Inventories	1,312	-29,941
Trade receivables, other receivables and deferred tax assets	-1,777	-63,260
Cash and cash equivalents	6,355	-2,474
Accruals	-410	28,181
Trade payables and other liabilities	-3,059	66,653
Net assets and liabilites	**63,395**	**-5,740**
Consideration received consisting cash and cash equivalents	0	-120
Cash and cash equivalents over which control is lost	6,354	-2,533
Net cash and cash equivalents over which control is lost	**6,354**	**-2,653**

(29) Segment Report.

For the purposes of presenting segment information, the activities of the Group are divided into operating segments in accordance with the rules contained in IFRS 8 “Operating Segments.” Internal reporting within the Group is conducted on the basis of the customer profiles Banking and Retail as well as on the regional basis. Banking and Retail were defined as operating segments in accordance to IFRS 8.10. As chief operating decision maker (“CODM”) within the meaning of IFRS 8, our Board of Directors assesses the performance of these two operating segments on the basis of corporate reporting and makes decisions about resources to be allocated. The performance of the operating segments is assessed in particular by referring to “net sales to external customers” as well as EBITA.

The nature of products and services in the Banking and Retail segments are shown in the chapter “General Information” and in the Group Management Report.

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the Group financial statements. There were no changes in accounting policies compared to previous periods.

EBITA is the measure of segment profit (loss) used in segment reporting and comprises gross profit, selling, general and administration expenses, research and development expenses, other operating income and expenses, and result from equity accounted investments.

In the case of information by geographical region, external sales are based on the location of the customer’s registered office. In the short fiscal year and fiscal year 2016/2017, no single customer accounted for more than 10% of total net sales. The information disclosed for non-current assets relates to intangible assets without goodwill as well as property, plant and equipment and reworkable service parts. The allocation is given according to the location of the assets concerned.

Reconciliation of Segment Profit to Profit for the Period. €k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
Operating profit (EBITA)	62,420	165,684
Goodwill amortization	0	0
Operating profit (EBIT)	62,420	165,684
Finance income and finance costs	85	-2,586
Profit before income taxes	62,505	163,098
Income taxes	-11,698	-44,343
Profit for the period	50,807	118,755
Profit attributable to non-controlling interests	-504	-752
Profit attributable to equity holders of Diebold Nixdorf AG	**50,303**	**118,003**

Reconciliation of Segment Assets and Segment Liabilities. €k

	Dec. 31, 2017	Sept. 30, 2017
Segment assets	854,158	822,233
Non-operating miscellaneous intangible assets (goodwill and product know-how)	340,399	340,185
Investments	49,200	8,459
Deferred tax assets	27,568	27,765
Receivables from related companies (exclusive of trade receivables from joint ventures)	6,913	62,600
Current income tax assets	14,066	12,300
Non-operating miscellaneous assets	126,431	135,880
Cash and cash equivalents	120,678	95,315
Assets held for sale	78,934	83,906
Assets	**1,618,347**	**1,588,643**
Segment liabilities	451,754	452,420
Equity	433,400	413,016
Accruals for pensions and similar commitments	59,063	75,040
Other accruals	161,874	174,407
Financial liabilities	2,708	2,139
Deferred tax liabilities	23,913	20,119
Financial liabilities to affiliated companies	221,409	203,030
Financial liabilities to related companies	4,304	1,121
Current income tax liabilities	40,053	35,785
Non-operating miscellaneous liabilities	184,514	170,726
Liabilities with regard to assets held for sale	35,355	40,840
Equity and Liabilities	**1,618,347**	**1,588,643**

Non-operating miscellaneous liabilities include other liabilities without deferred income.

(30) Consolidation Group as of December 31, 2017.

Fully consolidated subsidiaries

GERMANY	Capital share in %
Diebold Nixdorf Aktiengesellschaft , Paderborn	
WINCOR NIXDORF International GmbH, Paderborn	100
Diebold Nixdorf Banking Consulting GmbH, Paderborn	100
Diebold Nixdorf Business Administration Center GmbH, Paderborn	100
Diebold Nixdorf Customer Care GmbH, Paderborn	100
Diebold Nixdorf Visio GmbH, Paderborn	100
WINCOR NIXDORF Facility GmbH, Paderborn	100
Diebold Nixdorf Facility Services GmbH, Paderborn	100
Diebold Nixdorf Global IT Operations GmbH, Paderborn	100
Diebold Nixdorf Global Logistics GmbH, Paderborn	100
Diebold Nixdorf Grundstuecksverwaltung Ilmenau GmbH & Co. KG, Paderborn	100
Diebold Nixdorf Logistics GmbH, Paderborn	100
Diebold Nixdorf Lottery Solutions GmbH, Paderborn	100
WINCOR NIXDORF Manufacturing GmbH, Paderborn	100
Diebold Nixdorf Portavis GmbH, Hamburg	68
Diebold Nixdorf Real Estate GmbH & Co. KG, Paderborn	100
Diebold Nixdorf Retail Consulting GmbH, Paderborn	100
Diebold Nixdorf Retail Services GmbH, Paderborn	100
Diebold Nixdorf Security GmbH, Paderborn	100
Diebold Nixdorf Services GmbH, Paderborn	100
Diebold Nixdorf Technology GmbH, Paderborn	100
AEVI International GmbH, Paderborn	86.64
Bankberatung Organisations- und IT-Beratung für Banken AG, Hanover	92.54
IP Management GmbH, Paderborn	100
Prosystems IT GmbH, Bonn	100
TSG Tankstellen-Support GmbH, Cologne	100
Projective BC Germany GmbH, Frankfurt on the Main	53.07
Diebold Nixdorf Deutschland GmbH, Paderborn	100

EUROPE	Capital share in %
Belgium	
Projective NV, Diegem	53.07
WIK Consulting BVBA, Diegem	53.07
Czech Republic	
Diebold Nixdorf s.r.o., Prague	100
Diebold Nixdorf Retail Solutions s.r.o., Prague	100
Aevi CZ s.r.o., Prague	86.64
Denmark	
Diebold Nixdorf A/S, Ballerup	100
Finland	
Diebold Nixdorf Oy, Espoo	100
France	
Diebold Nixdorf SAS, Vélizy- Villacoublay	100
Projective BC France S.A.R.L., Paris	53.07

EUROPE	Capital share in %
Great Britain	
Diebold Nixdorf Banking Services Limited, Bracknell/ Berkshire	100
DIEBOLD NIXDORF (UK) LIMITED, Bracknell/ Berkshire	100
Aevi UK Limited, Bracknell/ Berkshire	86.64
Projective London Ltd., London	53.07
Greece	
Diebold Nixdorf Information Systems S.A., Kifisia/ Athens	100
Hungary	
Diebold Nixdorf Kft., Budapest	100
Ireland	
Diebold Nixdorf (Ireland) Limited, Dublin	100
Italy	
Diebold Nixdorf S.r.l. , Basiglio / Milan	100
Malta	
Diebold Nixdorf Finance Malta Holding Limited, St. Julian´s	100
Diebold Nixdorf Finance Malta Limited, St. Julian´s	100
Norway	
DIEBOLD NIXDORF AS, Oslo	100
Poland	
Diebold Nixdorf BPO Sp.z.o.o., Warsaw	100
Diebold Nixdorf Sp. z o.o., Warsaw	100
Portugal	
Diebold Nixdorf Portugal, Unipessoal, Lda., Carnaxide	100
Russia	
LLC WINCOR NIXDORF, Moscow	100
Slovakia	
DIEBOLD NIXDORF s.r.o., Bratislava	100
Sweden	
Diebold Nixdorf AB, Solna	100
Switzerland	
BEB Industrie- Elektronik AG, Burgdorf	100
CI TECH Sensors AG, Burgdorf	75
Diebold Nixdorf Finance AG, Baar	100
Spain	
DIEBOLD NIXDORF SL, Madrid	100
Dynasty Technology Group, S.A.U., Madrid	100
The Netherlands	
Projective Biz B.V., WP´s Gravenhage	53.07
SecurCash B.V., Rotterdam	100
SecurCash Geldverwerking B.V., Delft	100
SecurCash Nederland B.V., Delft	100
Diebold Nixdorf B.V., Delft	100
Diebold Nixdorf Global Solutions B.V., Utrecht	100
Diebold Nixdorf Software Partner B.V., Utrecht	100
Diebold Nixdorf Software CV, Utrecht	100
Turkey	
Diebold Nixdorf Teknoloji AS, Kadikoy / Istanbul	100
Ukraine	
LLC DIEBOLD NIXDORF, Kiev	100

AMERICAS	Capital share in %
Brazil	
Wincor Nixdorf Soluções em Tecnologia da Informação Ltda., Atibaia/ São Paulo	100
Canada	
Wincor Nixdorf Canada Inc., Mississauga/ Ontario	100
Mexico	
Wincor Nixdorf IT Support S.A. de C.V., Mexico City	99.998
Wincor Nixdorf S.A. de C.V., Mexico City	100
USA	
Wincor Nixdorf Inc., Austin	100
Venezuela	
Wincor Nixdorf C.A., Caracas	100
IT SOLUCIONES INTEGRALES, C.A., Barquisimeto, Lara	100

ASIA-PACIFIC	Capital share in %
China	
Diebold Nixdorf (Hong Kong) Limited , New Territories, Hong Kong	100
Diebold Nixdorf Information Systems (Shanghai) Co., Limited	100
India	
Wincor Nixdorf India Private Ltd., Mumbai	100
Indonesia	
PT. Wincor Nixdorf Indonesia, Jakarta Selatan	87.34
Malaysia	
DIEBOLD NIXDORF SDN. BHD., Kuala Lumpur	100
Philippines	
WINCOR NIXDORF (PHILIPPINES), INC., Makati City	100
Singapore	
DIEBOLD NIXDORF SINGAPORE PTE. LTD., Singapore	100
DIEBOLD NIXDORF MANUFACTURING PTE. LTD., Singapore	100
Taiwan	
Diebold Nixdorf Taiwan Ltd., Taipei	100
Thailand	
Wincor Nixdorf (Thailand) Co., Ltd., Bangkok	100

AFRICA	Capital share in %
Algeria	
DIEBOLD NIXDORF EURL, Algiers	100
Morocco	
Diebold Nixdorf S.A., Casablanca	100

Subsidiaries not consolidated

EUROPE	Capital share in %
Diebold France SARL, Guyancourt	100
LLC MCES , Moscow	49.9
Diebold Self-Service Ltd., Moscow	100
Altus Bilisim Hizmetleri Anonim Sirketi, Ankara	100

ASIA-PACIFIC	Capital share in %
Diebold Singapore Pte. Ltd., Singapore	100

AFRICA	Capital share in %
Wincor Nixdorf Retail ME DMCC, Dubai	80
Diebold Nixdorf Limited, Lagos	100

Joint ventures

EUROPE	Capital share in %
CROWN B.V., Delft	50

Associates

ASIA-PACIFIC	Capital share in %
Aisino-Wincor Retail & Banking Systems (Shanghai) Co.,Ltd, Shanghai	43.6
Aisino Wincor Manufacturing (Shanghai) Co., Ltd, Shanghai	43.6
AISINO-WINCOR ENGINEERING PTE. LTD., Singapore	43.6

The following German subsidiaries of Diebold Nixdorf AG made part or total use of the exemption clause included in Section 264 (3) and Section 264b of the German Commercial Code in short fiscal year:

- WINCOR NIXDORF International GmbH, Paderborn
- Diebold Nixdorf Banking Consulting GmbH, Paderborn
- Diebold Nixdorf Business Administration Center GmbH, Paderborn
- Diebold Nixdorf Customer Care GmbH, Paderborn
- Diebold Nixdorf Visio GmbH, Paderborn
- WINCOR NIXDORF Facility GmbH, Paderborn
- Diebold Nixdorf Facility Services GmbH, Paderborn
- Diebold Nixdorf Global IT Operations GmbH, Paderborn
- Diebold Nixdorf Global Logistics GmbH, Paderborn
- Diebold Nixdorf Logistics GmbH, Paderborn
- WINCOR NIXDORF Manufacturing GmbH, Paderborn
- Diebold Nixdorf Retail Consulting GmbH, Paderborn
- Diebold Nixdorf Retail Services GmbH, Paderborn
- Diebold Nixdorf Security GmbH, Paderborn
- Diebold Nixdorf Services GmbH, Paderborn
- Diebold Nixdorf Technology GmbH, Paderborn
- Diebold Nixdorf Real Estate GmbH & Co. KG, Paderborn
- Diebold Nixdorf Grundstücksverwaltung Ilmenau GmbH & Co. KG, Paderborn
- IP Management GmbH, Paderborn

- Prosystems IT GmbH, Bonn
- TSG Tankstellen Support GmbH, Cologne

(31) Auditor's Fees.

The following fees for our Group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, were recognized as expenses for services rendered during short fiscal year and fiscal year 2016/2017:

€k

	Oct. 1, 2017 - Dec. 31, 2017	Oct. 1, 2016 - Sep. 30, 2017
For audit fees	548	1,847
For other certification or valuation services	0	141
For tax consultancy	138	469
For other services rendered to Diebold Nixdorf AG or its subsidiaries	1	50
Total	**687**	**2,507**

The fees for audit services provided by KPMG AG Wirtschaftsprüfungsgesellschaft relate primarily to the audit of the consolidated financial statements and the annual financial statements of Diebold Nixdorf AG as well as to the audit of annual and consolidated financial statements of various subsidiaries. Additionally, one audit was conducted in respect of the reporting package relating to interim financial statements of Diebold Nixdorf AG and various German subsidiaries for the purpose of their inclusion in the consolidated financial statements of Diebold Nixdorf Inc., North Canton, Ohio, USA.

Tax consultation services include tax consultation services concerning corporate restructuring, assistance relating to the preparation of transfer pricing documentation, general consultation services regarding the cross-border deployment of employees and staff secondment processes, excluding consultation services in respect of income taxes, assistance with the preparation of company tax returns, advance tax returns.

Other items include general consultation services with regard to the application or introduction of financial reporting principles.

(32) Statement of Compliance with the German Code of Corporate Governance.

The Board of Directors and Supervisory Board of Diebold Nixdorf AG have issued the statement of compliance with the German Code of Corporate Governance according to Section 161 of the German Stock Corporation Act, and have made it permanently available to the shareholders on the Diebold Nixdorf website www.dieboldnixdorfag.com under the column Diebold Nixdorf/Investor Relations.

Information reported pursuant to Section 15a of the German Securities Trading Act ("Directors' Dealings") can be also obtained from the above mentioned website.

(33) Events after the Balance Sheet Date.

After the balance sheet date, the shares in Wincor Nixdorf Canada Inc., Mississauga, Ontario were sold within the Diebold Nixdorf, Inc. Group as part of the "DN2020" transformation program by the respective Group companies.

Paderborn, March 15, 2018

Diebold Nixdorf AG, Paderborn

Dr. Wunram	Chapman	Heyden
President and Chief Executive Officer	Board Member	Board Member
Dr. Näher	Pfeil	
Board Member	Board Member	

RESPONSIBILITY STATEMENT.

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

Paderborn, March 18, 2018
Diebold Nixdorf AG, Paderborn

Dr. Wunram	Chapman	Heyden
President and Chief Executive Officer	Board Member	Board Member
Dr. Näher	Pfeil	
Board Member	Board Member	

INDEPENDENT AUDITOR'S REPORT

To Diebold Nixdorf Aktiengesellschaft, Paderborn

Report on the audit of the consolidated financial statements and Group management report

Opinions

We have audited the consolidated financial statements of Diebold Nixdorf Aktiengesellschaft, Paderborn, and its subsidiaries ("Group" or "Diebold Nixdorf") – which comprise the consolidated statement of financial position as of December 31, 2017, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the short financial year from October *1* to December 31, 2017, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the Group management report of Diebold Nixdorf Aktiengesellschaft, Paderborn, for the short financial year from October 1 to December 31, 2017.

In our opinion, based on our audit findings,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315e HGB and give a true and fair view of the net assets and financial position of the Group as of December 31, 2017, and of its results of operations for the financial year from October 1 to December 31, 2017, in accordance with these requirements, and
- the accompanying Group management report as a whole provides a suitable view of the Group's position. In all material respects, the Group management report is consistent with the consolidated financial statements, complies with German statutory requirements, and suitably presents the opportunities and risks of future development.
- Pursuant to Section 322(3) sentence 1 HGB, we state that our audit has not led to any reservations with respect to compliance of the consolidated financial statements and the Group management report.

Basis for opinion

We conducted our audit of the consolidated financial statements and Group management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537/2014; hereinafter referred to as "EU Audit Regulation") and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer – IDW). Our responsibilities under those regulations and guidelines are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and Group management report" section of our report.

We are independent of the Group companies in accordance with the requirements of European Union law as well as German commercial law and the rules of professional conduct, and we have fulfilled our other ethical responsibilities under German professional law in accordance with these requirements. In addition, pursuant to Article 10(2)(f) EU Audit Regulation, we hereby declare that we did not provide any of the prohibited non-audit services referred to in Article 5(1) EU Audit Regulation. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements and Group management report.

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 short financial year from October 1 to December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

Accrual-based revenue recognition from the Hardware, Software, and Services business streams

Please refer to "Accounting and Valuation Principles" for details relating to the accounting policies applied and to Note 1 of the notes to the consolidated financial statements for information on the composition of net sales.

FINANCIAL STATEMENT RISK

Diebold Nixdorf has presented net sales of €567 million in total in its income statement (i.e., statement of profit or loss) from the business streams Hardware, Software, and Services. Depending on the nature of the product or service provided, revenue for individual components of products and services within the respective business streams is recognized as revenue either at the date of delivery or performance or, in respect of subsequent performance relating to Software and Services, accrued/deferred, with revenues being recognized over the duration of the contract.

The financial statement risk is that accrual/deferral and recognition of revenue from the respective business streams are not effected on the basis of accrual accounting.

Revenue (net sales) represents an important performance indicator for the internal management of the Group. The amount of revenue also has an influence on variable compensation of managers employed within the Group. There is a risk that the actual point of revenue recognition, i.e., the timing, may be influenced or affected deliberately in order to attain Group targets or goals and thereby influence the amount of variable compensation.

OUR AUDIT APPROACH

In the course of our audit we assessed, in respect of the various products and services supplied and provided by the individual business streams, the structure and implementation as well as the effectiveness of internal controls aimed at ensuring accrual-based revenue recognition (i.e., accounting for revenues in the period in which they are earned), e.g., checks and controls that ensure that revenue can only be accounted for if corresponding dispatch/delivery notes or documentation of service performance exist.

To address the issue of risk associated with deliberate acts of influencing the timing of revenue recognition, among other things, we conducted a risk-based analysis of revenue postings and entries immediately prior and subsequent to the end of the reporting period for the purpose of ensuring that revenue had been recognized in accordance with the principles of accrual-based accounting. This included reviewing relevant documents such as dispatch notes, delivery notes, or approval reports in order to assess the requisite performance in respect of products supplied and services rendered as a basis for revenue recognition. As regards contractual agreements covering services to be provided over a defined period of time, we also assessed, on the basis of the contractual agreements, whether the accrual/deferral and recognition of revenue had been performed correctly for the duration of the contract.

OUR CONCLUSIONS

The approach taken by Diebold Nixdorf in respect of the accrual basis of accounting for revenues is appropriate. In this context, there was no evidence to suggest that the timing of revenue recognition had been deliberately influenced or affected.

Measurement of obligations from deferred benefit plans for post-employment benefits and plan assets

Please refer to "Accounting and Valuation Principles" in the notes to the consolidated financial statements for details of accounting policies applied and to Note [19] in the notes to the consolidated financial statements for information on the composition of and changes to obligations relating to defined benefit plans as well as provisions for pensions.

FINANCIAL STATEMENT RISK

Defined benefit plans relating to post-employment benefits exist within the Diebold Nixdorf Group, particularly for employees in Germany. These result in net defined benefit obligations of €46.7 million. Totaling €59.0 million, these obligations are presented in "accruals for pensions and similar commitments" (i.e., provisions for pensions and similar obligations), having taken into account pension assets of €12.3 million presented in other non-current assets. The net obligations are calculated as the net amount of the present value of benefit obligations totaling €311.1 million and the fair value of plan assets totaling €264.4 million.

Actuarial assumptions in the form of estimates are required for the purpose of measuring these obligations by applying the projected unit credit method. In particular, the interest rate used in discounting the obligations has a material impact on the amount of obligations to be recognized. The discount rate is to be determined on the basis of market yields achievable at the end of the reporting period on high-quality corporate bonds. Additionally, depending on the benefits plan, assumptions have to be made with regard to the probability of mortality, long-term salary, and staff turnover rates. Estimates associated with actuarial assumptions require considerable judgment and, in some cases, in-depth knowledge of actuarial matters.

Alongside financial assets traded in an active market, the plan assets also include non-financial assets that are not traded in an active market (e.g., real estate assets). The process of determining the fair value of plan assets not traded in an active market is based on assumptions and estimates with regard to the recoverable amounts associated with such assets, in particular. These assumptions and estimates also require considerable judgment.

As the measurement of both large-scale benefit obligations and plan assets is based to a significant extent on assumptions and estimates made by the Management Board, as outlined above, the consolidated financial statements are exposed to an elevated risk of pension assets and pension provisions as well as similar obligations not having been measured correctly.

OUR AUDIT APPROACH

As part of our audit, we reviewed the actuarial reports prepared by external parties at the request of Diebold Nixdorf. In close collaboration with our actuaries, we considered, in particular, whether the actuarial assumptions and estimates made in the aforementioned reports are suitable for determining adequately the benefit obligations in accordance with IAS 19.

We had access to bank confirmations, other asset-specific documentation, and an independent report covering the valuation of real estate held within plan assets for the purpose of assessing the fair value of plan assets. We evaluated the expertise, skills, and objectivity of the expert commissioned by the Company, gained an understanding of the task performed by said expert, and assessed the suitability of his services in respect of audit evidence.

OUR CONCLUSIONS

The assumptions and estimates made by Diebold Nixdorf for the purpose of measuring defined benefit obligations and plan assets are suitable for adequately determining the net obligation from defined benefit pension plans.

Recognition and measurement of taxes on income in the consolidated financial statements.

Please refer to "Accounting and Valuation Principles" in the notes to the consolidated financial statements for details of accounting policies applied. As regards the composition of tax expense and further explanatory details relating to tax expense and tax items, please refer to Notes 6 and 13 in the notes to the consolidated financial statements.

FINANCIAL STATEMENT RISK

In the financial year 2016/2017, a control (also referred to elsewhere as "domination" – the term officially used under IAS/IFRS is "control") and profit transfer agreement came into force between Diebold Nixdorf Aktiengesellschaft and Diebold Holding Germany Inc. & Co. KGaA (Diebold Nixdorf KGaA), a wholly-owned subsidiary of Diebold Nixdorf, Incorporated, upon entry in the Commercial Register at the District Court of Paderborn. Due to the thus resulting inclusion of Diebold Nixdorf Aktiengesellschaft and the domestic entities formerly belonging to the tax group of Diebold Nixdorf Aktiengesellschaft in the consolidated tax group of Diebold KGaA in respect of taxes on income, any liability for income tax payments relating to Diebold Nixdorf Aktiengesellschaft expired. All profits/losses of the domestic tax group are now legally subject to taxation in respect of Diebold Nixdorf KGaA, which is not included in the consolidated financial statements of Diebold Nixdorf Aktiengesellschaft.

Rather than adopting a position based on the formal procedures of the law, Diebold Nixdorf opted for an approach in which the relevant tax items are allocated from an economic/commercial perspective (substance over form). This method is based on the notional existence (i.e., legal fiction) of a separate liability in respect of taxation on the part of controlled entities belonging to the Group. Consequently, all effects of taxation relating to these entities were accounted for in the consolidated financial statements of Diebold Nixdorf. This includes the recognition of current taxes as well as the aspect of accounting for tax risks and possible tax back payments or refunds for prior periods, in addition to the concomitant effects in regard to deferred taxes.

Beyond the domestic tax group, Diebold Nixdorf engages in business in various jurisdictions around the globe, with all the concomitant challenges and risks in respect of local legislation governing taxation. In this context, the associated risks relate primarily to the tax treatment or assessment of intra-group business activities and transactions by the respective tax authorities and the various tax laws – including changes thereto – in the individual jurisdictions. Therefore, any estimation as to whether or to what extent individual circumstances and business transactions may result in tax back payments in the context of current or future tax assessments or audits is associated with considerable levels of uncertainty. Given this significant level of uncertainty regarding the use of estimates, the consideration of such tax-related risks when determining tax expense for the tax group and when recognizing and measuring provisions in respect of tax-specific obligations of Group entities beyond the tax group requires a considerable degree of judgment on the part of Diebold Nixdorf. Thus, as regards the consolidated financial statements, there is the risk that income taxes are over- or understated.

OUR AUDIT APPROACH

We integrated our in-house staff specializing in local and international tax legislation within our audit team in order to form an opinion in respect of the tax calculations, including risk assessment, conducted by Diebold Nixdorf.

We gained an understanding of existing tax-specific risks as part of meetings conducted with the senior managers of the Group entities involved as well as with staff members responsible for tax-related issues. Additionally, our specialists reviewed the assumptions applied when determining tax expense for the domestic tax group and those relating to the determination of tax provisions for entities not belonging to the tax group. In doing so, they drew on their knowledge and experience relating to the current application of relevant statutory regulations by the tax authorities and by judicial bodies, in addition to assessing pertinent correspondence with the respective tax authorities.

OUR CONCLUSIONS

The assumptions made by Diebold Nixdorf regarding the consideration of tax-related risks when determining tax expense for the domestic tax group as well as in respect of the recognition and measurement of provisions for tax-specific obligations relating to entities beyond the tax group are appropriate.

Responsibilities of the Management Board and Supervisory Board for the consolidated financial statements and the Group management report

The Management Board is responsible for the preparation of the consolidated financial statements which, in all material respects, comply with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements 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, the Management Board is responsible for such internal control as they determine is 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, the Management Board is responsible for assessing the Group's ability to continue as a going concern. Furthermore, the Management Board is responsible for disclosing, as applicable, matters related to the going concern. In addition, the Management Board is responsible for using the going concern basis of accounting unless the intention is to liquidate the Group or to cease operations, or there is no realistic alternative to do so.

Moreover, the Management Board is responsible for preparing the Group management report, which 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 German statutory requirements, and suitably presents the opportunities and risks of future development. Furthermore, the Management Board is responsible for such arrangements and measures (systems) as they determine are necessary to enable the preparation of the Group management report in compliance with the applicable requirements of German commercial law and for providing sufficient and appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for monitoring the Group's financial reporting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the Group management report as a whole provides a suitable view of the Group's position, as well as, in all material respects, is consistent with the consolidated financial statements and our audit findings, complies with German statutory requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our opinion on the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation, as well as in compliance with the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer – IDW), will always detect a material misstatement. 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 this Group management report.

As part of our audit we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements and the Group 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 opinion. 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 of the arrangements and measures relevant to the audit of the Group 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 of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board'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 Group management report or, if such disclosures are inadequate, to modify our particular 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 gives a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the Group management report. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.
- Evaluate consistency of the Group management report with the consolidated financial statements, its legal compliance, and presentation of the Group's position.
- Perform audit procedures on the prospective information presented by the Management Board in the Group management report. Based on sufficient and appropriate audit evidence, we hereby in particular trace the significant assumptions used by the Management Board as a basis for the prospective information and assess the appropriate derivation of the prospective information from these assumptions. We are not issuing a separate audit opinion on the prospective information as well as the underlying assumptions. There is a significant, unavoidable risk that future events will deviate significantly from the prospective information.

We communicate with the Supervisory Board 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 also provide the Supervisory Board 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 the Supervisory Board, 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 these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Other disclosures pursuant to Article 10 of the EU Audit Regulation

At the request of the Management Board, we were appointed as auditor for the short financial year from October 1 to December 31, 2017, on the basis of a resolution passed by District Court of Paderborn on January 19, 2018. Pursuant to Section 318(2) HGB, we are therefore also automatically appointed as Group auditor. In addition, we were commissioned by the Supervisory Board on February 12, 2018. Including the extension effected in accordance with Section 318(1a) HGB, we have been engaged as Group auditor of Diebold Nixdorf Aktiengesellschaft uninterruptedly since the *2003/2004* financial year.

We declare that the audit opinion in this auditor's report is consistent with the additional report to the audit committee referred to in Article 11 of the EU Audit Regulation (audit report).

Statutory auditor responsible for the engagement

The auditor responsible for the engagement is Carsten Nölgen.

Bielefeld, March 15, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

gez. Ufer	gez. Nölgen
Wirtschaftsprüfer	Wirtschaftsprüfer