2021

ANNUAL REPORT

CANCOM SE

Key figures

CANCOM GROUP

in € million	2021	2020 (adjusted*)	Δ
Revenues	1,304.5	1,176.2	+ 10.9 %
Gross profit	431.1	391.3	+ 10.2 %
EBITDA	121.5	99.9	+ 21.6 %
EBITDA margin	9.3 %	8.5 %	+ 0.8 Pp
EBITA	83.6	66.6	+ 25.5 %
EBIT	77.4	59.3	+ 30.5 %

	31.12.2021	31.12.2020	Δ
Balance sheet total	1,406.6	1,249.9	+ 12.5 %
Equity	814.1	614.7	+ 32.4 %
Equity ratio	57.9 %	49.2 %	+ 8.7 Pp
Cash and cash equivalents	653.0	338.4	+ 93.0 %
Employees	3,843	3,912	- 1.8 %

CLOUD SOLUTIONS

in € million	2021	2020 (adjusted*)	Δ
Revenues	238.4	212.4	+ 12.2 %
EBITDA	80.1	67.4	+ 18.8 %
EBITDA margin	33.6 %	31.8 %	+ 1.8 Pp
Annual Recurring Revenue	181.8	146.6	+ 24.0 %

IT SOLUTIONS

in € million	2021	2020 (adjusted*)	Δ
Revenues	1,065.7	963.7	+ 10.6 %
EBITDA	58.7	52.4	+ 12.0 %
EBITDA margin	5.5 %	5.4 %	+ 0.1 Pp

*) See the explanations in section A.7 of the consolidated financial statements..


CANCOM

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Foreword of the Executive Board

Dear Shareholders,

The global political situation in the first quarter of 2022 has no doubt caused many of you to quickly relegate thoughts about the CANCOM Group's financial year 2021, which has been so successful, to the background. The Executive Board team feels the same way: we are dismayed by the events in Ukraine and the humanitarian crisis that is beginning to emerge. But as the Executive Board, the main task in our letter to you, the owners of the company, is to provide information about CANCOM in the context of current events and to explain the status of the company after the past financial year. I would therefore like to do this on behalf of the Executive Board team.

With a lot of effort and a well-positioned business model, we coped well with the second Corona pandemic year and also with the supply chain bottlenecks for IT components, which occurred on an unprecedented scale in 2021. In addition, a new strategic course was set in 2021 by divesting business activities in the UK and Ireland. In doing so, we have been able to realise an exceptionally high profit for shareholders, which you can see in the earnings per share for 2021. At the same time, we are focusing on our traditional core market, the German-speaking region. We are already strongly positioned here, but we still see good growth prospects to become even stronger organically and through acquisitions. We know the market and therefore expect an increasing demand for our products and services. This confidence is also expressed in our new Vision 2025: We want to become the Leading Hybrid IT Provider in the coming years.

The perspective for this could hardly be better, because the new normal of the working world is to be able to work anytime, anywhere and from any end device. Mobile working is standard today and the use of cloud technologies the norm. Consulting, setting up and supporting the hybrid IT scenarios that dominate the modern IT world are a core competence of CANCOM. In addition, increasing digitalisation is making cyber security a core requirement for many areas of life and work. In this area, too, CANCOM offers an extensive portfolio tailored to the needs of companies and public institutions, ranging from basic security technologies to comprehensive security services from our Security Operations Centre. At the same time, it is not only in the security sector that the need to assume operational responsibility for IT tasks is growing. Especially due to the increasing complexity of tasks and the shortage of skilled staff, more and more customers are looking for support. We are equipping ourselves for this demand with our comprehensive as-a-service offer. Overall, we are thus in a good position to benefit from the digitisation trend and have accordingly also published a forecast for the financial year that assumes very significant growth.

The outstanding development of the CANCOM Group is the result of the commitment of our employees. Even in the second year of the pandemic, their dedication has made the success of the CANCOM Group possible in the first place, and we would like to express our sincere thanks for this.

Dear shareholders, the events of 2022 have shaken confidence in a straightforward economic development and normalisation of the market environment after the Corona pandemic. However, the CANCOM Group proved in the past financial year that it can operate successfully even in difficult times. Moreover, it is clear that our business is not directly affected by the war in Ukraine. We therefore enter the 2022 financial year with respect for the tasks ahead, but also with confidence.

We thank you for your trust as investors and wish you and your families continued good health and a successful 2022.

Your Executive Board of CANCOM SE

Rudolf Hotter CEO	Thomas Stark CFO	Rüdiger Rath COO

Report of the Supervisory Board

Dear Shareholders,

in a year characterised by continuing uncertainties caused by the new coronavirus variants and unprecedented supply chain bottlenecks for IT components, the CANCOM Group achieved a very impressive business result. Dynamic growth rates of over ten percent in revenue and earnings, as well as a successful and very profitable sale of the business activities in the United Kingdom and Ireland, characterised the operational development in the financial year 2021. The Supervisory Board, as the representative of the shareholders of CANCOM SE, would like to thank the now around 4,000 employees throughout the CANCOM Group for their commitment, which made this good financial year possible. The past financial year has shown that CANCOM can grow despite major macroeconomic uncertainties. This strengthens the Supervisory Board in its conviction that CANCOM SE and the CANCOM Group are very well positioned in the IT sector and well organised. This is also reflected in this year's dividend proposal, in which the Executive Board and Supervisory Board propose an increase in the distribution per share.

In the 2021 financial year, the Supervisory Board performed the tasks and duties incumbent upon it under the law, the Articles of Association and the Rules of Procedure. It advised the Executive Board on the management of the company and both accompanied and monitored the management and development of the company. As part of the close cooperation, the Executive Board reported regularly, promptly and comprehensively to the Supervisory Board in writing, by telephone and in personal discussions on the situation and prospects, the principles of business policy, the profitability of the company and the main business transactions of the company. Even outside the scheduled meetings, the Chairman of the Executive Board in particular was in personal exchange with the members of the Supervisory Board and primarily with the Chairman of the Supervisory Board. In addition, the entire Supervisory Board body was continuously informed by the Executive Board about relevant developments and transactions requiring approval. The Supervisory Board was directly involved in a timely manner in all decisions of fundamental importance to the company or in which it was required to be involved by law, the Articles of Association or the Rules of Procedure. In urgent cases, the board had the option of passing resolutions by written circular if necessary. Due to the regular, timely and detailed information provided by the Executive Board, the Supervisory Board was always able to fulfil its monitoring and advisory function. The Supervisory Board is therefore of the opinion that the Executive Board acted in a lawful, proper and economic manner in all respects, and the Board would like to thank the Executive Board for the good and open cooperation in the 2021 financial year.

A. Sessions and main topics

As an IT company, CANCOM is permanently faced with major challenges due to rapid innovation cycles in the industry and a strong international competitive environment. At the same time, this, as well as the growing importance of IT systems and the increasing digitalisation of business processes, which has increased significantly as a result of the Corona pandemic, also offer a wide range of opportunities for the development of the company. In the 2021 financial year, the Supervisory Board therefore continued to maintain a close, regular dialogue about the main developments in the market, in individual business areas and about the necessary strategic and organisational measures to avoid risks and take advantage of opportunities. The strategic focus on the DACH region was a central point of discussion in the Supervisory Board during the year. Another focal point was the expansion of the Executive Board to three members.

In the reporting year, a total of seven meetings of the Supervisory Board were held, namely on 25 March 2021, 29 March 2021, 27 April 2021, 29 June 2021, 28 July 2021, 23 September 2021 and 7 December 2021. The meetings on 29 March 2021, 27 April 2021 and 28 July 2021 were extraordinary meetings held by telephone or video conference. In addition, three resolutions were passed by circular resolution on 6 May 2021, 28 May 2021 and 11 October 2021.

All members of the Supervisory Board in office at the time participated in all Supervisory Board meetings and resolutions.

Meetings of the Supervisory Board 2021

Member of the Supervisory Board	Number of participations / number of meetings
Stefan Kober (Chairman of the Supervisory Board)	7 / 7
Dr. Lothar Koniarski (Deputy Chairman of the Supervisory Board)	7 / 7
Regina Weinmann	7 / 7
Prof. Dr. Isabelle Welpe	7 / 7
Martin Wild	7 / 7
Uwe Kemm	7 / 7

In accordance with the recommendation of the German Corporate Governance Code (as amended on 16 December 2019) (GCGC) to hold Supervisory Board meetings without the presence of the Executive Board, the Supervisory Board met without the participation of the Executive Board at three of the four ordinary meetings, namely on 29 June 2021, 23 September 2021 and 7 December 2021 (in each case following the meeting with the Executive Board). In these meetings, the Supervisory Board dealt, among other things, with the expansion of the Executive Board to three persons and the remuneration system.

In the ordinary meetings on 25 March 2021, 29 June 2021, 23 September 2021 and 7 December 2021, the Supervisory Board received and discussed in detail the reports of the Executive Board pursuant to § 90 para. 1 sentence 1 nos. 1-3 AktG on the intended business policy, profitability and the course of business including the market and competitive situation. In addition, the Executive Board reported - also in extraordinary meetings - on transactions that could be of significant importance for the profitability or liquidity of the company and/or the Group, in particular on planned acquisitions and company sales, in accordance with § 90 para. 1 sentence 1 no. 4 AktG.

The following significant topics and resolutions from the activities of the Supervisory Board in the 2021 financial year are also worth mentioning:

- At the ordinary Supervisory Board meeting on 25 March 2021, the Supervisory Board dealt in particular with the audit of the annual financial statements. Among other things, the auditor's report on the 2020 annual financial statements of CANCOM SE and the CANCOM Group was received and discussed in detail. In addition, the business development was discussed as well as topics from the area of corporate governance, specifically the declaration on corporate governance and the report of the Supervisory Board for the 2020 financial year.

- The extraordinary Supervisory Board meeting held by telephone on 29 March 2021 dealt with the conclusion of the audit of the annual financial statements and the proposal for the appropriation of profits. The annual financial statements and consolidated financial statements together with the combined management report of CANCOM SE and the Group for the 2020 financial year were approved by the Supervisory Board. The annual financial statements were thus adopted.

- In the extraordinary telephone meeting on 27 April 2021, the Supervisory Board dealt in particular with the non-financial Group report and the proposal for the appointment of the auditor for the 2021 financial year.

- In the first few months of 2021 in particular, the Supervisory Board held extensive discussions and deliberations on the future structure of the remuneration system for the Executive Board and Supervisory Board and the associated proposals to the Annual General Meeting of CANCOM SE. The circular resolution of 6 May 2021 included the final resolution of the Supervisory Board on the new remuneration system for the Executive Board, the confirmation of the existing remuneration system for the Supervisory Board and the associated proposals to the Annual General Meeting.

- The circular resolution of 28 May 2021 included the resolution of the Supervisory Board to appoint Mr. Rüdiger Rath to the Executive Board of CANCOM SE. The resolution was preceded by discussions within the Supervisory Board on the expansion of the Executive Board and with Mr Rath personally.

- The ordinary meeting of the Supervisory Board on 29 June 2021 focused, among other things, on business development, the sale of business activities in the United Kingdom and Ireland, and corporate governance issues, in particular the new Financial Market Integrity Act.

- The extraordinary telephone meeting of the Supervisory Board on 28 July 2021 dealt with the sale of the business activities in the United Kingdom and Ireland and the Supervisory Board resolved to approve the transaction.

- In the ordinary Supervisory Board meeting on 23 September 2021, the business development and the sale of the business activities in the United Kingdom and Ireland were discussed in particular. In addition, the distribution of responsibilities on the Executive Board was discussed on the occasion of the expansion of the Board and the new sustainability strategy of the CANCOM Group was presented.

- The circular resolution of 11 October 2021 confirmed the Executive Board's decision to implement a share buyback programme using the existing authorisation by the Annual General Meeting. The circular resolution of the Supervisory Board was preceded by discussions between the Supervisory Board and the Executive Board, both at the meeting on 23 September 2021 and in the aftermath of this meeting, on the possible use of the greatly increased cash and cash equivalents of CANCOM SE following the sale of the business activities in the United Kingdom and Ireland.

- In the ordinary meeting on 7 December 2021, the business development and the planning for the 2022 business year were discussed. The business plans for the 2022 financial year were presented by the Executive Board and approved by the Supervisory Board. In addition, the remuneration of the Executive Board and various corporate governance topics were part of the agenda. In particular, the efficiency of the Supervisory Board's activities was reviewed in accordance with the recommendation of the GCGC, whereby no objections were found, and the declaration of compliance with the GCGC was adopted. In addition, the annual review of the competence profile and the objectives of the composition of the Supervisory Board as well as the diversity concept for the Executive Board and the Supervisory Board took place. In addition, the Executive Board gave an update on the topic area of GRC (Governance, Risk management and Compliance), focusing in particular on the areas of compliance and risk management. These topics were discussed in detail with the Supervisory Board.

B. Composition of the Executive Board and Supervisory Board

There was one personnel change on the Executive Board of CANCOM SE in the reporting year. In addition to Mr. Rudolf Hotter and Mr. Thomas Stark, who remained on the Executive Board, Mr. Rüdiger Rath was appointed to the Executive Board of CANCOM SE with effect from 1 October 2021. Mr. Rath will assume the duties of COO (Chief Operating Officer) within the Executive Board. Since then, the Executive Board of CANCOM SE has comprised Mr. Rudolf Hotter (Chairman), Mr. Thomas Stark and Mr. Rüdiger Rath.

The members of the Supervisory Board of CANCOM SE in the reporting year were: Stefan Kober, Dr. Lothar Koniarski, Regina Weinmann, Prof. Dr. Isabell Welpe, Martin Wild and Uwe Kemm. The Supervisory Board was chaired and deputy chaired by Stefan Kober (Chairman) and Dr. Lothar Koniarski (Deputy Chairman). In accordance with Section 100 (5) of the German Stock Corporation Act (AktG), CANCOM SE has appointed one member of the Supervisory Board with special knowledge in the field of accounting and one member with special knowledge in the field of auditing. In addition, one Supervisory Board member has been appointed who has special knowledge in the field of environment, social and governance (ESG).

There were no personnel changes on the Supervisory Board of CANCOM SE in the reporting year 2021.

In accordance with the recommendation of the GCGC, CANCOM SE generally supports the members of the Supervisory Board in training and development measures. There was one external training event on legal topics relating to Supervisory Board activities. In addition, the Supervisory Board generally dealt with new statutory provisions or other regulations that are important from CANCOM SE's perspective at Supervisory Board meetings.

C. Composition and work of the committees

The Supervisory Board has formed two committees to fulfil its duties: an Audit Committee and a Nomination Committee.

The members of the audit committee in the reporting year were Dr. Lothar Koniarski, Stefan Kober and Prof. Dr. Welpe. Dr. Lothar Koniarski (Chairman, since 1 January 2021) and Stefan Kober (Deputy Chairman, since 1 January 2021) chaired and deputy chaired the Audit Committee of the Supervisory Board. The audit committee as a whole had relevant industry knowledge at all times.

All members of the Supervisory Board in office at the respective time participated in all Audit Committee meetings and resolutions in accordance with their committee membership

Meetings of the Audit Committee 2021

Member of the Supervisory Board	Number of participations / number of meetings
Dr. Lothar Koniarski (Committee Chair)	3 / 3
Stefan Kober (Vice-Chairman of the Committee)	3 / 3
Prof. Dr. Isabelle Welpe	3 / 3

In the past financial year, the audit committee met on 25 March 2021, 29 March 2021 and 16 November 2021 with all committee members present. In addition, a resolution was passed by written circular with adoption on 21 April 2021.

- The meeting on 25 March 2021 dealt with the status of the audit in the presence of the auditor and the CFO, among others. Without the presence of the auditor, the meeting also dealt with the quality of the auditor and the audit as well as the plans for the appropriation of profits. The proposal for the auditor for the 2021 financial year was also discussed.

- In the meeting of 29 March 2021, the Audit Committee dealt with the financial statements and the combined management report for the 2020 financial year and the proposal for their approval to the Supervisory Board. In addition, the proposal to the Supervisory Board on the appropriation of profits was discussed.

- At the meeting on 16 November 2021, the committee primarily dealt with the topic of governance, risk management and compliance and, among other things, addressed the company's risk management system as well as the effectiveness, equipment and findings of the internal audit department and compliance with integrity in financial reporting.

The members of the Nomination Committee in the reporting year were Stefan Kober, Dr. Lothar Koniarski and Regina Weinmann. The supervisory board's nomination committee was chaired or deputy chaired by Stefan Kober (Chairman, since 1 January 2021) and Dr. Lothar Koniarski (Deputy chairman, since 1 January 2021).

The Nomination Committee did not hold a meeting in the past financial year as there were no issues to be discussed concerning it.

D. Corporate Governance and Declaration of Conformity

The Supervisory Board's work is guided by the provisions of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code. In particular, at the meeting on 7 December 2021, the Supervisory Board dealt intensively with the applicable Code recommendations in the new version of the Code dated 16 December 2019 and reviewed the extent to which these are complied with and will be complied with in future. The Executive Board and Supervisory Board of CANCOM SE have declared that they fully complied with the Code's recommendations in the past financial year and plan to comply with these recommendations in the future.

A detailed presentation of the company's corporate governance can be found in the corporate governance statement on the company's website www.cancom.com in the Investors section under the menu item Corporate Governance.

E. Annual and consolidated financial statements

The financial statements prepared by the Executive Board and the combined management report for CANCOM SE and the Group for the financial year 2021 were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Augsburg, appointed by the Annual General Meeting, under the direction of auditor Johannes Hanshen as the auditor responsible for the audit. KPMG AG Wirtschaftsprüfungsgesellschaft, Augsburg, carried out the audit of CANCOM's financial statements for the third time for the 2021 financial year. The annual financial statements of CANCOM SE and the combined management report for CANCOM SE and the CANCOM Group were prepared in accordance with German statutory accounting requirements. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union and in accordance with the supplementary German statutory provisions pursuant to Section 315a (1) of the German Commercial Code (HGB). The auditor conducted the audit in accordance with Section 317 of the German Commercial Code (HGB) and the EU Regulation on Auditors (Regulation (EU) No. 537/2014) in compliance with the generally accepted German auditing principles established by the Institute of Public Auditors in Germany (IDW) and issued an unqualified audit opinion in each case.

The Audit Committee of the Supervisory Board held a meeting on 24 March 2022. The Supervisory Board also held a meeting on this day. The auditor attended the meeting of the audit committee as well as the meeting of the supervisory board to advise the supervisory board on the annual financial statements and consolidated financial statements, including the approval of the balance sheet. The annual financial statements, the consolidated financial statements, the combined management report, the auditor's report on its audit and the Executive Board's proposal for the appropriation of the balance sheet profit were available to all members of the Supervisory Board in good time before the resolution and approval by the Supervisory Board on 24 March 2022.

At its meetings, the Audit Committee dealt with the financial statements and the combined management report for CANCOM SE and the CANCOM Group, focusing in particular on the key audit matters described in the respective auditor's report. The Audit Committee also examined the Executive Board's proposal for the appropriation of net profit and the payment of a dividend of € 1.00 per share. Furthermore, the audit committee gave the supervisory board a recommendation for the supervisory board's proposal to the general meeting for the election of the auditor for the 2022 financial year.

At the meeting of the audit committee on 24 March 2022 and at the meeting of the supervisory board also on 24 March 2022, the auditor reported on the course and main results of its audits and was available to answer questions, discuss them and provide additional information. After detailed discussion of the audit reports, annual financial statements and the combined management report, the Supervisory Board approved the results of the audit. Following the final results of the audit by the Audit Committee and its own examination, no objections were raised. It therefore approved the annual financial statements of CANCOM SE, the consolidated financial statements and the combined management report of CANCOM SE and the CANCOM Group for the financial year 2021 as prepared by the Executive Board. The annual financial statements are thus adopted. The Supervisory Board approved the Executive Board's proposal for the appropriation of profits.

Dear shareholders, the CANCOM Group is well positioned for the future. The Supervisory Board would like to thank the members of the Executive Board, the management and all employees for their great commitment, which has made a significant contribution to the successful development of CANCOM and also gives reason to expect a positive development in the future. We would also like to thank you, our shareholders, for your confidence in us.

Munich, March 2022

For the Supervisory Board

Stefan Kober
Chairman of the Supervisory Board

CANCOM on the capital market

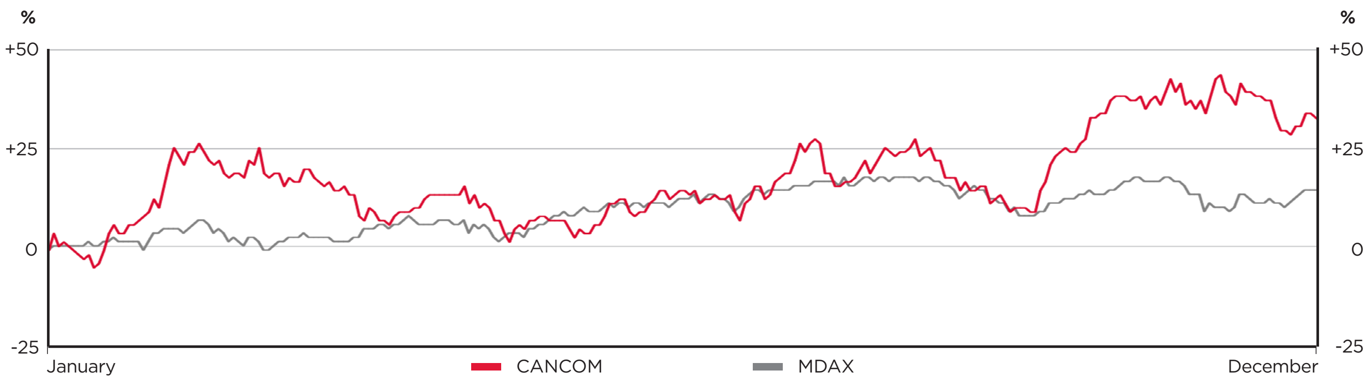
Development of the German stock market

The German leading index DAX closed the stock market year 2021 with a plus of 16 percent. From a level just above 13,700 points at the beginning of the year, the index rose significantly with the end of the third wave of the pandemic in March and reached the 15,000 point threshold for the first time in the same month. After further gains in the coming months and a setback to the 15,000 point mark, the index reached a new all-time high of 16,290 points in November. The MDAX, in which the CANCOM SE share is also listed, gained around 14 percent over the course of the year.

Development of the CANCOM share

CANCOM SE's share price started 2021 with an XETRA opening price of € 45.48. Subsequently, the share price developed positively and rose to more than € 56.00 per share in mid-February. After a subsequent consolidation phase until mid-May, the share price increased significantly again. At the end of the third quarter, the share price rose to its annual high of € 64.82 per share on 30 November 2021.
The share buy-back programme 2021 of CANCOM SE started at 20 October 2021. By the end of the year, 785,947 treasury shares with a total market value of € 47.8 million had been acquired. The share ended the 2021 stock market year with a Xetra closing price of € 59.22. Over the year, the increase in valuation thus amounted to around 30 percent.

CANCOM SHARE PERFORMANCE OVER THE YEAR



SHAREHOLDER STRUCTURE

Allianz Global Investors	19.99 %
Ameriprise Financial	5.61 %
BNP Paribas	4.66 %
GoldmanSachs	3.97 %
BlackRock	3.44 %
Massachusetts Financial Services	3.08 %
Free float	58.25 %

Information according to available voting rights notifications as at 31.12.2021

MASTER DATA AND INDICES

ISIN / WKN	DE0005419105 / 541910
Stock exchange segment	Frankfurt Stock Exchange, Prime Standard
Index membership	TecDAX, MDAX
Designated Sponsor	Kepler Cheuvreux

RESEARCH COVERAGE

Alster Research (since 3 March 2021)
Berenberg
BNP Paribas Exane (since 21 January 2022)
Commerzbank (discontinued as of 2 July 2021)
German Bank
DZ Bank
Hauck & Aufhäuser
Jefferies
Kepler Cheuvreux (suspended)
Oddo BHF (since 27 October 2021)
Stifel
Warburg

KEY FIGURES AND TRADING DATA OF THE CANCOM SHARE

		2021	2020
First price of the year (XETRA)	€	45.48	52.95
Closing price at year end (XETRA)	€	59.22	45.36
Highest closing price (30 November 2021)	€	64.82	58.35
Lowest closing price (18 January 2021)	€	43.02	31.20
Yearly performance	%	+ 30.2 %	- 14.3 %
Market capitalization (as of 31 December)	€ million	2,287.4	1,748.5
Average turnover per trading day (XETRA)	pieces	97,521	202,824
Average turnover per trading day (XETRA)	€	5,196,762	9,314,844
Earnings per share from continuing operations (basic)	€	1.17	0.93
Issued shares as of 31 December	pieces	38,548,001	38,548,001

Dividend

CANCOM SE's dividend policy is designed to support the Group's growth strategy, which is the primary objective of the Executive Board. The Executive Board of CANCOM SE sees promising growth opportunities in the IT environment, partly due to the megatrend of digitalisation. Future profits are therefore to be used primarily to finance growth and the further development of business activities. These growth investments are to be made in the interest of a long-term increase in the value of the company and thus also in the interest of the shareholders. For the 2021 financial year, the Executive Board and Supervisory Board will propose to the Annual General Meeting an increase in the dividend to € 1.00 per share.

As at 31 December 2021, the number of shares entitled to dividends was 37,762,054. The deviation from the share capital of CANCOM SE, which was divided into 38,548,001 no-par value shares as at 31 December 2021, can be explained by the 2021 share buy-back programme. As at the reporting date of 31 December 2021, CANCOM SE had acquired 785,947 treasury shares under the 2021 share buy-back programme.

Annual General Meeting

The Annual General Meeting of CANCOM SE took place on 29 June 2021 as a virtual Annual General Meeting without the physical presence of shareholders or shareholder representatives. A total of around 69 percent of the Company's share capital was represented. All of the proposed resolutions put to the vote were passed with a large majority.

Communication with the capital market

CANCOM attaches great importance to active, open and transparent communication with its stakeholders, even under the restrictions that continue to apply in the past year. For example, the Internet presence is an important information platform for communication with shareholders and the capital market. But analysts' views of the company also influence the opinions of shareholders and investors. CANCOM is in regular constructive dialogue with all analysts. The Capital Markets Day, which took place as a virtual event at the end of November, should also be highlighted. In addition, there were also numerous contacts with existing and potential investors at virtual roadshows, investor conferences, individual meetings and conference calls in 2021.

The latest information on CANCOM shares can be found on the website www.investors.cancom.com.

Combined Group Management Report and Management Report of CANCOM SE

Fundamentals of the Group

The CANCOM Group (hereinafter referred to as "CANCOM" or "CANCOM Group") is one of the leading providers of IT services and IT infrastructure in Germany. In addition to its activities in its home market of Germany, the Group has subsidiaries or branches in Austria, Switzerland, Belgium, Slovakia and the USA.

Structure of the CANCOM Group

The parent company of the CANCOM Group is CANCOM SE, based in Munich, Germany. It performs central financing and management functions for the Group companies, i.e. the investments it holds. In addition to the parent company's central management and financing activities, the operating units are also supported in their day-to-day business operations by centralised departments for purchasing, internal IT, warehousing/logistics, finance, vehicle and travel management, repair/service, and human resources ("Central Services") as well as marketing/communications and product management. In addition, an internal specialised sales department ("Competence Centre") is available to the operational units across the organisation.

In addition to these centralised functions, CANCOM's operating units are primarily decentralised and operate in units structured primarily by region. The organisation comprises the regional units South, Southwest, Central, East, North and West as well as locations in Belgium and the USA. In addition, there are the supra-regional business units Managed Services, Public, eCom and Remarketing.

In its financial reporting, the CANCOM Group reports on the development of its operating business through two segments in addition to the Group as a whole: Cloud Solutions and IT Solutions.

Cloud Solutions

The Cloud Solutions group segment includes the (shared) managed services business as well as product and service businesses that can be directly allocated to managed services contracts.

IT Solutions

The group segment IT Solutions includes business related to comprehensive strategic and technical consulting and services for projects in the area of IT infrastructure, IT applications and system integration, as well as their planning and turnkey implementation. The segment also covers activities in the area of IT procurement, eProcurement services and remarketing.

Other companies

In addition to the operating segments, the CANCOM Group's segment reporting also includes the Other Companies segment. This reflects the staff and management functions for central Group management, including the parent company CANCOM SE. Intra-group investments and expenses for company acquisitions or disposals are also included in this segment.

Changes in the reporting period

In January 2021, CANCOM SE acquired 100 percent of the shares and 100 percent of the voting rights in Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH, Hanover. The date of first-time consolidation was 1 January 2021. Further information on this can be found in section A.2.2.1 of the consolidated financial statements.

In August 2021, CANCOM SE completed the sale of CANCOM LTD, which bundled the business activities of the CANCOM Group in the United Kingdom and Ireland. The proceeds of the transaction were recognised in the CANCOM Group's result for the period in the third quarter of 2021. As a result of the transaction, CANCOM LTD with all its subsidiaries (CANCOM UK Group) was reclassified as a discontinued operation in the financial reporting of the CANCOM Group. Accordingly, the earnings figures have been adjusted for the earnings contributions of the CANCOM UK Group for the current year and the 2020 financial year. Further information on this can be found in sections A.2.2.3 and A.7.4 of the consolidated financial statements.

Business model and sales markets

CANCOM's product and service portfolio is geared towards advising and supporting enterprise customers in adapting IT infrastructures and business processes to the requirements of digitalisation. CANCOM acts as a provider of complete solutions and sees itself as a "Leading Digital Transformation Partner" for its customers.

The range of services extends from strategic consulting for digital business processes to the partial or complete operation of IT systems (primarily by means of managed services and standardised as-a-service offers), to system design and integration, IT support, delivery and turnkey implementation of hardware and software, e-procurement, logistics services and the remarketing of used IT.

This broad-based product and service offering enables the CANCOM Group to generate revenue both on the basis of the Company's own skills and services (service business) and from remuneration and commissions for the sale of third-party IT products (sale of goods). Management is pursuing a medium-term course of strategic transformation of the CANCOM Group into a system house 4.0, in which an increasing proportion of business activity is to be the provision of IT services, specifically shared managed services.

In geographical terms, the CANCOM Group is primarily active in Germany and Austria, but also in Belgium, Switzerland and the USA. A key external factor influencing CANCOM's business development is therefore the development of the IT market in its largest sales markets, Germany and Austria. For these markets as a whole - and therefore also for CANCOM - the general trend towards digitalisation is a key driver. The importance of IT processes in business, administration, the education sector and healthcare is increasing and the further development of devices, technologies and applications is leading to an expansion of the areas of application for digital solutions. In addition, data protection regulations, the general threat situation in the area of cyber security and the quality certifications required by customers as well as environmental and social standards are important external factors that CANCOM cannot influence and that can have a positive or negative effect on business development. As a provider of IT services and products, however, the CANCOM Group's business model is not subject to any special industry-specific legal provisions, licensing requirements or official supervision, i.e. external regulatory or politically influenced factors that go beyond the legal framework generally applicable to all companies.

The CANCOM Group's customer base primarily comprises commercial end users, ranging from small and medium-sized enterprises to large companies and corporations, as well as public institutions.

Competitive position

According to the most recent evaluation of the Federal Statistical Office and the IT industry association Bitkom available at the time of the report's preparation, there are more than 90,000 companies in the IT hardware and software and IT services sectors in Germany, although they differ greatly in terms of size and/or range of services. Large companies with annual sales of more than € 250 million include 49 companies in the combined business field of IT hardware/software and IT services. Based on the data of the most recent system house ranking by the industry medium Channel-Partner, there are even only five companies in Germany with domestic revenues of over € 1 billion. According to this ranking, CANCOM is the fourth-largest system house in Germany, based on revenues for the 2020 financial year (2019: 5th place).

The CANCOM Group thus belongs to the very small group of large companies in the German IT industry compared to the total number of companies active in the market.

The total volume of the German IT market in 2021 was given by the industry association Bitkom in January 2022 as € 102.5 billion. With an annual domestic turnover of € 1,200.9 million in 2021, the CANCOM Group's share of the German IT market is therefore only around 1.3 percent.

These figures reflect the still very fragmented status of the German IT market and show the large remaining market potential for CANCOM in its home market of Germany alone.

Explanation of the control system used within the company

The most significant financial performance indicators for the development of the CANCOM Group are the gross profit[1], the EBITDA[2], the EBITA[3] and the Annual Recurring Revenue[4] (ARR).

EBITA, i.e. the operating result before amortisation of intangible assets, is part of the management system in place of EBIT[5]. From a purely accounting point of view, the corporate strategy with its significant activities in corporate acquisitions leads to burdens on the operating result (EBIT) due to the consolidation of newly acquired companies in the form of amortisation, which is independent of the business success of the CANCOM Group. In the Executive Board's view, EBITA therefore reflects the entrepreneurial performance of the CANCOM Group more adequately than EBIT.

From the Executive Board's point of view, annual recurring revenue (ARR) is the key measure of the success of the strategic transformation of the CANCOM Group, as it reflects the volume of the managed services business, the recurring revenue from rental models and consumption-based procurement models. Furthermore, the activities around the IT multicloud management software 'AHP Enterprise Cloud' are part of the ARR due to the long-term contracts.

In the two Group segments Cloud Solutions and IT Solutions, revenue and EBITDA are used as key performance indicators. In order to control and monitor the development of the individual subsidiaries and the reporting segments, the Executive Board of CANCOM SE analyses, among other things, their revenue, gross profit, operating expenses and operating profit on a monthly basis and compares the actual figures with the budgeted values. Any significant deviations in the key figures that are identified necessitate the preparation of a forecast.

In addition, external indicators such as inflation rates, interest rates, developments and forecasts for the general economy and the IT industry as well as findings and signals from the existing risk early warning system are regularly taken into account for corporate management purposes. In this regard, we also refer to the explanations in the risk and opportunity report. No non-financial performance indicators are used in the company's internal management system.

Research and development activities

As CANCOM primarily operates service and trading businesses in the IT market, no research activities are carried out.

CANCOM's development services focus primarily on software solutions, applications or architectures in IT areas such as cloud computing, mobile solutions, Internet of Things, data analytics, IT security and shared managed services. In addition, there are customisations for company software used in-house. Another focus of development activities is the in-house product 'AHP Enterprise Cloud'. Compared to the total revenue of the CANCOM Group, however, the expenses for development work are not of a significant order of magnitude, nor are the resulting own work capitalised. Development activities in the CANCOM Group are organised on a project basis. Where necessary, they are supported by the use of third-party services.

CANCOM Group: Research and development
(in T€)

	2021	2020 (adjusted*)
Total research and development expenditure	**6,827**	**7,304**
thereof own work capitalised	4,487	3,676
of which for third-party services	0	655

*) See the explanations in section A.7 of the consolidated financial statements.

Explanation of the Alternative Performance Measures (APM) used in accordance with the APM guidelines of the European Securities and Markets Authority (ESMA):

1 Gross profit = total output (sales revenue + other operating income + other own work capitalised + capitalised contract costs) less cost of materials/expenses for purchased services

2 EBITDA = profit for the period + income taxes + foreign exchange gains/losses + depreciation and amortisation of financial assets + income from investments + other financial result + interest result + depreciation and amortisation of property, plant and equipment, intangible assets and rights of use

3 EBITA = Profit for the period + income taxes + foreign exchange gains/losses + write-downs of financial assets + income from investments + other financial result + interest result + amortisation of customer bases, order backlogs, brands and impairment of goodwill

4 ARR = Monthly Recurring Revenue from the provision of Managed Services, from consumption-based subscription models (XaaS), the AHP Enterprise Cloud and from cloud licences and rental models x 12 months

5 EBIT = profit for the period + income taxes + currency gains/losses + write-downs on financial assets + income from investments + other financial result + interest result

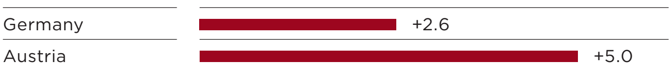
Economic Report

Development of the overall economy and the IT market

According to Deutsche Bank Research, the gross domestic product in Germany increased by 2.6 percent in 2021. Compared to the GDP decline of 4.6 percent in the previous year, the economic development in the CANCOM Group's main sales market was thus positive again in the past financial year 2021.

The following table shows the development of gross domestic product in Austria, which is also CANCOM's most important foreign market.

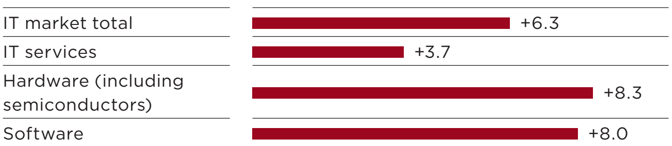
Gross domestic product 2021*
(Change on previous year in %)



*) Source: Deutsche Bank Research, 15 December 2021.

The industry association Bitkom states the total volume of the share of the overall German market for information and communication technology (ICT) that is particularly relevant for CANCOM, i.e. the market for information technology (IT), at € 102.5 billion for 2021. Compared to 2020, this market segment grew by 6.3 percent. The IT services market segment, which is strategically important for CANCOM, also recorded growth and grew by 3.7 percent compared to the previous year to a volume of € 41.4 billion.

Market for information technology (IT) 2021, Germany*
(Change on previous year in %)



*) Source: Bitkom/EITO/IDC, January 2022.

Business performance in 2021

The CANCOM Group completed the past financial year very successfully in an economic environment characterised by uncertainties. In terms of uncertainties, the first months of the financial year were still dominated by the effects of the measures to contain the coronavirus pandemic. In the course of the year, the bottlenecks in the global supply chains for IT hardware components came to the fore. At the same time, however, there was very robust demand for hardware and software as well as IT services throughout the financial year. At the end of the financial year, the CANCOM Group showed very significant revenue growth with an increase in revenue of 10.9 percent and an EBITDA margin of 9.3 percent at Group level, combined with rising profitability. Annual Recurring Revenue (ARR), a key indicator of the CANCOM Group's successful transformation to a business model with a high proportion of recurring service revenue, grew by 24.0 percent year-on-year to € 181.8 million. In addition, the CANCOM Group decided to focus strategically on the DACH region in financial year 2021 by selling its subsidiaries in the United Kingdom and Ireland.

The financial year began with a first quarter in which, due to the clear subsiding of the third wave of the Corona pandemic and under the impression of a positive economic development, the willingness of customers to start new IT projects and resume paused projects increased. Projects with a high share of client hardware (laptops, tablets, accessories) continued to be in the foreground. However, shortages of certain IT components were noticeable in the first quarter due to the worldwide shortage of semiconductors. The CANCOM Group succeeded in largely securing its ability to deliver through good contacts with manufacturers and distributors as well as high stock levels. At the same time, the high demand led to a rising order backlog, which increased steadily as the year progressed.

The second quarter showed a fundamentally positive course of business, but marked the beginning of a strategic realignment of the CANCOM Group with the announcement at the end of May of a review of business operations in the United Kingdom and Ireland. The process was concluded with the successful sale of the CANCOM UK Group in the third quarter.

In total, the CANCOM Group generated proceeds from the sale of € 392.9 million.

Operationally, the third quarter continued to be characterised by shortages of IT hardware, which, in combination with the continued high demand for hardware and software products, led to an improvement in margins in the retail business. The positive revenue and margin development also continued in the service business, so that the Executive Board raised the forecast for the business development in 2021.

These trends were also evident in the fourth quarter. Turnover in the last quarter of the financial year increased again compared to the fourth quarter of the previous year, as the high level of demand continued in what is traditionally the strongest quarter in terms of turnover.

The revenue and EBITDA growth achieved by the CANCOM Group in the financial year 2021 is above the growth rate of the German ICT market as a whole, which grew by 6.3 percent in the past financial year. This shows that the CANCOM Group is able to operate competitively and to succeed, especially in difficult market situations due to its prominent position in the German-speaking market.

Comparison of forecasts to result

In view of the forecasts for the development of the CANCOM Group and the two segments in the financial year 2021 published at the beginning of the year and subsequently updated in the course of the year on the occasion of the sale of the CANCOM UK Group and most recently adjusted by ad hoc announcement on 27 October 2021, the following comparison results (see table).

Performance indicators	Forecast (30 March 2021)	Updated forecast after sale of CANCOM UK Group (29 July 2021)	Adjusted forecast (27 October 2021)	Result 2021 (in %)
CANCOM: Group				
Turnover	Significantly rising	Significantly rising	Very clearly increasing	+10.9
Gross profit	Significantly rising	Significantly rising	Very clearly increasing	+10.2
EBITDA	Significantly rising	Significantly rising	Very clearly increasing	+21.6
EBITA	Very clearly increasing	Very clearly increasing	Very clearly increasing	+25.6
CANCOM: IT Solutions				
Turnover	Significantly rising	Significantly rising	Very clearly increasing	+10.6
EBITDA	Significantly rising	Significantly rising	Very clearly increasing	+11.9
CANCOM: Cloud Solutions				
Turnover	Very clearly increasing	Very clearly increasing	Very clearly increasing	+12.2
EBITDA	Very clearly increasing	Very clearly increasing	Very clearly increasing	+18.8
ARR	Very clearly increasing	Very clearly increasing	Very clearly increasing	+24.0

With reference to the adjusted forecast of 27 October 2021, CANCOM achieved the Group target for revenue, which increased very significantly as expected. The Group targets for gross profit, EBITDA and EBITA were also achieved. Gross profit increased very significantly, as did Group EBITDA and Group EBITA. The forecast for the Cloud Solutions segment was achieved for revenue, EBITDA and ARR. The increase for all three key figures was very significant, as recently forecast. In the IT Solutions segment, the growth targets of the adjusted forecast were achieved. The development of revenue and EBITDA was in line with the very significant increase forecast.

The Executive Board assesses the course of business in 2021 as very satisfactory overall and based on a comparison with the published forecasts. Despite an economic environment that continues to be changeable and influenced by the measures to contain the Corona pandemic and the reorientation of the CANCOM Group towards the DACH region, the CANCOM Group grew significantly in the past financial year.

The overall positive development of the EBITDA margin is a further confirmation of the strategic transformation, in which an increasing share of the EBITDA contribution is generated by consulting and services. At the same time, the supply bottlenecks for IT hardware in the reporting year also caused a change in the price level, which also had a positive effect on the margin.

Order situation - Annual Recurring Revenue

Within the Group's Cloud Solutions segment, CANCOM's business includes managed services. Managed services contracts result in recurring revenue over a fixed multi-year contract term. Plannable recurring revenue enables a projection of expected future revenue over the next twelve months, starting from the last month of the respective reporting period. This Annual Recurring Revenue (ARR) amounted to € 181.8 million at the end of the reporting year based on the month of December, an increase of 24.0 percent year-on-year (December 2020 (restated): € 146.6 million). Organic growth[6] of the ARR was 20.2 percent in the reporting year.

Explanation of the Alternative Performance Measures (APM) used in accordance with the APM guidelines of the European Securities and Markets Authority (ESMA):

6 Organic share of financial ratios = respective financial ratio (GAAP or non-GAAP) - contributions from companies that have been part of the scope of consolidation for less than 12 months

In the IT Solutions segment, information on the order situation as of the reporting date is not meaningful. This is due to the way in which contracts are often structured. They often cover longer periods, but their volume can change within these periods (framework agreements). However, there can also be very short periods between the order and the realisation of sales. Reporting on the volume of orders is therefore not meaningful and for this reason is not included in the CANCOM Group's financial reports.

Employees

As at 31 December 2021, the CANCOM Group employed 3,625 people (31 December 2020: 3,957). This represents a decrease of 8.4 percent compared to the same period last year. The decisive factor for this development was the sale of the CANCOM UK Group, in which a total of 568 employees worked as at the reporting date of 31 December 2020, of which 416 were in Professional Services, 71 in Sales and 81 in Central Services.

The staff members were active in the following areas:

CANCOM Group: Employees

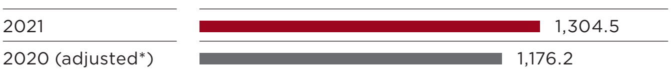
	31.12.2021	31.12.2020	31.12.2020 (adapted*)
Professional Services	2,155	2,429	2,013
Distribution	832	811	740
Central Services	638	717	636
Total	**3,625**	**3,957**	**3,389**

*) Number of employees as at 31 December 2020 excluding employees of the CANCOM UK Group.

Results of operations, financial position and net assets of the CANCOM Group

Earnings situation

CANCOM Group: Revenue
(in € million)



*) See the explanations in section A.7 of the consolidated financial statements.

In the financial year 2021, the CANCOM Group achieved growth in consolidated revenue of 10.9 percent to € 1,304.5 million (previous year: € 1,176.2 million). The organic revenue growth of CANCOM included in this figure, i.e. excluding the effects of acquisitions in the reporting period, was 9.1 percent. Both Group segments contributed to this revenue growth. At Group level, CANCOM generated € 942.7 million (previous year: € 842.5 million) from the sale of goods, i.e. in particular hardware and software, and € 361.7 million (previous year: € 333.7 million) from the provision of services.

In geographical terms, CANCOM achieved revenue of € 1,200.9 million in Germany in the reporting period (previous year: € 1,082.4 million). In its international business, CANCOM achieved revenue of € 103.5 million, corresponding to growth of 10.3 percent (previous year: € 93.8 million).

In the Cloud Solutions Group segment, CANCOM achieved a year-on-year increase in revenue of 12.2 percent to € 238.4 million in the financial year 2021 (previous year: € 212.4 million). The organic share of revenue growth was 10.8 percent.

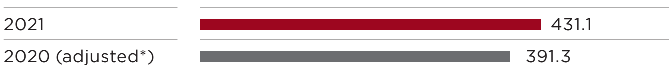
In the IT Solutions Group segment, CANCOM increased revenue between January and December 2021 by 10.6 percent year-on-year to € 1,065.7 million (previous year: € 963.7 million). In the reporting year, 8.7 percent of the growth was achieved organically.

For further information on the CANCOM Group's revenue in the financial year, please refer to the section "Business performance in 2021".

The CANCOM Group's other operating income hardly changed in the financial year 2021 and amounted to € 8.7 million (previous year: € 8.7 million).

The total operating revenue of the CANCOM Group in the financial year 2021 was € 1,319.0 million (previous year: € 1,192.7 million).

CANCOM Group: Gross profit
(in € million)



*) See the explanations in section A.7 of the consolidated financial statements.

In the financial year 2021, the gross profit of the CANCOM Group increased by 10.2 percent year-on-year to € 431.1 million (previous year: € 391.3 million). At 33.0 percent, the gross profit margin was roughly on a par with the previous year (previous year: 33.3 percent), as the main influencing factors of revenue and cost of materials developed proportionately.

In the Cloud Solutions Group segment, gross profit rose by 3.3 percent to € 133.9 million in the reporting period (previous year: € 129.6 million). In the IT Solutions Group segment, CANCOM recorded a year-on-year increase in gross profit of 9.3 percent to € 274.8 million (previous year: € 251.5 million).

CANCOM Group: Personnel expenses
(in € million)

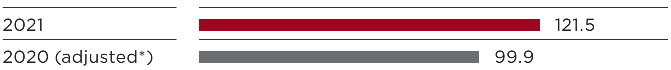
	2021	2020 (adjusted*)
Wages and salaries	-219.8	-203.4
Social security contributions	-38.6	-33.6
Equity-settled share-based payment transactions	-1.4	-1.4
Expenses for retirement benefits	-0.4	-0.4
Share-based payments with cash settlement	-0.1	0
Total	**-260.1**	**-238.7**

*) See the explanations in section A.7 of the consolidated financial statements.

Personnel expenses in the 2021 financial year amounted to € 260.1 million and were thus 9.0 percent higher than in the previous year (previous year: € 238.7 million). The higher personnel expenses resulted in particular from the increase in staff. The personnel expense ratio fell to 19.7 percent (previous year: 20.0 percent).

Other operating expenses amounted to € 48.9 million in 2021. They were thus below the level of the previous year (previous year: € 51.9 million). The main influencing factors were that the costs for hospitality and travel as well as external services decreased, while the costs for rent as well as repairs, maintenance and rental leasing increased.

CANCOM Group: EBITDA
(in € million)

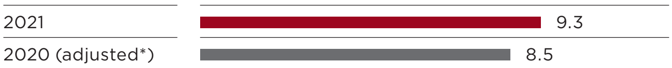


*) See the explanations in section A.7 of the consolidated financial statements.

In the financial year 2021, the EBITDA of the CANCOM Group amounted to € 121.5 million, which corresponds to growth of 21.6 percent compared to the previous year's figure (previous year: € 99.9 million). The organic growth rate of EBITDA was 17.6 percent.

The Group segment Cloud Solutions contributed to the positive earnings development in the reporting period with an increase in EBITDA of 18.8 percent to € 80.1 million compared to the same period of the previous year (previous year: € 67.4 million). The organic growth rate of EBITDA was 17.3 percent. In the IT Solutions Group segment CANCOM achieved EBITDA of € 58.7 million (previous year: € 52.4 million). Organically, EBITDA in the IT Solutions segment was 5.0 percent above the level of the previous year.

CANCOM Group: EBITDA margin
(in %)



*) See the explanations in section A.7 of the consolidated financial statements.

In the reporting period, the EBITDA margin of the CANCOM Group was 9.3 percent, 0.8 percentage points above the previous year's margin (previous year: 8.5 percent).

The EBITDA margin in the Cloud Solutions segment rose by 1.8 percentage points to 33.6 percent (previous year: 31.8 percent). The EBITDA margin of the IT Solutions segment was 5.5 percent (previous year: 5.4 percent).

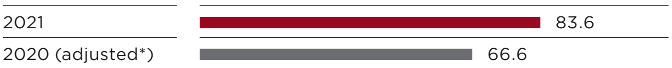
CANCOM Group: Depreciation and amortisation
(in € million)

	2021	2020 (adjusted*)
Scheduled depreciation of property, plant and equipment	-14.5	-14.5
Scheduled amortisation of software	-10.4	-7.7
Scheduled amortisation of rights of use	-13.0	-11.1
Scheduled amortisation on customer bases etc.	-6.2	-7.3
Impairment of goodwill	0	0
Total	**-44.0**	**-40.5**

*) See the explanations in section A.7 of the consolidated financial statements.

Depreciation on property, plant and equipment, intangible assets and rights of use rose to € 44.0 million in the 2021 financial year and was thus 8.6 percent higher than in the comparable period (previous year: € -40.5 million). The largest percentage change was in the scheduled amortisation of software, which rose from € 7.7 million to € 10.4 million, an increase of 35.1 percent. The start of depreciation on the newly commissioned ERP software SAP contributed significantly to the increase.

CANCOM Group: EBITA
(in € million)

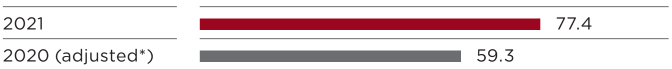


*) See the explanations in section A.7 of the consolidated financial statements.

CANCOM Group achieved EBITA of € 83.6 million in the financial year 2021, an increase of 25.5 percent (previous year: € 66.6 million).

In the Cloud Solutions segment, EBITA in the reporting period was € 67.6 million (previous year: € 55.5 million). In the IT Solutions segment it amounted to € 34.5 million (previous year: € 31.8 million).

CANCOM Group: EBIT
(in € million)

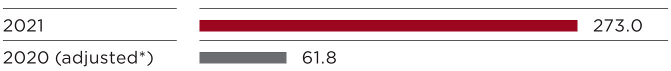


*) See the explanations in section A.7 of the consolidated financial statements.

The CANCOM Group's EBIT in the reporting period was € 77.4 million (previous year: € 59.3 million), an increase of 30.5 percent on the previous year's figure.

In the Cloud Solutions segment, EBIT amounted to € 63.4 million in the reporting period (previous year: € 50.4 million), an increase of 25.8 percent. In the IT Solutions segment, EBIT amounted to € 32.8 million, an increase of 7.2 percent (previous year: € 30.6 million).

CANCOM Group: Result for the period
(in € million)



*) See the explanations in section A.7 of the consolidated financial statements.

As a result of the financial year 2021, the CANCOM Group's profit for the period amounted to € 273.0 million (previous year: € 61.8 million). The sharp increase in the result for the period is primarily explained by the sale of the subsidiaries of CANCOM SE in the United Kingdom and Ireland (CANCOM UK Group). As a result of the sale, the result from discontinued operations amounted to € 228.1 million (previous year: € 25.9 million). Added to this was the result from continuing operations of € 44.9 million (previous year: € 35.9 million), which was also significantly higher than in the previous year.

Financial and asset position

Principles and objectives of financial management

The core objective of CANCOM's financial management is to ensure liquidity at all times in order to guarantee daily business operations. In addition, the aim is to optimise profitability and, associated with this, to achieve the highest possible credit rating in order to secure favourable refinancing. The financing structure is primarily geared towards long-term stability and maintaining financial room for manoeuvre to take advantage of business and investment opportunities.

Capital structure of the Group

The total assets of the CANCOM Group at the reporting date of 31 December 2021 amounted to € 1,406.6 million (31 December 2020: € 1,249.9 million). On the liabilities side, € 814.1 million of this was attributable to equity and € 592.6 million to debt. The CANCOM Group's equity ratio at the end of the 2021 financial year was 57.9 percent (31 December 2020: 49.2 percent), which was above the previous year's level. The debt ratio fell accordingly to 42.1 percent (31 December 2020: 50.8 percent).

Compared to the total liabilities, both the non-current and current liabilities to banks have a very low volume of € 2.0 million in total and have thus decreased by 15.9 percent compared to the reporting date of the previous year (31 December 2020: € 2.4 million). The amount of free cash and cash equivalents as at the reporting date of 31 December 2021 covers this amount of interest-bearing financial liabilities. Thus, there is no net financial debt of the group or this key figure is negative ("net cash" situation).

Debt and equity

Current liabilities, i.e. liabilities with a remaining term of less than one year, amounted to € 468.1 million at the end of the financial year (31 December 2020: € 522.0 million). The significant decrease compared to the previous year resulted primarily from lower trade payables, which amounted to € 317.0 million as at the reporting date (31 December 2020: € 371.6 million), as well as from declining other current liabilities, which amounted to € 39.1 million (31 December 2020: € 49.7 million). This was offset by an increase in other current financial liabilities of € 64.6 million (31 December 2020: € 50.9 million), which resulted primarily from increased financial liabilities to financial service providers and also included an effect from the ongoing share buyback programme. In total, current liabilities of € 175.9 million were deconsolidated as a special effect in the 2021 financial year due to the sale of the CANCOM UK Group.

At € 124.5 million, non-current liabilities as at the reporting date were higher than in the previous year (31 December 2020: € 113.2 million). Other non-current financial liabilities in particular increased to € 99.2 million compared to 2020 (31 December 2020: € 87.2 million). This increase is due in particular to the increase in leasing liabilities with a term of more than one year, which in turn are primarily related to real estate rental agreements. Overall, non-current liabilities of € 19.1 million were deconsolidated as a special effect in the 2021 financial year due to the sale of the CANCOM UK Group.

Equity rose to € 814.1 million at the end of the financial year 2021 (31 December 2020: € 614.7 million). The high profit for the period, which was driven by the sale of the subsidiaries in the United Kingdom and Ireland (CANCOM UK Group), contributed significantly to this development and caused the balance sheet item retained earnings including profit carried forward and profit for the period to increase very significantly to € 397.8 million in 2021 (31 December 2020: € 201.5 million).

Essential financing measures

The financing of current business and necessary replacement investments was carried out from cash and cash equivalents and the operating cash flow in the reporting period. The same applies to all other investments.

Assets

The assets side of the balance sheet showed current assets of € 1,071.7 million as at 31 December 2021 (31 December 2020: € 792.4 million). The increase compared to the year-end figure of the previous year is mainly due to the sale of the subsidiaries in the United Kingdom and Ireland (CANCOM UK Group), which increased cash and cash equivalents to € 653.0 million (31 December 2020: € 338.4 million). In contrast, trade receivables declined and, at € 299.1 million, were below the previous year's value as at the reporting date (31 December 2020: € 331.4 million). The main reason for this was the disposal of receivables due to the sale of the CANCOM UK Group, but also the reduction of receivables due to incoming payments from customers. At € 72.1 million, inventories at the end of the reporting period were up on the previous year (31 December 2020: € 61.4 million). Overall, current assets of € 66.2 million were deconsolidated as a special effect in the 2021 financial year due to the sale of the CANCOM UK Group.

Non-current assets amounted to € 334.9 million as at 31 December 2021 (31 December 2020: € 457.4 million). Here, too, the sale of the CANCOM UK Group had a significant effect. There were changes in property, plant and equipment, which had a value of € 40.7 million as at the reporting date (31 December 2020: € 60.3 million). Intangible assets amounted to € 64.5 million at the end of the reporting period (31 December 2020: € 81.4 million). Goodwill also showed a significant reduction, falling below the previous year's value at € 113.5 million (31 December 2020: € 208.1 million). The only very significant increase was in rights of use, which rose to € 83.8 million (31 December 2020: € 67.9 million), primarily due to rights of use for land and buildings. Overall, non-current assets of € 164.7 million were deconsolidated as a special effect in the 2021 financial year due to the sale of the CANCOM UK Group.

Cash flow and liquidity

The cash flow from operating activities shows a value of € 72.3 million for the reporting period 2021 (previous year: € 68.2 million) and thus increased by 6.0 percent. Based on the exceptionally high result for the period in 2021, which is, however, adjusted within the cash flow statement by deducting the profit from the sale of discontinued operations, the operating cash flow was essentially characterised by the change in trade receivables and the change in trade payables. The change in trade receivables, contract assets, capitalised contract costs and other assets made a positive contribution of € 11.9 million to the operating cash flow (previous year: € -75.7 million). This was offset by the changes in trade payables and other liabilities, which had a negative effect of € -26.3 million on the operating cash flow (previous year: € 66.0 million).

Cash flow from investing activities amounted to € 332.2 million and was influenced by the sale of the CANCOM UK Group. Cash inflows from the disposal of a discontinued operation amounted to € 392.9 million. This was offset by cash outflows of € 19.2 million from the sale of a discontinued operation, which were also related to the transaction. Cash outflows for the acquisition of subsidiaries amounted to € 14.3 million (previous year: € 20.7 million). In contrast, CAPEX, i.e. investments in property, plant and equipment, intangible assets and rights of use, remained at a relatively stable level of € -33.2 million in the 2021 financial year (previous year: € -36.9 million).

The cash flow from financing activities amounted to € -90.5 million and thus showed a very significant change compared to the previous year (previous year: € -42.3 million). The higher payments were caused by the repurchase of own shares amounting to € 44.5 million and the dividend payment of € 28.9 million (previous year: € 19.3 million).

In the reporting period, there was an overall increase in cash and cash equivalents of € 314.0 million compared to the beginning of the financial year. Cash and cash equivalents amounted to € 653.0 million on 31 December 2021 (31 December 2020: € 338.4 million).

At the reporting date, the CANCOM Group had credit lines (including guarantee facilities) with banks totalling € 79.4 million. Of this, a total of € 55.6 million was freely available as at 31 December 2021.

As a result, the CANCOM Group had a positive balance of cash and cash equivalents at the balance sheet date, generated a positive cash flow from operating activities in the year under review, and had access to unused credit lines with financial institutions at the balance sheet date. CANCOM is therefore in an exceptionally strong position to meet payment obligations at any time.

Overall statement on the results of operations, financial position and net assets of the CANCOM Group

In the financial year 2021, the CANCOM Group achieved an increase in revenue of 10.9 percent to € 1,304.5 million, EBITDA of € 121.5 million was 21.6 percent higher than in the previous year and profitability improved to an EBITDA margin of 9.3 percent. The strategically particularly important recurring revenues from managed services contracts (Annual Recurring Revenue) increased by 24.0 percent compared to the previous year. This increase in revenue and earnings compared to the previous year was achieved in the reporting year through both organic growth and subsidiaries acquired in the previous year. At the same time, both Group segments - IT Solutions and Cloud Solutions - contributed to the positive revenue and earnings performance of the CANCOM Group.

Based on these developments, the Executive Board considers the course of the financial year 2021 to be very satisfactory for the CANCOM Group.

Results of operations, financial position and net assets of CANCOM SE

Within the CANCOM Group, CANCOM SE performs the central financing and management function for the investments it holds. CANCOM's opportunities and risks are therefore derived from the opportunities and risks of its investments. These are explained in more detail in the risks and opportunities report.

CANCOM SE generated revenue of € 12.1 million in 2021 (previous year: € 9.5 million). The revenue was mainly generated from the provision of management services. The most significant contribution to the development of CANCOM SE in the financial year 2021 came from other operating income of € 257.5 million (previous year: € 11.3 million). This income was driven by the sale of the subsidiary in the United Kingdom and Ireland (CANCOM UK Group), which resulted in the sharp increase. In addition, profits received under profit transfer agreements of € 41.3 million (previous year: € 38.0 million) and income from investments of € 24.6 million (previous year: € 22.3 million), which accrues to CANCOM SE in addition to management allocations, contributed to the Company's positive performance. This was offset by significantly higher write-downs on financial assets of CANCOM SE compared to the previous year, which amounted to € 10.6 million in the reporting year (previous year: € 3.3 million). The net profit of CANCOM SE in the financial year 2021 rose sharply overall to € 283.1 million (previous year: € 48.9 million), mainly due to the influences described above.

CANCOM SE's total assets increased in the financial year 2021 to € 887.6 million as at 31 December 2021 (previous year: € 674.7 million). The main reason for this change on the assets side of the balance sheet was the very significant increase in cash and bank balances following the sale of the CANCOM UK Group, which reached a value of € 552.5 million as at the reporting date (previous year: € 199.7 million). The item loans to affiliated companies fell to € 1.5 million (previous year: € 123.4 million), again mainly due to the sale of the CANCOM UK Group. On the liabilities side, the change in the balance sheet total resulted mainly from a decrease in other revenue reserves to € 159.7 million in connection with the acquisition of treasury shares (previous year: € 186.7 million) and from the increase in retained earnings to € 283.1 million (previous year: € 48.9 million). In addition, provisions increased, with tax provisions at € 6.7 million (previous year: € 1.7 million) mainly due to the increased earnings and other provisions rising to € 7.2 million (previous year: € 1.7 million) mainly due to earn-out agreements in connection with the purchase of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH.

The equity ratio of CANCOM SE changed minimally compared to the previous year and amounted to 96.8 percent as at 31 December 2021 (previous year: 96.7 percent).

Overall statement on the results of operations, financial position and net assets of CANCOM SE

Overall, CANCOM SE has a very solid earnings, net assets and financial position after the end of the 2021 financial year, as shown, among other things, by the high equity ratio. Based on the good business performance of CANCOM SE's investments and the CANCOM Group as a whole, and the resulting positive effects on the earnings situation of the parent company, the Executive Board considers the business performance of CANCOM SE in financial year 2021 to be very satisfactory.

Takeover-relevant information

The following disclosures are made in accordance with Section 289a (1) and Section 315a (1) of the German Commercial Code (HGB). Please refer to the notes to the consolidated financial statements or the notes to the annual financial statements of CANCOM SE for individual disclosures relevant to takeovers. For information on the Executive Board's powers with regard to conditional and authorised capital, the issue of stock options and the authorisation to carry out a share buy-back programme, please also refer to the notes to the consolidated financial statements or the notes to the annual financial statements of CANCOM SE.

Amount and division of the share capital

As at 31 December 2021, the share capital of the company amounted to € 38,548,001.00 (previous year: € 38,548,001.00) in accordance with the Articles of Association and was divided into 38,548,001 no-par shares (shares without nominal value) (previous year: 38,548,001). The share capital and the number of shares did not change in the past financial year.

The amount of share capital attributable to each share is € 1.00. The shares are made out to the bearer. They are securitised in global certificates. The shareholder's right to securitisation is therefore excluded. Each no-par share grants one vote at the Annual General Meeting. There are no different classes of shares. The same rights and obligations are associated with each share. There are no holders of shares with special rights conferring powers of control.

Based on the resolution of the Annual General Meeting of 26 June 2019, which allows the Executive Board of CANCOM SE to buy back its own shares, a share buy-back programme was launched on 20 October 2021. Under this buy-back programme, which will continue until 19 October 2022 at the latest, CANCOM SE repurchased a total of 785,947 of its own shares in the period from 20 October 2021 to 30 December 2021. Further shares will be acquired in the 2022 financial year. In total, CANCOM SE will either invest up to € 230 million in the buy-back programme or acquire a maximum of up to 9.09 percent of the share capital. Treasury shares held by CANCOM SE do not carry voting rights at the Annual General Meeting and do not carry dividend rights. Further information is provided in the section B.17.1.2 of the consolidated financial statements.

Direct or indirect shareholdings in the capital of 10 percent or more

CANCOM SE became aware of the following direct shareholding in the share capital exceeding 10 percent of the voting rights in the financial year 2021:

- Allianz Global Investors GmbH: 19.99 percent.

Appointment and dismissal of the members of the Executive Board

With regard to the appointment and dismissal of the members of the Executive Board, the provisions of the German Stock Corporation Act (§ 84 and § 85 AktG) as well as Council Regulation (EC) No. 2157/2001 on the Statute for a European company (SE) (Art. 39 SE Regulation, Art. 9 para. 1 lit. c ii SE Regulation in conjunction with § 84 para. 3 AktG) shall apply. The Supervisory Board determines the number of members of the Executive Board. When appointing the Executive Board, CANCOM observes the recommendations of the German Corporate Governance Code, taking into account the company-specific situation.

Amendment of the Statutes

With regard to the amendment of the articles of association, the provisions of § 133 and § 179 AktG apply. A resolution of the general meeting passed with at least a three-quarters majority of the share capital represented at the time of the resolution is required to amend the articles of association. The Articles of Association may stipulate a capital majority that deviates from the statutory provision, but only a larger one for a change in the object of the company, and may impose further requirements. The Articles of Association of CANCOM SE provide for such a provision in Section 15 (3). According to this, resolutions to amend the Articles of Association require a majority of two-thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast. In cases where the law additionally requires a majority of the share capital represented when the resolution is adopted, a simple majority of the share capital represented when the resolution is adopted shall suffice, unless another majority is mandatory by law. The general meeting may delegate to the supervisory board the authority to make amendments that affect only the wording. This has been done at the company through the regulation in § 11 of the articles of association.

Significant agreements that are conditional on a change of control

A change-of-control agreement was in place with one customer in the reporting period as part of a managed service contract with Novosco Group Limited. CANCOM has no indication that there will be any effects as a result of this agreement. The business unit concerned, Novosco Group Limited, was sold during the financial year in connection with the disposal of CANCOM UK Group 2021.

Since the completion of the sale of Novosco Group Limited, there are no material agreements in the reporting period that are subject to a change of control.

Declaration on Corporate Governance pursuant to § 315d HGB in conjunction with § 289f HGB. § Section 289f HGB

CANCOM has made the corporate governance statement pursuant to Section 315d HGB in conjunction with Section 289f HGB publicly available on its website. § Section 289f HGB is publicly available on the Company's website.

Non-financial declaration according to § 315c HGB in conjunction with §289c HGB. §289c HGB

CANCOM publishes the non-financial statement audited by the Supervisory Board in accordance with Section 315c HGB in conjunction with Section 289c HGB. § Section 289c HGB as a separate combined non-financial report for the CANCOM Group and CANCOM SE on the Company's website at www.investors.cancom.com in the Reports + Presentations menu within four months of the reporting date.

Risks and opportunities report

As a Group operating across borders in an industry with rapid innovation cycles, CANCOM is exposed to numerous risks and opportunities that can have a significant impact on the planned development of its business and the associated earnings, financial and asset position. Entrepreneurial opportunities are always associated with risks. The aim of the CANCOM Group's management is therefore to achieve a positive business development on the basis of a balanced risk-reward ratio and to sustainably increase the value of the company for the benefit of the shareholders.

Risks and opportunities management

The CANCOM Group's risk culture is characterised by the fundamental conviction that exploiting entrepreneurial opportunities necessarily entails taking risks. From CANCOM's point of view, it is therefore one of the principles of value-oriented and responsible corporate management that entrepreneurial opportunities are exploited while at the same time the associated risks are managed with foresight. The CANCOM Group's risk policy, which is based on this fundamental conviction, therefore means that business decisions are always made in the knowledge that the opportunities taken are commensurate with the risks accepted. In the context of its risk policy, CANCOM sees itself as a fast-growing company in a rapidly changing market environment. If the risk-reward ratio appears appropriate, management will therefore tend to opt for exploiting the entrepreneurial opportunity rather than avoiding a risk.

The management of the CANCOM Group closely monitors market developments and the competitive situation, evaluates them and uses them to derive potential opportunities for the respective business units in annual planning meetings between the Executive Board and the operational management level, and sets targets and measures to exploit the identified opportunities in an entrepreneurial manner.

On the other hand, continuous risk management serves the purpose of efficient risk monitoring and early risk identification and is an integral part of the CANCOM Group's strategy and business development as well as its internal management and control systems. CANCOM's risk management aims to identify at an early stage any risks to the Group's ability to continue as a going concern or any significant business risks, and to deal with these responsibly.

Risk management system

Internal control and risk management system with regard to the (group) accounting process

The internal control and risk management system in place at CANCOM with regard to the (Group) accounting process comprises policies, procedures and measures designed to ensure that accounting complies with the relevant laws and standards. The main features can be described as follows:

- In addition to a business distribution plan, CANCOM has a clear management and corporate structure. Cross-divisional key functions are controlled centrally via CANCOM SE.
- The functions of the areas significantly involved with regard to the accounting process are clearly separated. The areas of responsibility are clearly assigned.
- Integrity and accountability in relation to finance and financial reporting are ensured by including a commitment to this in the company's own Code of Conduct.
- The risk management system provides for the analysis of new laws, accounting standards and other pronouncements, non-compliance with which would pose a material risk to the propriety of the financial statements.
- The financial systems used are protected against unauthorised access by appropriate facilities in the IT area. As far as possible, standard software is used for the financial systems.
- The consolidated financial statements are consolidated in a central consolidation office using uniform consolidation software.
- The annual financial statements included in the consolidated financial statements are prepared in accordance with uniform Group accounting policies.
- The risk management system is based on a holistic corporate governance approach in which all elements - risk management, compliance management, internal audit as well as the internal control system (ICS) - are regularly reviewed with regard to their effectiveness and mutually influence each other. In accordance with this holistic approach, the described elements and audit routines are gradually established in the organisation, if they are not already in place (for example, in the case of acquired subsidiaries).
- An adequate system of guidelines (e.g. payment guidelines, travel expense guidelines, etc.) has been established and is updated on an ongoing basis. The main assets of all companies are regularly tested for impairment, and there are instructions for the control of all accounting-relevant processes.
- The dual control principle is applied throughout all payment-related processes.
- Accounting-relevant processes are reviewed by the (process-independent) internal audit department. These audit routines are gradually established if they are not yet in place (for example, in the case of acquired subsidiaries).
- Both the risk management system and the internal control system (ICS) contain adequate measures to control accounting-relevant processes.

- The equipment of the departments and divisions involved in the accounting process is oriented in terms of quantity and quality to the capacity and qualification requirements necessary to ensure functionality.

- The risk management system provides for accounting data received or passed on to be continuously checked for completeness and correctness, among other things, by random sampling. There is a three-tier audit system for the correctness of the financial statements. Individual financial statements are prepared by the financial statement accounting department, and the group accounting and consolidation departments represent a further control instance before the financial management carries out a third review.

The internal control and risk management system with regard to the (group) accounting process is intended to ensure that entrepreneurial facts are always correctly recorded, prepared and assessed in the balance sheet and included in the accounting.

Suitable staffing, the use of adequate software as well as clear legal and internal company requirements form the basis for a proper, uniform and continuous accounting process. The clear delineation of areas of responsibility as well as various control and verification mechanisms, as described in more detail above (in particular authorisation concept, plausibility checks and the dual control principle), ensure correct and responsible accounting. Specifically, this provides organisational support to ensure that business transactions are recorded, processed and documented in accordance with legal regulations, the Articles of Association and internal guidelines, and that they are entered in the accounts promptly and correctly. At the same time, it ensures that assets and liabilities are correctly recognised, reported and measured in the annual and consolidated financial statements and that reliable and relevant information is provided in full and in a timely manner.

Notwithstanding the assessment of the effectiveness of CANCOM's internal control and risk management system, there are inherent restrictions on the effectiveness of internal control or risk management systems in general. No control or risk management system, regardless of its assessment, is capable of preventing or detecting all misstatements.

Risk identification, analysis and documentation

To define and ensure adequate risk controlling, the Executive Board has formulated risk principles and appointed a central Group risk officer and two local risk officers (in Germany and abroad) who regularly monitor and assess any risks. The primary objectives of risk management include the timely identification of significant risks that could jeopardise the company's existence and the initiation of appropriate measures within the framework of risk management in order to minimise or avert any damage consequences for the company resulting from the possible occurrence of a risk.

CANCOM has prepared a risk manual to document the organisational regulations and measures for risk identification, analysis, assessment, quantification, management and control, which describes, among other things, the appropriate handling of entrepreneurial risks at CANCOM.

CANCOM proceeds as follows in its risk assessment: First, the identified individual risks are assessed according to their probability of occurrence and potential amount of damage, and their interdependencies with other individual risks are examined. All identified individual risks are also assigned to a responsible person in this context. They are then grouped into thematic clusters. Insofar as risks can be meaningfully controlled by means of quantifiable variables, appropriately defined key figures are used to evaluate them. If no precisely definable metrics are available for risks, they are assessed in cooperation between the respective persons responsible, the Group Risk Officers and the Executive Board member responsible for risk management.

The presentation of risks and their damage potential as well as their probability of occurrence is done as a net presentation, i.e. after taking countermeasures into account. The probability of occurrence is differentiated on the basis of the following categories: low, medium, high. With regard to the potential amount of damage, a differentiation is also made on the basis of the categories low, medium, high and very high. With the help of a risk matrix, the individual risks can be systematised on the basis of the dimensions mentioned and assigned to different risk classes. The following tables serve to explain the individual dimensions and to present the resulting risk matrix.

PROBABILITY OF OCCURRENCE

Probability of occurrence	Definition
Low	Probability ≤ 33 %
Medium	Probability 34 % bis 66 %
High	Probability ≥ 66 %

POTENTIAL AMOUNT OF DAMAGE

Potential amount of damage	Definition
Low	Weak adverse effects on the results of operations, net assets and financial position (€ 0 to 1.0 million)
Medium	Significant adverse effects on the earnings, assets and financial position (> € 1.0 to 5.0 million)
High	Significant adverse effects on the earnings, assets and financial position (> € 5.0 to 7.5 million)
Very high	Very significant adverse effects on the earnings, assets and financial position (> € 7.5 million)

RISK MATRIX - OVERALL RISK ASSESSMENT

Probability of occurrence	Potential amount of damage			
	Low	Medium	High	Very high
Low	Low risk	Low risk	Medium risk	High risk
Medium	Low risk	Medium risk	Medium risk	High risk
High	Medium risk	Medium risk	High risk	High risk

As part of the risk management system, CANCOM has defined early warning indicators for risks that could jeopardise the company as a going concern, and changes in these indicators and their development are continuously monitored and discussed in risk management meetings. The regular risk management meetings between the Executive Board and the risk officers ensure permanent and timely controlling of existing and future risks. In addition, this ensures that the Executive Board and the Supervisory Board are informed about potential significant risks at an early stage.

Due to the high significance of risks related to cyber security and compliance for business development, the CANCOM Group operates two additional separate risk management systems in addition to the overarching Group risk management system: IT risk management system and compliance risk management system. These systems are operated by the Chief Security Officer and the Compliance Officer of the CANCOM Group. Both are in direct communication with the Group Risk Management Officer, who operates the Group Risk Management System.

The risk management system does not record opportunities.

Risks of future development

The following provides an overview of the risks classified as material and of possible future developments or events with a potentially negative impact on the CANCOM Group. The risks remaining after the implementation of mitigating measures are described (net presentation). The period covered by the risk and opportunity analysis corresponds to the forecast period. In principle, all of the risk factors mentioned below affect both business segments (Cloud Solutions and IT Solutions) equally. If one of the two business segments is particularly affected by one of the risks mentioned, this is indicated accordingly below. It cannot be ruled out that risks that are currently not yet known or risks that are currently still considered insignificant and are therefore not described below will affect future business activities.

OVERALL ASSESSMENT

Risk	Overall assessment	
	2021	**Trend***
Economic, regulatory, market and industry risks		
Economic and (geo-)political risks	**high**	=
Regulatory risks	medium	=
Risks from competition and technological change	medium	=
Direct sales risks	medium	=
Project and business-related risks		
Liability, warranty and compensation risks	low	=
Project risks	medium	=
Subcontractor risks	medium	=
Bad debt risks	medium	=
Supplier dependency risks	**high**	=
Internal risks	low	=
Business disruption risks, especially IT systems	medium	=
Cyber security risks	**high**	**=**
Risk from introduction of SAP	low	-
Financial risks		
Financing, liquidity and creditworthiness risks	low	=
Exchange rate, inflation and interest rate risks	medium	+
Personnel risks		
Key personnel and know-how risks	medium	=
Information risks		
Secrecy risks	medium	=
Legal risks		
Compliance and legal risks	low	**=**
Data protection regulations risks	medium	=
Legal infringement risks	low	=
Strategic risks		
Risks from misjudgements in acquisitions and integrations	**high**	=
Risks from the acquisition/disposal of companies or shares in companies	medium	=

*) "+" = risk increased, "=" = risk unchanged, "-" = risk decreased, "new" = risk added compared to previous year.

Changes in risks compared to the previous year

In the reporting period, there were significant changes to the assessment of risks relating to the future development of the CANCOM Group published in the management report 2020. The changes relate to the assessment of the risks "exchange rate, inflation and interest rate risk" and "risk from the introduction of SAP" mentioned in the table above and described in more detail below.

Economic, regulatory, market and industry risks

The CANCOM Group's business performance could be negatively affected by economic and (geo-)political developments.

As an IT service provider and systems house, CANCOM is dependent on suppliers of and customer demand for hardware, software, IT system solutions and IT services. The size of customers' IT budgets depends both on the economic situation of the companies and on the general economic and (geo)political conditions. If IT budgets are cut as a result of these general conditions, for example due to a slump in the economy, or if corresponding funds are used for other purposes, or if existing or potential customers cease their business activities, this can lead to orders to CANCOM being postponed or cancelled. Likewise, interruptions in the supply chains for hardware, software or services could have a negative impact on CANCOM's business development.

One possible risk scenario is a renewed sharp economic downturn due to the spread of new variants of the Corona virus. Due to the global effects of the Corona virus outbreak, all procurement and sales markets relevant to CANCOM are affected by restrictions that are likely to have negative consequences for the economy in these markets. In addition, the crisis in Ukraine and the associated economic sanctions are a new geopolitical risk that occurred after the balance sheet date. Neither Ukraine nor Russia are relevant procurement and sales markets for CANCOM. However, lasting negative consequences for the general economy in Central Europe, for example if the hostilities spread to other countries, could also have a negative impact on demand for IT services and IT infrastructure. This could have a significant negative impact on CANCOM's business development.

To counteract these risks, CANCOM monitors economic and (geo) political developments, uses external consultants and incorporates the findings into corporate management, supplier management and the range of products and services. A particular focus in the product and solutions portfolio is on expanding business areas such as cloud computing and shared managed services. Compared to the system house business, these business areas are generally characterised by contract terms of several years, which reduces the dependence on short-term economic developments.

The occurrence of the risk of a negative impact of economic and (geo-)political developments on business development cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as low. The damage potential is assessed as very high. Overall, the risk is therefore assessed as high.

The overall assessment has not changed compared to the previous year.

The CANCOM Group's business activities could be restricted or otherwise negatively affected by regulatory measures.

One risk factor for the CANCOM Group's business development is regulatory changes, for example in corporate taxes and labour law, but especially regulatory changes relating to the IT industry, such as import and export restrictions, customs duties or prohibitions or restrictions on the use of IT products or IT services. Such or similar regulatory changes or changes in transactions requiring official approval could also trigger a significant deterioration in the CANCOM Group's business performance or profitability. In addition, the CANCOM Group's range of products and services could be negatively affected or prohibited by regulatory changes, for example in the area of data protection and data storage/ processing.

To counteract these risks, CANCOM monitors regulatory developments, uses external consultants and incorporates the findings into corporate management and the range of products and services.

The occurrence of the risk of a negative impact of regulatory developments on business development cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The loss potential is assessed as medium. The overall assessment has not changed compared to the previous year and is classified as medium.

Increasing competition and technological change in the IT market could lead to lower revenue, lower margins and/or a loss of market share for the CANCOM Group.

The market in which the CANCOM Group operates is characterised by strong competition and rapid technological change. Insufficient knowledge of the market and the competition means that there is a risk of incorrect or missing decisions both in the market approach and the marketing mix and in the strategic and tactical product and pricing policy. This can lead to a lack of sales success and to persistence in already saturated markets, but also to risky investments in new business areas with uncertain market success.

In addition, competitive pressure could intensify further, for example through price reductions in existing offers by competitors or the introduction of new competing products. Furthermore, it is possible that new competitors will appear on the market or that new alliances of competitors will form that could gain significant market shares in a short period of time. Especially in the market for cloud computing, so-called hyperscale cloud providers such as Google or Amazon are recording high growth rates with their public cloud offerings. This could lead to a shift in customer contacts and order volumes to hyperscale cloud providers or other competitors. In addition, it cannot be ruled out that competitors will react more quickly to new or developing technologies or standards and to changes in customer requirements. Increased competition could lead to revenue losses, lower profitability or a reduction in market share for CANCOM.

In order to counteract these industry- and market-related risks, CANCOM continuously adapts its organisation, its processes and its product and solutions portfolio to current market conditions and customer requirements. A particular focus in the product and solutions portfolio is on expanding business areas such as cloud computing and shared managed services. Compared to the system house business, these business fields are generally characterised by contract terms of several years, which reduces dependence on short-term changes in the competitive environment. In addition, CANCOM monitors market and technology developments in order to identify new trends at an early stage, and maintains a permanent exchange with existing and potential customers in order to identify their needs at an early stage. As a further countermeasure, CANCOM maintains close links with manufacturers of hardware and software, as well as with distributors and service providers, in order to obtain conditions that are advantageous for CANCOM in terms of price as well as technologically leading offers when purchasing goods and services.

The occurrence of the risk of a negative impact of the competitive situation and/or technological change in the IT market on business development cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as medium. Overall, the risk is therefore assessed as medium.

The overall assessment has not changed compared to the previous year.

There are risks from direct sales by manufacturers.

The CANCOM Group faces direct competition from manufacturers of hardware and software. Whereas in the past manufacturers have mainly sold their products through intermediaries such as CANCOM, there are now business models that facilitate direct sales. If manufacturers succeed in establishing their direct sales more strongly, this could have a negative impact on the CANCOM Group's net assets, financial position and results of operations.

To counteract this risk, CANCOM maintains close contact with potential and existing customers. In addition, CANCOM strives to offer customers added value over direct purchasing from the manufacturer by providing the highest possible quality of service, targeted advice and additional services that the manufacturers do not offer.

The occurrence of the risk from direct sales by manufacturers cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as medium.

Overall, the risk is thus assessed as medium. The overall assessment has not changed compared to the previous year.

Project and business-related risks

The companies of the CANCOM Group are exposed to liability, warranty and indemnity risks.

The CANCOM Group and its subsidiaries purchase products, in particular hardware and software, from manufacturers or dealers. CANCOM is therefore dependent on these products being of high quality and meeting relevant specifications and quality standards. In the event of defects during the warranty period, CANCOM can generally hold suppliers harmless. However, due to time delays between the purchase of goods from suppliers and resale to customers in a project, it is possible that customers may assert warranty claims against the CANCOM Group or its subsidiaries, which CANCOM itself in turn cannot assert against suppliers. In addition, CANCOM itself enters into warranty obligations for its own products and services.

Further liability, warranty and indemnity risks arise from the CANCOM Group's business activities, as CANCOM implements and, where appropriate, operates IT solutions in complex installation, system integration, software, operations management and outsourcing projects at customers' premises. In this context, given the complexity of the IT solutions and the depth of integration at the customer, technical problems can arise that have a significant negative impact on the customers' business processes. In the case of the AHP Enterprise Cloud platform developed by CANCOM, there is a risk, among other things, that the cloud cannot be used by the customer, cannot be used completely or cannot be used properly due to malfunctions, incorrect configurations or in the context of updates. In the context of hosting services, failures and errors in data centres could also lead to restrictions on the customer's operations and even to business interruptions. Since CANCOM sometimes leases space in external data centres, such a risk could also materialise through no fault of the CANCOM Group. Business interruptions both at CANCOM and at suppliers or customers could also occur as a result of environmental or natural disasters or comparable events. Business management risks also arise from the failure to identify interruptions in good time, monitoring errors and breaches of obligations agreed with customers to rectify faults immediately as part of service level agreements. All of this can result in CANCOM being exposed to liability, warranty and damage claims, and possibly also losing contractual relationships.

To counteract these risks, CANCOM takes numerous precautions, for example to ensure the operation of cloud services and their provision. These include, among other things, the use of redundant data centres that are protected against natural hazards. The CANCOM Group's data centres also have an information security management system certified in accordance with the international standard ISO 27001, including comprehensive and tested emergency concepts. In addition, CANCOM endeavours to agree liability limitations customary in the industry in the contracts for the service and project business affected by this. In addition, CANCOM protects itself against liability and damage compensation risks through insurance policies where this makes economic sense.

The occurrence of one or more liability, warranty or compensation risks cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence to be low. The damage potential is assessed as medium. Overall, the risk is therefore assessed as low.

The overall assessment was not changed compared to the previous year.

Projects of the CANCOM Group could be delayed, cancelled or for other reasons not lead to the hoped-for success. In addition, investments and advance payments already made could possibly be lost in full or in part.

The CANCOM Group carries out IT projects in which IT solutions tailored to a specific customer are planned and implemented. IT projects are often highly complex and require a considerable amount of time and money. In this context, there are both technical risks in the course of project implementation and risks arising from contract design.

When carrying out projects, it cannot be ruled out that they may be delayed, cancelled or for other reasons not lead to the hoped-for success. Since it is often not possible to agree down payments or advance payments in projects, the CANCOM Group's services can generally only be invoiced after the completion of agreed project phases or after the completion of the entire project. For this reason, the CANCOM Group sometimes has to make significant advance payments when carrying out projects. A project delay or termination may result in the partial or complete loss of such investments already made or in the inability to bill for services already rendered. Should customers refuse acceptance of the projects, either justifiably or unjustifiably, this can also lead to payment delays or a complete loss of scheduled payments.

In the area of cloud computing, another risk arises from the fact that agreed services may not be able to be provided or ensured and that this may result in impairments or failures of any kind for the customer. This can lead to considerable costs and expenses for CANCOM, possibly resulting in contractual penalties or the impairment or termination of customer relationships.

Larger projects in the service sector lead to increased risks in the disposition of staff. The loss of large projects can lead to increased costs in the area of human resources, as it is often not possible to deploy staff adequately in other projects or there is only a delay in taking appropriate measures.

Fixed prices are sometimes calculated and agreed when drafting contracts for IT projects. There is therefore a risk that, due to incorrect assumptions or the occurrence of unforeseen events, the actual cost and time expenditure exceeds the budget and no adjustment can be achieved with the customer.

In order to counteract these risks, enquiries at CANCOM generally go through a review of technical and economic feasibility before an offer is made. In this context, the focus is on ensuring the best possible solution for the customer, but also on taking appropriate account of project risks. Likewise, an internal review of possible contractual risks is carried out. As far as possible, standardised contracts are used. During the projects, these are controlled by the project management. To ensure the provision of the agreed service, CANCOM applies various measures and procedures, such as the use of redundant data centres.

The occurrence of one or more of the listed risks to the success of projects and the associated investments and advance payments cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as medium. Overall, the risk is therefore assessed as medium.

The overall assessment has not changed compared to the previous year.

There are risks from the activity as a subcontractor.

CANCOM Group companies are often used as subcontractors in major projects. In this case, they are commissioned by a general contractor to perform partial services as part of the IT services to be provided by the general contractor. In this situation, CANCOM is dependent on the general contractor's commissioning. There is a risk of postponements and reductions in the scope of the contract and also a risk of default by the general contractor.

To counteract these risks, CANCOM is expanding its customer base and intensively cultivating relationships with and reviewing clients.

The occurrence of the risk from subcontractor activities cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as medium. Overall, the risk is therefore assessed as medium. This risk is particularly relevant for the IT Solutions Group segment.

The overall assessment has not changed compared to the previous year.

There are bad debt risks.

Bad debt losses can represent a risk. To counteract this risk, CANCOM operates an intensive receivables management system. There are internal guidelines for granting credit limits, both in terms of the absolute limit amounts and the persons authorised to release them. As a rule, customers are not supplied until they have been checked. There is also a risk of default on long-term loans or financial receivables. In addition, CANCOM conducts permanent sales activities to acquire new customers and expand existing customer relationships in order to be able to compensate for the loss of individual major customers with new business.

The occurrence of risks from bad debts cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as medium. Overall, the risk is therefore assessed as medium.

The overall assessment has not changed compared to the previous year.

Risks arise from dependence on suppliers.

CANCOM is dependent on manufacturers and distributors to supply it with hardware and software. Unexpected supply bottlenecks, price increases (for example as a result of market bottlenecks) or reduced supplier bonuses can have a negative impact on revenue and earnings, as the inventories at the CANCOM Group's logistics centres are designed for short periods for reasons of optimisation.

In order to counter this risk, CANCOM maintains close contacts with important manufacturers and distributors and, where possible and appropriate, concludes long-term supply agreements. In addition, CANCOM works with a wide circle of manufacturers and distributors in order to be able to fall back on alternative manufacturers or alternative sources of supply relatively quickly if necessary.

The occurrence of the risk from dependence on suppliers cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as high. The damage potential is estimated to be high. Overall, the risk is therefore assessed as high.

The overall assessment has not changed compared to the previous year, however, as in the previous year, the probability of occurrence of this risk has increased due to the strain on supply chains caused by the Corona virus outbreak and the general shortage of some IT hardware components as a result of computer chip shortages.

There are internal risks.

The CANCOM Group's value chain covers all stages of business activity, from marketing, consulting, sales, logistics and implementation to training, maintenance and the operation of IT solutions. Disruptions within or between these areas or in work processes, for example in the Support Centre or in Managed Services, could lead to problems or even to the temporary cessation of work processes in individual or several areas. Storage risks are also taken into account, such as damage or losses that occur during storage and are not insured. In addition, there is the risk of only being able to sell goods at a lower price or not at all due to strong short-term fluctuations in product prices, or that call-off quantities are not accepted in the agreed order of magnitude. Furthermore, there is a risk of quality problems, especially in the consulting-intensive areas of the two group segments IT Solutions and Cloud Solutions.

In order to counteract these risks, CANCOM monitors and controls the consulting and delivery of services via employees responsible for customer satisfaction (key account managers). In addition, resource management tools are used and project targets and interim targets for customer orders are defined and monitored. In order to counteract these risks from warehousing, work is continuously being done to optimise the procurement process. On the basis of close interaction with manufacturers and distributors, CANCOM always strives on the one hand to keep inventory levels and warehousing costs as low as possible and on the other hand to avoid short-term supply bottlenecks. Appropriate insurance policies are in place to cover damage caused by faulty performance. In addition, internal processes and procedures are subject to constant monitoring by superiors in departments and the management of the CANCOM Group. Business continuity management also safeguards operations against downtime.

The occurrence of one or more of these internal risks cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence and the potential damage to be low. Overall, the risk is therefore considered to be low.

The overall assessment has not changed compared to the previous year.

There is a risk of operational disruptions, especially IT system disruptions, affecting information technology.

The success and functionality of the CANCOM Group depend to a considerable extent on its information technology equipment. Fundamental IT risks arise both from the operation of computerised databases and from the use of systems for merchandise management, e-commerce, controlling and financial accounting. Restrictions or the failure of these or other internal IT systems or related external IT systems, whether partial or complete, or their delayed restoration to operation can bring the workflow to a standstill in extreme cases. For example, a goods availability risk could arise if the functionality of IT systems that are necessary for a smooth ordering process is no longer guaranteed. In addition, the CANCOM Group offers its customers data centre services both via its own data centres and via rented data centres, and could no longer be able to provide the data centre services and any associated services as a result of disruptions.

The occurrence of one or more of the aforementioned risks from operational disruptions, in particular IT system disruptions, cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as high. Overall, the risk is therefore assessed as medium.

The overall assessment has not changed compared to the previous year.

There are cyber security risks.

A specific material risk to the CANCOM Group's operations and all IT-based processes is cyberattacks. Our observations show that computer crime is increasingly growing and becoming more professional, which is associated with risks regarding the security of our systems and networks as well as the security of data. It cannot be ruled out that the security measures taken do not provide sufficient protection and that CANCOM may also become a victim of cyberattacks of all kinds. In this context, internal IT could be impaired or fail completely, and the monitoring of customer systems could become faulty due to incompletely functioning management tools, which could lead to disruptions for customers and even to the total failure of customer systems. Furthermore, in the course of a cyberattack, it cannot be ruled out that customer information and sensitive, protected data may be leaked to the public. If data centres and their mirrored backup data centres were to fail at the same time, this would mean not only considerable financial but also high reputational damage for the CANCOM Group. Overall, disruptions or even the failure of IT systems and data centres could have a negative impact on business operations and supplier or customer relationships.

To counteract the risks, CANCOM makes intensive efforts to ensure the best possible availability of its IT systems and data centres. For example, the data centres are equipped with modern data centre technology and the system readiness of a redundant data centre safeguards against the failure of a CANCOM data centre in operation. In addition to measures in data centres, general failure scenarios are simulated as a preventive measure as part of a company-wide business continuity management system, and protective mechanisms and emergency processes, including their functionality, are created, checked and tested. At the same time, CANCOM uses IT security concepts and tools and regularly reviews the threat situation in the area of cyberattacks. In addition, the use of the in-house AHP Enterprise Cloud leads to increased security of the IT systems due to its system structure. Overall, a Chief Security Officer manages IT security and also an in-house IT risk management system to analyse risks, take coordinated measures and document risks and countermeasures.

The occurrence of one or more of the cyber security risks mentioned cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as very high. Overall, the risk is therefore assessed as high.

The overall assessment has not changed compared to the previous year.

Risks in connection with the introduction of the ERP system SAP

The CANCOM Group is currently carrying out the Group-wide implementation of the ERP system SAP. The non-fulfilment or partial fulfilment of various project tasks or the failure to meet deadlines could potentially delay the introduction of SAP. If the implementation is delayed, the CANCOM Group may incur additional expenses, for example for external consultancy. This could have a lasting and sometimes significant negative impact on the CANCOM Group's business activities and competitiveness. Furthermore, if the ERP system is introduced incorrectly or unsuccessfully, or even fails completely, the availability of the web shop or customer connections and the entire e-commerce process chain could be impaired, for example, and operational activities could not be carried out in whole or in part. Among other things, this could have a negative impact on the processing of customer projects and orders such as deliveries and invoices. Due to technical downtimes, internal processes such as time recording, invoicing or accounting processes could also no longer be maintained and carried out, or only partially, with all the subsequent consequences.

To counteract this risk, CANCOM uses various measures such as experienced employees, project managers for the successful implementation of internal projects, tried and tested administration and control systems, and ensures the highest possible level of control here. Project managers are appointed and a clear definition of project goals and their sub-goals in the form of milestones is made. The project manager monitors the individual steps and pushes for a speedy implementation of SAP. A training concept and a corresponding test phase are to reduce additional risks.

Regardless of all preventive and countermeasures, it must be noted that a changeover of the ERP system represents a significant step for every company, the effects and impacts of which on the company cannot be conclusively assessed. Despite all measures, disruptions in operations could occur in the course of a changeover. Due to the complexity and scope of the SAP conversion, increased expenses with effects on the group's profitability cannot be ruled out.

The occurrence of risks from the introduction of the ERP system SAP cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence to be low. The damage potential is assessed as medium. Overall, the risk is therefore assessed as low. The overall assessment has changed compared to the previous year in the form of a downgrade. The reason for the downgrade is that the project to introduce SAP was well advanced in the reporting period. Due to this progress, some milestones, the achievement of which was part of the existing implementation risk, have been successfully reached.

Financial risks

There are financing, liquidity and credit risks.

A sharp deterioration in the liquidity situation is a significant risk for companies or a risk that could jeopardise their continued existence. This also applies to CANCOM SE and the CANCOM Group. In addition, a significant deterioration in business performance could give rise to a financing requirement that would have to be covered either by equity or debt instruments. There would then be a risk that such refinancing would not be possible or, due to the company's poor credit rating, would only be possible at very unfavourable conditions. A sufficient credit rating is thus a necessary basis, especially for the granting of debt capital, for example by banks, and thus also for the long-term existence of the company. A significant deterioration in creditworthiness therefore represents a major risk to the continued existence of the CANCOM Group. Another general financing risk can be financing instruments that are linked to conditions (covenants) that trigger an unplanned payment obligation in the event of non-fulfilment.

In order to counteract these risks, the core objective of CANCOM's financial management is to secure liquidity at all times to ensure day-to-day business operations. In addition, the aim is to optimise profitability and, associated with this, to achieve the highest possible credit rating in order to secure favourable refinancing. In addition to medium-term financial planning, the Group also has monthly liquidity planning. The planning systems include the entire scope of consolidation. Since the equity ratio (according to the banks' calculation method) is a decisive parameter when granting bank loans, its development is regularly monitored in order to be able to initiate countermeasures in time.

At the reporting date, the CANCOM Group had cash and cash equivalents of € 653.0 million and credit lines (including guarantee facilities) with banks of € 79.4 million, of which € 55.6 million was freely available as at 31 December 2021 . The equity ratio was 57.9 percent on the reporting date. In addition, the interest-bearing financial liabilities are covered by the available cash and cash equivalents at the reporting date, so that the CANCOM Group has no net financial debt.

At the time of preparing this risk report, the Executive Board does not believe that there are any identifiable risks from the financing, liquidity or creditworthiness situation that could jeopardise the continued existence of the company. Nevertheless, the occurrence of such risks cannot be completely ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence to be low. The potential damage is estimated to be low. Overall, the risk is thus assessed as low.

There are risks from changes in exchange rates, inflation and interest rates.

The international business activities of the CANCOM Group lead to cash flows in different currencies. The majority of business is conducted in the euro zone, which is why the currency risk is limited. Nevertheless, a significant devaluation of the euro against other currencies can lead to exchange rate losses. This foreign currency risk has fallen significantly as a result of the sale of the business activities in the United Kingdom and Ireland, as the CANCOM Group now transacts a much lower volume of business in foreign currencies. Other potential risks with potentially negative financial effects could arise from changes in inflation and interest rates. For example, a change in inflation could result in a loss of purchasing power, which could cause liquid funds to lose value. The current rise in inflation rates in Germany and the euro area, combined with a sharp increase in cash and cash equivalents on the Group's balance sheet, has increased the risk of inflation. In the event of a change in interest rates, variable-rate loans or other activities with interest rate dependency could be negatively affected.

To counteract this risk, derivative financial instruments are used to hedge valuable underlying transactions such as currency hedges. Any transactions in different currencies are hedged on a daily basis; in principle, there are underlying transactions that are hedged. Economic hedging relationships were not shown as hedging relationships in the balance sheet in the reporting year. Dedicated persons are permitted to enter into hedging transactions in amounts requiring approval; approvals for overruns are granted by the CFO/Executive Board. Treasury activities to optimise purchasing conditions could have negative effects and worsen purchasing conditions in the case of unfavourable hedges. Through intra-Group financial equalisation, CANCOM continues to achieve a reduction in the volume of external financing and thus an optimisation of the CANCOM Group's interest rate management with positive effects on the interest result. The basis of the benefits from intra-Group cash investment and borrowing are the liquidity surpluses of individual Group companies used as part of the cash management system, which can be used to finance the cash requirements of other Group companies internally. In addition to overdraft facilities in Germany, CANCOM only uses fixed-interest loans. There are only insignificant liabilities abroad. A share buy-back programme launched in October 2021 with a maximum volume of € 230 million will also reduce cash holdings again and thus the risk of loss of purchasing power due to inflation.

The occurrence of risks from changes in exchange rates, inflation and interest rates cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as medium. Overall, the risk is therefore assessed as medium. The overall assessment has changed in the form of an increase compared to the previous year. The main reason for the increase is the higher level of inflation.

Personnel risks

There are personnel risks because the success of the CANCOM Group depends on its ability to develop, attract and retain sufficiently qualified key personnel and to keep know-how within the Company.

In particular, but not exclusively, in the business areas of (specialist) sales, consulting and technical support and operation of IT systems, CANCOM's business success is strongly linked to the professional qualifications and personal skills of its management and employees. Consequently, both the inadequate recruitment and the inadequate retention of suitably qualified staff in the Company pose a risk to business development. Another risk is the loss of key personnel with special technical skills or personal qualifications and experience in the Company, whose knowledge and reputation have a major impact on CANCOM's success, at least in the short term. If these employees leave the Company, for example, or cease to work for the Company for other reasons, there is a risk that they will lose their expertise and that the CANCOM Group will lose rights to proprietary software developments.

Irrespective of this, there is a risk that the shortage of skilled workers will generally make it more difficult to recruit staff in the future or that there will be a lack of the skills and qualifications of employees required for CANCOM's own digital transformation. An unexpectedly sharp rise in the wage level of skilled workers as a result of the shortage is also a risk for the planned business development.

To counteract these risks, CANCOM offers measures to motivate and develop employees. In addition, regular monitoring of the performance of individual employees identifies top performers and pays particular attention to them. CANCOM also tries to bind its employees to the company in the long term through various measures. In addition, particularly in sensitive and knowledge-intensive areas, there are appropriate substitution arrangements so that the unexpected absence of an employee can be compensated for as far as possible, at least in the short term. CANCOM carries out measures to strengthen its image as an employer and offers various qualification and further training measures for employees. CANCOM also offers its employees a high degree of flexibility by providing them with a future-proof workplace (digital workplace) with easy and secure access to company data and applications, irrespective of time, place and terminal device, thus promoting its image and attractiveness as an employer for employees of the digital generation. In addition, CANCOM is also endeavouring to develop new human resources abroad, for example through its new subsidiary in Slovakia.

The occurrence of the personnel risks mentioned cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as medium. Overall, the risk is therefore assessed as medium.

The overall assessment has not changed compared to the previous year.

Information risks

The CANCOM Group might not be able to protect or keep secret its developments and know-how.

The know-how generated in the course of the CANCOM Group's business activities, particularly in the development of innovative solutions, represents a significant competitive factor in CANCOM's estimation. The competitiveness of the CANCOM Group also depends in particular on safeguarding its technological innovations and the associated know-how. Partial or complete disclosure of this know-how to third parties could lead to the erosion of advantages gained over competitors, thereby reducing corresponding sales and earnings opportunities for CANCOM.

To counter this risk, CANCOM has taken various organisational precautions to protect confidential information. These range from technical security measures with regard to internal and external communication to raising awareness of this issue among employees in internal training courses.

The occurrence of the risk of a loss of know-how or the outflow of confidential information cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as medium. Overall, the risk is therefore assessed as medium. This risk factor relates primarily to the Cloud Solutions segment.

The overall assessment has not changed compared to the previous year.

Legal risks

At the time of preparing this management report, there are no contingent liabilities from significant legal disputes or relevant litigation risks, especially not with regard to the risks described below.

There are risks from the violation of compliance guidelines.

The issue of compliance and the associated commitment to social responsibility and serious conduct is of paramount importance to the CANCOM Group. In order to meet the requirements of CANCOM's various stakeholders, to comply with applicable laws and to adhere to guidelines for ethical behaviour, CANCOM has an established and ISO-certified compliance management system which, among other things, defines measures to counteract potential compliance violations. It is managed by a Compliance Officer. In addition, there is a Code of Conduct that defines how to deal with all of the company's stakeholders. The code has been rolled out throughout the company and is accessible to and mandatory for all CANCOM employees. In addition, web-based training courses sustainably support awareness of compliance throughout the entire workforce.

The occurrence of risks from potential compliance violations cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence to be low. The potential damage is estimated to be low. Overall, the risk is therefore assessed as low.

The overall assessment has not changed compared to the previous year.

There are risks from the breach of national and international data protection regulations.

The use of data by the CANCOM Group, in particular the data of its customers, suppliers and employees, is subject to the provisions of the German Federal Data Protection Act and similar international regulations such as the European General Data Protection Regulation. If third parties were to gain unauthorised access to the data processed by CANCOM or stored as part of the storage solutions, or if CANCOM itself were to violate data protection regulations, this could lead to claims for damages and damage the reputation of the CANCOM Group, among other things.

To counteract these risks, the CANCOM Group trains its employees on the subject of data protection and has established security standards to protect against unauthorised access to data.

The occurrence of risks from the breach of data protection regulations cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as medium. Overall, the risk is therefore assessed as medium.

The overall assessment has not changed compared to the previous year.

There are risks from the violation of national and international laws or regulations.

As a result of its operating activities and its status as a company listed on the capital market, the CANCOM Group operates within the scope of a large number of national and international laws and regulations, some of which are complex. For example, CANCOM operates within the scope of national and international financial market regulations such as EMIR, MAR, WpHG, the stock exchange regulations of the Frankfurt Stock Exchange or regulations of the German Federal Financial Supervisory Authority (BaFin), within the scope of national and international labour laws such as the German Employee Leasing Act (Arbeitnehmerüberlassungsgesetz), within the scope of national and international tax and company law as well as accounting rules such as IFRS and regulations such as the German Corporate Governance Code. These and other laws and regulations give rise to the risk that CANCOM could violate requirements with negative effects, for example, on its business activities or financial position. In addition, tax audits can lead to different legal interpretations of tax-relevant issues and to additional tax demands and additional demands for levies.

To counter this risk, CANCOM employs qualified staff to assess and implement laws and regulations in all areas of the company, trains CANCOM employees on legal regulations and supports training and qualification measures. CANCOM also makes use of external consultancy.

The occurrence of risks from the violation of national and international laws or regulations cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence to be low. The potential damage is estimated to be low. Overall, the risk is therefore considered to be low.

The overall assessment has not changed compared to the previous year.

Strategic risks

There are risks from misjudgements both with regard to past and future acquisitions of companies and from their integration into the CANCOM Group.

The acquisition of companies and equity investments represents a not inconsiderable risk for the CANCOM Group. There is a risk that acquired companies and the market environment in which they operate may develop worse than planned. There is also the risk that risks arise or materialise which were not identified or were incorrectly assessed during the prior examination of the acquired companies. Furthermore, key personnel of the acquired companies could leave the company as a result of the acquisition by CANCOM, so that the objectives that were to be achieved with the acquisition can no longer be achieved due to the loss of these key personnel. There is also the risk that customers of the acquired company may not place orders with CANCOM or may not conclude corresponding contracts with CANCOM. In addition, the organisational integration of further companies into the CANCOM Group may involve considerable time and financial effort. It is also possible that the implementation of the strategy on which the acquisition is based and the goals and synergy effects sought may not be realised or not realised to the extent planned. The realisation of one or more of these risks could result in the loss of all or part of the investment made, even after several years have elapsed, and may require an impairment loss to be recognised on assets in the balance sheet.

To counteract this risk, CANCOM conducts a due diligence process for every transaction, actively manages potential risks in the context of M&A processes and draws on experience from previous acquisitions and corresponding integration know-how. The company benefits from its many years of in-depth knowledge of the market situation. CANCOM also uses external consultants in M&A processes. In addition, the integration is implemented internally by experienced integration managers, and checklists and documentation are available, enabling processes and risks to be recorded in an orderly manner. By focussing on the core business, an attempt is made to reduce the risk from acquisitions in new business areas.

The occurrence of one or more risks from misjudgements in acquisitions and their integration cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as high. The damage potential is assessed as medium. Overall, the risk is therefore assessed as high.

The overall assessment has not changed compared to the previous year.

There are risks from the acquisition or sale of companies or shares in companies.

In recent years, the CANCOM Group has acquired or sold a number of companies or shares in companies. In the case of purchase or sale processes, there is a risk in the context of contract negotiations or the drafting of contracts. Furthermore, there is the risk that it subsequently transpires that certain warranties and/or guarantees and/or obligations entered into on the part of the seller/buyer have not been complied with. If this only occurs after the statute of limitations has expired and/or the seller/buyer is unable to settle any claims for damages, this may result in a loss of assets for the respective company in the CANCOM Group. It is also possible that the determination of sales prices based on results or future results may prove to be disadvantageous for CANCOM.

To counteract these risks, CANCOM carries out a due diligence process for every transaction and, when drafting contracts, uses not only internal resources but also external advice and services for both business and legal issues.

The occurrence of one or more risks from the acquisition or sale of companies or company shares cannot be ruled out. After implementing countermeasures, the Executive Board estimates the probability of occurrence as medium. The damage potential is assessed as medium. Overall, the risk is therefore assessed as medium.

The overall assessment has not changed compared to the previous year.

Overall risk assessment

Overall, there were individual changes in the assessment and presentation of the risks described compared to the previous year. A major factor in the assessment of risks in the forecast period was the rising level of inflation, the progress of the internal SAP roll-out and the continuing tense global supply chain situation for IT hardware. In addition, the spread of the Corona virus and the ongoing change in protective measures continued to be a factor in the risk assessment. The Executive Board of CANCOM SE points out that this unforeseeable event of a worldwide pandemic generally leads to increased uncertainty in risk assessment.
In addition, the crisis in Ukraine and the associated economic sanctions are giving rise to new uncertainty factors in the risk assessment.

In addition to these event-driven factors, the Executive Board's risk assessment is based on the systematic determination of the Company's risk-bearing capacity. The Executive Board defines the maximum acceptable risk-bearing capacity of the CANCOM Group as a loss that jeopardises the Company's refinancing on the capital market at investment-grade conditions within the forecast period. Overall, the changed estimates compared with the presentation in the management report 2020 and the generally increased uncertainty due to the pandemic do not mean any significant change in the overall risk situation of the CANCOM Group. Against the background of the overall risk situation, the Executive Board of CANCOM SE does not currently consider the continued existence of the Group and CANCOM SE to be at risk.

In view of CANCOM's position in the market, its business success in the past year and the risk management system in place, the Executive Board is confident that it will be able to successfully meet the challenges arising from the aforementioned risks in the current financial year as well.

In addition to the confident self-assessment, external assessments also show a positive picture with regard to CANCOM's creditworthiness. LBBW's rating at the end of the 2021 financial year was 3 (31 December 2020: 4).

Opportunities for future development

CANCOM's international business activities (with a focus on Germany, Austria and Switzerland) in various areas of the IT industry and IT-related business fields open up numerous opportunities for the Group. To identify these, the Group regularly carries out a comprehensive review of the market and competitive environment, focusing on current industry, technology and macroeconomic trends.

The following section provides an overview of opportunities and possible future developments and events that could have a positive impact on the financial position and performance of the CANCOM Group.

Economic, regulatory, market and industry opportunities

Opportunities could arise from the general market development through increasing demand and changing consumption patterns.

The transformation into a digital future is in full swing. Under the terms "digital change" or "digital transformation", the importance of digital infrastructures and applications is increasing. Businesses, administration and the health and education sectors are increasingly investing in powerful IT infrastructures and IT applications. The role of information technology for the provision of services and the creation of value in companies is becoming ever greater. With the increasing demands on the performance of modern IT landscapes, the complexity of IT solutions is also increasing, and the need for consulting and service offers is also increasing accordingly.

Overall, changing usage and consumer behaviour as well as the digital transformation are creating demand for digital technology and digital applications to meet new challenges and to further develop existing services. The digitalisation of processes and business models is the central solution to be able to continue to meet user requirements in the future and thus ensure competitiveness.

In an international comparison, a need for the German market, which is important for CANCOM, to catch up is repeatedly identified - both among companies and in the education and administration sectors. Three major areas of work have emerged for IT decision-makers. The introduction of high-performance infrastructures and applications, increasing the performance of existing solutions, and innovation, i.e. the development of new offerings for customers and users based on existing solutions.

The digitisation trend is also reflected in the development of the ICT market in Germany. The ICT sector in Germany has grown continuously in recent years. In the view of the Executive Board, the drivers are the demands on the performance of IT infrastructures, especially in the area of cloud computing, the increasing use of IoT solutions and the general digitalisation of work processes. In addition to the general demand for hardware, products and services in the area of unified communication and collaboration, but also the digital workplace, network technologies and cyber security, driven by the increased popularity of mobile and remote working, should be highlighted.

CANCOM sees itself as a "Leading Digital Transformation Partner" and offers its customers a wide range of IT and software solutions as well as consultancy. Thanks to its proximity to customers, whom CANCOM serves regionally on site and at more than 60 CANCOM locations, CANCOM expects to benefit from the generally positive market development. Due to the CANCOM Group's position as one of the leading providers in the German-speaking region, CANCOM is in a position to grow not only in a positive economic environment.

The Executive Board of CANCOM SE assumes that the CANCOM Group, with its special position in the market and its broad product portfolio, could benefit from opportunities arising from general market developments. The Executive Board considers the significance of opportunities from general market developments for the business development of the CANCOM Group to be high.

Opportunities could arise from changes in the regulatory environment, including higher requirements for IT systems or changes in labour law

With the increasing importance of IT infrastructures and IT applications, the legislator's requirements for the quality and safeguarding of this infrastructure are also rising. Changing requirements for data protection or the operational security of IT systems can create an increased need for consultation and investment on the part of customers. For example, the second law to increase the security of information technology systems (IT Security Act 2.0) prescribes standards for the security of IT systems for certain companies. Companies that are active in the healthcare sector, and therefore an important customer segment for CANCOM, will be obliged by the coming into force of the Patient Data Protection Act to introduce appropriate organisational and technical precautions to establish and maintain IT security. Implementing the requirements of new regulation at companies of prominent public importance requires investments in the area of IT infrastructures and IT security.

CANCOM sees opportunities for a positive development in demand from both companies and the public sector due to changes in the regulatory framework. Considerations by the legislator to adapt employee rights, for example in the form of an entitlement for employees to work from home or on a mobile basis, could also have a positive effect on demand for CANCOM's products and services.

Changes in the regulatory environment could lead to demand for IT hardware, IT services and consulting exceeding the Executive Board's expectations. The Executive Board of CANCOM SE therefore assumes that opportunities could arise for the CANCOM Group from changes in the regulatory environment.

Opportunities could arise through good contacts with manufacturers and distributors.

In order to be able to offer customers suitable solutions for their IT requirements, CANCOM maintains close relationships with important manufacturers and distributors of hardware and software in the IT industry. These partnerships have often grown over a long period of time and CANCOM has achieved a high status with many manufacturers and distributors in their partner programmes.

CANCOM develops and strengthens its relationships with manufacturers and distributors with its own Partner Account Management (PAM). CANCOM thus has access to up-to-date information from the manufacturers, and CANCOM employees in purchasing and sales can always tailor their decisions and recommendations to the needs of the customers with the latest information. As an important partner of manufacturers and distributors in the German-speaking region, opportunities could arise from close cooperation. Good contacts with manufacturers and distributors enable the CANCOM Group to respond to changes on the demand side with suitable offers and to be able to deliver even in a difficult market environment, such as that experienced in the year under review due to the supply bottlenecks for IT hardware.

The Executive Board of CANCOM SE believes that the CANCOM Group could benefit from opportunities arising from its good relationships with manufacturers and distributors. The Executive Board considers the importance of opportunities to benefit from good contacts with manufacturers and distributors to be high for the business development of the CANCOM Group.

Project and business-related opportunities and technical trends

In the coming years, the topic of digital transformation will continue to dominate the German economy and the associated technologies the IT market. Agile, flexible and scalable IT infrastructures are an important basis for successful digital transformation.

CANCOM can also benefit from trends. In addition to the demand for increasingly powerful IT hardware, CANCOM identifies the Everything-as-a-Service (XaaS) trend, hybrid and multi-cloud environments, digital workplace, IT security, Internet of Things (IoT) & Industry 4.0, and Big Data/Analytics as key trends in the industry.

Opportunities could arise from an acceleration of the Everything-as-a-Service (XaaS) trend.

Everything-as-a-Service (XaaS) is defined by the Fraunhofer Institute as an approach in which all services for infrastructure, hardware, software and associated services are made available to customers as a service. In addition to the original concepts of IaaS (Infrastructure-as-a-Service), PaaS (Platform-as-a-Service) and SaaS (Software-as-a-Service), special solutions for individual areas are also offered in as-a-service models. The connecting element from the service providers' point of view is the flexible purchase of services, in which the customer is only charged for the use of the services.

For customers, the advantage lies in the scalability of the services and the possibility to only pay for the service they have actually received. Companies are also increasingly using the option of as-a-service models to increase the agility of the company, to have access to the latest solutions and to accelerate digitalisation in the company. Already today, the majority of companies obtain new software in a SaaS model.

CANCOM has expanded its portfolio to include XaaS products and offers Network-as-a-Service, Backup-as-a-Service, Security-as-a-Service or Firewall-as-a-Service, among others.

The Executive Board expects the trend towards using XaaS offerings to accelerate due to the advantages of this approach. The Executive Board of CANCOM SE assumes that opportunities could arise for the CANCOM Group as a result of an acceleration of the XaaS trend. The Executive Board rates the significance of the opportunity for faster adaptation of XaaS offerings as high.

Opportunities could arise from technological developments in hybrid and multi-cloud environments.

Cloud computing will continue to be a strategic element of the digital transformation and the technology basis for new high-tech trends. The positive attitude towards cloud computing and its use has already increased strongly among German companies. Nevertheless, companies want to further increase the use of cloud solutions.

Compared to the previous year, the use of cloud solutions has increased again. Currently, 82 percent of companies in Germany are already using a cloud solution. A further 15 percent of the companies are in the discussion process that may prepare an introduction. With the now good market penetration, topics such as cost reduction and more efficient use of the IT infrastructure will foreseeably gain in importance after the successful establishment of cloud solutions and thus give rise to further demand for consulting.

At the same time, new cloud solutions are emerging that take advantage of different cloud approaches. More than a third of companies in Germany are already using multi-cloud architectures in which the offerings of different private cloud providers or different public cloud offerings are combined. According to the KPMG Cloud Monitor, 26 percent of companies are in the discussion and planning phase of such projects. While in the segment of companies with over 2,000 employees, multi-cloud scenarios have already been introduced in the vast majority, the proportion of companies using multi-cloud solutions is lower, especially among companies with fewer than 2,000 employees. Know-how and experience are needed to set up and integrate these complex solutions. This opens up opportunities for providers such as CANCOM, starting with strategic planning, through architecture and design, to implementation and subsequent operation.

The increasing demand for hybrid and multi-cloud solutions could have a positive impact on the overall demand for CANCOM products and services. With its knowledge of the complex interrelationships of IT structures that have often grown historically, many years of project experience and its own competence centres for various IT solution topics, in addition to an extensive cloud solutions portfolio, CANCOM combines expertise in the transformation and operation of modern IT environments.

The Executive Board of CANCOM SE assumes that opportunities could arise for the CANCOM Group from the increasing demand for and use of hybrid and multi-cloud scenarios. The Executive Board assesses the significance of the opportunity from technological developments in the area of hybrid and multi-cloud environments as medium.

Opportunities could arise from the further spread of mobile, digital workplaces (Digital Workplace).

The Digital Workplace is a central IT topic for companies. The digital transformation is changing the world of work, but the Corona pandemic has also set new impulses. Work-life balance and the possibility to work in flat, interdisciplinary hierarchies are becoming more important. At the same time, more and more digital workplaces are being set up outside of fixed office workplaces. The digital workplace is not limited to classic office work.

This brings IT-based communication solutions for telephone/video conferences, chats and collaboration solutions into focus, as well as Internet of Things (IoT) applications, which must be included in the overall Digital Workplace concept.

CANCOM has built up a strong presence in the Digital Workplace sector in recent years. In the independent ISG Provider Lens Germany 2020 study, CANCOM achieved the "Leader" classification in the categories "Digital Workplace Consulting Services", "Managed Workplace Services" and "Managed Mobility Services" for the German market. The central element is the CANCOM AHP Enterprise Cloud, which provides a mobile and flexible IT workplace environment from the cloud.

The Executive Board of CANCOM SE assumes that opportunities for the development of CANCOM's business could arise from its positioning in comparison with the competition and its portfolio in the area of Digital Workplace and IoT. The Executive Board considers the significance of the opportunity arising from the spread of mobile, digital workplaces to be high.

Opportunities could arise from changes in cyber security requirements and cyber threat situations.

Because organisations depend on their IT functioning reliably and securely, the topic of IT security is increasingly coming into focus. The number of cyber-attacks on corporate networks and public administration is increasing and the attacks are becoming more and more professional. The trend towards mobile working and the spread of IoT applications requires corresponding IT security strategies with global reach. Increasingly large amounts of data must be reliably managed and protected, while at the same time the number of potential points of attack increases due to the growing number of devices in the network. IT managers are therefore increasingly planning projects in which the protection of networks is to be established and expanded.

Accordingly, IT security repeatedly reaches the highest positions in the priority lists of IT decision-makers, as data protection, network security and protection against production disruptions are associated with considerable effort. Accordingly, the automation of IT security solutions is one of the technologies with the greatest significance for IT decision-makers. At the same time, the number of devices in a network increases the number of points of entry. Especially with IoT applications, protection will become one of the central topics of the coming years. Especially when introducing digital workplace concepts, companies will intensively deal with IT security issues.

CANCOM has DIN ISO 27001 certification (information security). It certifies that CANCOM has an information security management system that is geared to CANCOM's circumstances and adapted to customer needs. The certification signals to customers operational reliability in all processes and compliance with high technical and security-related standards.

The Executive Board of CANCOM SE assumes that the CANCOM Group could benefit from growing demand in the market with its portfolio in the area of security solutions. Unexpected events with security relevance, such as the discovery of the log4j vulnerability, could present opportunities for the CANCOM Group's business development. The Executive Board assesses the significance of the opportunity arising from the change in cyber security requirements and cyber threat situations as high.

Opportunities could arise from a faster spread of Internet-of-Things (IoT) and Industry 4.0 approaches.

The mobile internet no longer belongs only to smartphones and tablets. Sensors, wearables, connected cars, smart home and other IoT devices: The number of devices that exchange information and data is constantly increasing, as is the networking, cooperation and communication between the various end devices. The connection between the physical and virtual environment that characterises the IoT is increasing.

Through IoT, providers can access more data streams and ultimately get closer to their customers. IoT applications are also increasingly critical to the success of production processes, such as edge computing.

The connection of several data points or data sources can generate valuable insights into customer behaviour and thus open up new business models and sales channels - especially through the use of automation and AI solutions. The IoT is the infrastructure that plays a significant role in the concrete design of digital business models.

More than half of all companies surveyed by Capgemini for its IT Trend Study are currently in the planning, implementation or utilisation phase. For IoT projects, companies are looking for partners who, in addition to economic requirements, bring special industry knowledge and technical know-how. The introduction of the G5 standard in mobile communications and the Wi-Fi 6 standard represent a significant step that enables IoT and Industry 4.0 projects and accelerates the trend towards networked Industry 4.0.

The IoT is the basis of Industry 4.0, in which networked systems and devices exchange and process data in real time and are controlled semi-autonomously by automated or AI-supported processes. Big Data & Analytics has long since become a central element in the control of such complex systems.

In the past years, the infrastructure side (IaaS) and the application side (SaaS) were often the focus in connection with cloud computing and industrial applications. In the meantime, the platform idea is clearly moving into the centre of interest. Platform as a Service (PaaS) is increasingly becoming an important element for companies to realise their innovation projects. PaaS offers them access to standardised infrastructure services and development platforms, combined with the possibility of adding individual extensions to these, in order to stand out from the competition in the rapidly developing market for digital business models, smart services or for services related to the Internet of Things. This is another reason why companies are planning to increase spending on IaaS and PaaS projects in the coming years.

The Executive Board of CANCOM SE assumes that opportunities could arise for the CANCOM Group from an acceleration in the use of IoT and Industrie 4.0 applications. The Executive Board estimates the significance of the opportunity arising from the faster spread of the Internet of Things (IoT) and Industrie 4.0 approaches to be low.

Opportunities could arise from the increasing demand for big data solutions, artificial intelligence solutions and automation solutions.

Already today, information reaches us not only in text, audio or video format. Large amounts of sensor and context-based data will become increasingly important in the future and lead to a comprehensive data and information supply and an increasing complexity of the data world. The trend towards digitalisation and the Internet of Things in particular increasingly require the use of Big Data & Analytics, because the basis of digitalisation and IoT projects is data or the evaluation of data.

The evaluation of this data can provide new social, economic and scientific insights: Individual cancer therapy through the systematic evaluation of various medical data in the shortest possible time, chatbots to answer customer queries or the use of automated analysis processes to fight crime are just three examples.

Companies are always showing interest in developing strategies and technologies to, on the one hand, be able to bring together and process information from the most diverse, extensive data pools and complex data streams and, on the other hand, to gain valuable insights from the data and ultimately benefits for the companies and customers.

By analysing large amounts of structured and unstructured data from different sources, new data-based business models and strategies are emerging. The main aim is to recognise repeating patterns from the analysis of large amounts of data in order to be able to derive predictions and even (automated) instructions for action (smart services). For example, machines, plants and manufacturing processes can be analysed with the help of historical data and maintenance can be planned to prevent production downtimes.

However, in order for user companies to actually be able to use Big Data & Analytics to drive new customer services, product developments and business models, they need their IT partners to have a combination of technology, industry and process expertise as well as a strong capacity for innovation. This is where CANCOM can score points with its customers thanks to its many years of expertise in IT infrastructure and its IoT & Analytics portfolio.

The Executive Board of CANCOM SE believes that opportunities may arise for the CANCOM Group as a result of the increasing demand for solutions for the analysis of big data, which can increasingly only be handled by AI solutions. The Executive Board assesses the significance of the opportunity arising from increasing demand for Big Data solutions, artificial intelligence solutions and automation solutions as medium.

Personnel opportunities

Opportunities could arise from the shortage of skilled workers in IT departments.

The number of unfilled IT positions in companies has been growing for years. In its latest survey, the industry association Bitkom estimates that there are 96,000 unfilled positions in Germany. These figures show a clear shortage of skilled workers, which is causing companies to search longer and longer for IT professionals. Companies are increasingly confronted with a lack of in-house IT capacity due to the diversity and complexity of requirements. Accordingly, companies are turning to service providers such as CANCOM. CANCOM's Executive Board expects this "war for talent" to accelerate in the coming years.

In order to take advantage of the opportunities presented by the high demand for IT specialists, CANCOM is positioning itself as an attractive employer and is trying to attract and retain specialists for the company. A high training quota and extensive investment in staff training and development are just as much a part of the solution as targeted employer branding and benefit programmes. CANCOM actively involves its employees in a survey that was conducted for the first time in the year under review and identifies starting points for successful employee retention.

The Executive Board of CANCOM SE assumes that opportunities could arise for the CANCOM Group through a forward-looking human resources policy and positioning as an attractive employer. The Executive Board considers the significance of the opportunity arising from the shortage of skilled workers in IT departments to be low.

Strategic opportunities

Opportunities could arise from successful company acquisitions and takeovers.

The IT market in Germany remains highly fragmented. In the IT hardware and software and IT services segments alone, the industry association Bitkom recently recorded around 95,000 companies. Takeovers within the IT industry are therefore part of the development for larger companies. CANCOM has also repeatedly taken advantage of strategic opportunities through acquisitions in recent years.

Company acquisitions are an integral part of the CANCOM Group's growth strategy. The acquisitions can strengthen CANCOM in important geographical regions, bring new knowledge into the company and open up new customer groups. Furthermore, acquired companies can offer their customers a wider range of products and services through access to the CANCOM portfolio, thus contributing to the positive development of the CANCOM Group.

In order to identify promising companies for takeover, employees from the Mergers and Acquisitions (M&A) department monitor the market with support from within the company and from external consultants. Acquisitions are carefully and extensively reviewed before closing. There is a post-merger process in which the acquired companies are mostly merged into existing CANCOM Group companies and the business processes are integrated.

The Executive Board of CANCOM SE assumes that opportunities could arise for the CANCOM Group from company acquisitions as a result of the knowledge and experience gained from previous acquisitions. The Executive Board considers the significance of the opportunity arising from successful company acquisitions and takeovers to be high.

Overall view of opportunities

In the future, the efficient handling of information and data, greater agility and concentration on the respective core competences will be more essential than ever for the innovative capacity and competitiveness of a company. This requires new concepts for the organisation of work processes, for data security as well as for the design of the working environment. For this, companies need service providers who can offer suitable IT components, if possible from a single source, and complete them with managed services and scalable cloud solutions. Due to the large number of specific tasks involved in the design and modernisation of IT in companies, both segments of the CANCOM Group and thus the entire Group could benefit from this.

CANCOM combines three decades of experience in IT consulting and integration with innovative services, provides vendor-independent advice and creates economically and technically optimised system infrastructures.

The Group responds to changes in the market through flexibility and the constant optimisation and efficient adaptation of the portfolio, structures and processes within the company. Competence centres support specialisation in individual IT areas with specialist know-how. The specific expertise of the specialist sales organisations is made available to the sales and service units of all CANCOM companies. With a comprehensive service portfolio, CANCOM offers IT solutions and managed services tailored to individual needs in the service sector, thereby creating added value for customers.

The business policy of the CANCOM Group is to continue on its growth path. To this end, it is planned to focus and strengthen existing business activities in the direction of high-quality complete IT solutions. At the same time, the XaaS segment is to gain further importance. Organic growth is also to be supported by growth through acquisitions.

By exploiting synergies and economies of scale, for example in the context of improved purchasing conditions and in the area of centralised administrative tasks as well as better access to major projects, this can contribute to a disproportionate improvement in results. In addition, the expansion of the service business can reduce the dependence on price developments in the hardware sector.

CANCOM has also grown through acquisitions in recent years. In a market that continues to be highly fragmented, the Group's solid asset position and good financial resources mean that there will continue to be opportunities in the future to further expand its market position through suitable acquisitions.

The Executive Board of CANCOM SE is confident that the Group's profitability provides a solid basis for future business development and ensures the necessary resources to pursue the opportunities available to the Group. At the same time, the opportunities mentioned offer the possibility that business development will be better than planned.

Forecast report

Development of the overall economy and the IT market

With a revenue share of over 90 percent, Germany is by far the most important sales market for the CANCOM Group. The other major sales market in terms of revenue volume is Austria. In addition to the general economic development in these national markets, the overall market for information and communication technology - especially in Germany - is an important framework and basis for comparison for the assessment of CANCOM's economic development.

Gross domestic product outlook 2022*
(Change on previous year in %)

Germany	+4.0
Austria	+4.3

Source:*) Deutsche Bank Research, December 2021.

At the time of preparing this forecast report, the further development of the overall economy and thus also of the ICT market is characterised by a high degree of uncertainty. Although there are signs that the pandemic and the associated restrictions will ease over the course of the year, the supply bottlenecks are not expected to ease in the 2022 financial year. Nevertheless, an easing of the supply bottlenecks in the 2022 business year is not yet foreseeable. As a result of the economic sanctions following the start of the Russia-Ukraine war, the uncertainty of the general economic development and the strain on the global supply chains has increased again and cannot currently be predicted with certainty.

Macroeconomic factors, particularly the recent sharp rise in energy and commodity prices and the higher inflation rate, continue to weigh on the economic outlook for the current financial year. The propensity to invest and the need for investment on the part of the CANCOM Group's customers remain high, but there may be deviations in economic development from the assumptions made here during the course of the year due to the aforementioned factors.

Germany

In its forecast for the development of the gross domestic product in December 2021, the Institute for the World Economy (IfW) still assumed a GDP growth of 4.0 percent for Germany in 2022. Under the impression of the developments in the first quarter of 2022, the IfW lowered its forecast to GDP growth of 2.2 percent for the year as a whole. In particular, the fourth wave of the Corona pandemic burdened economic development in the first quarter of 2022, especially in the service sector and tourism. Added to this in the course of the first quarter were the effects of the sanctions in the wake of the Russia-Ukraine war as well as the further increase in energy and commodity prices and the significantly higher inflation rate. For the following quarters, it is expected that the pandemic will subside, the health policy measures will be withdrawn and the supply bottlenecks will ease. However, the course of the overall economic development is subject to considerable uncertainty at the time of preparing this forecast.

In general, companies are positive about the outlook for the 2022 business year. The Bitkom-ifo Digital Index surveyed by the industry association Bitkom, which reflects the ICT business climate, stood at 24.0 points in December 2021, the same level as before the outbreak of the coronavirus pandemic. This means that the outlook for the ICT sector remains above the outlook for the economy as a whole, although the business climate had deteriorated in the fourth quarter due to the continuing supply bottlenecks.

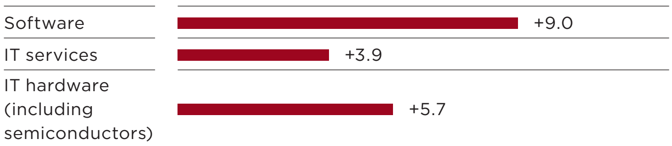
Austria

For the CANCOM Group's other key country market, Austria, growth in gross domestic product is also expected in 2022. IfW Kiel expects gross domestic product in Austria to grow by 3.2 percent.

ICT market

According to Bitkom, the industry association for the ITC sector, turnover with products and services in the market for information and communication technology (ITC) in Germany will grow by 4.0 percent to a volume of € 175.9 billion in 2022. For 2021, the association indicated growth of 4 ,2 percent to € 169.2 billion. The current outlook thus points to continued growth in the ICT market. The development is being positively driven by the largest sub-market in the ICT sector in terms of volume, the market for information technology (IT), which is particularly important for CANCOM. Here Bitkom is forecasting continued significant growth of 5.9 percent to € 108.6 billion (previous year: 6.3 percent), distributed among the individual market segments as follows:

Outlook: Information technology (IT) market 2022, Germany*
(Change compared to previous year in %)



*) Source: Bitkom/IDC, January 2022.

In its annual IT Trend Study from December 2021, Capgemini arrives at the following results for the market development based on a survey of 195 IT and specialist managers from large companies and public authorities from Germany, Austria and Switzerland. 73.0 percent (previous year: 48.4 percent) expect IT budgets to increase, 31.7 percent of respondents in this group anticipate an increase in expenditure of more than 10 percent in 2021. The proportion of respondents expecting IT budgets to fall fell to 11.1 percent (previous year: 14.9 percent).

Premises of the forecast

The forecasts for the CANCOM Group and CANCOM SE include all information known to the Executive Board at the time of preparing this report that could have an influence on business development. The outlook is based, among other things, on the expectations described above with regard to economic development and the development of the IT market. In this context, the Executive Board expressly points out the greater uncertainty of the general economic development, the effects of the continuing supply bottlenecks for IT hardware and the currently unforeseeable effects of the Russia-Ukraine war. Neither Ukraine nor Russia are relevant sales markets for CANCOM. The following forecast for the business development of the CANCOM Group and CANCOM SE does not include the case of an expansion of the war to other countries or lasting serious negative macroeconomic consequences that affect the business with IT services and IT infrastructure in sales and procurement markets relevant for CANCOM.

With regard to the CANCOM Group as a whole and the individual Group segments IT Solutions and Cloud Solutions, unforeseeable events could influence the development of the Company or individual Group segments expected from today's perspective. Such events include, for example, the consequences of short-term legal or regulatory changes. Such events are not taken into account in the forecast.

The forecast developments in the key performance indicators relate exclusively to the development of the CANCOM Group in the financial year 2022 compared to the reporting date of 31 December 2021.

Forecast for the CANCOM Group

The Executive Board of CANCOM SE expects the positive development of the CANCOM Group to continue in the financial year 2022. The Executive Board believes that the digitisation trend is intact in all IT markets relevant to CANCOM. Furthermore, the Executive Board believes that the coronavirus pandemic has had a significant impact on the long-term significance of IT infrastructures and has raised awareness of the need for and advantages of far-reaching digitisation in many areas of life and the economy. Accordingly, the Executive Board assumes that the continued strong demand for IT hardware in the client area will continue during the course of the year. At the same time, the Executive Board expects demand for IT infrastructure projects and service offerings to increase. Consumption and usage patterns for IT hardware and IT services are changing. This is accompanied by an increased interest in IT solutions and consulting services to shape the digital transformation. Based on this assessment, the Executive Board considers it appropriate to issue a confident forecast for the financial performance indicators of the CANCOM Group and CANCOM SE.

Against the background of the aforementioned general conditions and premises, the Executive Board of CANCOM SE forecasts a very significant increase in revenue for the CANCOM Group in the financial year 2022. A very significant increase is expected for the Group's gross profit. A very significant increase is also expected for Group EBITDA. The Executive Board also expects a very significant increase in Group EBITA for the financial year 2022.

For the Group segment Cloud Solutions, the Executive Board expects a very significant increase in revenue. The Executive Board expects a very significant increase in EBITDA. In addition, a very significant increase in annual recurring revenue (ARR) is expected compared to the value as at 31 December 2021.

For the IT Solutions group segment, the Management Board expects a very significant increase in revenue as well as a significant increase in EBITDA.

Forecast for CANCOM SE

The parent company of the Group generates income primarily from profit and loss transfer agreements with subsidiaries and from allocations for management and financing services provided within the CANCOM Group. CANCOM SE is managed on the basis of the CANCOM Group's key figures. The future economic development of the individual company is directly dependent on the economic development of the Group. The statements in the Group's forecast report therefore apply accordingly.

Munich, 24 March 2022

The Executive Board of CANCOM SE

Rudolf Hotter	Thomas Stark	Rüdiger Rath
CEO	CFO	COO

Note roundings

Due to rounding, it is possible that individual figures in this document do not add up exactly to the totals shown and that percentages shown do not accurately reflect the absolute values to which they relate.

Disclaimer forward-looking statements

This document contains statements that relate to the future course of business and future financial performance as well as to future events or developments affecting CANCOM and may constitute forward-looking statements. These are based on current expectations, assumptions and estimates of the Executive Board as well as other information currently available to the management, much of which is beyond CANCOM's control. These statements can be identified by formulations and words such as "expect", "want", "assume", "believe", "aim", "estimate", "assume", "reckon with", "intend", "could", "plan", "should", "will", "predict" or similar terms. All statements, other than statements of historical fact, are forward-looking statements. Such forward-looking statements include, but are not limited to: Expectations regarding the availability of products and services, financial condition and results of operations, business strategy and the Board's plans for future operations, economic trends and any statements regarding assumptions. Although these statements are made with great care, CANCOM, represented by the Executive Board, cannot guarantee the accuracy of the expectations, particularly in the forecast report. Various known and unknown risks, uncertainties and other factors may cause actual results to differ significantly from those contained in the forward-looking statements. In this context, the following influencing factors are important, among others: external political influences, changes in the general economic and business situation, changes in the competitive position and situation, e.g. through the emergence of new competitors, new products and services, new technologies, changes in the investment behaviour of customer target groups, etc., as well as changes in the business strategy. Should one or more of these risks or uncertainties materialise, or should underlying expectations not materialise or assumptions prove incorrect, CANCOM's actual results, performance and achievements (both negative and positive) may vary materially from those expressed or implied by the forward-looking statement. No guarantee can be given for the adequacy, accuracy, completeness or correctness of the information or opinions contained in this document. CANCOM also assumes no obligation and does not intend to update these forward-looking statements or to correct them in the event of developments that differ from those anticipated.

Consolidated balance sheet

ASSETS

(in T€)	Notes	Dec. 31, 2021	Dec. 31, 2020
Current assets			
Cash and cash equivalents	B.1 (A.3.4)	652,965	338,371
Non-current assets and disposal groups held for sale	B.2 (A.3.5)	0	1,196
Trade receivables	B.3 (A.3.6)	299,116	331,368
Current contract assets	B.4 (A.3.7)	2,296	2,541
Capitalised current contract costs	B.4 (A.3.7)	937	5,589
Inventories	B.5 (A.3.8)	72,148	61,428
Other current financial assets	B.6 (A.3.16)	33,177	31,812
Other current non-financial assets	B.7 (A.3.17)	11,108	20,111
Total current assets		**1,071,747**	**792,416**
Non-current assets			
Property, plant and equipment	B.8.1 (A.3.9)	40,721	60,328
Intangible assets (other than goodwill)	B.8.2 (A.3.10)	64,491	81,393
Goodwill	B.8.3 (A.3.11)	113,451	208,072
Right-of-use assets	B.8.4 (A.3.13)	83,770	67,947
Financial assets and loans	B.8.5 (A.3.14)	5	5
Capitalised non-current contract costs	B.4 (A.3.7)	1,171	2,108
Deferred tax assets	B.9 (A.3.15)	5,976	7,747
Other non-current financial assets	B.6 (A.3.16)	20,295	27,111
Other non-current non-financial assets	B.7 (A.3.17)	5,017	2,732
Total non-current assets		**334,897**	**457,443**
Total assets		**1,406,644**	**1,249,859**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in T€)	Notes	Dec. 31, 2021	Dec. 31, 2020
Current liabilities			
Current liabilities to banks	B.10 (A.3.18)	1,997	2,275
Trade liabilities	B.11 (A.3.19)	316,982	371,623
Other current financial liabilities	B.12 (A.3.23)	64,646	50,933
Current employee benefit provisions	B.16 (A.3.20)	41	0
Current other provisions	B.13 (A.3.21)	2,017	1,098
Current contract liabilities	B.4 (A.3.7)	30,695	37,794
Income tax liabilities	B.14 (A.3.22)	12,660	8,387
Other current non-financial liabilities	B.15 (A.3.24)	39,084	49,678
Liabilities directly associated with non-current assets and disposal groups held for sale	B.2 (A.3.5)	0	241
Total current liabilities		**468,122**	**522,029**
Non-current liabilities			
Non-current liabilities to banks	B.10 (A.3.18)	12	113
Other non-current financial liabilities	B.12 (A.3.23)	99,167	87,213
Non-current employee benefit provisions	B.16 (A.3.20)	1,552	1,932
Non-current other provisions	B.13 (A.3.21)	1,712	1,587
Non-current contract liabilities	B.4 (A.3.7)	11,838	7,864
Deferred tax liabilities	B.9 (A.3.15)	10,172	14,458
Total non-current liabilities		**124,453**	**113,167**
Shareholders' Equity	B.17		
Issued capital	B.17.1	38,548	38,548
Capital reserves	B.17.2	376,846	375,474
Retained earnings including carryforwards and profit after taxes	B.17.3	397,789	201,470
Other reserves	B.17.4	535	-1,186
Non-controlling interests	B.17.5	351	357
Total equity		**814,069**	**614,663**
Total liabilities and shareholders' equity		**1,406,644**	**1,249,859**

Consolidated Statement of total Comprehensive Income

(in T€)	**Notes**	**Jan. 1, 2021 to Dec. 31, 2021**	**Jan. 1, 2020 to Dec. 31, 2020** (adjusted*)
Revenues	C.1 (A.3.2)	1,304,459	1,176,194
Other operating income	C.2	8,706	8,732
Work performed by the entity and capitalised	C.3	6,877	7,371
Capitalised contract costs	C.4	-1,020	432
Total output		**1,319,022**	**1,192,729**
Material expenses/cost of purchased services	C.5	-887,927	-801,393
Gross profit		**431,095**	**391,336**
Personnel expenses	C.6	-260,124	-238,683
Depreciation, amortisation, impairment of tangible assets, intangible assets and right-of-use assets	C.7	-44,044	-40,546
Impairment losses for financial assets including reversals of impairment losses		-578	-874
Other operating expenses	C.8	-48,912	-51,899
Operating profit (EBIT)		**77,437**	**59,334**
Interest and similar income	C.9	1,950	956
Interest and similar expenses	C.9	-3,798	-3,806
Other financial income	C.10	5	4
Other financial expenses	C.10	-2,337	0
Foreign currency gains/losses	C.11	22	-278
Profit before income taxes		**73,279**	**56,210**
Income taxes	C.12	-28,416	-20,261
Profit after taxes from continuing operations		**44,863**	**35,949**
Profit after taxes from discontinued operations	C.13	228,134	25,889
Profit after taxes		**272,997**	**61,838**
of which: attributable to owners of the parent		272,967	61,761
of which: attributable to non-controlling interests	C.14	30	77
Weighted average shares outstanding (units) undiluted		38,464,554	38,548,001
Weighted average shares outstanding (units) diluted		38,535,530	38,548,001
Earnings per share from continuing operations (undiluted) in €	C.15	**1,17**	**0,93**
Earnings per share from continuing operations (diluted) in €	C.15	**1,16**	**0,93**
Earnings per share from discontinued operations (undiluted) in €	C.15	**5,93**	**0,67**
Earnings per share from discontinued operations (diluted) in €	C.15	**5,92**	**0,67**
Earnings per share for profit after taxes attributable to the owners of the parent (undiluted) in €	C.15	**7,10**	**1,60**
Earnings per share for profit after taxes attributable to the owners of the parent (diluted) in €	C.15	**7,08**	**1,60**

*) See the explanations in section A.7 of the consolidated financial statements.

(in T€)	Jan. 1, 2021 to Dec. 31, 2021	Jan. 1, 2020 to Dec. 31, 2020
Profit after taxes	**272,997**	**61,838**
Other comprehensive income		
Items subsequently reclassified to profit after taxes (recycled)		
Gains/losses from the currency translation of foreign operations	1,719	-6,360
Items not subsequently reclassified to profit after taxes (not recycled)		
Gains/losses from the remeasurement of defined benefit plans	221	-261
Deferred taxes on items that are not reclassified to profit after taxes	-69	81
Other comprehensive income for the period	**1,871**	**-6,540**
Total comprehensive income for the period	**274,868**	**55,298**
of which: attributable to owners of the parent	274,838	55,221
of which: attributable to non-controlling interests	30	77

Consolidated Cash Flow Statement

(in T€)	Notes	Jan. 1, 2021 to Dec. 31, 2021	Jan. 1, 2020 to Dec. 31, 2020
Cash flow from operating activities			
Profit after taxes		272,997	61,838
Adjustments			
+ Depreciation, amortisation, impairment of tangible assets, intangible assets and right-of-use assets		54,384	59,205
+ Interest income and other financial income		4,082	-16,670
+ Income taxes		28,173	21,057
+/- Changes in non-current provisions		-74	-145
+/- Changes in current provisions		1,024	-28
+/- Gain/loss from disposal of non-current assets/liabilities		-583	-457
+/- Changes in inventories		-11,750	-15,945
+/- Changes in trade receivables, in contract assets, in capitalised contract costs and other assets		11,898	-75,679
+/- Changes in trade payables and other liabilities		-26,250	66,031
- Interest paid		-2,851	-2,592
+/- Income taxes paid/received		-24,095	-26,165
+/- Other non-cash income and expenses		72	-3,605
+ Equity-settled share-based payment transactions		1,372	1,395
- Profit from the sale of a discontinued operation		-236,093	0
Total cash flow from operating activities	D.1	**72,306**	**68,240**
Cash flow from investing activities			
- Payments from acquisition of subsidiaries		-14,283	-20,655
+ Proceeds from cash acquired in the acquisition of subsidiaries		732	0
+ Proceeds from the disposal of a discontinued operation		392,907	0
- Cash outflow from the disposal of a discontinued operation		-19,189	0
- Payments for investments in tangible and intangible assets as well as right-of-use assets		-33,150	-36,907
+ Sales proceeds for tangible and intangible assets as well as for financial investments		4,979	5,474
+ Interest and dividends received		172	1,531
Total cash flows from investing activities	D.1	**332,168**	**-50,557**

(in T€)	Notes	Jan. 1, 2021 to Dec. 31, 2021	Jan. 1, 2020 to Dec. 31, 2020
Cash flow from financing activities			
- Payments due to the repurchase of own shares		-44,487	0
- Payments for capital increase costs		0	-7
+ Proceeds from non-current financial liabilities		20	0
- Payments for the repayment of non-current financial liabilities (including the portion presented as current)		-1,760	-26,709
- Payments for the repayment of lease liabilities (perspective of the lessee)		-21,289	-16,822
+/- Payments/proceeds resulting from issuing/repayment of current financial liabilities		-317	-1,125
+/- Payments/proceeds resulting from financial liabilities and lease liabilities to leasing companies		7,532	22,643
- Payments for interest on non-current financial liabilities and lease liabilities		-1,179	-1,188
- Dividends paid		-28,947	-19,274
+ Proceeds from the disposal of non-controlling interests		0	280
- Payments for the acquisition of non-controlling interests		-42	-120
Total cash flow from financing activities	D.1	**-90,469**	**-42,322**
Net increase (decrease) in cash and cash equivalents		**314,005**	**-24,639**
+/- Effect of exchange rate changes on cash and cash equivalents		589	-1,843
+/- Cash and cash equivalents, at the beginning of the period		338,371	364,853
Cash and cash equivalents, at the end of the period	D.1	**652,965**	**338,371**
thereof			
Changes in cash and cash equivalents from continuing operations		652,965	338,371
Changes in cash and cash equivalents from discontinued operations		0	0

Consolidated Statement of Changes in Equity

				Retained earnings including carryforwards and profit after taxes			Other reserves			
	Shares	Issued capital	Capital reserves	Retained earnings	Profit after taxes including carryforwards	Remeasurement of defined benefit plans	Currency translation of foreign operations	Total owners of the parent	Non-controlling interests	Total shareholders' equity
	in T pieces	in T€	in T€	in T€	in T€	in T€	in T€	in T€	in T€	in T€
January 1, 2020	**38.548**	**38.548**	**374.310**	**119.261**	**40.640**	**-618**	**5.174**	**577.315**	**0**	**577.315**
Profit after taxes					61,761			61,761	77	61,838
Other compresensive income						-180	-6,360	-6,540	0	-6,540
Total comprehensive income					**61,761**	**-180**	**-6,360**	**55,221**	**77**	**55,298**
Capital increase costs			-5					-5		-5
Profit after taxes/retained earnings				53,624	-53,624			0		0
Recognition of share-based payment transactions			1,169					1,169		1,169
Dividend distribution in the business year					-19,274			-19,274		-19,274
Change due to the disposal of non-controlling interests								0	280	280
Change due to the acquisition of non-controlling interests				-120				-120		-120
December 31, 2020	**38,548**	**38,548**	**375,474**	**172,765**	**29,503**	**-798**	**-1,186**	**614,306**	**357**	**614,663**
January 1, 2021	**38,548**	**38,548**	**375,474**	**172,765**	**29,503**	**-798**	**-1,186**	**614,306**	**357**	**614,663**
Profit after taxes					272,967			272,967	30	272,997
Other compresensive income					-2	152	1,721	1,871	0	1,871
Total comprehensive income					**272,965**	**152**	**1,721**	**274,838**	**30**	**274,868**
Profit after taxes/retained earnings				19,992	-19,992			0		0
Recognition of share-based payment transactions			1,372					1,372		1,372
Dividend distribution in the business year					-28,911			-28,911	-36	-28,947
Change due to the disposal of non-controlling interests				-42				-42		-42
Change due to the acquisition of non-controlling interests				-47,845				-47,845		-47,845
December 31, 2021	**38,548**	**38,548**	**376,846**	**144,870**	**253,565**	**-646**	**535**	**813,718**	**351**	**814,069**

Group Notes

A. General information

A.1. Basics

The consolidated financial statements of CANCOM SE and its subsidiaries (hereinafter referred to as the "CANCOM Group" or the "Group") have been prepared for the reporting period (financial year 2021) in accordance with International Financial Reporting Standards or International Accounting Standards (IFRS/IAS as adopted by the EU).

The object of CANCOM SE and its consolidated subsidiaries is the design of IT architectures, systems integration and the provision of managed services. As a provider of complete solutions, in addition to the sale of hardware and software from well-known manufacturers, the main focus of its business activities is the provision of IT services. The range of IT services includes the design of IT architectures and IT landscapes, the conception and integration of IT systems and the operation of the systems.

The consolidated financial statements were prepared in euros (€). Unless otherwise stated, all amounts are given in thousands of euros (T€). In individual cases, rounding may mean that values in this report do not add up exactly to the totals given and that percentages do not result exactly from the values presented.

The reporting period covers the period from 1 January 2021 to 31 December 2021 (comparative period: 1 January 2020 to 31 December 2020). The address of the registered office is: Erika-Mann-Straße 69, 80636 Munich, Germany. CANCOM SE is registered with the Munich Local Court under HRB 203845.

The shares are traded on the regulated market of the Frankfurt Stock Exchange under ISIN DE0005419105 and are admitted to the Prime Standard.

These consolidated financial statements were authorised for issue by the Executive Board on 24 March 2022.

A.2. Consolidation and acquisitions

A.2.1. Consolidation principles

A.2.1.1. Subsidiary

In addition to CANCOM SE as the parent company, the CANCOM consolidated financial statements include the domestic and foreign companies in which CANCOM SE exercises control in accordance with IFRS 10 (subsidiaries).

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which the Group obtains control; the CANCOM Group applies the revaluation method. Consolidation ends as soon as the parent company no longer has control. The financial statements of the subsidiaries are prepared using uniform accounting policies for the same reporting period as the financial statements of the parent company. Intra-Group transactions between Group companies are eliminated in full.

A.2.1.2. Joint venture

Joint ventures are included in the consolidated financial statements using the equity method. In the case of joint ventures, CANCOM SE has rights to the net assets of the entity and manages it jointly with another party (joint control). Inclusion at equity is based on the IFRS financial statements of these companies.

No joint ventures were included in the CANCOM Group in the reporting period or in the comparative period.

A.2.1.3. Associated companies

Associated companies are also included in the consolidated financial statements using the equity method. In the case of associates, CANCOM SE has significant influence, i.e. it has the power to participate in the financial and operating policy decisions of the entity, but does not have control or joint control over the decision-making processes.

The CANCOM Group did not include any associates in the reporting period or the comparative period.

A.2.1.4. Non-consolidated structured entities

In the 2019 financial year, CANCOM sold a developed property in Jettingen-Scheppach to a leasing company and subsequently leased it back (sale and leaseback transaction). At the time of the sale, the developed land had a carrying amount of T€ 21,284. The leasing company Duana Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG is not controlled by CANCOM SE within the meaning of IFRS 10, as it does not hold the majority of voting rights or control is based on other contractual agreements. The land was sold to the leasing company by way of a contribution in return for the issue of shares in the company. The purpose of the leasing object company is exclusively to hold and manage the leased property over the lease term. The leasing object company is financed by a bank loan and by the sale of its receivables.

At the end of the reporting period and the comparative period, the balance sheet of the CANCOM Group shows the following items in relation to the leasing property company:

(in T€)	31.12.2021	31.12.2020
Shareholding in Duana Grundstücks-verwaltungsgesellschaft mbH & Co. Vermietungs KG	5	5
Rights of use for land and buildings	12,400	13,099
Leasing liabilities	15,035	15,906
Loan to Duana Grundstücksverwaltungs-gesellschaft mbH & Co. Vermietungs KG	1,288	710

The shareholder's share and the loan are reported in the balance sheet item "Financial assets and loans" and in the balance sheet item "Other non-current financial assets" respectively. The rights of use for land and buildings are reported under the balance sheet item "Rights of use". Leasing liabilities are included in the balance sheet item "other non-current financial liabilities" or in the balance sheet item "other current financial liabilities". The maximum risk of loss from the investment in the leasing company is limited to the shareholder's share and the loan issued to the leasing company. The loan is intended to offset any losses from changes in the residual book value of the developed property at the end of the lease term.

A.2.2. Company acquisitions and participations and company disposals

For the accounting principles for acquisitions, please refer to section A.3.30 of the consolidated financial statements.

A.2.2.1. Company acquisitions in the reporting period

In January 2021, CANCOM SE acquired 100 percent of the shares and 100 percent of the voting rights in Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH, Hanover, with a nominal value of T€ 26. The company is an IT systems house, employed 70 people (including the managing director) at the time of initial consolidation and generated revenue of T€ 22,750 (HGB) in the short financial year from 1 April 2020 to 31 December 2020. With the acquisition, CANCOM intends to expand its presence in the north of Germany and, in particular, broaden its offering for customers in the healthcare and education sectors as well as SMEs in terms of data centre infrastructure, including the associated integration and consultancy services. The total purchase price consists of a fixed purchase price component to be paid in cash in the amount of T€ 12,000 and variable purchase price components totalling T€ 3,936. The variable purchase price components are, on the one hand, a performance-based component (earn out) - i.e. conditional payments depending on the EBIT of the acquired company for a total of four periods until 31 December 2023. The fair value recognised at the acquisition date amounted to T€ 3,545. As the performance-based component is based on EBIT, the potential maximum payment amount is basically unlimited, whereby the undiscounted range is estimated between T€ 2,951 and T€ 4,918. On the other hand, the seller has given a guarantee that the balance sheet equity according to the German Commercial Code (HGB) will correspond to a certain minimum amount as at 31 December 2020. Should the equity on the closing date deviate from the guaranteed equity, the total purchase price will change accordingly by the negative or positive deviation amount. The equity capital on the reporting date of 31 December 2020 was T€ 391 higher than the guaranteed equity capital (positive deviation amount). The total purchase price of the shares thus increases by T€ 391; the amount was paid to the seller in the reporting period.

The acquisition of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH resulted in goodwill of T€ 9,973, which is not deductible for tax purposes and was mainly allocated to the IT Solutions segment. The reason for the recognition of the goodwill is expected synergies from the regionally strengthened business activity and from data centre solutions. The goodwill also includes expectations regarding the market growth for complete IT solutions and the expansion of the existing basic business with further IT services with existing customers. In connection with the acquisition, costs of T€ 45 were recognised in the reporting period and costs of T€ 97 in the comparable period within the presentation of the result for the period in the item "other operating expenses".

The following table shows the acquired assets and liabilities of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH, based in Hanover, as at the date of initial consolidation, 1 January 2021:

(in T€)	Fair values	Book values
Current assets		
Cash and cash equivalents	732	732
Receivables from deliveries and services	4,922	4,922
Current contract assets	9	9
Inventories	1,090	1,090
Other current financial assets	50	50
Other current assets	1,133	1,133
Total current assets	**7,936**	**7,936**
Non-current assets		
Property, plant and equipment	852	852
Intangible assets	6,221	99
Rights of use	3,504	3,504
Other non-current assets	2,265	2,265
Total non-current assets	**12,842**	**6,720**
Total assets acquired	**20,778**	**14,656**

(in T€)	Fair values	Book values
Current liabilities		
Liabilities from deliveries and services	3,079	3,079
Other current financial liabilities	259	259
Current other provisions	36	36
Current contractual liabilities	2,076	2,076
Liabilities from income taxes	277	277
Other current liabilities	1,331	1,331
Total current liabilities	**7,058**	**7,058**
Long-term debt		
Other non-current financial liabilities	3,270	3,270
Non-current other provisions	22	22
Long-term contractual liabilities	2,423	2,423
Deferred tax liabilities	2,042	44
Total long-term debt	**7,757**	**5,759**
Acquired debt, total	**14,815**	**12,817**
Net assets acquired	**5,963**	**1,839**

The gross book value of the trade receivables of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH recorded at the time of initial consolidation amounts to T€ 4,944; the resulting cash flows are classified as recoverable in almost their entirety at the time of initial consolidation.

The revenue of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH included in the CANCOM Group's revenue in the reporting period since the date of initial consolidation (1 January 2021) amounts to T€ 21,757; the profit included in the CANCOM Group's profit for the period in the statement of comprehensive income amounts to T€ 2,750.

A.2.2.2 Business acquisitions from previous periods

The contingent consideration (medocino Gesellschaft für vernetzte Systeme mbH) and synthetic liabilities (CANCOM LTD from the acquisition of Novosco Group Limited) arising from company acquisitions in previous periods developed as follows in the reporting period:

(in T€)	medocino Society for Networked Systems mbH	CANCOM LTD from acquisition Novosco Group Limited
Status 1.1.2021	600	1,810
Change from derecognition/ revaluation	0	-167
Access	0	2
Disposals/Compensations	-600	-1,729
Currency differences	0	84
Status 31.12.2021	**0**	**0**

The reduction in synthetic liabilities was mainly due to the fact that the shareholders of the shares not yet transferred to the CANCOM Group (non-controlling interests) exercised their right to tender their shares to the CANCOM Group during the reporting period (use of the put option). For further information, please refer to section D.5.

A.2.2.3. Company disposals in the reporting period

On 4 August 2021, the sale of CANCOM LTD with all its subsidiaries (CANCOM UK Group) was completed. The disposal resulted from strategic considerations and realignments in relation to the future geographic core markets of the CANCOM Group. For the CANCOM Group, the CANCOM UK Group represents a discontinued operation in accordance with IFRS 5. CANCOM has disposed of all its business activities in the United Kingdom and Ireland.

The following subsidiaries of the CANCOM Group were sold or deconsolidated during the reporting period: CANCOM LTD (London/UK), CANCOM UK Holdings Limited (London/UK), CANCOM UK TOG Limited, CANCOM UK Limited, CANCOM UK Managed Services Limited, CANCOM UK Professional Services Limited, M.H.C. Consulting Services Limited (all Wisborough Green/UK), Novosco Group Limited, CANCOM Managed Services Ltd (both Belfast/UK), CANCOM Ireland Limited (Dublin/Ireland), CANCOM Communication & Collaboration Ltd (Weybridge/UK) and CANCOM Ocean Ltd (London/UK). The companies sold are allocated to different segments within the CANCOM Group; some companies are allocated to both segments. For information on the allocation and description of the segments, please refer to section D.2.1 of these consolidated financial statements.

The result of the discontinued operation CANCOM UK Group for the reporting period and the comparative period breaks down as follows:

(in T€)	2021	2020
Revenues	81,144	141,439
Other operating income	237,291	641
Other own work capitalised	0	15
Capitalised contract costs	-474	-764
Total output	**317,961**	**141,331**
Cost of materials/cost of purchased services	-30,657	-59,465
Gross profit	**287,304**	**81,866**
Personnel expenses	-33,772	-45,344
Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use	-10,340	-18,659
Impairment losses on financial assets including reversals of impairment losses	6	4
Other operating expenses	-14,823	-13,353
Operating result (EBIT)	**228,375**	**4,514**
Interest and similar income	186	87
Interest and similar expenses	-354	-897
Other financial result Income	167	20,328
Other financial result Expenses	0	-2
Currency gains/losses	4,724	2,653
Result before income taxes	**233,098**	**26,683**
Income taxes	-4,964	-796
Profit after tax from discontinued operations	**228,134**	**25,887**
of which attributable to shareholders of the parent company	228,134	25,887
of which attributable to non-controlling interests	0	0

The item "other operating income" for the reporting period includes income from the deconsolidation result before income taxes in the amount of T€ 236,493. The item "other operating expenses" for the reporting period includes directly attributable disposal costs (in particular legal and consulting costs) in the amount of T€ -8,400. The item "personnel expenses" for the reporting period includes directly attributable disposal costs in the amount of T€ -200. The item "income taxes" for the reporting period includes a tax expense from the disposal of the discontinued operation in the amount of T€ 3,712.

The cash flows attributable to the discontinued operation CANCOM UK Group within the cash flow statement are shown in the following table:

(in T€)	2021	2020
Cash flow from operating activities	-1,058	25,655
Cash flow from investing activities	371,773	-3,508
Cash flow from financing activities	-6,586	-29,012
Net increase/decrease in cash and cash equivalents	**364,129**	**-6,865**

The cash flow from investing activities in the reporting period of T€ 371,773 includes - in addition to the cash inflows from the purchase price received in cash and cash outflows - cash inflows of T€ 122,105 from the repayment of loans granted by CANCOM SE to subsidiaries of the CANCOM UK Group.

The calculation of the deconsolidation result of the discontinued operation CANCOM UK Group is shown in the following table:

(in T€)	4.8.2021
Purchase price received in cash	270,801
Purchase price not received in cash	858
Cash and cash equivalents lent (derecognised)	-19,531
Other derecognised current assets	-46,710
Derecognised non-current assets	-164,702
Derecognised current liabilities	175,925
Derecognised non-current liabilities	19,072
Amounts reclassified from other comprehensive income to profit or loss for the period	780
Directly attributable costs of disposal	-8,600
Deconsolidation result before income taxes	**227,893**
Income taxes	-3,712
Deconsolidation result after income taxes	**224,181**

A.2.3. Scope of consolidation

All subsidiaries are included in the consolidated financial statements of the CANCOM Group. In the reporting period, these were 14 subsidiaries (comparative period: 28 subsidiaries), of which 7 were subsidiaries in Germany and 7 abroad (comparative period: 7 subsidiaries in Germany and 21 abroad).

Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH was merged with CANCOM GmbH by merger agreement dated 14 June 2021. The merger was entered in the commercial register of CANCOM GmbH on 9 July 2021.

The sale of the CANCOM UK Group (see previous section) reduced the group of consolidated companies by 12 subsidiaries. Ocean Intelligent Communications Ltd and Ocean Network Services Limited, which also belong to the CANCOM UK Group, were dissolved and deleted from the Companies House register in the reporting period.

The list of shareholdings pursuant to § 313 HGB is part of the notes to the consolidated financial statements and is published together with the consolidated financial statements in the Federal Gazette.

All fully consolidated subsidiaries included in the consolidated financial statements have a reporting date of 31 December 2021 (comparative period: 31 December 2020).

A.2.4. Major subsidiaries

The following table lists the main subsidiaries of the CANCOM Group:

Name of the subsidiary	Seat of the company	Participation rate in %
CANCOM GmbH	Jettingen-Scheppach	100.00
CANCOM Public GmbH	Berlin	100.00
CANCOM Managed Services GmbH	Munich	100.00
CANCOM a + d IT solutions GmbH	Brunn am Gebirge (formerly Perchtoldsdorf)/Austria	100.00
CANCOM ICT Service GmbH	Munich	100.00
HPM Incorporated	Pleasanton/USA	100.00

A.2.5. Translation of foreign currency financial statements

The assets and liabilities of subsidiaries whose functional currency is not the € are translated at the closing rate. The functional currency is the currency of the primary economic environment in which the subsidiary operates. Items included in the result for the period are translated at the average exchange rate during the year. Equity components of the subsidiaries are translated at the corresponding historical exchange rate at the time of occurrence. The currency differences resulting from the translation are recognised in equity in the item "other reserves" (i.e. in other comprehensive income in the statement of comprehensive income and not in the result for the period).

The exchange rates for the translation of significant foreign currency financial statements developed as follows in relation to the euro in the reporting period - and in the comparative period:

Currency	2021	2020
US Dollar (USD)		
Closing rate	1 € = 1.1326 USD	1 € = 1.2271 USD
Average price	1 € = 1.1835 USD	1 € = 1.1413 USD
Swiss Franc (SFR)		
Closing rate	1 € = 1.0331 SFR	1 € = 1.0802 SFR
Average price	1 € = 1.0814 SFR	1 € = 1.0703 SFR
British Pound (GBP)		
Closing rate*	1 € = 0.8514 GBP	1 € = 0.8990 GBP
Average rate*	1 € = 0.8667 GBP	1 € = 0.8892 GBP

*) As a result of the sale of the CANCOM UK Group (see section A.2.2.3 of the consolidated financial statements) on 4 August 2021, the closing rate is the closing rate on 31 July 2021; the average rate is therefore based on a period from 1 January 2021 to 31 July 2021.

A.3. Explanation of the recognition and measurement methods

A.3.1. General principles

The valuation of the balance sheet items in the consolidated financial statements is mainly based on amortised cost. In particular, derivative financial instruments, plan assets for pension obligations and certain balance sheet items acquired in the course of business combinations are measured at fair value.

Individual items of the statement of comprehensive income and the balance sheet have been summarised to improve the clarity of presentation. These items are explained in the notes.

The statement of comprehensive income consists of a presentation of the result for the period (income statement) and a presentation of other comprehensive income. The presentation of the result for the period is structured according to the nature of expense method. The total expenses incurred in the period are compared with the total output for the period. The latter comprises the total sales revenue plus other operating income, other own work capitalised and capitalised contract costs. The expenses are broken down by cost type. The presentation of other comprehensive income includes expenses and income to be recognised outside profit or loss for the period in equity (in the item "other reserves"). If necessary, the amounts recognised in equity are later reclassified to the result for the period.

Assets and liabilities are classified in the balance sheet according to their maturity as non-current (for maturities over one year) and current.

A.3.2. Revenue recognition

A.3.2.1. Regulatory basis and turnover categories

IFRS 15 is to be applied for revenue recognition from contracts with customers. The standard contains a principle-based five-step model to be applied to all contracts with customers. According to this five-step model, the contract with the customer must first be identified (step 1). In step 2, the independent performance obligations of the contract are to be identified. Then (step 3), the transaction price must be determined, with explicit provisions for the treatment of variable consideration, financing components, payments to the customer and barter transactions. After determining the transaction price, the allocation of the transaction price to the individual performance obligations is to be carried out in step 4. This is based on the individual selling prices of the individual performance obligations. CANCOM generally determines these from directly observable market prices of comparable goods or services; if it is not possible to determine these on the basis of such market prices in exceptional cases, the individual selling prices are derived using suitable methods that comply with the requirements of IFRS 15. Finally (step 5), the revenue can be recognised if the performance obligation has been fulfilled by the entity. The prerequisite for this is the transfer of control of the good or service to the customer. In addition, in step 5, it must be determined for each performance obligation identified at contract inception whether it will be satisfied over a period of time or at a point in time. According to IFRS 15, the former period-based fulfilment only arises if the customer uses the service at the same time as CANCOM provides the service, if the customer obtains control of an asset during its creation/improvement by CANCOM, or if CANCOM creates a customer-specific asset (without alternative use) and CANCOM has a legal claim to payment for the services already provided. If one of these three circumstances applies, revenue is recognised in accordance with the stage of completion (or percentage of completion method); the input-based cost-to-cost method is generally applied. In this respect, turnover is distributed over several periods if necessary. In contrast, when the performance obligation is fulfilled at a specific point in time, the revenue is recognised in its entirety in the period in which the customer obtains control of the promised asset; indicators of this are, for example, when a customer has taken delivery of the asset or it has passed into their physical possession.

In addition to the five-step model for revenue recognition, IFRS 15 contains further provisions. The regulations on capitalised contract costs (see section A.3.7 of the consolidated financial statements), on performance obligations as principal or agent, and on guarantees and warranties are particularly relevant for the CANCOM Group.

The CANCOM Group distinguishes between the following revenue categories:

- Sale of hardware and related software;
- Sale of third-party software licences;
- Provision of services, such as IT strategy consulting, IT services and support.

A.3.2.2. Principal/Agent Classification

The regulations on performance obligations as principal or agent address the question of whether the performance obligation consists of delivering the good or providing the service itself (so that the entity acts as principal) or whether it consists of commissioning another party to deliver the good or provide the service (so that the entity acts as agent). Under IFRS 15, an entity can be a principal only if it has control of the specific good or service before it transfers the promised good or service to a customer. A number of indicators that require interpretation must be used to determine the principal/agent status. For example, it is necessary to examine who is essentially responsible for the performance obligation (the entity itself or a subcontractor on behalf of the entity argues for principal status; another party argues for agent status). In addition, it must be analysed who bears the inventory risk (the company itself speaks for a principal status; another party speaks for an agent status). Furthermore, it must be elicited how the pricing is set (at the discretion of the company speaks for a principal status; at the discretion of another party speaks for an agent status). If another party is involved in the delivery of goods or services to a customer (i.e., the customer is offered a combined delivery of goods/services by the entity and the other party) and the entity performs a significant integration service by integrating the goods delivered or services provided by another party into the specific good or service promised to the customer under the contract, the entity has control before the transfer to the customer and is a principal.

The classification as principal means that revenue is recognised in the amount of the expected consideration in exchange for the transfer of the goods or services concerned - i.e. as a gross amount. The gross revenue is reported in the statement of comprehensive income under the item "Revenue" and compared with the corresponding cost of materials or cost of purchased services. Classification as an agent, on the other hand, results in the entity recognising only the revenue equal to the fee or commission it expects to receive in exchange for engaging the other party to deliver its goods or provide its services - that is, as a net amount. The fee or commission is the portion of the consideration that the entity retains after paying the other party the consideration received for its delivery of the goods or performance of the services. At CANCOM, the net amount is recognised within the statement of comprehensive income in the item "Revenue".

An assessment of whether CANCOM is classified as principal or agent arises at CANCOM on the one hand in connection with the sale of hardware (and associated software), where the customer can choose to obtain additional services (for example in the form of maintenance contracts, guarantees or warranties) from the hardware/software manufacturer. The following applies here:

- Maintenance, guarantees and warranties provided either exclusively by CANCOM or by third parties and CANCOM classify the company as a principal;
- Maintenance, guarantees and warranties provided exclusively by third parties are classified by the company as agent.

On the other hand, an assessment of whether CANCOM is classified as principal or agent arises in the sale of software licences obtained from third parties (cf. Section A.3.2.5).

A.3.2.3. Guarantees and warranties

With regard to guarantees and warranties, IFRS 15 requires a differentiation as to whether the guarantee or warranty is an assurance of the contractually agreed product specification (i.e. a functional guarantee) or a service that goes beyond the assurance of the contractually agreed product specification (i.e. an additional service). The former functional guarantees exist in particular if the company is financially liable by law for damage caused by its products. For them, it must be examined whether a provision is to be recognised in accordance with IAS 37 (see section A.3.21 of the consolidated financial statements). In the case of warranties that go beyond the contractually agreed product specifications, the customer can regularly choose whether to purchase the warranty or guarantee separately. It is therefore a separately identifiable service that is recognised as a separate performance obligation under IFRS 15 (see step 2 above) and to which a portion of the transaction price is allocated (see step 4 above). Fulfilment takes place either on a period or point in time basis (see step 5 above). At CANCOM, warranties are regularly recognised as additional services when hardware or software is sold in connection with the sale of additional services - particularly in the form of guarantees or warranties (see above).

A.3.2.4 Sale of hardware and associated software

Contracts for the sale of hardware (and associated software) are examined in the CANCOM Group to determine whether they contain independent performance obligations. This is the case, for example, if the contract includes a service component in addition to the delivery of goods. Revenue from the sale of hardware (and related software) is recognised when control of the goods is transferred to the customer. The latter is usually the case when the hardware/software is transferred to the customer. The sale of hardware (and related software) usually involves performance obligations that are fulfilled at a specific point in time. The consideration is usually fixed and does not include variable components. Significant financing components are usually not included in the contracts. Invoicing to the customer occurs with revenue recognition. Invoices are usually payable within 30 days.

A.3.2.5. Sale of third-party software licences

When accounting for revenue from software licensing transactions, there is considerable scope for discretion in assessing the principal/agent status. In the reporting period, there were further discussions in the IT industry as to whether revenue from the sale of standard software licences should be reported as an agent and thus net in accordance with IFRS 15.B36. A request for clarification was submitted by an industry representative. A corresponding request for clarification of the issue was submitted by an industry representative to the International Financial Reporting Interpretations Committee (IFRS IC).

When selling standard software licences, a distinction must be made between two contract models in principle:

- Direct contract model: CANCOM acts exclusively as an intermediary for the sale of standard software licences ("software advisor"); the standard software licences are delivered directly from the software manufacturer to the customer or the customer is given direct access to the software via the software manufacturer.

- Indirect contract model: CANCOM acts as a "value-added reseller" and, in addition to the resale of standard software licences, also provides consultancy services in connection with the sale of customised solutions based on the standard software licences ("pre-sales consultancy"); there is thus an obligation via a combined service which must be provided by the value-added reseller itself.

Under the direct contract model, only the software manufacturer is responsible for fulfilling the performance obligation. Accordingly, the software advisor does not have primary responsibility (IFRS 15.B37(a)). Furthermore, it also has no pricing (IFRS 15.B37(c)), no inventory risk (IFRS 15.B37 (b)) and no right to direct another party (IFRS 15.B35 (a)). This results in CANCOM acting as an agent under the direct contract model and only being entitled to report the margin (agent or net presentation).

Until the end of the comparison period, CANCOM took the view that it acted as principal in the sale of standard software licences under the indirect contract model (CANCOM acts as a value-added reseller). From CANCOM's point of view, the complex and extensive pre-sales advice in particular played a decisive role in the assessment of the principal/agent classification. Due to the explicit or implicit obligation to provide comprehensive advice as part of the indirect contract model, it was possible to assume an implicit performance obligation to the customer for the advice. This has led to the view that it is not the standard software licence alone that is sold, but a combined service bundle consisting of the standard software licence and the qualified advice of the value-added reseller (i.e. a customer-specific licensing solution) for which the value-added reseller is responsible. Against this background, the value-added reseller gains control over the indicators on "significant integration performance" (IFRS 15.B35A (c)) and "primary responsibility" (IFRS 15.B37 (a)) before the bundle of services is transferred to the customer. The indicators on pricing (IFRS 15.B37(c)), inventory risk (IFRS 15.B37 (b)) and the right to direct another party (IFRS 15.B35 (a)) supported this statement. Therefore, in the 2020 consolidated financial statements, CANCOM has reported total trading revenue for sales of standard software licences within the indirect contract model (principal or gross presentation).

Following a renewed review, CANCOM came to the conclusion in the course of preparing the consolidated financial statements for the first quarter of 2021 in April 2021 that for contracts in which CANCOM acts as a value-added reseller (indirect contract model), classification as an agent is more in line with the rules subject to interpretation. This was justified as follows:

- CANCOM assumed - in analogy to some representatives of the IT industry - that pre-sales consulting is an implicit promise within contracts for the delivery of standard software licences. However, doubts arose during the re-examination as to whether there was a significant integration service and whether CANCOM had the primary responsibility to fulfil the service.

- Furthermore, until the reassessment it was assumed that CANCOM was exposed to a certain inventory risk because - if the customer returns the standard software licences to CANCOM (for example, due to incorrect orders or due to misjudgements about usage on the part of the customer) - CANCOM has no legal claims to reimbursement of the purchase prices for the standard software licences to the software manufacturers and the standard software licences cannot be resold to other customers either. After a detailed analysis of the sales of standard software licences, however, it was determined that such an inventory risk does not exist in fact as a rule, since in practice it predominantly does not happen that standard software licences are returned.

- Finally, with the classification as an agent, a note from a completed audit by the German Financial Reporting Enforcement Panel was implemented.

Therefore, from the beginning of the financial year 2021, revenue from the purchase and sale of standard software licences where CANCOM acts as a value-added reseller (indirect contract model) will be reported as agent, i.e. only the difference between the consideration received from the customer and the acquisition costs for the software licence (as a net amount or profit margin) will be reported under the item 'Revenue'. This accounting change represents a change in the recognition and measurement methods. In the statement of comprehensive income and in the segment reporting, the items "revenue" and "cost of materials/cost of purchased services" of the comparative period were retroactively adjusted according to the change in presentation made at the beginning of the 2021 financial year (agent instead of principal reporting). For further information, please refer to the section A.7.2 of the consolidated financial statements.

From CANCOM's perspective, the change in recognition and measurement methods results in the consolidated financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Company's net assets, financial position or results of operations or cash flows, as after the presentation change

- all revenues from sales of standard software licences within the CANCOM Group are accounted for uniformly as agents - irrespective of whether CANCOM generates them within the direct contract model or within the indirect contract model;

- revenue from sales of standard software licences is treated in the same way for accounting purposes as revenue from maintenance, guarantees and warranties provided exclusively by third parties, and which CANCOM therefore also accounts for as an agent.

The change in recognition and measurement methods is in line with a preliminary agenda decision published by the IFRS IC in November 2021 on the recognition of revenue from standard software licences.

A.3.2.6. Provision of services, such as IT strategy consulting, IT services and support

CANCOM also examines contracts for the provision of services with regard to independent performance obligations. Revenue from service contracts is generally recognised over time in accordance with the stage of completion, as the performance obligation is usually fulfilled when the benefit resulting from the service is transferred. In cases where CANCOM is obliged to be ready or to provide the service (e.g. support/service contracts), revenue is recognised pro rata over the term of the contract. In addition, input-based methods are used to determine the stage of completion, i.e. revenue is recognised in accordance with the ratio of the costs incurred (or resources consumed) to the expected total cost of completion. According to the management of the CANCOM Group, these input-based methods are appropriate procedures for determining the percentage of completion of service components. Invoicing to the customer usually takes place with revenue recognition. Invoices are usually payable within 30 days. As a rule, services are priced separately; if this is not the case, the transaction prices are allocated on the basis of the relative individual selling prices.

A.3.3. Expense realisation and other income realisation

Operating expenses are recognised in profit or loss when the service is utilised or at the time they are incurred.

Interest to be paid or received is recognised as expense or income on an accrual basis; for this purpose, the effective interest method is applied in accordance with IFRS 9. Interest expenses incurred in connection with the acquisition and production of certain assets are only capitalised if they are qualifying assets in accordance with IAS 23. Interest expenses (CANCOM is the lessee) or interest income (CANCOM is the lessor) arising in connection with leases (see also section A.3.27 of the consolidated financial statements) are recognised in accordance with IFRS 16 at a constant rate of interest on the remaining lease liability or as a constant periodic rate of interest on the lessor's net investment.

In accordance with IFRS 9, dividends are recognised in income when the legal claim arises.

A.3.4. Cash and cash equivalents

Cash and cash equivalents are financial instruments (see also section A.3.25 of the consolidated financial statements); they are accounted for in accordance with IFRS 9. CANCOM assigns them to the measurement category "financial assets measured at amortised cost". Cash and cash equivalents comprise cash at banks, cash in hand and short-term deposits with banks with an initial maturity of up to three months. The amortised cost regularly corresponds to the nominal value. Cash and cash equivalents are generally subject to the impairment provisions of IFRS 9, i.e. expected credit losses must be recognised for the items.

A.3.5. Non-current assets and disposal groups held for sale, associated liabilities and discontinued operations

The balance sheet item "non-current assets and disposal groups held for sale" includes non-current assets and disposal groups classified as "held for sale" in accordance with IFRS 5. Such a classification must be made if the associated carrying amount will be recovered principally through a sale transaction rather than through continuing use. Furthermore, the items must be available for immediate sale in their present condition and the sale must be considered highly probable and expected within one year.

A non-current asset is not depreciated as long as it is classified as held for sale or is part of a disposal group that is classified as held for sale. Non-current assets or disposal groups classified as held for sale are measured immediately after classification and at subsequent reporting dates at the lower of carrying amount and fair value less costs to sell.

If a non-current asset is no longer classified as held for sale or is no longer part of a disposal group that is classified as held for sale, it is reclassified as a non-current item and measured at the date of the decision not to sell at either its recoverable amount or, if lower, at its carrying amount before classification, adjusted for any depreciation, amortisation or revaluation that would have been recognised in the absence of classification.

For disposal groups that meet the definition of discontinued operations, additional presentation and disclosure requirements apply in accordance with IFRS 5. Within the statement of comprehensive income and within the segment information, the earnings components allocated to the discontinued operation (earnings components of the subsidiaries that are part of the discontinued operation; deconsolidation result; directly attributable disposal costs; other income and expenses directly attributable to the discontinued operation) are reclassified to the item "Result from discontinued operations". For discontinued operations in the reporting period, this reclassification is also made for the comparative period, i.e. retrospectively. The cash flow statement is not reclassified (retrospectively).

IFRS does not specify how elimination entries are to be allocated to or between discontinued and continuing operations in the consolidation of income and expenses. Within the CANCOM Group, intra-Group income is eliminated in the respective supplying division and the associated expenses are eliminated in the respective division receiving the goods/services.

A.3.6. Receivables from deliveries and services

Trade receivables are financial instruments (see also section A.3.25 of the consolidated financial statements); they are primarily accounted for in accordance with IFRS 9, with the items being measured for the first time at the transaction price in accordance with IFRS 15. CANCOM assigns trade receivables to the measurement category "financial assets measured at amortised cost". The impairment rules of IFRS 9 must be applied to the items; the simplification model is used here, which allows simplified methods for determining expected credit losses using impairment matrices.

A.3.7. Contract assets, capitalised contract costs, contract liabilities

Contract assets, capitalised contract costs and contract liabilities are balance sheet items that arise in connection with revenue recognition in accordance with IFRS 15 (see section A.3.2 of the consolidated financial statements).

Contract assets exist when CANCOM has fulfilled its performance obligation but the customer has not yet paid the consideration. Unlike receivables, contract assets are conditional claims, i.e. the customer has not yet taken delivery. Contract assets are subject to the impairment requirements of IFRS 9; CANCOM uses the simplification model and simplified methods to determine expected credit losses using impairment matrices. Contract liabilities exist if CANCOM has not yet fulfilled its performance obligation but has already received consideration from the customer.

IFRS 15 differentiates between contract initiation costs, contract acquisition costs and contract performance costs. Additional contract acquisition costs - i.e. costs that CANCOM would not have incurred if the contract had not been concluded - must in principle be capitalised in accordance with IFRS 15 provided that the costs are expected to be recovered. However, CANCOM immediately recognises additional initiation costs as expenses when they are incurred if the contract term or the amortisation period is less than one year. Contract fulfilment costs must be capitalised in accordance with IFRS 15 if the costs relate directly to the contract, they generate resources that are used to fulfil the contracts and the costs are expected to be recovered - unless the costs fall within the scope of another standard. CANCOM specifies the capitalisation criterion 'expected settlement of costs' in such a way that the contract must either already have been concluded as at the respective reporting date or, from the perspective of the management entrusted with concluding the contract, it is highly probable that it will be concluded in the near future. Furthermore, the revenue associated with the contract must exceed the planned direct costs in order for the capitalisation criterion of the expected settlement of costs to be met.

Contract acquisition costs to be capitalised and contract performance costs to be capitalised are recognised in the CANCOM Group under the balance sheet items 'Capitalised short-term contract costs' and 'Capitalised long-term contract costs'. These items include capitalised internal and external services (design and conception, set-up and service provision costs, and legal consultancy costs). The costs capitalised in this way are subsequently written back over the term of the contract as the customer contract is fulfilled or depreciated on a straight-line basis. In addition, impairments are made if necessary.

In the result for the period, the expenses are neutralised accordingly in the balance sheet under the item "capitalised contract costs". The amortisation and any impairment of the capitalised contract costs are also reported in the result for the period under the item "capitalised contract costs".

A.3.8. Inventories

In accordance with IAS 2, inventories are generally measured at the lower of cost and net realisable value. For CANCOM, the acquisition costs are relevant. The cost of inventories includes all costs of acquisition and other costs incurred in bringing the inventories to their present location and condition. Acquisition costs are determined on the basis of a weighted average value.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. If the reasons that led to an impairment of the inventories to the net realisable value cease to exist, a corresponding reversal of the impairment loss is recognised. Impairments and reversals of impairments of inventories are reported in the presentation of the result for the period under the item "Cost of materials/cost of purchased services".

A.3.9. Property, plant and equipment

Property, plant and equipment is initially recognised at cost in accordance with IAS 16 and subsequently depreciated on a straight-line basis over its estimated useful life. The acquisition or production costs include the purchase price, all directly attributable costs, estimated costs for future disposal and restoration obligations as well as borrowing costs, insofar as these are to be capitalised in accordance with IAS 23.

Scheduled depreciation is based on the following useful lives:

- Buildings on third-party land: 50 years;
- Buildings on own land: 30-33 years;
- Office furniture and equipment: 3-14 years.

The appropriateness of the useful lives is reviewed regularly. If necessary, adjustments are made to the useful lives. Depreciation generally begins at the time the asset is ready for use. If there are indications of impairment in accordance with IAS 36 and if the recoverable amount is below the amortised cost, the items are written down (see also section A.3.12 of the consolidated financial statements). If the reasons for the unscheduled depreciation no longer apply, corresponding write-ups are made.

Low-value assets for which the acquisition or production costs do not exceed € 250 are recognised in full as an expense in the result for the period in the year of acquisition.

Gains or losses from the impairment of property, plant and equipment are reported in the presentation of the result for the period in the item "Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use"; gains or losses from the disposal of property, plant and equipment are included in the item "Other operating income" or in the item "Other operating expenses".

A.3.10. Intangible assets (excluding goodwill)

This balance sheet item mainly includes acquired intangible assets and internally generated intangible assets.

Acquired intangible assets (acquired rights and licences) are initially measured at cost (acquisition price, directly attributable costs). Assets identified in the course of business combinations (see also section A.3.30 of the consolidated financial statements), such as contractual customer relationships, trademark rights and non-compete agreements, are recognised as acquired intangible assets and initially measured at fair value, provided the criteria of IFRS 3 and IAS 38 are met.

Internally generated intangible assets (such as internally generated software) are recognised if they meet the capitalisation criteria of IAS 38 (in particular, evidence of technical feasibility, of the intention and ability to use, and of reliable measurement). Production costs include costs directly attributable to the development phase as well as borrowing costs if these are to be capitalised in accordance with IAS 23. Research costs are recognised as expenses.

Acquired and internally generated intangible assets with finite useful lives are amortised after initial recognition. The straight-line amortisation method is used, and a non-linear amortisation method is used for customer bases and orders on hand; within the CANCOM Group, useful lives of 3-12 years are assumed.

The appropriateness of the useful lives is reviewed regularly. If necessary, adjustments are made to the useful lives. If there are indications of impairment for intangible assets with limited useful lives in accordance with IAS 36 and if the recoverable amount is below the amortised cost, the items are written down (see also section A.3.12 of the consolidated financial statements). If the reasons for the unscheduled depreciation no longer apply, corresponding write-ups are made.

Any acquired and internally generated intangible assets with indefinite useful lives are not amortised but tested for impairment at least annually in accordance with IAS 36 (see also section A.3.12 of the consolidated financial statements).

Gains or losses from the impairment of intangible assets are reported in the presentation of the result for the period in the item "Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use"; gains or losses from the disposal of intangible assets are included in the item "Other operating income" or in the item "Other operating expenses".

A.3.11. Goodwill

Goodwill arises in connection with a business combination (see also section A.3.30 of the consolidated financial statements) if the total consideration transferred to the seller of the business exceeds the net amount of the identifiable assets acquired and liabilities assumed. The positive difference must be capitalised in accordance with IFRS 3.

Goodwill is not amortised but tested for impairment at least once a year in accordance with IAS 36 (see also section A.3.12 of the consolidated financial statements). The impairment test for goodwill is carried out at the level of the cash-generating unit to which the item was allocated upon initial recognition. Goodwill is allocated to the cash-generating unit that is expected to benefit from the synergies of the business combination. According to IAS 36, a cash-generating unit is the smallest identifiable group of assets with cash flows that are largely independent of other assets. Goodwill is always impaired if the recoverable amount of the cash-generating unit allocated to the item is less than the carrying amount of this cash-generating unit; the goodwill must then be written down by this difference. The basis for calculating the recoverable amount is the higher of the value in use and the fair value less costs to sell of the cash-generating unit. This is determined using a present value model, taking into account cash flows based on internal planning figures. A subsequent reversal of the impairment in the form of a write-up of the goodwill cannot be made.

A.3.12. Impairment of property, plant and equipment, intangible assets, goodwill, rights of use and intangible assets

Impairment is determined in accordance with IAS 36 by comparing the carrying amount with the recoverable amount. Such an impairment test is performed at the individual asset level if it is possible to estimate the recoverable amount for the individual asset. Otherwise, the impairment test must be performed at the level of the cash-generating unit. This is the smallest grouping of assets that generates largely independent cash inflows.

At each reporting date, an assessment is made as to whether there is any indication that an asset may be impaired. If such an indication exists, the recoverable amount of the asset or cash-generating unit must be determined and compared with the carrying amount. An impairment test is carried out once a year for goodwill, for any other intangible assets with an indefinite useful life and for intangible assets that are not yet ready for use, regardless of whether there are indications or not.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. For a cash-generating unit, the recoverable amount is generally determined using the discounted cash flow method, taking into account cash flows based on internal planning figures. The cash flows are discounted at a cost of capital that reflects current market expectations regarding the interest effect and the specific risks of the cash-generating unit.

An impairment loss is recognised if the recoverable amount of the asset or cash-generating unit is less than its carrying amount. In the case of a cash-generating unit, any goodwill must first be reduced or eliminated. If the carrying amount is not sufficient, the other assets of the cash-generating unit must be reduced proportionately.

Except for goodwill, an assessment must be made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If this is the case, the carrying amount of the asset or cash-generating unit must be increased to its recoverable amount. In doing so, assets may not be written up above their amortised carrying amounts, which would have been determined if no impairment losses had been previously recognised.

A.3.13. Rights of use

Rights of use are assets that CANCOM must recognise if it enters into leases (see section A.3.27 of the consolidated financial statements) as a lessee. They are accounted for in accordance with IFRS 16, which normally requires the lessee to recognise a lease liability as the present value of the lease payments not yet made and, at the same time, to capitalise a right-of-use asset at cost, which is essentially the initial carrying amount of the lease liability. Subsequently, the right of use is amortised over the term/useful life of the underlying asset. In addition, the impairment rules in IAS 36 are applied (see section A.3.12 of the consolidated financial statements).

These three classes of rights of use exist in the CANCOM Group:

- Rights of use for land and buildings;
- Rights of use for operating and office equipment;
- Rights of use for motor vehicles.

A.3.14. Financial assets and loans

The balance sheet item "Financial assets and loans" can in principle include securities, loans issued and participations in companies. These items are financial instruments (see also section A.3.25 of the consolidated financial statements) and are accounted for in accordance with IFRS 9. CANCOM assigns them to the measurement category "financial assets at fair value through other comprehensive income". Subsequent measurement is at fair value with changes in value recognised directly in equity in the item 'other reserves' (i.e. in other comprehensive income in the statement of comprehensive income and not in the presentation of profit or loss for the period), whereby changes in the value of equity instruments (equity investments) recognised in equity are never transferred to profit or loss for the period. For debt instruments, the impairment rules of IFRS 9 are also relevant, i.e. expected credit losses must be recognised for the items on each reporting date. The change in the expected credit loss represents an impairment loss or income to be recognised in profit or loss for the period.

A.3.15. Deferred taxes

Deferred taxes are recognised in accordance with IAS 12 to account for future tax consequences attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the IFRS financial statements and to loss carryforwards. Deferred taxes are measured on the basis of the regulations issued by the legislator at the end of the respective reporting period for the reporting periods in which the differences will be offset or the loss carryforwards will probably be used. Deferred tax assets on loss carryforwards are only recognised if it appears sufficiently certain that they can be realised in the near future. Deferred tax assets and liabilities are only offset if certain conditions are met.

The offsetting entry for the recognition of deferred taxes in the balance sheet is made within the presentation of the result for the period in the item "Income taxes" - unless the tax results from a transaction or event that is recognised in the same or another period either in equity in the item "Other reserves" (i.e. in other comprehensive income in the statement of comprehensive income) or elsewhere directly in equity.

A.3.16. Other financial assets

The balance sheet item "other financial assets" includes in particular receivables from finance leases (see section A.3.27 of the consolidated financial statements) as well as financial instruments such as receivables from suppliers, non-controlling shareholders and employees. They also include derivative financial instruments (see section A.3.26 of the consolidated financial statements) with a positive market value on the reporting date. Receivables are allocated by CANCOM to the measurement category 'financial assets measured at amortised cost'. They are subsequently measured using the effective interest method. In addition, the impairment rules of IFRS 9 apply and expected credit losses must be recognised.

Derivative financial instruments not included in hedging relationships must be allocated to the measurement category "financial assets at fair value through profit or loss". As a result, the items must be measured at fair value on each reporting date; changes in value must be recognised in the result for the period.

A.3.17. Other assets

The balance sheet items "other current assets" and "other non-current assets" include receivables and accruals that do not meet the definition of financial instruments. These are, in particular, receivables from public authorities and accrued expenses. If no specific IFRS/IAS is applied, the regulations of the framework concept are used for accounting.

A.3.18. Liabilities to credit institutions

Liabilities to banks include subordinated and non-subordinated loans that CANCOM has received from banks. These are financial instruments (see section A.3.25 of the consolidated financial statements) that must be accounted for in accordance with IFRS 9. In the CANCOM Group, liabilities to banks are allocated to the measurement category 'financial liabilities measured at amortised cost'. Subsequent measurement is at amortised cost using the effective interest method. The latter method implies that interest expenses are recognised in the amount of the effective interest burden (i.e. including transaction costs and premiums/discounts) on an accrual basis.

A.3.19. Liabilities from deliveries and services

Trade payables are financial instruments (see also section A.3.25 of the consolidated financial statements); they are accounted for in accordance with IFRS 9. In the CANCOM Group, the items are allocated to the measurement category 'financial liabilities measured at amortised cost'. The carrying amount generally corresponds to the agreed purchase price of the service received or the original invoice amount (reduced by any discounts taken).

A.3.20. Pension provisions

According to IAS 19, provisions must be made for pension commitments in the form of defined benefit plans where the actuarial risk (that the benefits will cost more than expected) as well as the investment risk (that the invested assets will not be sufficient to provide the expected benefits) are essentially borne by the company. The provision is reported as a net liability, i.e. from the defined benefit obligation (which reflects the future pension payments to the employees) the capital formed to finance the pension payments (actuarial reserve) is deducted if the actuarial reserve has the definition characteristics of plan assets.

The defined benefit obligation is measured using an actuarial valuation method (projected unit credit method). This method assumes that the employee earns an additional portion of his or her final benefit entitlement in each year of employment; consequently, the defined benefit obligation increases successively until retirement. Future payments are discounted using an actuarial interest rate derived from market yields on senior corporate bonds at each reporting date. The method takes into account actuarial assumptions such as demographic assumptions (e.g. mortality, turnover, early retirement) and financial assumptions (e.g. discount rate, future salary trends).

Cost components related to provisions for pensions are service cost, net interest (interest expense, interest income), actuarial gain or loss and return on plan assets. Within the presentation of the result for the period, the service cost (i.e. the increase in the present value of a defined benefit obligation arising from work performed in the reporting period) is reported in the item "Personnel expenses", the net interest in the item "Interest and similar expenses". The net interest is determined by multiplying the net liability by the actuarial interest rate of the defined benefit obligation. Actuarial gains or losses and income from plan assets are recognised directly in equity in the item "Retained earnings including profit/loss brought forward and profit/loss for the period" (i.e. in other comprehensive income in the statement of comprehensive income and not in the presentation of profit/loss for the period). Actuarial gains and losses are changes in the present value of the defined benefit obligation due to experience adjustments (effects of differences between previous actuarial assumptions and actual development) and effects of changes in actuarial assumptions. The return on plan assets is the deviation of the actual return on plan assets from the return based on the actuarial interest rate of the defined benefit obligation.

A.3.21. Other provisions

The balance sheet items "current other provisions" and "non-current other provisions" include, on the one hand, personnel-related provisions for jubilee, early retirement and severance obligations and, on the other hand, obligations for bonuses, premiums and other gratuities. In accordance with IAS 19, these are accounted for either according to the rules for short-term employee benefits, according to the rules for other long-term employee benefits (i.e. not considered pension benefits) or according to the rules for long-term employee termination benefits, depending on the characteristics of the obligation.

The balance sheet items "current other provisions" and "non-current other provisions" also include warranty obligations, any levies for copyright infringements and other provisions (such as for restoration obligations or for onerous contracts or impending losses). Such provisions are recognised in accordance with IAS 37 if a present obligation (legal or constructive) has arisen from a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Measurement is at the amount of the best estimate of the expenditure required to settle the obligation at the reporting date. Long-term provisions must be discounted with a risk-adequate interest rate.

A.3.22. Liabilities, receivables from actual income taxes

The balance sheet item "Income tax liabilities" includes payment obligations from corporate and trade tax assessments. They are accounted for in accordance with IAS 12. The carrying amount generally corresponds to the amount payable to the tax authority.

Actual income taxes are calculated based on the respective national tax results and regulations for the year. In addition, the actual taxes reported in the financial year also include adjustment amounts for any tax payments or refunds due for years not yet finally assessed, but excluding interest payments or refunds and penalties on tax arrears.

Receivables from tax overpayments are reported in the balance sheet item "other current assets". These are refund amounts that are virtually fixed as of the balance sheet date.

Tax liabilities are recognised in the event that amounts recognised in the tax returns are unlikely to be realised (uncertain tax positions). The amount is determined from the best possible estimate of the expected tax payment (expected value or most probable value of the tax uncertainty). Tax receivables from uncertain tax positions are recognised when it is probable that they can be realised. Only if a tax loss carryforward or an unused tax credit exists, no tax liability or tax asset is recognised for these uncertain tax positions, but instead the deferred tax asset is adjusted for the unused tax loss carryforwards and tax credits.

A.3.23. Other financial liabilities

The balance sheet items 'other current financial liabilities' and 'other non-current financial liabilities' include, in particular, lease liabilities arising from the fact that CANCOM is the lessee under leases (see section A.3.27 of the consolidated financial statements). They also include financial liabilities that arise in connection with sale and leaseback transactions because the sale of the underlying asset does not meet the criteria of a sale in accordance with IFRS 15 and payment receipts from the sale must therefore be recognised as financial liabilities in accordance with IFRS 9. These "financial liabilities to leasing companies" are subsequently measured under the measurement category "financial liabilities measured at amortised cost" and thus using the effective interest method. In addition, purchase price liabilities incurred in the course of company acquisitions (see section A.3.30 of the consolidated financial statements) are allocated to the balance sheet items. The latter purchase price liabilities are either contingent considerations or put/call agreements (see section A.3.30 of the consolidated financial statements for accounting).

Furthermore, derivative financial instruments not included in hedging relationships (see section A.3.26 of the consolidated financial statements) are reported under the balance sheet item "other current financial liabilities" or "other non-current financial liabilities" if they have a negative fair value on the balance sheet date. Such items must be allocated to the measurement category "financial liabilities at fair value through profit or loss". Subsequently, they must be measured at fair value at each reporting date; the changes in value must be recognised in the result for the period.

A.3.24. Other debts

The balance sheet items "other current liabilities" and "other non-current liabilities" include liabilities and accruals that do not meet the definition of financial instruments. These are, in particular, liabilities to authorities, cooperatives and social security institutions as well as liabilities to employees. If no specific IFRS/IAS is applied, the regulations of the framework concept are used for accounting.

A.3.25. Financial instruments

Financial instruments are defined in IAS 32; the related accounting and disclosure requirements are found in IFRS 9 and IFRS 7, respectively. The term financial instrument includes financial assets and financial liabilities. Financial assets include cash and cash equivalents, contractual rights to receive cash or other financial assets such as trade receivables, derivative financial instruments with positive fair values and equity instruments held in other entities. Financial liabilities include contractual obligations to deliver cash or another financial asset. They include, for example, loans taken out, short-term borrowings, trade payables and derivative financial instruments with negative fair values.

The balance sheet items "cash and cash equivalents", "trade receivables", "other current financial assets", "financial investments and loans" and "other non-current financial assets" exclusively contain financial assets. The balance sheet items "current liabilities to banks", "trade payables", "other current financial liabilities", "non-current liabilities to banks" and "other non-current financial liabilities" consist exclusively of financial liabilities.

Upon initial recognition, financial instruments must be assigned to measurement categories listed in IFRS 9. The subsequent measurement of the items is determined by the measurement category. There are three measurement categories for financial assets (financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, and financial assets measured at amortised cost). The allocation of financial assets is criteria-based, taking into account the objective associated with the item (the business model) and the characteristics of the cash flows. Financial liabilities can be allocated to two measurement categories ("financial liabilities at fair value through profit or loss", "financial liabilities measured at amortised cost").

Financial assets and financial liabilities are recognised as soon as an entity becomes a party to the contractual provisions of the financial instrument. Regular way purchases or sales within the CANCOM Group are recognised consistently at the settlement date (the date on which the asset is delivered to or by the entity). Initial measurement is at fair value or, in the case of trade receivables, at the transaction price in accordance with IFRS 15. The requirements of IFRS 13 apply to the determination of fair value. Transaction costs must be included in the initial carrying amount for items not measured at fair value through profit or loss.

In the reporting period and in the comparative period, the CANCOM Group did not make use of the option of voluntarily designating financial assets or financial liabilities as financial assets/liabilities at fair value through profit or loss on initial recognition (fair value option).

After initial recognition, financial instruments in the measurement categories "financial assets/liabilities at fair value through profit or loss" and "financial assets at fair value through other comprehensive income" must be measured at fair value. The measurement categories "financial assets/liabilities at fair value through profit or loss" also include derivative financial instruments that are not included in an effective hedging relationship in accordance with IFRS 9 (see also section A.3.26 of the consolidated financial statements). Changes in the value of the latter measurement categories are recognised in profit or loss (i.e. through the presentation of the result for the period). Subsequent measurement of items that fall under the measurement category "financial assets at fair value through other comprehensive income" is also at fair value. However, changes in value are recognised directly in equity in the item "other reserves" (i.e. in other comprehensive income in the statement of comprehensive income and not in the presentation of the result for the period), taking tax aspects into account. In the case of equity instruments, the changes in value thus recorded without affecting profit or loss are never transferred to the result for the period.

Derivative financial instruments included in an effective hedging relationship (see also section A.3.26 of the consolidated financial statements) are not allocated to any measurement category. They are also recognised at fair value, but depending on the type of hedging relationship, changes in value may also be recognised directly in equity in the item "other reserves" (i.e. in other comprehensive income in the statement of comprehensive income).

Financial assets in the measurement category "financial assets measured at amortised cost" and financial liabilities in the measurement category "financial liabilities measured at amortised cost" are measured after initial recognition at amortised cost using the effective interest method.

Debt instruments allocated to the measurement category "financial assets measured at amortised cost" and the measurement category "financial assets measured at fair value through other comprehensive income" are subject to the impairment requirements of IFRS 9. The expected credit loss for the respective item must be recognised on each reporting date. The change in the expected credit loss represents an impairment loss or income to be recognised in profit or loss. To determine the impairment, the financial instruments concerned are divided into three levels:

- **Level 1:** no indications of impairment, no increase in default risk; determination of risk provisioning based on probability-weighted default in the next 12 months (12M_ECL);

- **Level 2:** no indications of impairment, but default risk increase; determination of the risk provision on the basis of the probability-weighted default over the entire term (L_ECL);

- **Level 3:** objective indications of impairment; determination of the risk provision on the basis of the probability-weighted default over the entire term (L_ECL).

A.3.26. Derivative financial instruments

Derivative financial instruments are generally only used in the CANCOM Group to hedge risks arising from changes in exchange rates in the form of forward exchange contracts and similar currency derivatives. In addition, assets and liabilities may arise in connection with acquisitions (see section A.3.30 of the consolidated financial statements) that meet the definition of derivative financial instruments and must therefore be accounted for accordingly. These are contingent considerations including put/call agreements for the acquisition of shares.

Derivative financial instruments are accounted for in accordance with the requirements of IFRS 9. Derivative financial instruments are either accounted for on a stand-alone basis or are included in an effective hedging relationship ("hedge accounting"). Hedge accounting means entering into underlying and hedging transactions in a documented economic relationship in such a way that the compensatory effects on earnings resulting from changes in market prices occur in the same period. If a hedging relationship is designated, the gains and losses from the underlying and hedging transactions are recognised in accordance with the special hedge accounting rules. In principle, there is an option for hedge accounting for each situation. However, the application of hedge accounting rules is subject to conditions. The hedging relationship must be documented. Furthermore, the hedging relationship must fulfil certain effectiveness criteria (economic relationship between underlying transaction and hedging instrument, no dominant influence of default risk, hedge ratio corresponds to the hedge ratio used for risk management purposes).

The CANCOM Group did not apply hedge accounting in the reporting period or the comparative period.

The fair value is the measure of value for the initial and subsequent measurement of derivative financial instruments. The fair value of certain derivatives can be either positive or negative; depending on this, it is either a financial asset or a financial liability. The fair value is to be determined in accordance with the requirements of IFRS 13. If no quoted market prices from active markets are available, the fair values are calculated using present value or option pricing models whose significant input factors (e.g. market prices, interest rates) are derived from quoted prices or other directly or indirectly observable input factors.

Free-standing derivative financial instruments, i.e. those not included in an effective hedging relationship in accordance with IFRS 9, are always allocated to the measurement categories 'financial assets/liabilities at fair value through profit or loss'. Changes in the value of derivative financial instruments that CANCOM enters into to hedge operational currency risks are recognised in the presentation of the result for the period in the item "Other operating income" or in the item "Other operating expenses".

Derivative financial instruments included in an effective hedging relationship are not assigned to any measurement category. They are also recognised at fair value, with recognition depending on the type of hedge (fair value hedge, cash flow hedge) or the characteristics of the hedge, either in profit or loss (i.e. in the presentation of the result for the period) or in equity in the item "other reserves" (i.e. in other comprehensive income in the statement of comprehensive income).

A.3.27. Leases

Leases are accounted for in accordance with IFRS 16. A lease is defined in IFRS 16 as a contract for the use of an identifiable asset over which the entity has control, whereby the latter is concretised by the right to derive substantial economic benefits and the right to determine its use. IFRS 16 differentiates between the perspective of the lessee and the perspective of the lessor in the accounting requirements.

The lessee must generally recognise an asset for the right of use granted as well as a lease liability on the provision date. The lease liability is initially recognised at the present value of the lease payments not yet made. The right of use is to be capitalised in the amount of the acquisition costs, which essentially result from the initial book value of the leasing liability. Subsequently, the lease payments are to be divided into a repayment portion and an interest portion (with a constant interest rate on the remaining liability) and recognised accordingly as a reduction of the lease liability or as financing costs (interest expenses). In addition, the lease liability (and thus also the right-of-use asset) must be remeasured (present value) if there are changes in the lease term, purchase options, residual value guarantees and variable lease payments. The right of use is to be amortised on a scheduled basis over the term/useful life of the underlying asset. Furthermore, rights of use are subject to the impairment regulations of IAS 36 (see section A.3.12 of the consolidated financial statements). Short-term leases and leases in which the underlying asset is of low value may be exempted from the basic accounting requirement for the lease liability and the right of use. Then simplified recognition rules apply. CANCOM does not make use of the option to apply these simplification rules.

The lessor shall classify the lease at inception as either a finance lease or an operating lease. The former is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset, which is not the case for an operating lease. When classified as a finance lease, the lessor derecognises the leased asset and recognises a receivable for the net investment in the lease. Subsequently, the lease payments are to be split into a repayment portion and an interest portion (with a constant interest rate on the remaining receivable) and recognised accordingly as a reduction of the receivable or as financial income (interest income). The lessor shall apply the derecognition and impairment requirements of IFRS 9 to the net investment/receivable. If the lease is classified as an operating lease, the lease payments are recognised as income on a straight-line basis over the lease term (or on another systematic basis) in the statement of profit or loss. The leased asset remains on the lessor's balance sheet and is depreciated by the lessor.

The provisions in IFRS 16 on sale and leaseback transactions are primarily applied at CANCOM when merchandise is sold to a leasing company and then leased back directly by this leasing company in order to lease the merchandise again to CANCOM customers. A distinction is made between two cases:

- The sale to the leasing company is classified as a sale in accordance with IFRS 15 (i.e. the leasing company obtains control of the merchandise). Although CANCOM derecognises the merchandise in full, it recognises a pro rata right of use as part of the leaseback (i.e. CANCOM is the lessee) in addition to the lease liability. From the sale to the leasing company, pro rata revenue and pro rata cost of materials/expenses for purchased services are recognised. The requirements of IFRS 16 on subleases apply to leases to CANCOM customers; CANCOM is the sublessor. The sublease is predominantly classified as a finance lease. The recognition of the lease receivable and the derecognition of the leased asset (i.e. the right of use) results in a gain that is recognised in the presentation of the result for the period in the item "Other operating income" as "Income from subleases".

- The sale to the leasing company is not classified as a sale in accordance with IFRS 15 (i.e. the leasing company does not obtain control of the merchandise). CANCOM does not initially derecognise the merchandise. Instead, the receipt of payment is recognised by the leasing company as a financial liability in accordance with IFRS 9. The leases with customers (i.e. CANCOM is the lessor) are predominantly classified as finance leases, which is accompanied by the derecognition of the merchandise. As a lessor, CANCOM applies the rules for manufacturers and distributors in IFRS 16 and therefore recognises revenue at the present value of the lease payments to be received and the corresponding cost of materials/expenses for purchased services at the inception of the respective lease.

A.3.28. Government grants

Government grants which, in accordance with IAS 20, constitute grants related to assets (i.e. grants for capital expenditure) are only recognised if there is reasonable assurance that an entity within the CANCOM Group will comply with the conditions attaching to them and that the grants will be received. The grants are not deducted from the corresponding asset, but are recognised as deferred income in the balance sheet item 'Other current liabilities' or in the balance sheet item 'Other non-current liabilities'. The deferred item is subsequently released to income over the useful life or depreciation period of the corresponding tangible asset (i.e. through the presentation of the result for the period in the item "other operating income"). Grants related to income are also recognised in the period in which the corresponding claim arises in the presentation of the result for the period in the item "other operating income".

The benefit of a public loan at a below-market interest rate is treated as a government grant. The loan is measured in accordance with IFRS 9 (see section A.3.18 of the consolidated financial statements). The benefit of the below market interest rate is measured as the difference between the original carrying amount of the loan determined in accordance with IFRS 9 and the payments received. A deferred income item is recognised in the balance sheet item "other current liabilities" or in the balance sheet item "other non-current liabilities" for the amount of this difference, which is released to income over the term of the loan (i.e. through the presentation of the result for the period).

A.3.29. Transactions and items in foreign currency

According to IAS 21, a foreign currency transaction is a business transaction whose value is stated in a foreign currency or which requires settlement in a foreign currency. A foreign currency is any currency other than the functional currency of the Group entity. Foreign currency transactions are transactions for the purchase or sale of goods or services in foreign currency, borrowings or lendings in foreign currency, or acquisitions or disposals of assets and liabilities in foreign currency by other means. Foreign currency items are balance sheet items that were entered into or borrowed in foreign currency (and thus preceded foreign currency transactions).

Foreign currency transactions and items are initially translated into the functional currency at the spot rate prevailing on the date of the transaction.

The subsequent measurement of a foreign currency item depends on whether it is a monetary or a non-monetary item. Monetary items in a foreign currency must be translated into the functional currency at each reporting date using the closing rate (i.e. the spot rate on the reporting date); translation differences must generally be recognised in profit or loss, i.e. within the presentation of the result for the period. Translation differences from operating assets and liabilities (for example, from trade receivables and trade payables) are recognised under the item "other operating income" or "other operating expenses". Translation differences from non-operating assets and liabilities (for example, from financial loans issued or received) are recognised in the item "Currency gains/ losses". Non-monetary items, if measured at cost, are translated into the functional currency at the exchange rate prevailing at the date of initial recognition. Non-monetary items measured at fair value must be translated at the exchange rate prevailing on the measurement date (i.e. usually the closing rate). Translation differences from non-monetary items are to be treated like all other gains or losses, i.e. they are to be recognised either in profit or loss or directly in equity in the item "other reserves" (i.e. in other comprehensive income in the statement of comprehensive income).

A.3.30. Company acquisitions

Business combinations are accounted for using the purchase method in accordance with IFRS 3. In this case, the acquirer must recognise the identifiable assets acquired, the liabilities assumed and all non-controlling interests in the acquired company at the time of acquisition in accordance with the requirements of IFRS 3 and, as a rule, measure them at fair value. This means that the equity (assets less liabilities) of the acquired company is revalued. The purchase price of an acquisition is measured as the sum of the consideration transferred (including contingent consideration), measured at fair value at the acquisition date, and the non-controlling interest in the acquiree. A positive difference between the purchase price and the revalued equity represents goodwill, which is recognised as an asset in the balance sheet; a negative difference, however, is immediately recognised as an expense in the presentation of the result for the period (see below).

Costs incurred as part of the business combination are recognised as an expense in the presentation of the result for the period in the item "other operating expenses".

When the Group acquires a business, it assesses the appropriate classification and designation of the financial assets acquired and liabilities assumed in accordance with the contractual terms, economic circumstances and conditions prevailing at the acquisition date.

An agreed contingent consideration is recognised at fair value at the acquisition date. Subsequent changes in the fair value of a contingent consideration that is an asset or liability are generally recognised in profit or loss in the statement of comprehensive income in accordance with IFRS 9. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for in equity.

The accounting of forward transactions on company shares (put/ call agreements to acquire shares) is highly complex and requires a case-by-case assessment. Such items may be accounted for as non-derivative or derivative financial instruments under IFRS 9 or as non-derivative debt or equity instruments under IAS 32. If necessary, no direct recognition in the balance sheet is required. The put/call agreements recognised in financial year 2019 and before were accounted for as "synthetic liabilities" in accordance with IAS 32.23 and thus measured for the first time at the present value of the repurchase amount. CANCOM allocated the synthetic liabilities to the measurement category "at amortised cost" for subsequent measurement, i.e. the obligation amounts are periodically recalculated and compounded using the original borrowing rate. Changes from the revaluation are recognised in the presentation of the result for the period in the item "other financial result income" or in the item "other financial result expenses".

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the acquiree, the difference is recognised in the statement of profit or loss.

After initial recognition, goodwill is not amortised but tested for impairment at least annually in accordance with IAS 36 (see section A.3.11 and section A.3.12 of the consolidated financial statements). For the impairment test, the goodwill must be allocated to the cash-generating units in accordance with the requirements of IAS 36.

A.3.31. Share-based payments

The accounting for share-based payments or share-based payment programmes is based on IFRS 2. The standard distinguishes between equity-settled and cash-settled share-based payments.

In the case of equity-settled share-based payment transactions, the fair value of the services received - which, in the case of transactions with employees, is determined indirectly by reference to the fair value of the equity instruments granted - is recognised as an expense in profit or loss for the period (within the CANCOM Group under 'Staff costs') over the period in which the employees become unconditionally entitled to the awards (vesting period). A non-linear distribution is assumed. This non-linear distribution is a so-called "graded vesting". It is assumed that the employee has earned 50 percent of the entitlement after two years, another 25 percent after three years and the remaining 25 percent after four years. As an offsetting entry, equity is increased accordingly. The amount recognised as an expense is adjusted to reflect the number of awards for which the relevant service conditions and non-market performance conditions are expected to be satisfied, so that the final amount recognised as an expense is based on the number of awards that satisfy the relevant service conditions and non-market performance conditions at the end of the vesting period.

In the case of cash-settled share-based payment arrangements, a liability is recognised. Within the CANCOM Group, this is reported under the balance sheet item 'current other provisions' or 'non-current other provisions'. The liability is measured at the fair value of the stock appreciation rights at each reporting date. Changes in the fair value are recognised in profit or loss in the presentation of the result for the period (within the CANCOM Group in the item 'Staff costs').

A.3.32. Earnings per share

Earnings per share are calculated in accordance with IAS 33. The standard differentiates between basic earnings per share and diluted earnings per share.

Basic earnings per share are calculated by dividing the consolidated profit for the period less non-controlling interests by the weighted average number of ordinary shares outstanding (currently outstanding) during the period.

Diluted earnings per share take into account potential ordinary shares in addition to the currently outstanding ordinary shares.

The calculation of basic and diluted earnings per share is shown in the statement of comprehensive income under the presentation of the result for the period.

A.3.33. Repurchased own share

Purchased treasury shares must be deducted from equity. Within the CANCOM Group, the full amount paid for the acquisition (i.e. including the nominal value of the repurchased treasury shares) is booked against retained earnings. Transaction costs from the acquisition of treasury shares are also recognised as a reduction in retained earnings.

In the event of a renewed sale of previously acquired treasury shares, the amount of the consideration received is posted as an increase in retained earnings.

A.4. Discretionary decisions and estimation uncertainties

Discretionary decisions must be made when applying the recognition and measurement methods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below:

- In the context of business combinations, the assets acquired and liabilities assumed must be identified and, as a rule, measured at fair value at the time of acquisition (see section A.3.30 of the consolidated financial statements). In particular, the identification and measurement of intangible assets (such as acquired customer bases, order backlogs, brands) is subject to judgement.

- According to IFRS 15, if another party is involved in the delivery of goods or the provision of services to a customer, an entity must evaluate in the context of revenue recognition (see section A.3.2 of the consolidated financial statements) whether its performance obligation is to deliver the goods as principal or to provide the services as principal or to commission this other party with the delivery of the goods or the provision of the services as agent. The weighting of individual arguments for or against a principal/agent position - and thus a point in time or period-related revenue recognition - to be carried out within the scope of an overall assessment is complex and partly subject to judgement. This applies in particular to sales of third-party software licences (see section A.3.2.5 of the consolidated financial statements).

- When carrying out impairment tests on goodwill, assumptions are made on which the determination of the recoverable amount is based (see section B.8.3 of the consolidated financial statements); management planning calculations are also used for this purpose.

- In the case of trade payables (see section B.11 of the consolidated financial statements) in connection with additional agreements that CANCOM enters into with suppliers, it is necessary to examine whether the additional agreement represents a material contractual change in relation to the original supplier contract in accordance with IFRS 9 or whether the trade payables are to be derecognised. The derecognition criteria are discretionary.

- When determining the term of leases (see section D.3 of the consolidated financial statements), an assessment must be made in connection with extension and termination options as to whether the respective exercise of the option is sufficiently certain.

- The valuation of share options and performance shares to employees as share-based payments (see section D.4 of the consolidated financial statements) takes into account estimated market-dependent performance conditions (such as expected volatilities and risk-free interest rates) as well as company-specific parameters (such as fluctuations and mortality rates).

- Valuation allowances are made on receivables to account for expected credit losses from customers' inability or unwillingness to pay. This concerns in particular the book values of trade receivables (see section D.5 of the consolidated financial statements).

- The determination of the useful lives of property, plant and equipment and intangible assets (see section A.3.9 and section A.3.10 of the consolidated financial statements) is based on management's assessments and planning calculations. This also applies to the determination of impairments of such items and of financial assets.

In the case of these recognition and measurement uncertainties, the best possible knowledge is used, based on the circumstances on the balance sheet date. The actual amounts may differ from the estimates. The carrying amounts recognised in the financial statements and subject to these uncertainties can be seen from the balance sheet or the related notes in the appendix.

At the time of preparation of the consolidated financial statements, no significant changes in the assumptions on which the recognition and measurement were based are to be expected. In this respect, from the current perspective, no significant adjustments to the assumptions and estimates are expected that would have a material impact on the result for the period or on the carrying amounts of the assets and liabilities concerned in the next financial year (reporting period 2022).

A.5. Accounting standards to be applied for the first time

The CANCOM Group applied the following pronouncements or amendments to pronouncements of the IASB for the first time in the reporting period:

- Amendment to IFRS 16 "Leases" (Amendment title: "Covid 19-related lease concessions" or "Covid 19-related lease concessions after 30 June 2021");
- Amendment to IFRS 4 "Insurance Contracts" (name of the amendment: "Extension of the temporary exemption from IFRS 9");
- Amendment to IFRS 9 "Financial Instruments", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" (name of the amendment: "Reform of Reference Rates - Phase 2").

The amendments to IFRS 16 exempt the lessee, under certain conditions and for a limited period of time, from assessing whether lease concessions granted in connection with the Corona pandemic are to be considered changes in leases. This allows the lessee not to account for these lease concessions under the rules for changes in leases, but as if they were not changes in leases.

The amendment to IFRS 4 postpones the mandatory first-time application of the time-limited application exception of IFRS 9 from 1 January 2021 to 1 January 2023.

The amendments to IFRS 9 arise against the background of the reform of the reference interest rate (IBOR reform) and essentially concern relief with regard to the regulations on the presentation of hedging relationships (hedge accounting).

None of the above changes to the rules have any significant impact on the CANCOM Group's net assets, financial position and results of operations or on its cash flows.

A.6. Accounting standards not applied

No IFRSs were voluntarily applied early for the consolidated financial statements of CANCOM SE as at 31 December 2021. The pronouncements will be taken into account for the first time at the time of their mandatory application. The application of IFRS is subject to the European Union (EU) granting the endorsements, some of which are still outstanding.

The changes in regulations listed below are not expected to have any material impact on the presentation of the financial position, financial performance or cash flows of the CANCOM Group.

A.6.1. Mandatory first-time application in the reporting period 2022

The following pronouncements will be mandatory for the first time in CANCOM's consolidated financial statements as at 31 December 2022:

- "Improvements to International Financial Reporting Standards" ("2018-2020 cycle"; published in 2020);
- Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (Amendment title: "Onerous Contracts - Costs of Fulfilling a Contract");
- Amendment to IAS 16 "Property, Plant and Equipment" (name of the amendment: "Property, Plant and Equipment - Revenue before Intended Use");
- Amendment to IFRS 3 "Business Combinations" (name of the amendment: "References to the Framework").

The IASB makes amendments to various IFRS via collective standards "Improvements to International Financial Reporting Standards". A total of four standards were amended in the 2018-2020 cycle.

The amendments to IAS 37 concern the definition of which costs an entity includes when assessing whether a contract will be loss-making. The definition of performance costs is concretised. Fulfilment costs are all costs that directly affect the contract. This means that both costs that would not be incurred without the contract and other costs directly attributable to the contract must be taken into account.

The amendments to IAS 16 clarify that revenue received by an entity from the sale of items produced while preparing the asset for its intended use (for example, product samples) and the related costs are to be recognised in profit or loss. The inclusion of such amounts in the determination of cost is not permitted.

The amendments to IFRS 3 concern a reference in the standard to the framework concept. The rules for accounting for business combinations are not affected by the amendments.

A.6.2. Mandatory first-time application in the reporting period 2023 or later

The following pronouncements will be applied for the first time in CANCOM's consolidated financial statements as at 31 December 2023 or later:

- Amendments to IAS 1 "Presentation of Financial Statements" (name of the amendments: "Classification of Liabilities as Current or Non-current" and "Classification of Liabilities as Current or Non-current - Deferral of Effective Date"; EU endorsement not yet effected);

- IFRS 17 "Insurance Contracts" including amendments to IFRS 17 (name of the last amendment: "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"; EU endorsement of the last amendment not yet effected);

- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Guidance Document 2 "Cases of Materiality Judgements" (name of amendment: "Disclosure of Accounting Policies");

- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (title of amendment: "Definition of Accounting Estimates");

- Amendments to IAS 12 "Income Taxes" (name of the amendment: "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"; EU endorsement not yet effected).

The first amendment to IAS 1 concerns the adjustment of the assessment criteria for the classification of liabilities as current or non-current.

IFRS 17 replaces IFRS 4 and contains requirements for accounting and disclosure of insurance contracts (especially life insurance, property insurance, direct insurance, reinsurance). In contrast to IFRS 4, IFRS 17 contains a comprehensive model for insurance contracts that depicts all relevant aspects of accounting.

Another amendment to IAS 1 means that in future only the "significant" accounting methods must be presented in the notes. To be material, the accounting method must be related to significant transactions or other events and there must be a reason for the presentation.

The amendment to IAS 8 clarifies how entities can better distinguish changes in accounting policies from changes in estimates. For this purpose, it is defined that an accounting estimate always relates to a valuation uncertainty of a financial figure in the financial statements.

The amendment to IAS 12 relates to the accounting for deferred taxes in connection with leases and disposal or restoration obligations. In general, deferred taxes may not be recognised under certain circumstances. As a result of the amendment to IAS 12, this exemption no longer applies to transactions in which both deductible and taxable temporary differences arise in the same amount upon initial recognition, even if the other previously applicable conditions are met. This means that deferred taxes in connection with leases or disposal or restoration obligations may have to be recognised.

A.6.3. Announcements without a mandatory date of first application

The amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" (title of the amendments: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" and "Effective Date of Amendments to IFRS 10 and IAS 28"; EU adoption not yet effected) do not yet have a mandatory date of first-time application. An inconsistency between the provisions of IFRS 10 and IAS 28 is addressed in the case of the sale of assets to an associate or joint venture or the contribution of assets to an associate or joint venture.

A.7. Changes in the reporting structure as well as error corrections, changes in recognition and measurement methods , changes in presentation due to a discontinued operation

A.7.1. Changes to the report structure as well as error corrections

There were no changes to the reporting structure or corrections of errors in the reporting period.

A.7.2. Changes in recognition and measurement methods

When accounting for revenue from software licensing transactions, there is considerable scope for discretion in assessing the principal/agent status. Further explanations can be found in section A.3.2.2 and section A.3.2.5 of the consolidated financial statements.

In the reporting period and in the comparative period of the 2020 financial year, revenue from third-party standard software licences for which CANCOM acts as a value-added reseller was reported as a principal and therefore as a gross amount in the statement of comprehensive income. Revenue was reported in the full amount of the consideration received from the customer, with the acquisition costs for the standard software licences being reported in the item "Cost of materials/cost of purchased services".

From the beginning of the 2021 financial year, the revenue from the purchase and sale of such standard software licences will be reported as agent, i.e. only the difference between the consideration received from the customer and the acquisition costs for the standard software licence (as a net amount or profit margin) will be reported under the item "Revenue". This accounting change represents a change in the recognition and measurement methods. For the background, please refer to section A.3.2.5 of the consolidated financial statements.

In the statement of comprehensive income and in the segment reporting, the items "revenue" and "cost of materials/cost of purchased services" of the comparative period were adjusted retrospectively in accordance with the change in presentation made at the beginning of the 2021 financial year (agent instead of principal reporting). The adjustments are presented in tabular form in the A.7.4 of the consolidated financial statements.

The following table compares the amounts reported for the items "sales revenue" and "cost of materials/cost of purchased services" for the reporting period and the comparative period (agent classification) and what the amounts would have been for the items if the principal classification had continued to be used. Furthermore, the effects on the key earnings figures are presented.

Presentation of gross/net statement Standard software licences (principal/agent classification)	**2021***		**2020** (adjusted*)	
(in T€)	**Agent classification (reported)**	**Principal classification**	**Agent classification (reported)**	**Principal classification**
Revenues	1,304,459	1,635,920	1,176,194	1,497,337
Cost of materials/cost of purchased services	-887,927	-1,219,388	-801,393	-1,122,536
Gross profit	431,095	431,095	391,336	391,336
EBITDA	121,481	121,481	99,880	99,880
EBITA	83,636	83,636	77,213	77,213
EBITDA margin	9.3 %	7.4 %	8.5 %	6.7 %

*) Figures based on continuing operations

A.7.3. Changes in presentation due to discontinued operation

In connection with the sale of the CANCOM UK Group, the criteria for classifying the disposal group as held for sale were met in July 2021; the sale and deconsolidation took place in August 2021 (see also section B.2 and section A.2.2.3 of the consolidated financial statements).

At the end of the reporting period, the balance sheet item "Non-current assets and disposal groups held for sale" or the balance sheet item "Liabilities associated with non-current assets and disposal groups held for sale" did not contain any assets or liabilities of the disposal group due to the complete sale and deconsolidation during the reporting period. The balance sheet item "Non-current assets and disposal groups held for sale" and the balance sheet item "Liabilities associated with non-current assets and disposal groups held for sale" were not retroactively adjusted at the end of the comparative period.

For the CANCOM Group, the CANCOM UK Group represents a discontinued operation in accordance with IFRS 5. CANCOM has sold all its business activities in the United Kingdom and Ireland. Due to the existence of a discontinued operation, in the reporting period and in the comparative period, within the statement of comprehensive income and within the segment information, corresponding reclassifications of components of profit or loss attributable to the discontinued operation (components of profit or loss of discontinued subsidiaries; deconsolidation result; directly attributable costs of disposal; other income and expenses directly attributable to the discontinued operation) were made to the item 'Result from discontinued operations'. The composition of this item is tabulated in section A.2.2.3 of the consolidated financial statements. For the comparative period, the reclassifications within the statement of comprehensive income and within the segment information were made retrospectively, see also the following section.

A.7.4. Adjustments within the statement of comprehensive income for the comparative period

The following table shows which items within the statement of comprehensive income (in the presentation of the result for the period) for the period from 1 January 2020 to 31 December 2020 due to the changes described in section A.7.2 and in section A.7.3 have been adjusted:

(in T€)	1.1.2020 until 31.12.2020 (adjusted)	1.1.2020 until 31.12.2020 (before adjustment)	Adjustment software licences continuing operations	Adjustment software licences discontinued operation	Adjustment discontinued operation
Revenues	1,176,194	1,649,426	-321,143	-10,650	-141,439
Other operating income	8,732	9,373	0	0	-641
Other own work capitalised	7,371	7,386	0	0	-15
Capitalised contract costs	432	-332	0	0	764
Cost of materials/cost of purchased services	-801,393	-1,192,651	321,143	10,650	59,465
Personnel expenses	-238,683	-284,027	0	0	45,344
Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use	-40,546	-59,205	0	0	18,659
Impairment losses on financial assets including reversals of impairment losses	-874	-870	0	0	-4
Other operating expenses	-51,899	-65,252	0	0	13,353
Interest and similar income	956	1,043	0	0	-87
Interest and similar expenses	-3,806	-4,702	0	0	897
Other financial result Income	4	20,331	0	0	-20,328
Other financial result Expenses	0	-2	0	0	2
Currency gains/losses	-278	2,375	0	0	-2,653
Income taxes	-20,261	-21,057	0	0	796
Result from discontinued operations	25,889	2	0	0	25,887

B. Notes to the consolidated balance sheet

B.1. Cash and cash equivalents

Cash and cash equivalents consist exclusively of bank balances due at any time and cash in hand

B.2. Non-current assets and disposal groups held for sale and related liabilities

The non-current assets and disposal groups classified as held for sale at the end of the comparative period relate to a building, including a heritable building right, for which there has been an intention to sell since September 2019. The building is not essential to CANCOM's operations. The sale took place in the reporting period; this resulted in a gain of T€ 2,211, which was recognised in the statement of comprehensive income under the item 'Other operating income'. Prior to the classification as "held for sale", the building was reported under the balance sheet item "property, plant and equipment" and the leasehold under the balance sheet item "rights of use" within the IT Solutions segment. With the classification as "held for sale" in the 2019 financial year, lease liabilities from the leasehold in the amount of T€ 241 were also reclassified from the balance sheet item "other non-current financial liabilities" and in the amount of T€ 4 from the balance sheet item "other current financial liabilities" to the balance sheet item "liabilities associated with non-current assets and disposal groups held for sale". The reclassified lease liabilities had a total carrying amount of T€ 241 at the end of the comparative period.

With regard to the sale of the CANCOM UK Group (for further details see section A.2.2.3 of the consolidated financial statements), the criteria for classification as held for sale were met in July 2021. The sale and deconsolidation took place in August 2021. At the end of the reporting period, the balance sheet item "Non-current assets and disposal groups held for sale" and the balance sheet item "Liabilities associated with non-current assets and disposal groups held for sale" did not contain any assets or liabilities of the disposal group due to the complete sale and deconsolidation.

B.3. Receivables from deliveries and services

Trade receivables are composed as follows:

(in T€)	31.12.2021	31.12.2020
Gross book value (before value adjustments)	300,472	332,542
Value adjustments	-1,356	-1,174
Trade receivables, balance sheet disclosure	**299,116**	**331,368**

The trade receivables reported in the balance sheet relate exclusively to contracts with customers in accordance with IFRS 15.

The gross carrying amount for trade receivables developed as follows in the reporting period:

(in T€)	Level 2	Level 3	Total
Gross book value as at 1.1.	330,356	2,186	332,542
Changes in the scope of consolidation	-32,485	-123	-32,608
Transfer to level 3	-696	696	0
Transfer to level 2	0	0	0
Addition of new receivables	255,217	106	255,323
Derecognition due to settlement of receivables	-253,224	-997	-254,221
Derecognition due to write-off of receivables	-306	-258	-564
Gross book value as at 31.12.	**298,862**	**1,610**	**300,472**

The allowances for trade receivables developed as follows in the reporting period:

(in T€)	Level 2	Level 3	Total
Value adjustments as at 1.1.	86	1,088	1,174
Changes in the scope of consolidation	-10	-22	-32
Transfer to level 3	-3	3	0
Transfer to level 2	0	0	0
Revaluation of the value adjustment (addition, release)	491	-126	365
Derecognition due to write-off of receivables	-1	-150	-151
Value adjustments as at 31.12.	**563**	**793**	**1.356**

The amount of T€ -578 (comparative period restated: T€ -874; before restatement: T€ -870) recognised in the period under review within the statement of comprehensive income in the item "Impairment losses on financial assets including reversals of impairment losses" is composed of the amounts included in the previous table for the revaluation of the allowance of T€ -365 (comparative period: T€ -793) and for the derecognition due to the write-off of receivables of T€ 151 (comparative period: T€ 44); in addition, it includes losses due to the derecognition/write-off of receivables of T€ -413 (comparative period adjusted: T€ -154; before adjustment: T€ -150), gains due to cash inflows from receivables already derecognised/written-off of T€ 77 (comparative period: T€ 29) and impairments on receivables from finance leases of T€ -28 (comparative period: T€ 0).

For trade receivables, impairment losses and reversals of impairment losses for expected credit losses are determined using an impairment matrix. Please refer to the information on default risks in section D.6.5 of the consolidated financial statements.

B.4. Contract assets, contract liabilities and capitalised contract costs

The following table provides information on contract assets from contracts with clients:

(in T€)	31.12.2021	31.12.2020
Current contract assets	2,296	2,541
Long-term contract assets	0	0
Contract assets, balance sheet disclosure	**2,296**	**2,541**

The contract assets mainly relate to orders in progress in connection with IT projects.

The following table provides information on contractual liabilities from contracts with customers:

(in T€)	31.12.2021	31.12.2020
Current contractual liabilities	30,695	37,794
Long-term contractual liabilities	11,838	7,864
Contractual liabilities, balance sheet disclosure	**42,533**	**45,658**

Contract liabilities mainly relate to advance payments received from customers and prepaid term contracts in connection with IT projects and support services. The amount reported at the beginning of the reporting period or the comparative period was mainly recognised as revenue in the respective period.

The following table shows the contract costs capitalised in the reporting and comparative period:

(in T€)	31.12.2021	31.12.2020
Capitalised short-term contract costs	937	5,589
Capitalised long-term contract costs	1,171	2,108
Capitalised contract costs, balance sheet disclosure	**2,108**	**7,697**

In the reporting period, contract costs of T€ 0 (comparative period: T€ 0) were capitalised as contract initiation costs and T€ 0 (comparative period: T€ 1,310) as contract performance costs. The capitalised contract initiation costs mainly relate to three projects (comparative period: three projects), which are allocated to the Cloud Solutions segment. The capitalised contract performance costs relate to one project (comparative period: two projects) allocated to the Cloud Solutions segment. In the reporting period, amortisation of capitalised contract initiation costs of T€ 659 (comparative period: T€ 742) and contract fulfilment costs of T€ 361 (comparative period adjusted: T€ 0; before adjustment: T€ 764) was recognised. Contract fulfilment costs also decreased by T€ 0 due to exchange rate effects (comparable period: T€ 286).

In the statement of comprehensive income (in the result for the period), capitalised contract costs are shown as a separate item within total output.

B.5. Inventories

Inventories mainly contain goods, in particular hardware components and software. They are composed as follows:

(in T€)	31.12.2021	31.12.2020
Finished goods, merchandise, raw materials and supplies	71,848	61,259
Prepayments made	300	169
Inventories, balance sheet disclosure	**72,148**	**61,428**

The cost of finished goods, merchandise and raw materials and supplies amounted to T€ 813,418 in the reporting period (comparative period adjusted: T€ 728,304; before adjustment: T€ 1,081,476).

In the reporting period, inventories of finished goods were impaired by T€ 246 (comparative period: T€ 140) due to over-reaching, obsolescence, reduced marketability or subsequent costs.

No inventories were pledged as collateral in the reporting and comparative periods.

B.6. Other financial assets

The other current financial assets are as follows:

(in T€)	31.12.2021	31.12.2020
Receivables from finance leases	22,010	21,456
Bonus claims against suppliers	9,520	9,264
Purchase price receivables from company disposals	858	0
Creditors with debit balances	589	619
Actuarial reserve in the form of reimbursement rights	100	0
Demands on workers	56	138
Receivables from time deposits	44	0
Assets from derivative financial instruments	0	335
Other current financial assets, balance sheet disclosure	**33,177**	**31,812**

Other non-current financial assets are composed as follows:

(in T€)	31.12.2021	31.12.2020
Receivables from finance leases	18,592	25,939
Receivables from companies in which participations are held	1,288	710
Receivables from deposits*	343	324
Assets from employee benefits	72	137
Demands on workers	0	1
Other non-current financial assets, balance sheet disclosure	**20,295**	**27,111**

*) In the consolidated financial statements of the comparative period, the item "Receivables from security deposits" was shown under other non-current assets. The amount of the comparative period (T€ 324) was reclassified retrospectively.

B.7. Other assets

Other current assets break down as follows:

(in T€)	31.12.2021	31.12.2020
Accrued expenses	7,937	10,175
Receivables from tax overpayments	2,904	9,613
Receivables from insurance benefits	246	136
Receivables from commission income	5	0
Receivables from social security institutions	2	0
Demands on the Federal Employment Agency	0	172
Other receivables	14	15
Other current assets, Balance sheet disclosure	**11,108**	**20,111**

The other non-current assets are composed as follows:*

(in T€)	31.12.2021	31.12.2020
Accrued expenses	5,017	2,732
Other non-current assets, Balance sheet disclosure	**5,017**	**2,732**

*) In the consolidated financial statements of the comparative period, the item "Receivables from security deposits" was reported under other non-current assets, which is now reported under other non-current financial assets. The amount of the comparative period (T€ 324) was reclassified retrospectively.

The accrued expenses mainly include payments made in advance from current maintenance contracts.

B.8. Fixed assets

The development of fixed assets in the reporting and comparison period, consisting of the balance sheet items

- Property, plant and equipment, intangible assets (excluding goodwill),
- Goodwill,
- Rights of use,
- Financial assets and loans,

is shown in the corresponding consolidated fixed asset movement schedules.

Development of the Group's fixed assets

(consolidated fixed-asset movement schedule) in the reporting period

	ACQUISITION/PRODUCTION COSTS							
(in T€)	**Status 1.1.2021**	**Currency differences 2021**	**Additions from first cons. 2021**	**Additions 2021**	**Disposals from decons. 2021**	**Departures 2021**	**Rebookings 2021**	**Status 31.12.2021**
Property, plant and equipment								
Motor vehicles	24,882	3	331	36	79	4,780	0	20,393
Land and buildings	8,436	192	45	16	5,332	0	0	3,357
IT data centres	37,602	355	0	5,414	10,683	7	699	33,380
UCC communication systems	1,233	0	0	0	0	0	0	1,233
Rental assets	29	0	0	387	0	122	0	294
Operating equipment for logistics centre	1,180	0	0	0	0	489	0	691
Other operating and office equipment	48,564	514	476	7,326	12,292	2,338	-1,013	41,237
Total property, plant and equipment	**121,926**	**1,064**	**852**	**13,179**	**28,386**	**7,736**	**-314**	**100,585**
Intangible assets (excluding goodwill)								
Purchased and self-developed software	72,667	83	99	19,971	2,010	2,527	2	88,285
Customer bases, order backlogs, brands	92,375	1,708	6,122	0	47,475	15,334	0	37,396
Total intangible assets (excluding goodwill)	**165,042**	**1,791**	**6,221**	**19,971**	**49,485**	**17,861**	**2**	**125,681**
Goodwill	**239,202**	**4,731**	**9,973**	**0**	**108,310**	**0**	**0**	**145,596**
Rights of use								
Rights of use for land and buildings	76,809	365	3,504	30,588	7,656	10,049	0	93,561
Rights of use for operating and office equipment	9,376	175	0	2,243	6,629	270	0	4,895
Rights of use for motor vehicles	7,561	0	0	3,997	14	219	0	11,325
Total rights of use	**93,746**	**540**	**3,504**	**36,828**	**14,299**	**10,538**	**0**	**109,781**
Financial assets and loans	**205**	**0**	**0**	**0**	**0**	**200**	**0**	**5**
Total	**620,121**	**8,126**	**20,550**	**69,978**	**200,480**	**36,335**	**-312**	**481,648**

DEPRECIATION							BOOK VALUES	
Status 1.1.2021	Currency differences 2021	Additions 2021	Appreciation 2021	Disposals from decons. 2021	Departures 2021	Status 31.12.2021	Status 31.12.2021	Status 31.12.2020
16,208	1	3,403	0	31	4,152	15,429	4,964	8,674
1,280	22	445	0	772	0	975	2,382	7,156
22,253	210	6,266	0	7,322	8	21,399	11,981	15,349
901	0	124	0	0	0	1,025	208	332
4	0	178	0	0	122	60	234	25
963	0	107	0	0	490	580	111	217
19,989	212	7,484	0	5,094	2,195	20,396	20,841	28,575
61,598	**445**	**18,007**	**0**	**13,219**	**6,967**	**59,864**	**40,721**	**60,328**
26,495	53	10,634	0	1,358	2,526	33,298	54,987	46,172
57,155	751	11,418	0	26,098	15,334	27,892	9,504	35,220
83,650	**804**	**22,052**	**0**	**27,456**	**17,860**	**61,190**	**64,491**	**81,392**
31,130	**1,015**	**0**	**0**	**0**	**0**	**32,145**	**113,451**	**208,072**
21,849	118	10,250	0	1,895	10,048	20,274	73,287	54,960
2,094	39	1,921	0	1,827	269	1,958	2,937	7,282
1,856	0	2,154	0	13	218	3,779	7,546	5,705
25,799	**157**	**14,325**	**0**	**3,735**	**10,535**	**26,011**	**83,770**	**67,947**
200	**0**	**0**	**-12**	**0**	**188**	**0**	**5**	**5**
202,377	**2,421**	**54,384**	**-12**	**44,410**	**35,550**	**179,210**	**302,438**	**417,744**

Development of the Group's fixed assets

(consolidated fixed-asset movement schedule) in the reporting period

	ACQUISITION/PRODUCTION COSTS					
(in T€)	**Status 1.1.2020**	**Currency differences 2020**	**Additions 2020**	**Departures 2020**	**Transfers 2020**	**Status 31.12.2020**
Property, plant and equipment						
Motor vehicles	30,341	-4	201	5,656	0	24,882
Land and buildings	8,070	-273	625	-8	6	8,436
IT data centres	34,122	-472	3,951	-1	0	37,602
UCC communication systems	828	0	0	0	405	1,233
Rental assets	0	0	29	0	0	29
Operating equipment for logistics centre	221	0	227	0	732	1,180
Other operating and office equipment	43,720	-677	11,518	4,768	-1,229	48,564
Total property, plant and equipment	**117,302**	**-1,426**	**16,551**	**10,415**	**-86**	**121,926**
IIntangible assets (excluding goodwill)						
Purchased and self-developed software	54,452	-120	19,220	971	86	72,667
Customer bases, order backlogs, brands	102,917	-2,594	1,100	9,048	0	92,375
Total intangible assets (excluding goodwill)	**157,369**	**-2,714**	**20,320**	**10,019**	**86**	**165,042**
Goodwill	**246,434**	**-6,628**	**0**	**604**	**0**	**239,202**
Rights of use						
Rights of use for land and buildings	74,070	-576	5,734	2,419	0	76,809
Rights of use for operating and office equipment	3,190	-158	6,388	44	0	9,376
Rights of use for motor vehicles	4,407	-1	3,468	313	0	7,561
Total rights of use	**81,667**	**-735**	**15,590**	**2,776**	**0**	**93,746**
Financial assets and loans	**4,205**	**0**	**0**	**4,000**	**0**	**205**
Total	**606,977**	**-11,503**	**52,461**	**27,814**	**0**	**620,121**

DEPRECIATION						BOOK VALUES	
Status 1.1.2020	**Currency differences 2020**	**Additions 2020**	**Departures 2020**	**Transfers 2020**	**Status 31.12.2020**	**Status 31.12.2020**	**Status 31.12.2019**
16,706	-1	4,283	4,780	0	16,208	8,674	13,635
650	-16	638	-8	0	1,280	7,156	7,420
15,100	-204	7,356	-1	0	22,253	15,349	19,022
372	0	124	0	405	901	332	456
0	0	4	0	0	4	25	0
118	0	113	0	732	963	217	103
18,327	-163	7,632	4,670	-1,137	19,989	28,575	25,393
51,273	**-384**	**20,150**	**9,441**	**0**	**61,598**	**60,328**	**66,029**
19,294	-51	8,181	929	0	26,495	46,172	35,158
48,986	-661	17,878	9,048	0	57,155	35,220	53,931
68,280	**-712**	**26,059**	**9,977**	**0**	**83,650**	**81,392**	**89,089**
32,857	**-1,123**	**0**	**604**	**0**	**31,130**	**208,072**	**213,577**
14,349	-122	10,041	2,419	0	21,849	54,960	59,721
640	-21	1,519	44	0	2,094	7,282	2,550
733	0	1,436	313	0	1,856	5,705	3,674
15,722	**-143**	**12,996**	**2,776**	**0**	**25,799**	**67,947**	**65,945**
200	**0**	**0**	**0**	**0**	**200**	**5**	**4,005**
168,332	**-2,362**	**59,205**	**22,798**	**0**	**202,377**	**417,744**	**438,645**

B.8.1. Property, plant and equipment

Property, plant and equipment for the reporting and comparative periods are as follows:

(in T€)	31.12.2021	31.12.2020
IT data centres	11,980	15,349
Motor vehicles	4,964	8,674
Land and buildings	2,381	7,156
Rent assets	235	25
UCC communication systems	208	332
Operating equipment for the logistics centre	111	217
Other operating and office equipment	20,842	28,575
Property, plant and equipment, balance sheet disclosure	**40,721**	**60,328**

B.8.2. Intangible assets (excluding goodwill)

Intangible assets (excluding goodwill) break down as follows:

(in T€)	31.12.2021	31.12.2020
Customer bases	9,354	23,618
Software acquired against payment	43,162	33,469
Order books	150	11,327
Self-created software	11,825	12,703
Brand and other intangible assets	0	275
Intangible assets (excluding goodwill), balance sheet disclosure	**64,491**	**81,392**

The customer bases, order backlogs and brand are essentially based on company acquisitions made in previous periods. Due to the sale of the CANCOM UK Group (see section A.2.2.3 of the consolidated financial statements) has significantly reduced these items.

The items are depreciated according to schedule over their respective expected useful lives. The customer bases have an average remaining useful life of four years, the order backlogs have an average remaining useful life of four years.

The item "purchased software" includes in particular ERP systems and a cloud-based Agility platform. They are amortised according to schedule and have an average remaining useful life of four years.

The item "Internally generated software" mainly includes the AHP Private Cloud Platform in the amount of T€ 8,218 (comparative period: T€ 8,304), which is amortised on a scheduled basis over its expected useful life. The average remaining useful life is three years.

B.8.3. Goodwill

Goodwill for the reporting period and the comparative period breaks down as follows:

(in T€)	31.12.2021	31.12.2020
Novosco/Ocean Group	0	93,542
- thereof IT Solutions	0	10,116
- thereof Cloud Solutions	0	83,426
CANCOM Managed Services GmbH	58,159	58,159
CANCOM GmbH	44,004	34,031
- thereof IT Solutions	36,852	28,874
- thereof Cloud Solutions	7,152	5,157
CANCOM UK Group	0	11,052
- thereof IT Solutions	0	1,105
- thereof Cloud Solutions	0	9,947
CANCOM Public Group	7,049	7,049
CANCOM ICT Service GmbH	2,522	2,522
CANCOM a + d IT solutions GmbH	1,717	1,717
Goodwill, balance sheet disclosure	**113,451**	**208,072**

The sale of the CANCOM UK Group (see section A.2.2.3 of the consolidated financial statements) resulted in the complete derecognition of the goodwill of the Novosco/Ocean Group and the goodwill of the CANCOM UK Group in the reporting period.

Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH was merged into CANCOM GmbH in the reporting period. With the merger, the assets and liabilities of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH were allocated to the cash-generating units "CANCOM GmbH IT Solutions" and "CANCOM GmbH Cloud Solutions". In accordance with the expected synergies from the acquisition, 80 percent of the goodwill totalling T€ 9,973 was allocated to the cash-generating unit 'CANCOM GmbH IT Solutions' and 20 percent to the cash-generating unit 'CANCOM GmbH Cloud Solutions'.

The goodwill of the Novosco/Ocean Group in the comparative period of T€ 93,542 comprises the goodwill of the Ocean Group acquired in 2018 of T€ 30,372 and the Novosco Group acquired in 2019 of T€ 63,170. Due to the restructuring of CANCOM within the United Kingdom (refer to sec. A.2.3) resulted in a change in the composition of the cash-generating units in the comparative period. Since 1 July 2020, the cash-generating unit "Novosco/Ocean Group IT Solutions" and the cash-generating unit "Novosco/Ocean Group Cloud Solutions" have existed. Separate impairment tests were carried out for the goodwill of the cash-generating units "Novosco Group" and "Ocean Group" for the last time as at 1 July 2020. There was no need for depreciation in each case.

The translation of the goodwill of the Novosco/Ocean Group and the CANCOM UK Group into the reporting currency € in accordance with IAS 21 in conjunction with IFRS 3 resulted in a change of T€ -5,505 in the comparative period. IFRS 3 resulted in a change in goodwill of T€ -5,505 in the comparative period.

Goodwill is not amortised but tested for impairment at least once a year in accordance with IAS 36 by comparing the carrying amount with the recoverable amount of the respective cash-generating unit (see also the explanations in section A.3.11 and section A.3.12 of the consolidated financial statements).

At the end of the reporting period, the CANCOM Group had six cash-generating units, which are shown in the following table. The table also shows the most important assumptions on which the calculation of the value in use of the respective cash-generating units is based (information on the comparative period in brackets).

Cash generating unit	Goodwill as at 31.12.2021 in T€	Turnover growth in % for 2022	Average sales growth in % for 2023-2026	Pre-tax discount rate in %	After-tax discount rate in %
CANCOM Managed Services GmbH	58,159	1.39 (18.43)	8.94 (8.76)	9.67 (8.85)	6.97 (6.55)
CANCOM GmbH IT Solutions	36,852	10.99 (6.93)	4.23 (4.12)	9.77 (9.56)	6.94 (6.80)
CANCOM GmbH Cloud Solutions	7,152	10.99 (6.93)	4.23 (4.12)	9.77 (9.56)	6.94 (6.80)
CANCOM Public Gruppe	7,049	14.36 (8.49)	4.00 (4.00)	9.95 (9.64)	6.94 (6.80)
CANCOM ICT Service GmbH	2,522	-11.28 (15.32)	7.62 (7.71)	9.68 (9.48)	6.94 (6.80)
CANCOM a + d IT solutions GmbH	1,717	-3.05 (8.64)	4.22 (4.19)	9.25 (9.04)	6.94 (6.81)

The recoverable amount is determined in each case as the value in use using the discounted cash flow method; the payments taken into account are based on a five-year detailed forecast period. The forecasts are based on financial plans approved by the management, take past experience into account and are based on the management's assessment of future developments. In addition, external market studies (e.g. from Bitkom) are used. The forecasts are based on individual revenue estimates of the companies. Cash flows beyond the detailed forecast period are extrapolated without growth rates. The components of the discount rates are determined with recourse to external financial information systems; the base rates used in the reporting period were between 0.12 percent (comparable period: -0.14 percent) and 1.93 percent (comparable period: 1.69 percent); a uniform market risk premium of 7.75 percent (comparable period: 7.5 percent) was used in the reporting period. In the reporting period, the peer group consisted of seven companies (comparison period: seven companies) based in Europe.

For the cash-generating unit "Novosco/Ocean Group Cloud Solutions", the recoverable amount exceeded the carrying amount by T€ 12,671 at the end of the comparative period. It was examined whether an impairment of goodwill would have been necessary in the event of lower revenue growth as well as a higher discount rate. The sensitivity analyses showed that if the average revenue growth for the period 2022 to 2025 had been 0.81 percent lower on an absolute basis or the discount rate had been 0.92 percent higher on an absolute basis, the recoverable amount would have corresponded to the carrying amount.

For the cash-generating unit "Novosco/Ocean Group IT Solutions", the recoverable amount exceeded the carrying amount by T€ 4,427 at the end of the comparative period. It was examined whether an impairment of goodwill would have been necessary in the event of lower revenue growth as well as a higher discount rate. The sensitivity analyses showed that if average revenue growth for the period 2022 to 2025 had been 1.78 percent lower on an absolute basis or if the discount rate had been 2.34 percent higher on an absolute basis, the recoverable amount would have corresponded to the carrying amount.

B.8.4. Rights of use

Rights of use are allocated to the following classes in the CANCOM Group:

- Rights of use for land and buildings,
- Rights of use for operating and office equipment,
- Rights of use for motor vehicles.

The development of the individual classes can be seen in the consolidated statement of changes in fixed assets for the reporting period and the comparative period. For further information on leases, please refer to section D.3 of the consolidated financial statements.

B.8.5. Financial assets and loans

The financial assets and loans relate exclusively to financial investments in the amount of T€ 5 (comparable period: T€ 5).

B.9. Deferred taxes

The deferred tax assets of the reporting period and the comparative period developed as follows:

Deferred tax assets from	Temporary differences (in T€)	Tax loss carryforwards (in T€)
Status as at 1.1.2021	7,650	97
Disposal from deconsolidation not recognised in profit or loss	-558	0
Addition from recognition of actuarial losses from pension provisions directly in equity with no effect on profit or loss	-69	0
Tax expense/income in the result for the period	-864	-56
Tax expense in the result for the period included in the result from discontinued operations	101	0
Currency differences recognised directly in equity	-329	4
Status as at 31.12.2021	**5,931**	**45**

Deferred tax assets from	Temporary differences (in T€)	Tax loss carryforwards (in T€)
Status as at 1.1.2020	7,697	138
Addition from recognition of actuarial losses from pension provisions directly in equity with no effect on profit or loss	81	0
Tax expense/income in the result for the period	197	-32
Tax expense in the result for the period included in the result from discontinued operations	-1	0
Deferred taxes recognised in equity in connection with share options	-226	0
Reclassifications to income tax assets not affecting profit or loss	-291	0
Currency differences recognised directly in equity	193	-9
Status as at 31.12.2020	**7,650**	**97**

In the reporting period, the CANCOM Group had corporation tax loss carryforwards of T€ 1,488 (comparative period: T€ 790) and trade tax loss carryforwards of T€ 216 (comparative period: T€ 13). The amount of unused losses for which no deferred tax asset was recognised in the balance sheet was T€ 1,449 in the reporting period (comparative period: T€ 389). Of these unrecognised tax loss carryforwards, no amounts will expire over time. Based on the planned tax results, it is expected that the capitalised deferred tax benefits from loss carryforwards will be realised.

Deferred tax assets from temporary differences in the reporting period result from deviations in other financial liabilities (IFRS 16) in the amount of T€ 28,798 (comparative period: T€ 20,128), in rights of use (IFRS 16) in the amount of T€ -25,745 (comparative period: T€ -17), in intangible assets in the amount of T€ 813 (comparative period: T€ 822), in property, plant and equipment in the amount of T€ 759 (comparative period: T€ 792), in pension provisions in the amount of T€ 460 (comparative period: T€ -551), in other provisions of T€ 309 (comparative period: T€ 292) in other liabilities of T€ 218 (comparative period: T€ 190), in other financial liabilities of T€ 196 (comparative period: T€ 0), in contractual liabilities of T€ 42 (comparative period: T€ 53), in trade payables of T€ 3 (comparative period: T€ 55), in goodwill of T€ 0 (comparative period: T€ 1.499), for loans to affiliated companies in the amount of T€ 0 (comparable period: T€ 428) and for other balance sheet items in the amount of T€ 78 (comparable period: T€ 43). Furthermore, there are deferred tax assets from tax credits abroad in the amount of T€ 503 in the comparative period.

The deferred tax assets disposed of through deconsolidation without affecting profit or loss mainly relate to property, plant and equipment in the amount of T€ 518 in the reporting period.

In the reporting period, impairment losses on deferred tax assets from loss carryforwards of T€ 392 (comparative period: T€ 0) and impairment losses on deferred tax assets from temporary differences of T€ 2,260 (comparative period: T€ 0) were recognised.

Deferred tax liabilities for the reporting period and the comparative period developed as follows:

Deferred tax liabilities from	**Temporary differences (in T€)**
Status 1.1.2021	14,458
Addition from capitalisation not affecting net income due to first-time consolidation	2,042
Disposal from deconsolidation not recognised in profit or loss	-4,166
Tax expense/income in the result for the period	-1,395
Tax expense in the result for the period included in the result from discontinued operations	-963
Currency differences recognised directly in equity	196
Status 31.12.2021	**10,172**
Status 1.1.2020	19,443
Tax expense/income in the result for the period	-2,599
Currency differences recognised directly in equity	-2,386
Status 31.12.2020	**14,458**

Deferred tax liabilities are formed on deviations from the tax balance sheets. In the reporting period, they resulted from deviations from software development costs in the amount of T€ 3,680 (comparable period: T€ 3,766), from the recognition and revaluation of intangible assets in the amount of T€ 3,215 (comparable period: T€ 7,865), from other financial assets in the amount of T€ 1,686 (comparable period: T€ 865), from capitalised contract costs in the amount of T€ 659 (comparable period: T€ 946), and from other financial assets in the amount of T€ 1.686 (comparable period: T€ 1) (comparative period: T€ 865), from capitalised contract costs of T€ 659 (comparative period: T€ 946), from financial assets of T€ 370 (comparative period: T€ 376), from contract assets of T€ 182 (comparative period: T€ 110), from other assets of T€ 121 (comparative period: T€ 47), from trade receivables of T€ 100 (comparative period: T€ 0), from property, plant and equipment (IFRS 16) of T€ 1.279 (comparative period: T€ 919), from other financial liabilities (IFRS 16) in the amount of T€ -1,192 (comparative period: T€ -962), from rights of use (IFRS 16) in the amount of T€ 0 (comparative period: T€ 148), from other provisions in the amount of T€ 61 (comparative period: T€ 61), from other liabilities in the amount of T€ 10 (comparative period: T€ 76) and from tangible assets in the amount of T€ 0 (comparative period: T€ 241).

The deferred tax liabilities added via initial consolidation without affecting profit or loss essentially relate to intangible assets in the amount of T€ 1,998 in the reporting period. The deferred tax liabilities removed via deconsolidation without affecting profit or loss essentially relate to intangible assets in the amount of T€ 4,030 in the reporting period.

For the presentation of the differences from the first-time consolidation in the reporting period, please refer to section A.2.2.1 of the consolidated financial statements.

In the reporting period, no deferred tax liabilities were recognised in accordance with IAS 12.39 for temporary differences in connection with shares in subsidiaries amounting to T€ 1,840 (comparative period: T€ 4,585).

Deferred taxes are measured at the tax rate applicable on the respective balance sheet date, which at the end of the reporting period ranged from 19.0 percent (UK subsidiaries) to 31.27 percent (subsidiaries based in Aachen, Cologne and Munich, among others).

B.10. Liabilities to credit institutions

The current liabilities to banks are as follows:

(in T€)	**31.12.2021**	**31.12.2020**
Short-term subordinated loans	0	0
Other current liabilities	1,997	2,275
Current liabilities to credit institutions, balance sheet disclosure	**1,997**	**2,275**

Non-current liabilities to banks break down as follows:

(in T€)	**31.12.2021**	**31.12.2020**
Long-term subordinated loans	0	0
Other long-term loans	12	113
Long-term liabilities to credit institutions, balance sheet disclosure	**12**	**113**

B.11. Liabilities from deliveries and services

The trade payables of the reporting period and the comparative period essentially consist of liabilities for delivered merchandise and liabilities for purchased services.

Information on liquidity and currency risks with regard to trade payables is provided in section D.6.2 and in section D.6.3 of the consolidated financial statements.

B.12. Other financial liabilities

The other current financial liabilities are as follows:

(in T€)	31.12.2021	31.12.2020
Financial liabilities to financial service providers	20,974	13,609
Leasing liabilities	22,348	18,358
Financial liabilities to leasing companies	9,564	9,822
Accounts receivable with credit balances	5,458	5,624
Liabilities from share buybacks	3,395	0
Purchase price liabilities of CANCOM SE for the acquisition of shares in Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH	1,230	0
Derivatives financial liabilities	583	0
Outstanding cost accounts	489	606
Supervisory Board Remuneration	312	297
Liabilities for interest and bank charges*	293	207
Purchase price liabilities for the acquisition of shares in CANCOM LTD (Novosco Group Limited)	0	1,810
Purchase price liabilities of CANCOM SE for the acquisition of shares in medocino Gesellschaft für vernetzte Systeme mbH	0	600
Other current financial liabilities, balance sheet disclosure	**64,646**	**50,933**

*) In the consolidated financial statements of the comparative period, the item "Liabilities for interest and bank charges" was reported under other current liabilities. The amount of the comparative period (T€ 207) was reclassified retrospectively.

Other non-current financial liabilities are composed as follows:

(in T€)	31.12.2021	31.12.2020
Leasing liabilities	84,717	71,422
Financial liabilities to leasing companies	11,089	15,791
Purchase price liabilities of CANCOM SE for the acquisition of shares in Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH	3,361	0
Other non-current financial liabilities, balance sheet disclosure	**99,167**	**87,213**

B.13. Provisions (without pension provisions)

The provisions (excluding pension provisions) developed as follows in the reporting period:

(in T€)	Status 1.1. 2021	To- from first cons.	Disposals from decons.	Consump- tion	Resolution	Feed	Currency effects	As at 31.12.2021
Severance pay, salaries	349	0	0	159	0	1,408	0	1,598
Anniversary provisions	1,362	0	0	2	0	115	0	1,475
Acquisition costs	566	36	105	541	26	556	6	492
Archiving costs	66	0	0	0	0	0	0	66
Share-based payments	0	0	0	0	0	48	0	48
Warranties	57	0	0	15	35	10	0	17
Uncertain risks	199	0	0	199	0	0	0	0
Other	86	0	0	37	17	1	0	33
	2,685	**36**	**105**	**953**	**78**	**2,138**	**6**	**3,729**

The total amount of provisions shown in the previous table includes non-current provisions of T€ 1,712 (comparative period: T€ 1,587), which are shown under the item "non-current other provisions". They mainly relate to anniversary provisions of T€ 1,391 (comparative period: 'T€ 1,362), provisions for severance payments and salaries of T€ 208 (comparative period: T€ 150) and provisions for archiving costs of T€ 54 (comparative period: T€ 54).

The cash outflows of the jubilee benefits are expected within a period until 2061 (comparative period: 2060). The short-term provisions for severance payments made in the reporting period generally lead to cash outflows in the following year. The long-term provisions for severance payments and salaries will mainly lead to payments within a period until the end of 2034 (comparative period: 2034).

B.14. Liabilities from income taxes

Liabilities from income taxes mainly include income tax liabilities resulting from the reporting period and the comparative period.

B.15. Other debts

The other current liabilities are as follows:*

(in T€)	31.12.2021	31.12.2020
VAT liabilities	16,114	26,274
Liabilities for royalties and employee bonuses	14,513	12,783
Liabilities for wage and church tax	3,495	4,322
Liabilities for holiday and overtime	2,362	2,022
Liabilities to employers' liability insurance associations	935	879
Liabilities for social security	603	1,136
Liabilities for wages and salaries	587	1,856
Liabilities from severely disabled persons' levies	360	291
Credit card liabilities	69	63
Travel expense liabilities	10	18
Other liabilities	36	34
Other current liabilities, balance sheet disclosure	**39,084**	**49,678**

* In the consolidated financial statements of the comparative period, the item "Liabilities for interest and bank charges" was shown under other current liabilities, which is now shown under other current financial liabilities. The amount of the comparative period (T€ 207) was reclassified retroactively.

B.16. Pension provisions

The pension obligations of T€ 1,550 (previous year: T€ 1,932) in the balance sheet exclusively include obligations for pensions of active and former employees based on defined benefit commitments that were assumed in the context of company acquisitions and are employer-financed. These are mainly pension obligations from a pension plan and from several individual commitments. The risks relate to invalidity, mortality and longevity risks as well as risks from uncertain adjustments to the pension benefits; there are also financing risks resulting from the commitments. The net liability from pension plans amounts to T€ 1,593 (comparable period: T€ 1,932) and the net asset value from pension plans amounts to T€ 43 (comparable period: T€ 0). The current portion of the net pension liability is T€ 41,000 (comparative period: T€ 0).

The amount of the pension commitments from the pension plans in Germany is based on the length of service and the remuneration of the individual employees or on fixed commitments.

No significant risks associated with the defined benefit commitments are expected. More than half of the obligations are covered by plan assets, which either cover the longevity risk in the pension plan or provide for the pension option in the reinsurance policies.

The development of the pension obligation and the plan assets for the defined benefit plans is as follows:

(in T€)	2021	2020
Change in pension obligation		
Status of defined benefit obligation as at 1.1.	4,132	3,786
Service cost: Present value of entitlements earned in the period	6	14
Remeasurements: actuarial gains (-) and losses (+) from		
- Changes in financial assumptions	-199	274
- Changes in experience-based correction	-6	31
Interest expense	33	46
Pension payments	-28	-19
Status of defined benefit obligation as at 31.12.	**3,938**	**4,132**

(in T€)	2021	2020
Change in plan assets		
Fair value of plan assets as at 1.1.	2,200	1,817
Revaluations: Gains and losses excluding interest income	17	44
Interest income	18	22
Contributions made by the employer (payments into plan assets)	156	320
Pension payments from the plan assets	-3	-3
Fair value of plan assets as at 31.12	**2,388**	**2,200**
Composition		
Defined benefit obligation as at 31.12.	3,938	4,132
Fair value of plan assets as at 31.12.	-2,388	-2,200
Pension obligation recognised in the balance sheet as at 31.12.	**1,550**	**1,932**
thereof		
Net asset value from pension plans	-43	0
Net liability from pension plans	1,593	1,932

The plan assets consist of pension fund assets and reinsurance policies independently managed by various providers. The plan assets consist of fund assets with a fair value of T€ 1,403 at the end of the reporting period (comparative period: T€ 1,333), which are invested in reinsurance policies, and direct reinsurance policies with a fair value of T€ 985 at the end of the reporting period (comparative period: T€ 867). CANCOM's management reviews at regular intervals, based on actual or expected cash flows of the plan assets, whether the investment mix compensates as extensively as possible for the risks arising from the defined benefit pension commitments.

The following assumptions were used to determine the defined benefit obligation:

	2021 (in %)	2020 (in %)
Interest rate	1.10	0.80
Salary trend	0.00	0.00
Pension dynamics	1.31	1.31

The biometric calculation bases were taken from the 2018 G Heubeck mortality tables. The salary-dependent commitments granted in addition to the fixed pension commitments are capped at a maximum amount by a contractual classification and as a result a salary trend has no effect. The future pension increases are shown as a weighted average value in the reporting period, taking into account contractually stipulated agreements.

The average term of the pension obligations in the reporting period is 16.5 years (comparative period: 17.6 years).

The total expense for the pension plans in accordance with IAS 19 breaks down as follows in the reporting period and in the comparative period:

	2021 (in T€)	2020 (in T€)
Current service cost	6	14
Gains (-) or losses (+) from revaluations	-222	261
Net interest income (-)/expense (+)	15	24
	-201	**299**

The following table shows the percentage effect a change in the assumptions made would have on the defined benefit obligation as at the reporting date if the other assumptions remained unchanged:

	Change absolute in %	Sensitivity 2021 in %	Sensitivity 2020 in %
Interest rate	+1.00	-14.51	-15.45
	-1.00	18.43	19.86
Salary trend	+0.50	0.00	0.00
	-0.50	0.00	0.00
Pension dynamics	+0.25	2.64	2.57
	-0.25	-2.50	-2.43

The above sensitivity analyses were performed using an actuarial method that shows the impact of realistic changes in the key assumptions at the end of the reporting or comparative period on the defined benefit obligation.

In the reporting period, expenses for pension obligations amounting to T€ 20 (comparative period: T€ 21) and contributions to plan assets amounting to T€ 101 (comparative period: T€ 101) are expected for the following year. Furthermore, net pension payments of T€ 41 (comparison period: T€ 43) are expected for the following year of the reporting period.

In the reporting period, the recognised expenses for defined contribution plans amount to T€ 378 (comparative period adjusted: T€ 356,000; before adjustment: T€ 1,507).

B.17. Equity

B.17.1. Subscribed capital

The Company's share capital was last increased in December 2019 by T€ 3,504 through a capital increase of around 10 percent. As at 31 December 2021, the share capital of CANCOM SE amounted to T€ 38,548 (comparative period: T€ 38,548) in accordance with the Articles of Association and was divided into 38,548,001 no-par value shares (no-par value shares with a notional value of € 1 per share) (comparative period: 38,548,001 no-par value shares).

B.17.1.1. Authorised and conditional capital

In accordance with the Articles of Association, the share capital of the Company (Authorised Capital I/2018) amounts to a total of T€ 7,009 as at 31 December 2021 (as at 31 December 2020: T€ 7,009) and is determined as follows:

By resolution of the Annual General Meeting of 14 June 2018, the Executive Board is authorised, with the consent of the Supervisory Board, to increase the subscribed capital of the Company on one or more occasions until 13 June 2023 by up to a total of T€ 7,009 (comparative period: T€ 7,009) by issuing up to 7,008,728 (comparative period: 7,008,728) new no-par value bearer shares against cash and/or non-cash contributions (Authorised Capital I/2018). In principle, the shareholders are to be granted a subscription right. However, the Executive Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right in the following cases:

- for fractional amounts;

- if a capital increase against cash contributions does not exceed 10 percent of the share capital and the issue price of the new shares is not significantly lower than the stock exchange price (section 186, paragraph 3, sentence 4 of the German Stock Corporation Act); when exercising this authorisation under exclusion of subscription rights pursuant to section 186, paragraph 3, sentence 4 of the German Stock Corporation Act, the exclusion of subscription rights based on other authorisations pursuant to section 186, paragraph 3, sentence 4 of the German Stock Corporation Act shall be taken into account;

- in the case of capital increases against contributions in kind for the granting of new shares for the purpose of acquiring companies or interests in companies or parts of companies or for the purpose of acquiring claims on the company.

The total shares issued on the basis of the aforementioned authorisation under exclusion of subscription rights in the case of capital increases against contributions in cash and/or in kind may not exceed a pro rata amount of 20 percent of the share capital either at the time of the resolution or at the time of the utilisation of this authorisation. This maximum limit of 20 percent of the share capital shall include the pro rata amount of the share capital (i) attributable to shares of the Company issued by the Executive Board during the term of the authorised capital with the exclusion of subscription rights pursuant to section 186 para. 3 sentence 4 of the German Stock Corporation Act or against contributions in kind or sold as treasury shares, and (ii) attributable to shares of the Company which are issued or are to be issued during the term of the authorised capital from conditional capital for the purpose of servicing bonds with warrants or convertible bonds which are themselves issued by the Executive Board during the term of the authorised capital with the exclusion of subscription rights in accordance with section 186 (3) sentence 4 of the AktG or against contributions in kind.

The Executive Board shall decide on the further content of the respective share rights and the conditions for the implementation of capital increases with the consent of the Supervisory Board.

In 2019, the Executive Board made use of the above authorisation and increased the company's share capital by T€ 3,504 to T€ 38,548 by issuing 3,504,363 new no-par value bearer shares. As a result, the remaining Authorised Capital I/2018 as at 31 December 2020 amounts to T€ 7,009 in accordance with the Articles of Association. As at 31 December 2021, the remaining Authorised Capital I/2018 also amounts to T€ 7,009 in accordance with the Articles of Association, as no use was made of the above authorisation in the reporting period.

In accordance with the Articles of Association, the conditional capital amounts to T€ 1,500 as at 31 December 2021 and 31 December 2020 and is determined as follows:

The share capital is conditionally increased by up to T€ 1,500 by issuing up to T€ 1,500 new no-par value shares (Conditional Capital I/2018). The conditional capital increase will only be carried out to the extent that the holders of share options issued by the Company in the period up to 13 June 2023 on the basis of the authorisation resolution of the Annual General Meeting of 14 June 2018 exercise their subscription rights to shares in the Company and the Company does not grant treasury shares or a cash settlement in fulfilment of the subscription rights. The new shares in the Company resulting from the exercise of these subscription rights shall participate in the profits from the beginning of the financial year in which they are issued.

The Executive Board is authorised, with the consent of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

In the reporting period (2021) and in the comparative period (2020), no new shares were issued using the Conditional Capital I/2018.

The Executive Board is not aware of any restrictions affecting voting rights or the transfer of shares.

B.17.1.2. Share buyback programme

In addition, the Annual General Meeting on 26 June 2019 authorised the Executive Board of CANCOM SE to acquire treasury shares up to a total of 10 percent of the subscribed capital until 25 June 2024. The limit of 10 percent is determined by the amount of share capital at the time the authorisation becomes effective. If the share capital figure is lower at the time this authorisation is exercised, this lower figure shall be decisive. The acquisition shall be effected on the stock exchange or by means of a public purchase offer addressed to the shareholders. In both cases, the purchase price may not be more than 10 percent higher or lower than the arithmetic mean of the closing auction prices for CANCOM SE shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days prior to the purchase or entering into an obligation to purchase. The repurchase volume may be limited if the shares offered exceed the total amount of the Company's purchase offer. The authorisation may be exercised for any legally permissible purpose. To the exclusion of shareholders' subscription rights, treasury shares may in particular be transferred to third parties for the purpose of acquiring companies or interests in companies. Treasury shares may also be sold for cash, provided that the purchase price is not significantly lower than the current stock exchange price at the time of the sale. Furthermore, treasury shares may also be used to fulfil conversion or option rights granted by the company or to implement a scrip dividend. Furthermore, treasury shares may be promised or transferred to fulfil remuneration agreements and may be offered for sale to employees and members of the Executive Board in connection with the exercise of subscription rights. The Executive Board of CANCOM SE was also authorised, with the consent of the Supervisory Board, to cancel treasury shares without any further resolution by the Annual General Meeting.

As part of this share buy-back programme, CANCOM SE repurchased a total of 785,947 of its own shares in the period from 20 October 2021 to 30 December 2021. Based on the number of shares in the share capital at the time the authorisation came into effect (35,043,638), this corresponds to 2.24 percent of the share capital. Based on the number of shares contained in the share capital as at 31 December 2021 (38,548,001 shares), this corresponds to 2.04 percent of the share capital. The acquisition of treasury shares was carried out by a bank commissioned by CANCOM SE exclusively via the stock exchange in electronic trading on the Frankfurt Stock Exchange (XETRA) and in accordance with Article 5 (1) a) of Regulation (EU) No 596/2014 in conjunction with Article 2 (1) of Delegated Regulation (EU) 2016/1052. In the reporting period, treasury shares were repurchased in total at a market value of T€ 47,763; this corresponded to an average share price of € 60.77 (excluding transaction costs). The amount paid was posted in full as a reduction in retained earnings. Furthermore, transaction costs from the acquisition of own shares in the amount of T€ 119 were recognised as a reduction in retained earnings in the reporting period.

Further information on the share buyback programme will be made available on the Company's website at www.investors.cancom.com/share-buyback/.

The treasury shares acquired in the reporting period were not transferred to third parties, sold for cash, used to fulfil conversion or option rights or used to pay a stock dividend until 31 December 2021. Furthermore, no treasury shares were used in the reporting period to fulfil remuneration agreements or offered for purchase to employees and members of the Executive Board in connection with the exercise of subscription rights. Purchased treasury shares were also not cancelled during the reporting period.

B.17.2. Capital reserve

The capital reserve was formed from premiums from capital increases of CANCOM SE and from the issue of share-based payments.

In the reporting period, the capital reserve increased due to the recognition of share-based payments in the amount of T€ 1,372 (comparative period: T€ 1,169).

In the comparative period, transaction costs of T€ 5 were also recognised as a deduction from equity within the capital reserve.

B.17.3. Retained earnings including profit carried forward and profit for the period

Retained earnings include the results of the Group achieved in the past, insofar as these have not been distributed. In addition, revaluations from defined benefit plans, after taking into account deferred taxes, and repurchased treasury shares are reported in retained earnings. In accordance with the resolution of the Annual General Meeting, T€ 28,911 or € 0.75 per share was distributed as a dividend in 2021 from the retained earnings of CANCOM SE's 2020 financial statements (comparative period: T€ 19,274 or € 0.50 per share).

In the reporting period, T€ 19,992 was transferred to retained earnings from the retained earnings of the 2020 annual financial statements of CANCOM SE (comparative period: T€ 53,624 from the retained earnings of the 2019 annual financial statements of CANCOM SE).

In addition, gains (after taking into account deferred taxes) of T€ 152 (comparative period: losses of T€ 180) from the remeasurement of defined benefit plans were recognised in retained earnings in the reporting period.

B.17.4. Other reserves

In the reporting period and in the comparative period, other reserves exclusively include gains and losses from the currency translation of foreign operations (including gains and losses from the currency translation of monetary items from net investments in foreign operations) recognised in equity. At the end of the reporting period, cumulative gains of T€ 535 (at the end of the comparative period: losses of T€ 1,186) were recognised in equity.

In the reporting period, currency gains of T€ 6,003 (previous year: T€ 0) recognised in other reserves or in other comprehensive income were reclassified to the result for the period (in the item "Result from discontinued operations").

B.17.5. Non-controlling interests

In the comparative period, 20 percent of the shares in CANCOM physical infrastructure GmbH were sold; at the end of the comparative period, 80 percent of the shares in CANCOM physical infrastructure GmbH were held by the shareholders of the parent company (i.e. the shareholders of CANCOM SE). As a result of the sale and the share of profit or loss, the non-controlling interests of the CANCOM Group increased by T€ 357.

B.17.6. Capital risk management

The CANCOM Group manages its capital with the aim of maximising the returns to the company's stakeholders by optimising the ratio of equity to debt. This ensures that all Group companies can operate under the going concern assumption. The capital structure of the group consists of debt, cash and equity. The latter is made up of issued shares, retained earnings and other reserves as well as non-controlling interests.

The goals of capital management are to ensure the continuation of the company as a going concern and an adequate return on equity. To implement this, the capital is set in relation to the total capital. In order to fulfil the objective, the management implements capital structure measures (such as conditional capital increases) if necessary or changes the amount of debt capital - for example by taking on/repaying liabilities to credit institutions or by changing the contracts entered into as lessee.

Capital is monitored on the basis of economic equity. Economic equity is the balance sheet equity according to the consolidated balance sheet. Borrowed capital is defined as the sum of all non-current and current liabilities according to the consolidated balance sheet.

The balance sheet equity, debt capital and total capital are as follows:

		Status 31.12.2021	**Status 31.12.2020**
Equity	million €	814,1	614,7
Equity in % of total capital	%	57.9	49.2
Debt capital	million €	592,6	635,2
Debt capital in % of total capital	%	42.1	50.8
Total capital (equity plus debt)	million €	1,406.6	1,249.9

The Group's capital structure is regularly reviewed as part of the risk management process.

C. Notes to the Consolidated Statement of Comprehensive Income

C.1. Revenues

The turnover for the reporting period and the comparative period breaks down as follows:

(in T€)	2021	2020 (adjusted*)	2020 (before adjustment)
from the sale of goods	942,733	842,452	1,231,364
from the provision of services	361,726	333,742	418,062
Total	**1,304,459**	**1,176,194**	**1,649,426**
thereof from the sale of goods			
Attributable to the Cloud Solutions segment	70,608	59,412	143,778
Attributable to the IT Solutions segment	872,125	783,040	1,087,586
of which from the provision of services			
Attributable to the Cloud Solutions segment	167,795	152,986	212,284
Attributable to the IT Solutions segment	193,931	180,756	205,778

(in T€)	2021	2020 (adjusted*)	2020 (before adjustment)
Revenue from contracts with customers	1,298,372	1,155,734	1,628,653
Leasing income	6,087	20,460	20,773
Total	**1,304,459**	**1,176,194**	**1,649,426**

*) See the explanations in section A.7 of the consolidated financial statements.

The following table shows how the revenue from contracts with customers for the reporting period and the comparative period is broken down according to the two options provided under IFRS 15 for recognising revenue from contracts with customers over time. The table also shows to which segment the revenues from contracts with customers are to be allocated.

(in T€)	2021	2020 (adjusted*)	2020 (before adjustment)
Timing of revenue recognition			
Products transferred at one time	936,646	821,992	1,210,591
Products and services transferred over a period of time	361,726	333,742	418,062
Total	**1,298,372**	**1,155,734**	**1,628,653**
thereof			
Attributable to the Cloud Solutions segment	243,623	222,177	353,128
Attributable to the IT Solutions segment	1,054,749	933,557	1,275,525

*) See the explanations in section A.7 of the consolidated financial statements.

In order to determine the total amount of the transaction price allocated to unfulfilled performance obligations at the end of the reporting period (i.e. the contractually fixed open order backlog in accordance with IFRS 15), CANCOM takes into account customer contracts that have a contract volume of at least T€ 100 (comparative period: T€ 100) when the contract is concluded, whereby subsequent extension options on the part of the customer are not included. Furthermore, with reference to IFRS 15.121 (a), customer contracts with an expected original term of one year or less are not included. At the end of the reporting period, the contractually fixed open order backlog amounted to T€ 248,057 (comparative period adjusted: T€ 158,609; before adjustment: T€ 363,409). Of this amount, an amount of T€ 108,589 (comparative period adjusted: T€ 66,198; before adjustment: T€ 118,201) is expected to be paid in the financial year 2022 (comparative period: 2021), an amount of T€ 121,002 (comparative period adjusted: T€ 85,591; before adjustment: T€ 189.745) will be realised in the financial years 2023 to 2025 (comparative period: in the financial years 2022 to 2024) and an amount of T€ 18,466 (comparative period adjusted: T€ 6,820; before adjustment: T€ 55,463) will be realised in the financial year 2026 or later (comparative period: in the financial year 2025 or later).

C.2. Other operating income

Other operating income for the reporting period and the comparative period is made up as follows:

(in T€)	2021	2020 (adjusted*)	2020 (before adjustment)
Income unrelated to the accounting period	4,116	1,629	1,627
Income from subleases	2,627	3,674	3,674
Operating currency gains	1,880	3,257	3,277
Rental income	22	4	7
Income from reimbursement of damages	3	1	1
Income from government grants	0	115	723
Other operating income	58	52	64
Total	**8,706**	**8,732**	**9,373**

*) See the explanations in section A.7 of the consolidated financial statements.

Income relating to other periods in the reporting period and the comparative period mainly includes income from the sale of assets and liabilities classified as held for sale amounting to T€ 2,211,000 (comparative period: T€ 0), income from the write-off of accounts receivable with credit balances amounting to T€ 1,091 (comparative period adjusted: T€ 716; before adjustment: T€ 715), income from the sale of fixed assets of T€ 720 (comparative period adjusted: T€ 651; before adjustment: T€ 664) and income from the reversal of provisions of T€ 38 (comparative period adjusted: T€ 155; before adjustment: T€ 155).

The income from subleases recognised in the reporting period arises in connection with sale and leaseback transactions in which merchandise is sold to a leasing company - this sale being classified as a sale in accordance with IFRS 15 - and it is leased back directly by this leasing company in order to then lease the merchandise again to CANCOM customers (see section A.3.27 of the consolidated financial statements).

Since the comparative period, operating currency gains have been recognised in the item "other operating income". This includes, on the one hand, income from the translation of trade receivables and payables. On the other hand, it also includes income from currency derivatives used to hedge these operating items.

Income from government grants in the comparative period includes the benefit attributable to the comparative period from the granting of loans at preferential interest rates (see section A.3.28 for further explanations and section B.10 of the consolidated financial statements for information on loans taken out). This item also includes income from performance-related grants. For example, in the comparative period the CANCOM Group received government grants of T€ 526 in connection with the acquisition of Novosco Group Limited, the amount of which is dependent on the creation of jobs in the Northern Ireland region. In the comparative period, income of T€ 532 was received from this, which is reported in the result from discontinued operations.

C.3. Other own work capitalised

Other own work capitalised includes work performed by own employees in connection with the acquisition and production of fixed assets and capitalisable development costs relating to intangible assets. Own work is broken down as follows:

(in T€)	2021	2020 (adjusted*)	2020 (before adjustment)
Capitalised development costs	2,340	2,973	2,988
Own work capitalised in connection with acquired intangible assets	4,487	3,676	3,676
Own work capitalised in connection with acquired property, plant and equipment	50	722	722
Total	**6,877**	**7,371**	**7,386**

*) See the explanations in section A.7 of the consolidated financial statements.

Research and development costs that were not capitalised because they did not meet the recognition criteria in IAS 38 amount to T€ 0 in the reporting period (comparative period: T€ 0).

C.4. Capitalised contract costs

In the reporting period, an amount of € -659,000 (comparative period: € -742,000) was recognised in capitalised contract costs as contract initiation costs. In the reporting period and in the comparative period, the amounts recognised resulted exclusively from the reversal of contract initiation costs capitalised in previous periods.

In the reporting period, an amount of € -361,000 was recognised in capitalised contract costs as contract performance costs (comparative period adjusted: € 1,174,000 on balance; before adjustment: € 410,000 on balance). In the reporting period, the amount of T€ -361 resulted exclusively from reversals of contract performance costs capitalised in previous periods (comparative period adjusted: T€ 0; before adjustment: T€ -764). In the comparative period, expenses for personnel costs for the Group's own employees in the amount of € 1,138,000 and for subcontractor services in the amount of € 36,000 were also capitalised.

C.5. Cost of materials/cost of purchased services

The cost of materials/cost of purchased services in the reporting period comprises the cost of raw materials, consumables and supplies and purchased merchandise of T€ 813,418 (comparative period adjusted: T€ 728,304; before adjustment: T€1,081,476) and the cost of purchased services from the core business of T€ 74,263 (comparative period adjusted: T€ 72,949; before adjustment: T€ 111,035). In addition, impairments on inventories amounting to T€ 246 (comparable period: T€ 140) were recognised.

C.6. Personnel expenses

The personnel expenses of the reporting period and the comparative period are made up as follows:

(in T€)	2021	2020 (adjusted*)	2020 (before adjustment)
Wages and salaries	-219,759	-203,365	-246,096
Social security contributions	-38,561	-33,553	-36,067
Expenses for retirement benefits	-384	-370	-1,521
Equity-settled share-based payment transactions	-1,372	-1,395	-501
Share-based payments with cash settlement	-48	0	158
Total	**-260,124**	**-238,683**	**-284,027**

*) See the explanations in section A.7 of the consolidated financial statements.

C.7. Depreciation

Depreciation and amortisation for the reporting period and the comparative period break down as follows:

(in T€)	2021	2020 (adjusted*)	2020 (before adjustment)
Scheduled depreciation of property, plant and equipment	-14,494	-14,485	-20,150
Impairments on property, plant and equipment	0	0	0
Scheduled amortisation of software	-10,371	-7,661	-8,181
Impairments on software	0	0	0
Scheduled amortisation of rights of use	-12,980	-11,149	-12,995
Impairments on rights of use	0	0	0
Scheduled amortisation on customer bases etc.	-6,199	-7,251	-17,879
Impairments on customer bases etc.	0	0	0
Impairment of goodwill	0	0	0
Total	**-44,044**	**-40,546**	**-59,205**

*) See the explanations in section A.7 of the consolidated financial statements.

C.8. Other operating expenses

The other operating expenses of the reporting period and the comparative period are composed as follows:

(in T€)	2021	2020 (adjusted*)	2020 (before adjustment)
Repairs, maintenance, rental leasing	-9,626	-7,869	-10,860
Room costs	-6,527	-5,408	-6,409
Costs of the delivery of goods	-5,846	-5,835	-5,856
Third-party services	-4,802	-6,166	-10,416
Operating currency losses	-3,088	-3,106	-3,185
Legal and consulting fees	-2,934	-3,373	-4,694
Hospitality and travel expenses	-2,454	-3,509	-4,313
Car costs	-2,437	-2,026	-2,222
Communication and office costs	-2,323	-2,159	-2,838
Insurance and other charges	-1,959	-1,871	-2,139
Training costs	-1,829	-2,027	-2,291
Advertising costs	-1,594	-1,425	-2,034
Fees, costs of monetary transactions	-679	-599	-766
Stock exchange and representation costs	-278	-240	-240
Other operating expenses	-2,536	-6,286	-6,989
Total	**-48,912**	**-51,899**	**-65,252**

*) See the explanations in section A.7 of the consolidated financial statements.

Since the comparative period, operating currency losses have been recognised in the item "other operating expenses". These include, on the one hand, expenses from the translation of trade receivables and trade payables. On the other hand, they also include expenses from currency derivatives used to hedge these operating items.

C.9. Interest income and interest expenses

Interest income mainly results from interest income from finance lease receivables of T€ 1,204 (comparative period adjusted: T€ 604; before adjustment: T€ 671), interest income from loans and advances to customers of T€ 691 (comparative period: T€ 329), interest income from loans of T€ 55 (comparative period: T€ 0) and interest income from taxes of T€ 0 (comparative period adjusted: T€ 13; before adjustment: T€ 22).

Interest expenses mainly include interest expenses from liabilities to banks and bank balances of T€ 1,866 (comparative period adjusted: T€ 834; before adjustment: T€ 866), interest expenses from leasing liabilities of T€ 842 (comparative period adjusted: T€ 807; before adjustment: T€ 1.117), interest expenses from trade payables of T€ 431 (comparative period: T€ 533), interest expenses in connection with the sale of receivables of T€ 407 (comparative period: T€ 1,473) and interest expenses from the compounding of purchase price liabilities of T€ 0 (comparative period adjusted: T€ 0; before adjustment: T€ 554).

C.10. Other financial result

The other financial result for the reporting period includes income from reinsurance policies amounting to T€ 5 (comparable period: T€ 4) as well as expenses from the revaluation of contingent considerations in the context of company acquisitions amounting to T€ 2,337 (comparable period: T€ 0). For further explanations, please refer to section D.5 of the consolidated financial statements.

C.11. Currency gains/losses

The amount of T€ 22 (comparative period restated: T€ -278; before restatement: T€ 2,375) reported on balance in the reporting period is composed of currency gains of T€ 24 (comparative period restated: T€ 6; before restatement: T€ 2,659) and currency losses of T€ -2 (comparative period: T€ -284).

Since the comparative period, only differences from the translation of non-operating items have been recognised under the item "Currency gains/losses". Since the comparative period, income and expenses from the translation of operating items have been recognised in the item "Other operating income" (see section on this in the consolidated financial statements) or in the item "Other operating expenses". C.2 of the consolidated financial statements) or in the item "other operating expenses" (see section C.8 of the consolidated financial statements).

C.12. Income taxes

The income tax rate for domestic companies in the reporting period was 31.0 percent (previous year: 31.0 percent) and relates to corporation tax, trade tax and solidarity surcharge.

The differences between the reported tax expense and the tax rate of CANCOM SE in the reporting period and the comparative period are as follows:

(in T€)	**2021**	**2020** (adjusted*)	**2020** (before adjustment)
Result before income taxes	73,279	56,210	82,893
Expected tax expense at the tax rate of the domestic companies (reporting period: 31.0 %; comparative period: 31.0 %)	-22,716	-17,425	-25,697
Taxation difference abroad	50	38	310
Change in valuation allowances on deferred tax assets on loss carryforwards	-2,601	-131	-174
Tax-exempt income and tax-negligible capital losses	0	-2	-2
Actual income taxes relating to other periods	-294	385	807
Permanent differences	-727	0	6,718
Non-deductible business expenses and trade tax additions and deductions	-324	-827	-2,197
Effect from tax rate changes	56	-31	-758
Additional tax expense from business relations with the discontinued operation	-1,222	-1,820	0
Other	-638	-448	-64
Total	**-28,416**	**-20,261**	**-21,057**

*) see the explanations in section A.7 of the consolidated financial statements.

The actual tax rate in the reporting and comparison period is as follows:

(in T€ or in %)	**2021**	**2020** (adjusted*)	**2020** (before adjustment)
Result before income taxes	73,279	56,210	82,893
Income taxes	-28,416	-20,261	-21,057
Actual tax expense ratio	38.78 %	36.05 %	25.40 %

*) see the explanations in section A.7 of the consolidated financial statements.

Taxes on income paid or owed in the individual countries as well as deferred taxes are reported as income taxes:

(in T€)	2021	2020 (adjusted*)	2020 (before adjustment)
Actual income tax expense	**-28,891**	**-21,457**	**-23,821**
Deferred income tax expense/ income			
from deferred tax assets	-920	237	165
from deferred tax liabilities	1,395	959	2,599
	475	**1,196**	**2,764**
thereof			
Actual income tax expense recognised in the result for the period	-28,854	-21,455	-23,819
Deferred income tax expense/ income recognised in the result for the period	475	1,196	2,764
Actual income tax expense recognised in retained earnings or in capital reserves	-37	-2	-2

*) see the explanations in section A.7 of the consolidated financial statements.

C.13. Result from discontinued operations

The result from discontinued operations includes expenses and income in connection with the following

- with the sale of Pirobase Imperia GmbH in the 2015 financial year;
- with the sale of the CANCOM UK Group in the reporting period.

The total profit for the period attributable to discontinued operations (after income taxes) is T€ 228,134 (comparative period adjusted: T€ 25,889; before adjustment: T€ 2). No result is attributable to non-controlling interests.

In view of the sale of Pirobase Imperia GmbH, income from discontinued operations of T€ 0 (comparative period: T€ 3) and expenses of T€ 0 (comparative period: T€ 0) were recorded in the reporting period. The income in the comparative period resulted from income from the reversal of provisions for litigation costs. Furthermore, income taxes of T€ 0 (comparable period: T€ 1) were recorded under this item.

The result from discontinued operations before income taxes in relation to the sale of Pirobase Imperia GmbH amounts to T€ 0 (comparative period: T€ 3). In the reporting period, the discontinued operation Pirobase Imperia GmbH resulted in payments of T€ 0 (comparative period: T€ 92), which were allocated to cash flow from operating activities.

With regard to the sale of the CANCOM UK Group, we refer to the tables in the section on the consolidated financial statements for the composition of the result of the discontinued operation and for the presentation of the cash flows of the discontinued operation. A.2.2.3 of the consolidated financial statements.

C.14. Profit for the period attributable to non-controlling interests

The net profit for the period attributable to non-controlling interests in the reporting period and the comparative period results from the majority shareholding in CANCOM physical infrastructure GmbH. In the comparative period, 20 percent of the shares in this company were sold; previously CANCOM held 100 percent.

C.15. Earnings per share

C.15.1. Basic earnings per share

For the calculation of basic earnings per share from continuing operations, an amount of T€ 44,833 (comparative period adjusted: T€ 35,872; before adjustment: T 61,759) was used as numerator in the reporting period. This is determined on the basis of the profit for the period attributable to equity holders of the parent of T€ 272,967 (comparative period: T€ 61,761) less the profit from discontinued operations of T€228,134 (comparative period adjusted: T€ 25,889; before adjustment: T€ 2,000).

For the calculation of basic earnings per share from discontinued operations, an amount of T€ 228,134 (comparative period adjusted: T€ 25,889; before adjustment: T€ 2) was used as numerator in the reporting period.

C.15.2. Diluted earnings per share

In the calculation of diluted earnings per share from continuing and discontinued operations, an additional 70,976 shares (comparative period: additional 0 shares) are included in the reporting period compared to the number of shares used to calculate basic earnings. In the reporting and comparison period, this is the weighted average number of shares for the period from the issue of the share options on 17 August 2018 to 31 December 2021, which would have been issued if the options had been exercised.

In the numerator, an amount of T€ 44,833 (comparative period adjusted: T€ 35,872; before adjustment: T€61,759) was used to calculate diluted earnings per share from continuing operations in the reporting period and in the comparative period, i.e. there were no adjustments to the numerator of basic earnings per share from continuing operations.

For the calculation of diluted earnings per share from discontinued operations, an amount of T€ 228,134 (comparative period adjusted: T€ 25,889; before adjustment: T€ 2) was used as the numerator in the reporting period; in this regard, there were also no adjustments to the numerator of basic earnings per share from discontinued operations.

D. Other information

D.1. Notes to the consolidated cash flow statement

The consolidated cash flow statement is prepared in accordance with IAS 7. According to this, a distinction must be made between cash flows from operating activities, investing activities and financing activities. The cash flow from operating activities is determined according to the indirect method.

Cash and cash equivalents in the cash flow statement include all cash and cash equivalents (i.e. cash in hand, cheques and bank balances) shown in the balance sheet, provided they are available within three months. The cash and cash equivalents are not subject to any restrictions on disposal.

The following table shows a reconciliation of liabilities from financing activities (liabilities to banks as well as leasing liabilities and financial liabilities to leasing companies; the latter two are reported under the balance sheet items "other current financial liabilities" and "other non-current financial liabilities", respectively), which shows the changes that occurred during the reporting period:

(in T€)	Status 1.1.2021	Changes affecting payments	Non-cash changes				As at 31.12.2021
			from company acquisitions/ disposals	from exchange rate differences	from newly concluded contracts	from other changes	
Liabilities to credit institutions	2,388	-327	-142	90	0	0	2,009
Leasing liabilities	89,780	-8,798	-16,189	577	48,728	-7,033	107,065
Financial liabilities to leasing companies	25,613	-4,960	0	0	0	0	20,653
	117,781	**-14,085**	**-16,331**	**667**	**48,728**	**-7,033**	**129,727**

Apart from the non-cash transactions shown in the previous table and in the previous section, there were no significant non-cash transactions in the financing area in the reporting period or the comparable period. The cash-effective changes in leasing liabilities in the reporting period include payments for leasing incentives received in the amount of T€ 300 (comparison period: T€ 356).

In the reporting period and in the comparative period, CANCOM entered into additional agreements with suppliers that enable them to sell their receivables to financial service providers. Depending on whether or not the additional agreement represents a material contractual change in relation to the original supplier contract in accordance with IFRS 9, the resulting trade payables must be derecognised or remain in place. The former derecognition results in CANCOM reporting the amounts under the balance sheet item "other current financial liabilities" as "financial liabilities to financial service providers". In the cash flow statement, the changes in such financial liabilities to financial service providers are presented within the cash flow from operating activities, as from an economic perspective the payments are payments in connection with the operating activities of the CANCOM Group.

Repayments of purchase price liabilities from put/call agreements are included in the cash flow from financing activities under the item "Repayments of non-current financial liabilities (including the portion reported as current)" in the amount of T€ -1,729 (comparable period: T€ -22,963).

The item "Cash inflows/outflows from financial liabilities and from lease liabilities to leasing companies" included in the cash flow from financing activities in the reporting period includes cash inflows/outflows from disposals carried out as part of sale-and-leaseback transactions (see section A.3.27 of the consolidated financial statements), which are not classified as sales in accordance with IFRS 15 (from financial liabilities), in the amount of T€ -4,960 (comparable period: T€ 10,243). On the other hand, in the reporting period these include cash inflows from such disposals that are classified as sales in accordance with IFRS 15 (from lease liabilities) in the amount of T€ 12,491 (comparative period: T€ 12,400). The latter payments received from lease liabilities are cash flows from disposals where the associated payments received from leasing to CANCOM customers (i.e. from the sublease) are reported in cash flow from operating activities.

D.2. Segment reporting

Segment information is provided in accordance with the provisions of IFRS 8. The segment information is based on the segmentation used for internal management purposes.

The Group reports two business segments - Cloud Solutions and IT Solutions.

Management controls the CANCOM Group on the basis of the services, goods and software offered in these two business segments. The Cloud Solutions business segment differs from the IT Solutions business segment in terms of its field of activity and in terms of its trading and service processes. Furthermore, the two business segments differ in terms of the growth strategy pursued in each case and in terms of their general strategic importance.

The CANCOM Group does not choose to aggregate business segments for reporting purposes.

Segment information

(in T€)	Cloud Solutions		
	Jan. 1, 2021 to Dec. 31, 2021	**Jan. 1, 2020 to Dec. 31, 2020** (adjusted*)	**Jan. 1, 2020 to Dec. 31, 2020** (before adjustment*)
Revenue			
Revenue from external customers	238,403	212,397	356,062
Inter-segment sales	16,396	8,338	8,338
Total income	254,799	220,735	364,400
Cost of materials/expenses for purchased services	-109,177	-91,981	-187,070
Personnel expenses	-56,162	-55,119	-76,601
Other income and expenses	-9,375	-6,196	-17,708
EBITDA	80,085	67,439	83,021
Scheduled depreciation and amortization	-12,479	-11,905	-18,546
Scheduled amortization and impairment losses	-4,236	-5,163	-12,270
Operating result (EBIT)	63,370	50,371	52,205
Interest income	984	285	361
Interest expenses	12	-135	-281
Other financial result Income	0	0	0
Other financial result Expenses	0	0	0
Currency gains/losses			
Income before income taxes	64,366	50,521	52,285
Income taxes			
Result from discontinued operations	3,622	1,766	2
Result for the period			
thereof attributable to shareholders of the parent company			
thereof attributable to non-controlling shareholders			

*) See the explanations in section A.7 of the consolidated financial statements.

IT Solutions			Total operating segments		
Jan. 1, 2021 to Dec. 31, 2021	**Jan. 1, 2020 to Dec. 31, 2020** (adjusted*)	**Jan. 1, 2020 to Dec. 31, 2020** (before adjustment*)	**Jan. 1, 2021 to Dec. 31, 2021**	**Jan. 1, 2020 to Dec. 31, 2020** (adjusted*)	**Jan. 1, 2020 to Dec. 31, 2020** (before adjustment*)
1,065,742	963,680	1,293,247	1,304,145	1,176,077	1,649,309
10,832	7,407	7,407	27,228	15,745	15,745
1,076,574	971,087	1,300,654	1,331,373	1,191,822	1,665,054
-804,023	-723,132	-1,019,301	-913,200	-815,113	-1,206,371
-189,813	-170,030	-193,892	-245,975	-225,149	-270,493
-24,077	-25,485	-27,000	-33,452	-31,681	-44,708
58,661	52,440	60,461	138,746	119,879	143,482
-24,174	-20,597	-21,988	-36,653	-32,502	-40,534
-1,688	-1,263	-4,784	-5,924	-6,426	-17,054
32,799	30,580	33,689	96,169	80,951	85,894
923	682	693	1,907	967	1,054
-5,191	-5,417	-5,613	-5,179	-5,552	-5,894
5	4	-950	5	4	-950
0	0	0	0	0	0
28,536	25,849	27,819	92,902	76,370	80,104
-3,285	1,971	0	337	3,737	2

Segment information

(in T€)	Other companies		
	Jan. 1, 2021 to Dec. 31, 2021	Jan. 1, 2020 to Dec. 31, 2020 (adjusted*)	Jan. 1, 2020 to Dec. 31, 2020 (before adjustment*)
Revenue			
Revenue from external customers	314	117	117
Inter-segment sales	431	256	256
Total income	745	373	373
Cost of materials/expenses for purchased services	-172	-66	-66
Personnel expenses	-14,149	-13,534	-13,534
Other income and expenses	-3,689	-6,772	-7,202
EBITDA	-17,265	-19,999	-20,429
Scheduled depreciation and amortization	-1,192	-793	-792
Scheduled amortization and impairment losses	-275	-825	-825
Operating result (EBIT)	-18,732	-21,617	-22,046
Interest income	5,203	6,902	6,902
Interest expenses	-3,779	-5,167	-5,721
Other financial result Income	0	0	21,281
Other financial result Expenses	-2,337	0	-2
Currency gains/losses			
Income before income taxes	-19,645	-19,882	414
Income taxes			
Result from discontinued operations	232,845	20,295	0
Result for the period			
thereof attributable to shareholders of the parent company			
thereof attributable to non-controlling shareholders			

*) See the explanations in section A.7 of the consolidated financial statements.

Reconciliation statement			Consolidated		
Jan. 1, 2021 to Dec. 31, 2021	**Jan. 1, 2020 to Dec. 31, 2020** (adjusted*)	**Jan. 1, 2020 to Dec. 31, 2020** (before adjustment*)	**Jan. 1, 2021 to Dec. 31, 2021**	**Jan. 1, 2020 to Dec. 31, 2020** (adjusted*)	**Jan. 1, 2020 to Dec. 31, 2020** (before adjustment*)
-27,659	-16,001	-16,001			
-27,659	-16,001	-16,001	1,304,459	1,176,194	1,649,426
25,445	13,786	13,786	-887,927	-801,393	-1,192,651
0	0	0	-260,124	-238,683	-284,027
2,214	2,215	2,215	-34,927	-36,238	-49,695
0	0	0	121,481	99,880	123,053
0	0	0	-37,845	-33,295	-41,326
0	0	0	-6,199	-7,251	-17,879
0	0	0	77,437	59,334	63,848
-5,160	-6,913	-6,913	1,950	956	1,043
5,160	6,913	6,913	-3,798	-3,806	-4,702
0	0	0	5	4	20,331
0	0	0	-2,337	0	-2
22	-278	2,375	22	-278	2,375
22	-278	2,375	73,279	56,210	82,893
-28,416	-20,261	-21,057	-28,416	-20,261	-21,057
-5,048	1,857	0	228,134	25,889	2
			272,997	**61,838**	**61,838**
			272,967	61,761	61,761
			30	77	77

D.2.1. Description of the reportable segments

The Cloud Solutions operating segment comprises CANCOM Managed Services GmbH, CANCOM Slovakia s.r.o. plus CANCOM GmbH and CANCOM Public GmbH, which are allocated to the Cloud Solutions segment. This business segment comprises the cloud and shared managed services business of the CANCOM Group, including cloud hardware, software and services business allocated to the projects. The range of services includes analysis, consulting, delivery, implementation and services and thus offers customers the necessary orientation and support for the transformation of their corporate IT into the cloud. As part of its service offering, the CANCOM Group is able to take over the complete or partial operation of IT for customers with scalable cloud and managed services - in particular shared managed services. Selling costs attributable to cloud sales are included in the segment. The Cloud business also benefits from synergies with general CANCOM sales and marketing, the costs of which are allocated to the IT Solutions reporting segment. There are asymmetrical allocations here; in the case of symmetrical allocations, the personnel expenses allocated to the Cloud Solutions reporting segment would be correspondingly higher and the EBITDA performance indicator correspondingly lower. This had no effect on the management's allocation of resources to the reporting segments in the reporting period and in the comparative period.

The IT Solutions operating segment includes the companies CANCOM GmbH, CANCOM Computersysteme GmbH, CANCOM a + d IT solutions GmbH, CANCOM (Switzerland) AG, CANCOM ICT Service GmbH, CANCOM Public GmbH, CANCOM Public BV, CANCOM physical infrastructure GmbH, CANCOM, Inc. and HPM Incorporated plus the area of CANCOM GmbH and CANCOM Public GmbH less those parts which are allocated to the Cloud Solutions segment and the Other Companies segment. With this business segment, the CANCOM Group offers comprehensive support for all aspects of IT infrastructure and applications. It includes IT strategy consulting, project planning and implementation, system integration, IT procurement via eProcurement services or as part of projects, as well as professional IT services and support.

Other companies' includes CANCOM SE, CANCOM VVM GmbH, CANCOM VVM II GmbH plus the part of CANCOM GmbH that is allocated to the 'Other companies' segment. CANCOM SE and the division of CANCOM GmbH allocated to this segment include the staff or management function. As such, it provides a range of services to its subsidiaries. In addition, this area includes the costs of central Group management and investments in internal Group projects.

With regard to the subsidiaries deconsolidated in the course of the sale of the CANCOM UK Group (for further details, see section A.2.2.3 of the consolidated financial statements) in the reporting period resulted in the following breakdown of business segments:

- The Cloud Solutions operating segment included CANCOM Communication & Collaboration Ltd plus CANCOM UK Managed Services Limited, CANCOM Managed Services Ltd and CANCOM Ireland Limited, which are allocated to the Cloud Solutions segment.

- The IT Solutions operating segment included CANCOM UK TOG Limited, CANCOM UK Limited, CANCOM UK Managed Services Limited, CANCOM UK Professional Services Limited, M.H.C. Consulting Services Limited, Novosco Group Limited, CANCOM Managed Services Ltd and CANCOM Ireland Limited, plus CANCOM UK Managed Services Limited, CANCOM Managed Services Ltd and CANCOM Ireland Limited, which are allocated to the Cloud Solutions segment and the Other Companies segment.

- The companies CANCOM LTD, CANCOM Ocean Ltd and CANCOM UK Holdings Limited were reported under "other companies".

D.2.2. Valuation principles for the result of the segments

The accounting methods used in the internal reporting on the segment correspond to the recognition and measurement methods described in section A.3 of the consolidated financial statements. With the exception described in section D.2.1 of the consolidated financial statements, no asymmetric allocations are made when allocating expenses and income to reportable segments.

Internal sales are recognised either on a cost basis or on the basis of current market prices, depending on the type of service.

There is no presentation of segment assets, segment liabilities and investments, as the internal reporting system is based exclusively on key earnings figures by segment for Group management purposes.

D.2.3. Reconciliation accounts

The reconciliation item shows issues that are not directly related to the business segments and other companies. These include sales within the segments and income tax expenses.

The income tax expense is not part of the results of the business segments. Since the tax expense is allocated to the controlling company in the case of fiscal unity, the allocation of income tax does not necessarily correspond to the structure of the segments.

D.2.4. Information on geographical areas and products and services

(in T€)	Turnover according to the location of the customer			Turnover by registered office of the companies		
	2021	2020 (adjusted*)	2020 (before adjustment)	2021	2020 (adjusted*)	2020 (before adjustment)
Germany	1,163,533	994,413	1,301,592	1,200,924	1,082,386	1,389,565
Abroad	140,926	181,781	347,834	103,535	93,808	259,861
Total Group	**1,304,459**	**1,176,194**	**1,649,426**	**1,304,459**	**1,176,194**	**1,649,426**

*) See the explanations in section A.7 of the consolidated financial statements.

(in T€)	Non-current assets	
	31.12.2021	31.12.2020
Germany	320,272	290,328
Abroad	8,649	159,368
Total Group	**328,921**	**449,696**

Significant revenue and significant non-current assets allocated to foreign countries in the reporting period relate to Austria and the USA.

In the reporting period and in the comparative period, no individual customer generated revenue that accounted for 10 percent or more of the CANCOM Group's revenue. There are therefore no disclosure requirements relating to dependencies on customers.

Non-current assets include all non-current assets except deferred tax assets and securities allocated to the balance sheet item "Financial assets and loans".

Revenue from external customers is not reported for each product and service or for each group of comparable products and services because the information is not available and the cost of collection would be excessive.

D.3. Leases

D.3.1. CANCOM as lessee

CANCOM leases a large number of different assets. The leased assets are allocated to the classes 'land and buildings', 'operating and office equipment' and 'motor vehicles'. The leases have terms of between two years and 19 years. The following table contains information on leases in which CANCOM is the lessee:*

(in T€)	Land and buildings		Operating and business equipment		Motor vehicles		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Rights of use								
Depreciation	10,250	10,040	1,921	1,519	2,154	1,436	14,325	12,995
Income from subleasing	0	0	2,627	3,674	0	0	2,627	3,674
Access	34,092	5,735	2,243	6,388	3,997	3,468	40,332	15,591
Book values as at 31.12.	73,287	54,962	2,937	7,280	7,546	5,705	83,770	67,947
Leasing liabilities								
Interest expenses	215	551	776	425	184	141	1,175	1,117
Total cash outflows for leases	9,976	10,495	10,203	6,389	2,289	685	22,468	17,569
Gains/losses from sale and leaseback transactions*	2,211	0	0	0	0	0	2,211	0

*) Figures for the reporting period and the comparative period include the amounts from the discontinued operation (CANCOM UK Group).

In the 2019 financial year, the CANCOM Group carried out one significant sale and leaseback transaction. This involves the sale and leaseback of a property in Jettingen-Scheppach in September 2019 via a leasing property company (see also section A.2.1.4 of the consolidated financial statements). The lease payments resulting from the leaseback amount to T€ 1,054 in the reporting period (comparable period: T€ 339).

Leases in which CANCOM is the lessee may contain renewal options. These are taken into account when determining the term or the lease payments if it is deemed sufficiently certain that they will be exercised. The extension options not taken into account in the lease payments would increase the lease payments in the years 2027 (comparative period: 2033) to 2049 (comparative period: 2049) and lead to a total cash outflow of T€ 26,859 (comparative period: T€ 9,598).

Termination options of the lessee lead to a reduction of the term or to a reduction of the lease instalments if the exercise is deemed to be sufficiently certain. In principle, CANCOM does not assume that termination options will be exercised, so that the full basic lease term is taken into account when determining the term or the lease payments.

For the presentation of future interest and redemption payments from lease liabilities, please refer to section D.6.2 of the consolidated financial statements.

D.3.2. CANCOM as lessor

D.3.2.1. Finance leases

In the reporting period and the comparative period, CANCOM sold merchandise to leasing companies and leased the merchandise back directly from these leasing companies (sale and leaseback transactions) in order to then lease the merchandise to CANCOM customers. The term of the leases was between one and five years. For the majority of the transactions, the sales to the leasing companies were classified as a sale in accordance with IFRS 15 (see the two different cases for sale and leaseback transactions in the section on the consolidated financial statements). A.3.27 of the consolidated financial statements). The non-guaranteed residual values were estimated to be relatively low, so that there are hardly any risks in this regard. There are no variable lease payments or other risky agreements.

If disposals to the leasing companies carried out as part of sale and leaseback transactions were classified as a sale in accordance with IFRS 15, CANCOM recognised pro rata revenue and pro rata cost of materials/cost of purchased services. In the reporting period, the gains from these sale and leaseback transactions amount to T€ 4,233 (comparative period: T€ 28).

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The following table shows the amounts recognised for finance leases in the reporting period and in the comparative period in the presentation of profit or loss for the period:*

(in T€)	2021	2020
Capital gains/losses	1,943	6,629
Finance income on the net investment in the lease	1,354	656
Impairments on finance lease receivables	-28	0
Income for variable lease payments not included in the valuation	0	0

*) Figures for the reporting period and the comparative period include the amounts from the discontinued operation (CANCOM UK Group)..

In the reporting period, carrying amounts for the net investment in the lease totalled T€ 40,602 (comparative period T€ 47,395).

The following table shows the undiscounted future lease payments for finance lease receivables and a reconciliation to the net investment in the lease for the reporting period and for the comparative period:

(in T€)	2021	2020
Finance lease payments due within 1 year	22,645	21,503
Finance lease payments due between 1 and 5 years	18,956	26,934
Finance lease payments due in more than 5 years	0	0
Total finance lease payments (undiscounted)	**41,601**	**48,437**
Not guaranteed residual values	0	0
Interest income not yet realised	971	1,042
Present value of lease payments to be received	**40,630**	**47,395**
Impairments on finance lease receivables	-28	0
Net investment in the lease	**40,602**	**47,395**

D.3.2.2. Operating leases

In the reporting period and the comparative period, CANCOM only acted as lessor to an insignificant extent within operating leases.

No significant assets were included in operating leases in the fixed assets reported in the reporting period and in the comparative period (see section B.8 of the consolidated financial statements).

D.4. Share-based payment

The following share-based payments exist or existed in the CANCOM Group:

- equity-settled share-based payments (issued by CANCOM SE),
- cash-settled share-based payments (issued by Ocean Unified Communications Ltd and CANCOM UK Limited),
- cash-settled share-based payments (issued by CANCOM SE).

D.4.1. Option rights issued by CANCOM SE

Based on the authorisation pursuant to agenda item 9 of the Annual General Meeting of 14 June 2018 on the granting of subscription rights (share options) and the creation of Conditional Capital I/2018, the Group introduced a share option programme (equity-settled) entitling members of the Executive Board and selected employees of the Company or affiliated companies to acquire shares in the Company. Pursuant to the scheme ("ESOP 2018"), holders of exercisable options have the right to acquire shares at the market price of the shares on the date of grant. The share option programme entitles the following stakeholders to acquire shares:

- **Group 1:** Members of the Executive Board;
- **Group 2:** Members of the management of affiliated companies;
- **Group 3:** Company executives;
- **Group 4:** Executives of affiliated companies..

The option rights can be redeemed under the following contractual conditions at a ratio of 1:1 for the subscription of new no-par value bearer shares of CANCOM SE with a pro rata amount of the share capital of € 1.00 per share. The option rights may be exercised for the first time after four years of service from the date of grant. Further staggered waiting periods ("vesting periods") determine the vesting after two years of 50 percent, after three years of a further 25 percent and after four years for the remaining 25 percent. The option rights can be exercised after expiry of the vesting period within a term of ten years after the date of issue.

The prerequisite for exercising the option right is that - considered over the entire term of the share options - the following market-dependent performance conditions are met:

- the relevant reference price exceeds the exercise price by at least 5 percent p.a. on a straight-line basis ("absolute performance target"), and

- the price of the CANCOM SE share between the date of issue and the date of exercise of the option right has outperformed the unweighted average price of the shares in the peer group over the same period ("relative performance target").

On 17 August 2018, 585,000 share options were issued (tranche 1). A further 23,000 share options were issued on 2 July 2019 (tranche 2). On 6 May 2020, a further 150,000 share options were issued (tranche 3).

In 2018, 30,000 share options (belonging to tranche 1, group 2), in 2019, 20,000 share options (belonging to tranche 1, group 4), in the comparative period, 228,000 share options (200,000 options belonging to tranche 1, group 1; 20,000 options belonging to tranche 1, group 4; 8,000 options belonging to tranche 2, group 4) lapsed due to change in non-fulfilment of service conditions and in the reporting period, 4.527 share options (2,027 options belonging to tranche 1, group 3; 2,500 options belonging to tranche 1, group 4) expired, so that - taking into account the 150,000 new share options issued in the comparative period - 475,473 share options were actually outstanding at the end of the reporting period, none of which were exercisable. Of the 475,473 share options still outstanding at the end of the reporting period, 310,473 share options are attributable to tranche 1 (group 1: 60,000 share options, group 2: 70,000 share options, group 3: 42,973 share options, group 4: 137.500 share options, taking into account a transfer of 20,000 options from group 2 to group 4), 15,000 share options on tranche 2 (group 2: 15,000 share options, group 4: 0 share options) and 150,000 share options on tranche 3 (group 1: 150,000 share options). The share options still outstanding at the end of the reporting period have a weighted average contractual term of 7.2 years.

The Conditional Capital 2018/I of T€ 1,500 entered in the Commercial Register on the day of issue or a conditional capital to be resolved in the future, an Authorised Capital created in the future for this purpose, or treasury shares of the Company, insofar as the Company does not grant a cash settlement in fulfilment of the subscription rights, serve to secure and service the option rights.

The fair value of the share options was determined using a multivariate binomial tree model. In particular, an arbitrage-free and risk-neutral capital market and the possibility of reproducing the safe investment were assumed. The volatility indicator used is the annualised standard deviation of the steady return of the share over a certain period of time; the expected volatility used is based on historical volatility. The absolute and relative performance target were taken into account in the multivariate binomial tree model.

Vesting conditions that are not market conditions are not included in the estimate of the fair value of the share options. Instead, vesting conditions that are not market conditions shall be accounted for by adjusting the number of equity instruments included in the determination of the transaction amount. The amount recognised for the service is therefore ultimately based on the number of equity instruments that ultimately vest.

For tranche 1, the fair value per share option at grant date was € 10.40 (group 1), € 9.78 (group 2), € 9.33 (group 3) and € 9.39 (group 4) respectively. Furthermore, a share price at grant date of € 39.60, an exercise price of € 40.72, an expected volatility of 28.98 percent, expected dividends of 1.11 percent and a risk-free interest rate (based on government bonds) of 0.02 percent were used to determine the fair values for the share-based payments at grant date for all groups. The expected volatility is based on an assessment of the historical volatility of the Company's share price and the peer group. The weighted average of the fair values of the share options issued with tranche 1 was € 9.91 on the grant date.

For tranche 2, the fair value per share option on the grant date was € 13.80 (group 2), respectively € 13.17 (group 4). Furthermore, a share price on the grant date of € 47.50, an exercise price of € 46.68, an expected volatility of 33.13 percent, expected dividends of 1.11 percent and a risk-free interest rate (based on government bonds) of -0.53 percent were used to determine the fair values for the share-based payments on the grant date for both groups. The expected volatility is based on an assessment of the historical volatility of the Company's share price and the peer group. The weighted average of the fair values of the share options issued with tranche 2 was € 13.58 on the grant date.

For tranche 3, the fair value per share option on the grant date was € 14.47 (group 1). To determine the fair value for the share-based payment, a share price on the grant date of € 48.30, an exercise price of € 46.83, an expected volatility of 36.61 percent, expected dividends of 1.11 percent and a risk-free interest rate (based on government bonds) of -0.65 percent were used. The expected volatility is based on an assessment of the historical volatility of the Company's share price and the peer group.

The expenses for equity-settled share-based payments amount to T€ 1,372T in the reporting period (comparative period: T€ 501).

D.4.2. Option rights issued by CANCOM Communication & Collaboration Ltd (GB) and CANCOM UK Limited (GB)

In connection with the acquisition of the Ocean Group and the CANCOM UK Group, share options were granted to employees of the acquired groups in 2018, which were classified as cash-settled share-based payments for future services. In 2019, all CANCOM UK Group share options were redeemed and shares in CANCOM LTD were granted in exchange. The shares granted in exchange were recognised as synthetic liabilities (see section D.5 of the consolidated financial statements). In the comparative period, all share options in CANCOM Ocean Ltd were acquired at a purchase price of T€ 0. The provision of T€ 165 made in this connection was reversed; this led to a reduction in personnel expenses.

The income for the cash-settled share-based payment was T€ 158 in the comparative period. The provision recognised for the cash-settled share-based payment was T€ 0 at the end of the reporting period and the comparative period.

D.4.3. Variable Executive Board remuneration (promised performance shares) issued by CANCOM SE

In the course of his appointment in the 2021 financial year, the Executive Board member Rüdiger Rath was granted long-term variable remuneration (LTI), which is classified as share-based remuneration with cash settlement for future performance. In each financial year, the Executive Board member is granted an amount per tranche (on an annual basis T€ 175; this corresponds to a target remuneration of 100 percent), the receipt of which is dependent on targets to be met over a three-year target achievement period. Tranche 1 (LTI 2021) concerns the variable remuneration for the 2021 financial year, for which the three-year target achievement period of the 2021, 2022 and 2023 financial years is relevant. Tranche 2 (LTI 2022) concerns the variable remuneration for the 2022 financial year, for which the three-year target achievement period of the 2022, 2023 and 2024 financial years is relevant. This continues accordingly for tranche 3 and tranche 4.

For each tranche, the number of shares that the Executive Board member receives after the end of the respective target achievement period and that correspond to the annual amount granted (allocated performance shares) is determined with the target setting. The allocated performance shares are determined by dividing the annual amount granted by the average share price 30 stock exchange trading days before the target is set. For tranche 1 (LTI 2021), Rüdiger Rath was granted an amount of € 43,750 (entry on 1 October 2021 and thus 25 percent of the annual amount granted); he was allocated 805 performance shares on this basis. After the end of the relevant target achievement period per tranche, the target achievement level of the tranche is determined. The number of performance shares to be used as a basis for the payout (to be paid) is calculated by multiplying the originally allocated performance shares by the target achievement level. The payout is made in cash after a vesting period of four years from the date of the respective target setting; payout entitlements already earned do not expire. The payout amount is determined by multiplying the performance shares to be paid out by the average share price 30 stock exchange trading days prior to the determination of target achievement plus dividend equivalent.

The respective tranche shall be maintained subject to the completion of a period of service by the member of the Executive Board. This period of service extends to the duration of the respective financial year to which the tranche relates. Tranche 1 (LTI 2021), for example, vests ratably over the period from 1 January 2021 to 31 December 2021.

The expense for the cash-settled share-based payment agreements from promised performance shares amounted to T€ 48 in the reporting period. The provision recognised for this amounted to T€ 48 at the end of the reporting period. At the end of the reporting period, only expenses and liabilities relating to tranche 1 (LTI 2021) were recognised, as the target setting and thus the determination of the financial performance criteria as well as the determination of the allocated performance shares had not yet taken place for the other tranches and the vesting period had not yet begun.

The fair value of the liability from committed performance shares was determined using a binomial tree model. In particular, an arbitrage-free and risk-neutral capital market and the possibility of reproducing the safe investment were assumed. The volatility indicator used is the annualised standard deviation of the steady return of the share over a certain period of time; the expected volatility used is based on historical volatility.

Vesting conditions that are not market conditions are not included in the estimate of the fair value of the liability arising from the performance shares granted. Instead, they shall be accounted for by adjusting the number of awards considered in measuring the liability associated with the award. The target achievement conditions for tranche 1 (LTI 2021) - achievement of certain EBITA targets in the financial years 2021, 2022, 2023 - represent vesting conditions that are not market conditions.

For Tranche 1, the fair value per performance share was € 52.59 on the grant date (23 September 2021) and € 59.94 on the reporting date (31 December 2021). Furthermore, a share price of € 59.22, an expected volatility of 35.70 percent, a maximum remuneration of € 165,750, an expected dividend of 1.45 percent and a risk-free interest rate (based on government bonds) of -0.67 percent were taken into account to determine the fair value for the share-based payment on the reporting date. The expected volatility is based on an assessment of the historical volatility of the company's share price.

In addition to the fair value per performance share of € 59.94, a number of 805 performance shares and a target achievement level of 100 percent were taken into account to determine the liability from the promised performance shares from tranche 1.

The performance shares from tranche 1 still outstanding at the end of the reporting period have a weighted average contract term of 3.8 years.

D.5. Further disclosures on financial instruments

The following table shows the carrying amounts of financial assets and financial liabilities by measurement category according to IFRS 9 as well as the fair values for the reporting period:

(in T€)	Carrying amount 31.12.2021	FA_AC[1] Amortised cost	FA_FVOCI[2] Fair value	FA_FVPL/ FL_FVPL[3] Fair value	FL_AC[4] Amortised cost	No category Accounting in accordance with IFRS 16	Fair value 31.12.2021
Current assets							
Cash and cash equivalents	652,965	652,965					652,965
Receivables from deliveries and services	299,116	299,116					299,116
Other current financial assets	33,177	11,167				22,010	33,177
- Receivables from finance leases						22,010	22,010
- Assets from derivative financial instruments		11,167					11,167
- other items							
Non-current assets							
Financial assets and loans	5		5				5
Other non-current financial assets	20,295	1,703				18,592	20,746
- Receivables from finance leases						18,592	19,043
- other items		1,703					1,703
Current liabilities							
Current liabilities to credit institutions	1,997				1,997		1,997
Liabilities from deliveries and services	316,982				316,982		316,982
Other current financial liabilities	64,646			1,813	40,485	22,348	64,646
- Leasing liabilities						22,348	22,348
- contingent consideration in accordance with IFRS 3				1,230			1,230
- derivative financial liabilities				583			583
- other items					40,485		40,485
Long-term debt							
Long-term liabilities to credit institutions	12				12		12
Other non-current financial liabilities	99,167			3,361	11,089	84,717	/
- Leasing liabilities						84,717	/
- contingent consideration in accordance with IFRS 3				3,361			3,361
- other items					11,089		11,026
Assets, total	**1,005,558**	**964,951**	**5**	**0**	**/**	**40,602**	**1,006,009**
Liabilities, total	**482,804**	**/**	**/**	**5,174**	**370,565**	**107,065**	**/**

1) Measurement category "financial assets measured at amortised cost".
2) Measurement category "financial assets at fair value through other comprehensive income".
3) Measurement category "financial assets at fair value through profit or loss" or "financial liabilities at fair value through profit or loss".
4) Measurement category "financial liabilities measured at amortised cost".

The following table shows the carrying amounts of financial assets and financial liabilities by measurement category according to IFRS 9 as well as the fair values for the comparative period:

(in T€)	Carrying amount 31.12.2020	FA_AC[1]	FA_FVOCI[2]	FA_FVPL/ FL_FVPL[3]	FL_AC[4]	No category	Fair value 31.12.2020
		Amortised cost	Fair value	Fair value	Amortised cost	Accounting in accordance with IFRS 16	
Current assets							
Cash and cash equivalents	338,371	338,371					338,371
Receivables from deliveries and services	331,368	331,368					331,368
Other current financial assets	31,812	10,021		335		21,456	31,812
- Receivables from finance leases						21,456	21,456
- Assets from derivative financial instruments				335			335
- other items		10,021					10,021
Non-current assets							
Financial assets and loans	5		5				5
Other non-current financial assets	27,111	1,172				25,939	28,334
- Receivables from finance leases						25,939	27,162
- other items		1,172					1,172
Current liabilities							
Current liabilities to credit institutions	2,275				2,275		2,275
Liabilities from deliveries and services	371,623				371,623		371,623
Other current financial liabilities	50,933			600	31,975	18,358	50,933
- Leasing liabilities						18,358	18,358
- contingent consideration in accordance with IFRS 3				600			600
- synthetic liabilities in accordance with IAS 32.23					1,810		1,810
- other items					30,165		30,165
Long-term debt							
Long-term liabilities to credit institutions	113				113		112
Other non-current financial liabilities	87,213				15,791	71,422	/
- Leasing liabilities						71,422	/
- other items					15,791		15,848
Assets, total	**728,667**	**680,932**	**5**	**335**	**/**	**47,395**	**729,890**
Liabilities, total	**512,157**	**/**	**/**	**600**	**421,777**	**89,780**	**/**

1) Measurement category "financial assets measured at amortised cost".
2) Measurement category "financial assets at fair value through other comprehensive income".
3) Measurement category "financial assets at fair value through profit or loss" or "financial liabilities at fair value through profit or loss".
4) Measurement category "financial liabilities measured at amortised cost".

For cash and cash equivalents as well as for other current financial instruments, i.e. trade receivables, other current financial assets, current liabilities to banks, trade payables and other current financial liabilities, the fair values correspond to the carrying amounts recognised at the respective reporting dates.

The measurement of financial assets and financial liabilities at fair value is carried out according to the availability of relevant information on the basis of the three levels of the measurement hierarchy listed in IFRS 13. For the first level, quoted market prices for identical assets and liabilities are directly observable in active markets. At the second level, the valuation is made on the basis of valuation models that incorporate observable market data (e.g. interest rates, exchange rates). The third level provides for the application of valuation models that do not use input factors observable on the market.

For the securities included in the balance sheet item "Financial assets and loans", the fair value corresponds to the price quotation on the balance sheet date multiplied by the number of units in the portfolio (level 1).

The fair value of forward exchange contracts is determined using a discounted cash flow method. Future payments are estimated based on forward exchange rates (observable rates at the reporting date) and the contracted forward exchange rates, discounted at an interest rate that takes into account the credit risk of the various counterparties (Level 2).

The fair values of non-current receivables from finance leases and other items within other non-current financial assets as well as non-current liabilities to banks are determined as the present values of the payments expected with the assets and liabilities and on the basis of market interest rates of comparable financial instruments (level 2).

The disclosure of the fair values of the lease liabilities is waived with reference to IFRS 7.29 (d).

The fair values determined for contingent consideration from company acquisitions are based on different valuation models. Since, in addition to input factors observable on the market (e.g. risk-adjusted discount rates), company-specific input factors (and thus input factors not observable on the market) are also included in the respective valuation model, these are assigned to Level 3. In detail, the following circumstances apply as of the end of the comparative period:

- two contingent purchase price liabilities from the acquisition of shares in medocino Gesellschaft für vernetzte Systeme mbH, which were recognised for the first time in the 2019 financial year.

As at the end of the reporting period, the following facts are involved:

- four contingent purchase price liabilities from the acquisition of the shares in Anders & Rodewyk Das Systemhaus für Computer-technologien GmbH, which were recognised for the first time in the reporting period.

The contingent consideration from the acquisition of the shares in medocino Gesellschaft für vernetzte Systeme mbH is an employee termination component and a software component. If a certain number of key employees have not terminated their service or employment contracts themselves by the end of 31 December 2020, a one-off lump-sum payment of T€ 200 is due (employee termination component). Accordingly, the consideration to be paid is either T€ 0 or T€ 200. At the time of acquisition and subsequently, the contingent consideration was valued at T€ 200 on the basis of the most probable payment amount. If the actual software service revenue of certain software developers exceeds a certain amount by the end of 31 December 2020, a one-off lump sum payment of T€ 400 is due (software component). Accordingly, the consideration to be paid is either T€ 0 or T€ 400. At the acquisition date and subsequently, the contingent consideration was measured at T€ 400 based on the most probable payout amount. Both the employee termination component and the software component were paid in January 2021. The amounts determined for the contingent consideration were not discounted as at the reporting date of the comparative period and the reporting period, as the payments were due in the short term at these dates. At the end of the comparative period, liabilities of T€ 600,000 were recognised for the contingent consideration. At the end of the reporting period, the corresponding liabilities amounted to T€ 0, as they were settled in the reporting period.

The contingent consideration from the acquisition of the shares in Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH is, on the one hand, a performance-based component (earn out) - i.e. contingent payments depending on the EBIT of the acquired company for a total of four periods until 31 December 2023 amounting to T€ 3,545. On the other hand, the seller has given a guarantee that the balance sheet equity according to the German Commercial Code (HGB) corresponds to a certain minimum amount as of 31 December 2020. Should the equity on the balance sheet date deviate from the guaranteed equity, the total purchase price will change accordingly by the negative or positive deviation amount. The equity capital on the reporting date of 31 December 2020 was T€ 391 higher than the guaranteed equity capital (positive deviation amount). The total purchase price of the shares thus increases by T€ 391. The amount was paid to the seller in the reporting period.

The put/call agreements recognised as synthetic liabilities in the context of company acquisitions in accordance with IAS 32.23 are measured at amortised cost. However, the respective balance sheet value almost corresponds to the fair value, as a revaluation is carried out on each balance sheet date, taking into account the current estimated values. Differences to the fair value thus only result from the fact that the original (credit risk-adjusted) interest rate on borrowed capital is used to determine the balance sheet value, whereas this interest rate would have to be determined on a current basis to determine the fair value. Due to the company-specific input factors included in the valuation model, these would be allocated to Level 3 if they were measured at fair value. In detail, the following circumstances apply as at the end of the comparative period:

- a put/call agreement in connection with the acquisition of the shares in Novosco Group Limited and Novosco Group respectively, which was recognised for the first time in the 2019 financial year.

The synthetic liability was derecognised in full during the reporting period. The reason for the derecognition was that the shareholders of the shares not yet transferred to the CANCOM Group (non-controlling interests) exercised their right to tender their shares to the CANCOM Group (use of the put option). The derecognition resulted in a gain of T€ 167 in the reporting period, which was recognised in the presentation of the result for the period under the item 'Result from discontinued operations'. The payment in connection with the derecognition of the liability in the amount of T€ 1,729 was allocated to the cash flow from financing activities in the cash flow statement (item "Payments for the redemption of non-current financial liabilities (incl. the portion classified as current)").

The development of the contingent consideration allocated to Level 3 of the fair value measurement hierarchy and the synthetic liabilities is shown in the following table for the reporting period:

(in T€)	**Contingent consideration**	**Synthetic liabilities**
Status 1.1.2021	600	1,810
Change from derecognition/ revaluation	2,338	-167
Access	3,936	2
Disposals/Compensations	-2,283	-1,729
Currency differences	0	84
Status 31.12.2021	**4,591**	**0**

In the reporting period, there were unrealised expenses from the revaluation in the amount of T€ -2,214 (comparative period adjusted: Income of T€ 0; comparative period before adjustment: income of T€ 778), which were recognised within the presentation of the result for the period in the item "other financial result expenses" (comparative period before adjustment: "other financial result income").

The net results by measurement category for the reporting period and the comparative period are as follows:*

(in T€)	2021	2020
Financial assets measured at amortised cost (FA_AC)	-2,081	-2,471
Financial assets at fair value through other comprehensive income (FA_FVOCI)	12	9
Financial assets/liabilities at fair value through profit or loss (FA_FVPL/FL_FVPL)	-4,105	1,357
Financial liabilities measured at amortised cost (FL_AC)	-78	18,962
Total	**-6,252**	**17,857**

*) Figures for the reporting period and the comparative period include the amounts from the discontinued operation (CANCOM UK Group).

The net results by valuation category include interest expenses, interest income, bank charges, value adjustments and write-ups as well as valuation results from financial instruments posted at fair value through profit or loss. The valuation result of the valuation category "financial liabilities measured at amortised cost" also includes gains and losses from revaluation as well as from the disposal of synthetic liabilities.

The application of the effective interest method for the valuation of financial liabilities measured at amortised cost results in an interest expense of T€ 29 (comparative period: T€ 832), which is recognised in the presentation of the result for the period in the item "Interest and similar expenses" or in the item "Result from discontinued operations".

D.6. Risk management

D.6.1. General information on risk management

The aim of CANCOM's risk policy is to identify risks at an early stage and to deal responsibly with risks that could jeopardise the company's existence or pose significant risks. To define and ensure adequate risk control, the Executive Board has formulated risk principles and appointed a central risk officer who regularly monitors, measures and, if necessary, manages any risks.

As part of a risk analysis, risks at CANCOM are regularly classified and assessed according to the criteria of probability of occurrence and extent of damage, and thus fed into a risk matrix. In this context, all risks are assigned to a responsible person. Where risks are quantifiable, correspondingly defined key figures are used to evaluate them. If no precisely definable metrics are available for risks, they are assessed by those responsible.

Early warning indicators are defined within the framework of the early risk detection system for risks that could jeopardise the company as a going concern; changes and developments in these indicators are continuously monitored and discussed in risk management meetings. The regular risk management meetings between the Executive Board and the risk officers ensure permanent and timely controlling of existing and future risks.

D.6.2. Liquidity risks

Liquidity risk is the risk that the company will not be able to meet its payment obligations at a contractually agreed time.

Due to its good equity base and fundamentally long-term financing structure, CANCOM is only exposed to liquidity risk to a limited extent.

For years CANCOM has been using a liquidity management system with daily monitoring of liquidity development and assessment of liquidity risks as well as short-term to long-term liquidity planning.

CANCOM has sufficient net liquidity through profit retention and capital increases. Short-term liquidity is also guaranteed at all times through credit lines and factoring agreements. Long-term liquidity is secured by long-term bank financing and a corresponding equity base. Borrowed funds have been significantly reduced and are predominantly short-term as at the balance sheet date.

Early refinancing of financial liabilities minimises the liquidity risk. The following tables show the contractually agreed (undiscounted) interest and redemption payments from the end of the reporting period or from the end of the comparative period:

(in T€)	2022	2023	2024 until 2026	2027 and beyond
Liabilities from deliveries and services	316,982			
Financial liabilities to financial service providers	20,974			
Liabilities to credit institutions	1,997	5	7	
Leasing liabilities	22,348	18,068	30,484	36,165
Financial liabilities to leasing companies	9,564	7,981	3,108	
Liabilities from derivative financial instruments	583			
Liabilities from contingent consideration	1,230	1,683	1,678	
Other financial liabilities	9,947			
Interest payments to be made	771	440	652	818
Total	**384,396**	**28,177**	**35,929**	**36,983**

(in T€)	2021	2022	2023 until 2025	2026 and beyond
Liabilities from deliveries and services	371,623			
Financial liabilities to financial service providers	13,609			
Liabilities to credit institutions	2,275	40	73	
Leasing liabilities	18,358	16,699	30,697	24,026
Financial liabilities to leasing companies	9,822	9,143	6,648	0
Assets from derivative financial instruments	-335			
Liabilities from contingent consideration	600			
Liabilities from put/call agreements	10	15	1,329	456
Interest payments to be made	998	728	1,081	1,035
Total	**416,960**	**26,625**	**39,828**	**25,517**

The CANCOM Group has access to credit lines with banks. As at the reporting date for the reporting period, there were credit and guarantee lines of T€ 79,438 (comparative period: T€ 53,500). The total amount not yet utilised as at the reporting date of the reporting period was T€ 55,594 (comparative period: T€ 44,672). During the reporting period and the comparative period, the CANCOM Group did not experience any delays in interest or principal payments.

D.6.3. Currency risks

Currency risks exist in particular when receivables, liabilities, cash and cash equivalents and planned transactions exist or will arise in a currency other than the Company's functional currency. Since CANCOM's business activities are predominantly conducted in the eurozone and the companies conduct most of their transactions in the functional currency, currency risks in relation to financial instruments only arise to a minor extent. Accordingly, there were no significant concentrations of risk in relation to currency risks in the reporting period or in the comparative period.

CANCOM does not engage in currency speculation and has an ongoing currency management system. Where available, foreign currency risks from orders are hedged. The operating units are prohibited from borrowing or investing funds in foreign currencies for speculative reasons. Intra-group financing or investments are preferably carried out in the respective functional currency or on a currency-hedged basis. The conclusion of currency hedging transactions is permitted to dedicated persons in amounts requiring approval. Approvals for overruns are granted by the Executive Board.

IFRS 7 requires a sensitivity analysis to classify the significance of currency risks. Sensitivity analyses are used to determine the impact of a change in the specified exchange rates at the reporting date on profit or loss for the period and on the equity of the CANCOM Group. The effects are determined by applying the hypothetical changes in exchange rates of ten percent to the portfolio of relevant financial instruments in foreign currency at the reporting date. It is assumed that the portfolio at the reporting date is representative for the reporting period. For the US dollar sensitivity analyses in relation to the result for the period, forward exchange transactions and trade receivables and payables were included. The £ sensitivity analyses in relation to the result for the period included financial liabilities arising in connection with business acquisitions in the United Kingdom, as well as trade receivables and payables. In the £ and US dollar sensitivity analyses in relation to other comprehensive income (or equity), receivables of CANCOM SE representing net investments in foreign operations were included.

If the euro had been 10 percent stronger (weaker) against the US dollar at the end of the reporting period, profit for the period would have been T€ 4,219 lower (T€ 3,751 higher) and equity would have been T€ 1,424 higher (T€ 1,294 lower). If the euro had been 10 percent stronger (weaker) against the Norwegian krone at the end of the reporting period, the result for the period would have been T€ 192 lower (T€ 169 higher). If the euro had been 10 percent stronger (weaker) against the Swiss franc at the end of the reporting period, the result for the period would have been T€ 65 higher (T€ 33 lower). If the euro had been 10 percent stronger (weaker) against the British pound at the end of the reporting period, the result for the period would have been T€ 26 higher (T€ 31 lower).

If the euro had been 10 percent stronger (weaker) against the US dollar at the end of the comparative period, profit for the period would have been T€ 2,648 lower (T€ 2,413 higher) and equity would have been T€ 1,250 higher (T€ 1,136 lower). If the euro had been 10 percent stronger (weaker) against the British pound at t he end of the reporting period, profit for the period would have been T€ 317 lower (T€ 326 higher) and equity would have been T€ 12,572 higher (T€ 11,430 lower). If the euro had been 10 percent stronger (weaker) against the Norwegian krone at the end of the reporting period, the result for the period would have been T€ 432 lower (T€ 394 higher).

D.6.4. Interest rate risks

CANCOM's long-term financing means that it is only exposed to interest rate risks to a limited extent. In the past, interest rate fluctuations have only had a minor impact on the result for the period, as existing loan agreements were mostly concluded at fixed interest rates. In addition, CANCOM's good equity base enables it to take out loans at favourable interest rates.

The CANCOM Group has a risk management system for optimising interest rate risks, consisting of ongoing monitoring of market interest rates and the Group's own interest rate conditions. Credit line agreements provide for the possibility of adjusting interest rates. The conclusion of interest rate hedging transactions is only envisaged in the event of strong interest rate fluctuations.

D.6.5. Default risks

Credit risk or default risk is the risk that business partners fail to meet their contractual payment obligations, resulting in a loss for the CANCOM Group. In order to minimise credit risks, the CANCOM Group generally only enters into business transactions in compliance with predefined risk limits. Before taking on a new customer, the Group uses internal and external credit checks to assess the creditworthiness of potential customers and to set their credit limits. The client assessment and credit limits are reviewed at least annually.

Default risks exist in principle for financial assets. IFRS 9 contains impairment rules for certain financial assets in order to account for default risks. The following table shows the financial assets to which the impairment requirements in IFRS 9 were applied in the CANCOM Group in the reporting period and in the comparative period. The table also contains key information on the respective impairment tests. The table shows that the only default risks to be recognised in connection with financial assets in the CANCOM Group related to trade receivables.

	Carrying amount 31.12.2021 (in T€)	Net impairment loss 2021 (in T€)	Carrying amount 31.12.2020 (in T€)	Net impairment loss 2020 (in T€)
Cash and cash equivalents	652,965	0	338,371	0
Trade receivables, contract assets	301,412	-550	333,909	-874
Receivables from finance leases[1]	40,602	-28	47,395	0
Receivables from suppliers[1]	9,520	/	9,264	/

1) Reported in the balance sheet under "other current financial assets" or "other non-current financial assets".
2) L_ECL = credit losses expected over the total term; 12M_ECL = part of L_ECL resulting from default events that are possible within the next 12 months after the reporting date.

CANCOM generally considers financial assets to be in default if repayment is judged to be unlikely. A creditworthiness-related impairment exists in particular if CANCOM has indications of the existence of financial difficulties or even insolvency on the part of the debtor. A direct reduction in the gross carrying amount of a financial asset due to uncollectibility is made if CANCOM cannot reasonably assume that the item is wholly or partly realisable or recoverable.

For cash and cash equivalents, expected credit losses are determined using default risk probabilities of the banks at which the balances are recorded. The default risk probabilities are determined using current prices for credit default swaps. The default risk with regard to credit balances from the investment of liquid funds with credit institutions is virtually eliminated by risk diversification (large number of credit institutions) and the selection of credit institutions with high credit ratings (investment grade rating). In the reporting period and in the comparative period, the expected credit losses were insignificant, so that they were not recognised.

With regard to trade receivables and contract assets, CANCOM uses an impairment matrix with four loss rates (not yet overdue to over 365 days overdue) to determine the expected credit losses. Depending on the age structure of the receivables, value adjustments are made to the items throughout the Group. Furthermore, any change in creditworthiness since the granting of the payment term up to the balance sheet date is taken into account. There is no significant concentration of credit risk because the customer base is broad and there are only minor correlations. The loss rates are based on historical values, adjusted for prospective expectations.

At CANCOM, a receivable is generally considered to be in default at the reporting date if it is more than 365 days overdue at that date. With regard to gross receivables overdue by more than 365 days, it is assumed for the purposes of determining the loss rates that 30 percent of these are actually not settled or default; a bankruptcy rate of 20 percent is also assumed. The estimates are based on historical experience within the CANCOM Group.

Irrespective of the overdue amount determined for each item on the respective reporting date, trade receivables or contract assets with little or no expectation of payment are written down by 100 percent if there are objective indications of insolvency (i.e. if there is a transition from level 2 to level 3, in particular if insolvency becomes known or if there are indications of imminent insolvency).

In the reporting period, expenses for value adjustments on trade receivables and contract assets amounting to T€ 550 (comparative period: T€ 874) were recognised.

Type of examination	Value adjustment model, level allocation	Expected credit losses taken into account[2]	Check for increase in default risk	Failure definition (transition from level 2 to level 3)	Consideration of collateral
Individual examination	Standard model; Level 1	12M_ECL	No (banks with investment grade rating)	/	No
Group and individual examination	Simplification model; level 2,3	L_ECL (value adjustment matrix)	not applicable	Indications of insolvency (e.g. insolvency)	No
Group survey	Simplification model; level 2	L_ECL (value adjustment matrix)	not applicable	not applicable	No
None (waiver due to immateriality)	/	/	/	/	/

The impairment matrix for the reporting period is as follows:

Value adjustment matrix as at 31.12.2021	Loss rate (weighted average) in %.	Gross book value with turnover tax in T€	Gross book value without turnover tax in T€	Value adjustment in T€
Not yet overdue as at the reporting date	0.07	236,226	215,468	150
1 to 120 days overdue as at the reporting date	0.40	59,474	52,133	209
Overdue by 121 to 365 days as at the reporting date	4.80	5,458	4,877	234
Overdue by more than 365 days at the reporting date	24.00	925	784	188
Objective evidence of impairment at the reporting date	100.00	685	575	575
Total		**302,768**	**273,837**	**1,356**

The impairment matrix for the comparative period is as follows:

Value adjustment matrix as at 31.12.2020	Loss rate (weighted average) in %.	Gross book value with turnover tax in T€	Gross book value without turnover tax in T€	Value adjustment in T€
Not yet overdue as at the reporting date	0.02	268,478	252,271	46
1 to 120 days overdue as at the reporting date	0.10	60,168	50,871	51
Overdue by 121 to 365 days as at the reporting date	0.48	4,251	3,746	18
Overdue by more than 365 days at the reporting date	24.00	1,247	1,114	267
Objective evidence of impairment at the reporting date	100.00	939	792	792
Total		**335,083**	**308,794**	**1,174**

In the reporting period and in the comparison period, the value adjustment was calculated from the respective gross book value without VAT multiplied by the corresponding loss rate. From the change in the value adjustment item (31 December 2021: T€ 1,356; 31 December 2020: T€ 1,174; 31 December 2019: T€: 425) resulted in an amount of T€ 214 (comparative period: T€ -749) recognised within the statement of comprehensive income in the result for the period in the item "Impairment losses on financial assets including reversals of impairment losses", of which an amount of T€ -365 (comparative period: T€ -793) was attributable to the revaluation of the impairment loss and an amount of T€ 151 (comparative period: T€ 44) to the derecognition due to the write-off of receivables. Changes in the consolidation circle accounted for T€ 32 (comparative period: T€ 0). In addition, the item "Impairment losses on financial assets including reversals of impairment losses" includes losses from the derecognition/write-off of trade receivables of T€ -413 (comparative period adjusted: T€ -154; before adjustment: T€ -150), gains due to cash inflows from trade receivables already derecognised/written off of T€ 77 (comparative period: T€ 29) and impairment losses on receivables from finance leases of T -28 (comparative period: T€ 0). For the development of the allowance item in the reporting period, we refer to section B.3 of the consolidated financial statements.

In the case of receivables from finance leases, the risk of default is extremely low because CANCOM has the right to reclaim the merchandise leased to the customer in the event of default, and because the lessor business is generally financed by a sale and leaseback transaction which generally also means that the corresponding lease liability no longer has to be serviced in the event of default on the customer receivable. The amounts reported under the items "Receivables from finance leases" are future lease payments not yet due at the respective reporting dates, which are reported at present value (i.e. discounted). To determine the value adjustment, the respective book value is multiplied by the loss rate for trade receivables not yet overdue on the reporting date (reporting period: 0.07 percent; comparative period: waiver of recognition due to immateriality). In the reporting period, an impairment loss of T€ 28,000 (comparative period: T€ 0) was recognised in the statement of comprehensive income in the item "Impairment losses on financial assets including reversals of impairment losses".

With regard to receivables from suppliers, no expected credit losses are recognised for reasons of immateriality.

The theoretical maximum default risk of the items listed above is the amount of the reported carrying amounts. As a rule, the Group does not have collateral that would reduce this default risk.

D.6.6. Financial market risks

Potential financial market risks are continuously analysed as part of CANCOM's risk management. Trading in financial instruments and structured products is not a core business of the Company and is only used - if at all - to hedge underlying transactions that are exposed to currency risks. Foreign currencies were hedged in the amount of T$ 28,867 (comparative period: T$ 19,855) and TNOK 18,857 (comparative period: TNOK 42,140) as at the balance sheet date of the reporting period. The financial market risk is limited to the exchange rate risk of the forward exchange contracts concluded by the company as at the reporting date of the reporting period, which have a negative (comparative period: positive) fair value of T€ -583 (comparative period: T€ 335).

Authorisations for the acquisition and disposal of structured products at the banks are limited to the Executive Board (Chief Executive Officer, Chief Operating Officer and Chief Financial Officer). This is to avoid transactions in this area by inexperienced persons.

D.7. Contingent liabilities and other financial commitments

The companies in the CANCOM Group had the following financial obligations from rental, leasing, telecommunications and licence agreements:

Due in the year	2022 (in T€)	2023 (in T€)	2024 (in T€)	2025 (in T€)	2026 (in T€)	after 2026 (in T€)	Total (in T€)
from rental agreements (incidental rental expenses)	1,857	1,710	1,614	1,435	1,283	2,730	10,629
from leasing contracts	34	30	20	4	2	0	90
from telecommunications contracts	1,871	1,455	83	31	28	28	3,496
from licence agreements	5,020	674	29	4	4	0	5,731
Total	**8,782**	**3,869**	**1,746**	**1,474**	**1,317**	**2,758**	**19,946**

D.8. Relationships with related companies and persons

CANCOM SE prepares these consolidated financial statements as the parent company. These consolidated financial statements are not included in any higher-level consolidated financial statements.

Related parties as defined by IAS 24 are persons and entities that control, jointly control or exercise significant influence over the CANCOM Group. They also include companies that are controlled, jointly controlled or significantly influenced by persons related to CANCOM, their close family members or by the CANCOM Group itself. CANCOM related parties are therefore the active members of the Executive Board and Supervisory Board of CANCOM SE and their close family members. The companies related to CANCOM in the financial year 2021 are the subsidiaries of the CANCOM Group. For an overview of the subsidiaries, please refer to the information in section A.2.1 of the consolidated financial statements on the scope of consolidation and to the list of shareholdings in the consolidated financial statements. In addition, companies controlled or jointly controlled by active members of the Executive Board and Supervisory Board of CANCOM SE or by their close family members are considered related parties.

Members of the Executive Board or Supervisory Board and their close family members only occasionally purchase goods or services from CANCOM. In total, CANCOM sold goods and/or services to members of the Executive Board and Supervisory Board of CANCOM SE and to their close family members in the reporting period with a total value of less than T€ 100 (comparative period: less than T€ 100). Of this amount, T€ 0 was open at the reporting date (comparative period: T€ 1).

In addition, companies that are considered related parties by CANCOM and are not subsidiaries of CANCOM SE acquire goods or services from CANCOM. In the reporting period, the total value was less than T€ 100 (comparative period: less than T€ 100). Of this amount, T€ 0 was open at the reporting date (comparative period: T€ 0).

CANCOM receives services from close family members of the Supervisory Board. In the reporting period, the total value of services received was T€ 100 (comparative period: T€ 92). Of this amount, T€ 25 was outstanding at the reporting date (comparative period: T€ 0).

In addition, CANCOM occasionally purchases goods or procures services from companies which CANCOM considers to be related parties and which are not subsidiaries of CANCOM SE. In the reporting period, CANCOM as a whole did not purchase any goods or procure any services from companies that are considered related parties by CANCOM and are not subsidiaries of CANCOM SE (comparative period: none).

All transactions with these related parties were concluded at arm's length and were settled net within ten to 30 days. None of the balances were hedged. No bad and doubtful debts expenses were recognised in the reporting period and the comparative period in respect of amounts owed by related parties. Guarantees were neither granted nor received. In the case of the subsidiaries of CANCOM SE, business transactions were eliminated in the course of consolidation and therefore do not require further explanation.

In the reporting period, the members of the Executive Board received total remuneration of T€ 2,500 (previous year: T€ 6,725). The emoluments are short-term benefits in the amount of T€ 2,458 (comparable period: T€ 1,823). In the reporting period, the Executive Board member Rüdiger Rath was granted 805 cash-settled performance shares as share-based payments at fair value on issue totalling T€ 42, which are included in the total remuneration for the reporting period. In addition, the total remuneration of the Executive Board in the comparative period for share-based payments includes an amount of T€ 2,171 from the granting of 150,000 share options to Rudolf Hotter at fair value when issued of € 14.47 per share option.

No post-employment benefits or other long-term benefits were granted to active members of the Executive Board in the reporting period or the comparative period. Termination benefits of T€ 2,731 were granted to the former Executive Board member Thomas Volk in the comparative period.

A total expense of T€ 1,060 (comparative period: total income of T€ 297) was recognised for the share-based remuneration of the Executive Board in the reporting period. In the comparative period, there was a net income because the income from the share options of the former Executive Board member Thomas Volk, which expired in the reporting period, exceeded the expenses from share options recognised in the reporting period.The remuneration of the members of the Supervisory Board in the reporting period comprised a basic remuneration as well as additional remuneration for committee activities and amounted to a total of T€ 336 in the reporting period, including attendance fees (comparative period: T€ 324).

Individualised information on the remuneration of the Executive Board and the Supervisory Board is presented in the remuneration report in accordance with §162 AktG. The remuneration report is published on the company's website.

As in the previous year, there were no other significant business transactions between the company and members of the Executive Board and the Supervisory Board in the reporting period.

D.9. Declaration on the Corporate Governance Code

The Executive Board and the Supervisory Board have issued a joint declaration of compliance with the recommendations of the German Corporate Governance Code in accordance with section 161 (1) of the German Stock Corporation Act (AktG), which has been published. This is permanently available to the public on the company's website.

D.10. Auditors' fees

The following fees (total remuneration with expenses excluding input tax) were calculated for the auditors within the meaning of § 318 HGB for the reporting period and the comparative period:

(in T€)	2021	2020
Audit services	-809	-986
Other confirmation services	-106	0
Tax consultancy services	0	0
Other services	0	-6
Thereof for the comparative period	-354	-551

The fees shown in the table above correspond to the expenses recognised in the reporting period and in the comparative period in the presentation of the result for the period.

In the reporting period and in the comparative period, these are exclusively fees of KPMG AG Wirtschaftsprüfungsgesellschaft, Augsburg (i.e. excluding fees of international associations and networks).

The other assurance services in the reporting period relate to the fee for the audit of the 2020 consolidated financial statements of the CANCOM UK Group in connection with the sale of the CANCOM UK Group (cf. section A.2.2.3 of the consolidated financial statements).

D.11. Number of employees

The CANCOM Group had an average of 3,843 employees during the period under review (previous year: 3,912 employees) and 3,625 employees at the end of the year (previous year: 3,957 employees).

The average number of employees in the reporting period of 3,843 is distributed across the following functional areas: Professional Services 2,309 employees (comparable period: 2,408 employees), Sales 852 employees (comparable period: 798 employees) and Central Services 682 employees (comparable period: 706 employees).

D.12. Information on shareholdings in the capital of CANCOM SE

As at 31 December 2021, the Company had the following information on shareholdings subject to notification pursuant to Sections 33 et seq. WpHG were available:

The Goldman Sachs Group, Inc., Wilmington, DE, USA, notified CANCOM SE on 24 March 2020 that its share of voting rights in CANCOM SE, held directly or indirectly, had fallen below the threshold of 5 percent on 20 March 2020 and directly amounted to 1.80 percent (corresponding to 694,671 voting rights) on that date. Due to additional voting rights resulting from financial instruments, the total share of voting rights held on this date was 3.97 percent (corresponding to 1,531,921 voting rights).

BNP Paribas Asset Management France S.A.S., Paris, France, notified CANCOM SE on 29 September 2020 that its voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 3 percent of the voting rights on 9 September 2020 and amounted to 4.66 percent (corresponding to 1,797,710 voting rights) on that date.

BlackRock Inc, Wilmington, DE, USA, notified CANCOM SE on 19 January 2021 that its voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 3 percent of the voting rights on 14 January 2021 and amounted to 3.16 percent (corresponding to 1,218,434 voting rights) on that date. Due to additional voting rights resulting from financial instruments, the total share of voting rights held on this day amounted to 3.44 percent (this corresponds to 1,326,677 voting rights).

Allianz Global Investors GmbH, Frankfurt, Germany notified CANCOM SE on 11 February 2021 that its share of voting rights in CANCOM SE, held directly or indirectly, had fallen below the threshold of 20 percent of the voting rights on 9 February 2021 and amounted to 19.99 percent (corresponding to 7,709,266 voting rights) on that date.

Massachusetts Financial Services Company, Boston, MA, USA, notified CANCOM SE on 23 April 2021 that its share of voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 3 percent on 20 April 2021 and amounted to 3.08 percent (corresponding to 1,187,530 voting rights) on that date.

Ameriprise Financial Inc. Wilmington, DE, USA, notified CANCOM SE on 11 November 2021 that its voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 5 percent of the voting rights on 8 November 2021 and amounted to 5.61 percent (corresponding to 2,162,020 voting rights) on that date.

D.13. Executive Board and Supervisory Board

The members of the Executive Board appointed during the reporting period were:

- Mr. Rudolf Hotter, Dipl.-Betriebswirt, Roßhaupten - Chairman -;
- Mr. Thomas Stark, Dipl.-Wirtsch.-Ing., Wittislingen;
- Mr. Rüdiger Rath, Dipl.-Betriebswirt, Gelsenkirchen (since 1 October 2021).

All members of the Executive Board are authorised to represent the Company together with another member of the Executive Board or in conjunction with an authorised signatory (Prokurist).

The following members of the Executive Board are members of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises:

Mr. Rudolf Hotter in:
- CANCOM Managed Services GmbH, Munich (Group mandate, Chairman of the Supervisory Board, since 1 November 2021);
- CANCOM ICT Service GmbH, Munich (Group mandate, Chairman of the Supervisory Board);
- CANCOM GmbH, Jettingen-Scheppach (Group mandate, Chairman of the Supervisory Board).

Mr. Thomas Stark in:
- AL-KO Kober SE, Kötz (Supervisory Board member, until 22 December 2021).

The members of the Supervisory Board were and/or are appointed during the reporting period:

- Mr. Stefan Kober, businessman, investor and supervisory board member of various companies - Chairman - ;
- Dr. Lothar Koniarski, Dipl.-Kaufmann, Managing Director of Elber GmbH, Regensburg - Deputy Chairman - ;
- Mr. Uwe Kemm, Chief Operation Officer of STEMMER IMAGING AG, Puchheim;
- Ms. Regina Weinmann, business graduate, Managing Director of ABCON Vermögensverwaltung GmbH, Munich, and ABCON Holding GmbH, Munich;
- Mr. Martin Wild, Chief Executive Officer of Organic Garden AG, Ingolstadt;
- Prof. Dr. Isabell M. Welpe, Professor and Chair of Strategy and Organisation at the Technical University of Munich, Munich.

The following members of the Supervisory Board are members of other statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises:

Dr. Lothar Koniarski:
- SBF AG, Leipzig (Chairman of the Supervisory Board);
- DV Immobiliengruppe, Regensburg (Chairman of the Advisory Board);
- DV ImmobilienManagement GmbH, Regensburg (Deputy Chairman of the Supervisory Board);
- Alfmeier Präzisions SE, Treuchtlingen (Member of the Board of Directors);
- Mutares SE & Co. KGaA, Munich (Supervisory Board member);
- Mutares Management SE, Munich (Deputy Chairman of the Supervisory Board).

Prof. Dr. Isabell M. Welpe:
- Deloitte Deutschland GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf (Member of the Supervisory Board);
- CENIT AG, Stuttgart (Deputy Chairwoman of the Supervisory Board).

Mr. Stefan Kober:
- AL-KO Kober SE, Kötz (Chairman of the Supervisory Board);
- STEMMER IMAGING AG, Puchheim (Member of the Supervisory Board; until 31 December 2021);
- KATEK SE, Munich (Supervisory Board member; until 31 December 2021).

Mr. Martin Wild:
- BU HOLDING AG, Fürth (Member of the Supervisory Board).

The following resolution was passed on 29 June 2021:

- Stefan Kober (Chairman of the Supervisory Board) is the expert for the audit of the financial statements (pursuant to § 100 and § 107 of the German Stock Corporation Act).

- Dr. Lothar Koniarski (Deputy Chairman of the Supervisory Board) is an accounting expert (pursuant to § 100 and § 107 of the German Stock Corporation Act).

D.14. Significant events after the reporting period

There were no significant events for the CANCOM Group after the reporting period.

D.15. Proposal for the appropriation of the result of CANCOM SE

The Executive Board resolves to propose to the Supervisory Board and the Annual General Meeting that the net retained profits of CANCOM SE for the reporting period of € 283,056,599.30 (comparative period: € 48,903,477.19), as determined in accordance with the provisions of German commercial law, be used to pay a dividend of € 1.00 (comparative period: € 0.75) per no-par value share entitled to dividend. Until the Annual General Meeting, the total number of no-par value shares entitled to dividends and thus the total amount of the distribution planned for the reporting period (comparative period: € 28,911,000.75) may change. The final total amount of the distribution planned for the reporting period depends on the number of no-par value shares entitled to dividends at the time of the resolution on the appropriation of retained earnings on the day of the Annual General Meeting. Any retained earnings remaining after the distribution shall be transferred to other revenue reserves or carried forward to new account.

D.16. Utilisation of the exemption pursuant to section 264 (3) HGB

CANCOM GmbH, Jettingen-Scheppach, CANCOM ICT Service GmbH, Munich, CANCOM Managed Services GmbH, Munich, and CANCOM Public GmbH, Berlin, make use of the simplification provisions of section 264 (3) of the HGB.

Munich, 24 March 2022

The Executive Board of CANCOM SE

Rudolf Hotter	Thomas Stark	Rüdiger Rath
CEO	CFO	COO

List of shareholdings

Company name	Seat of the company	Participation rate in %
Subsidiary		
1. CANCOM GmbH	Jettingen-Scheppach	100.00
and its subsidiaries		
- CANCOM (Switzerland) AG	Caslano/Switzerland	100.00
- CANCOM Computersysteme GmbH	Graz/Austria	100.00
and its subsidiaries		
- CANCOM a + d IT solutions GmbH	Brunn am Gebirge/Austria	100.00
2. CANCOM ICT Service GmbH	Munich	100.00
3. CANCOM Managed Services GmbH	Munich	100.00
4. CANCOM Public GmbH	Berlin	100.00
5. CANCOM Public BV	Brussels/Belgium	100.00
6. CANCOM physical infrastructure GmbH	Jettingen-Scheppach	80.00
7. CANCOM VVM II GmbH	Jettingen-Scheppach	100.00
8. CANCOM VVM GmbH	Munich	100.00
9. CANCOM, Inc.	Palo Alto/USA	100.00
and its subsidiaries		
- HPM Incorporated	Pleasanton/USA	100.00
10. CANCOM Slovakia s.r.o.	Košice/Slovakia	100.00
Non-consolidated structured entities		
11. Duana Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Mainz	100.00 *

*) Voting rights 10 percent.

Responsibility statement by the legal representatives

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, which has been combined with the management report of CANCOM SE, 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.

Munich, 24 March 2022

The Executive Board of CANCOM SE

Rudolf Hotter CEO	Thomas Stark CFO	Rüdiger Rath COO

Independent Auditor's Report

To CANCOM SE, Munich

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of CANCOM SE, Munich, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of the Company and the Group (hereinafter the "group management report") of CANCOM SE for the financial year from 1 January to 31 December 2021.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

KAM classification of the recognition of revenue as revenue of a principal or an agent as well as revenue recognition at a point in time or over time

Please refer to Section A.3.2 in the notes to the consolidated financial statements for more information on the accounting policies applied.

THE FINANCIAL STATEMENT RISK

The consolidated financial statements of CANCOM SE for financial year 2021 report revenue of EUR 1,304 million. The main contributors are revenue from the sale of hardware and software and the provision of services.

As complete solution provider, CANCOM advises its customers on the configuration of their IT infrastructure, supplies the hardware and software needed for this and provides installation and integration services. In addition, CANCOM undertakes the partial or complete operation of IT systems (managed services) of its customers. CANCOM either provides these services itself or arranges for them to be provided directly to the customer by manufacturers of the hardware or software sold.

Pursuant to IFRS 15, when another party is involved in providing goods or services to a customer, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent) (classification of performance obligation).

When CANCOM acts as principal, revenue is recognised in the amount of the agreed consideration when (or as) the entity satisfies a performance obligation by transferring a promised good or providing a promised service to a customer. An asset is considered transferred at the time when the customer obtains control of that asset. In line with the transfer of control, revenue is to be recognised either at a point in time or over time in the amount to which CANCOM is expected to be entitled.

When CANCOM operates as agent, the Group recognises as revenue the fee or commission that is expected in exchange for the specific goods or services to be provided on behalf of the other party.

Classification of the performance obligation in the individual case is subject to judgement and depends on a series of indeterminate indicators according to IFRS 15 B34 et seqq. that need to be evaluated overall. Judgement is also involved in determining whether revenue is to be recognised at a point in time or over time.

There is the risk for the financial statements that owing to the consolidation of various services in combination with third party providers, the classification of the performance obligations provided by CANCOM is incorrect and thus revenue is not appropriately measured. Further, there is the risk of recognition at a point in time or over time being incorrect. In addition, there is the risk that the disclosures in the notes to the consolidated financial statements on revenue recognition with regard to classification of the performance obligation and with regard to revenue recognition being at a point in time or over time are not complete and appropriate.

OUR AUDIT APPROACH

Based on our understanding of the process, we assessed the design and establishment of the internal controls identified with regard to the correct classification of the performance obligation and with regard to the recognition of revenue at a point in time or over time.

To audit the revenue with regard to classification of the performance obligation, we checked at the level of the individual item whether performance was provided as agent or principal. In the case of performance as principal, service provision at a point in time or over time was examined using the underlying performance components. The selection of the audited revenue at the level of the individual item was made purposefully on the basis of the revenue amount and on the basis of risk as well as on a random basis.

Finally, we evaluated whether the disclosures in the notes to the consolidated financial statements on revenue recognition with regard to classification of the performance obligation and with regard to revenue recognition being at a point in time or over time are complete and appropriate.

OUR OBSERVATIONS

Classification of the performance obligation from the contracts for the sale of software and hardware and associated services is appropriate. Equally, the approach to differentiate revenue based on recognition at a point in time and over time is appropriate. The description in the notes with regard to classification of the performance obligation and with regard to revenue recognition being at a point in time or over time is complete and appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the separate group non-financial report referred to in the group management report, but which is not expected to be provided to us until after the date of this independent auditor's report, and

- the combined corporate governance statement for the Company and the Group referred to in the group management report.

The other information also includes:

- the remaining parts of the annual report that are expected to be made available after this date.

The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on 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 and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) 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.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. 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 be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional 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 opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file „CANCOM_SE_2021-12-31_de.zip" (SHA256-hash value: dcc90548405eca253c706edc5bcb836f94f-6cf0872b779a92209a207daac1077) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on 29 June 2021. We were engaged by the Supervisory Board on 17 December 2021. We have been the group auditor of CANCOM SE without interruption since financial year 2021.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Johannes Hanshen.

Augsburg, 24 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hanshen Wirtschaftsprüfer [German Public Auditor]	Querfurth Wirtschaftsprüfer [German Public Auditor]

Balance sheet

ASSETS

(in €)	31.12.2021	31.12.2020
A. FIXED ASSETS		
I. Intangible assets		
Concessions, industrial property rights and similar rights and assets acquired against payment as well as licences to such rights and assets	87,887.28	84,878.48
II. property, plant and equipment		
1. Technical equipment and machinery	0.00	256.22
2. Other equipment, operating and office equipment	295,274.51	320,570.40
	295,274.51	320,826.62
III. financial investments		
1. Shares in affiliated companies	280,770,296.07	284,073,351.40
2. Loans to affiliated companies	1,450,000.00	123,400,285.65
3. Participations	0.00	1.00
	282,220,296.07	407,473,638.05
	282,603,457.86	407,879,343.15
B. CURRENT ASSETS		
I. Receivables and other assets		
1. Trade receivables	89.25	0.00
2. Receivables fromaffiliated companies	50,839,195.65	60,270,719.27
3. Other assets	1,256,012.43	6,591,478.94
	52,095,297.33	66,862,198.21
II. Cash in hand and bank balances	552,532,972.25	199,693,986.29
	604,628,269.58	266,556,184.50
C. ACCRUALS AND DEFERRALS	330,657.00	285,395.11
Assets, total	**887,562,384.44**	**674,720,922.76**

EQUITY AND LIABILITIES

(in €)	31.12.2021	31.12.2020
A. EQUITY		
I. Share capital	38,548,001.00	38,548,001.00
Own shares	-785,947.00	0.00
II. Capital reserve	378,384,832.32	378,384,832.32
III. Retained earnings		
1. Statutory reserve	6,665.71	6,665.71
2. Other earnings reserves	159,717,564.17	186,702,267.00
	159,724,229.88	186,708,932.71
IV. Balance sheet profit	283,056,599.30	48,903,477.19
	858,927,715.50	652,545,243.22
B. PROVISIONS		
1. Tax provisions	6,652,370.15	1,688,352.00
2. Other provisions	7,230,577.34	1,715,768.00
	13,882,947.49	3,404,120.00
C. LIABILITIES		
1. Trade payables	373,498.20	251,491.58
2. Liabilities to affiliated companies	13,463.04	7,432.52
3. Other liabilities	13,969,571.21	17,855,972.44
	14,356,532.45	18,114,896.54
D. ACCRUALS AND DEFERRALS	0.00	2,806.00
E. DEFERRED TAX LIABILITIES	395,189.00	653,857.00
Liabilities, total	**887,562,384.44**	**674,720,922.76**

Profit and loss account

INCOME STATEMENT
for the period from 1 January 2020 to 31 December 2021

(in €)	1.1.2021 bis 31.12.2021	1.1.2020 bis 31.12.2020
1. Sales revenues	12,052,954.55	9,458,485.46
2. Other operating income	257,481,583.47	11,269,120.13
3. Personnel expenses		
a) Wages and salaries	-9,993,379.02	-10,648,913.77
b) Social security contributions and expenses for pensions and other benefits	-1,296,375.75	-1,044,903.10
thereof for retirement benefits in the amount of € 8,559.01 (previous year: € 8,162.32)		
	-11,289,754.77	**-11,693,816.87**
4. Amortisation of intangible assets		
Of fixed assets and property, plant and equipment	-146,989.53	-170,813.27
5. Other operating expenses	-13,775,085.64	-9,240,544.72
6. Income from participations	24,645,201.93	22,300,000.00
7. Profits received under a profit transfer agreement	41,268,781.66	37,958,193.95
8. Other interest and similar income	5,215,533.89	6,893,639.04
9. Write-downs on financial assets	-10,557,690.38	-3,311,995.08
10. iInterest and similar expenses	-1,716,711.40	-619,266.60
11. Taxes on income and earnings	-20,115,007.48	-13,936,468.85
12. Result after taxes	**283,062,816.30**	**48,906,533.19**
13. Other taxes	-6,217.00	-3,056.00
14. Net profit for the year	**283,056,599.30**	**48,903,477.19**
15. Profit carried forward from the previous year	48,903,477.19	72,898,276.51
16. Transfers to revenue reserves	-19,992,476.44	-53,624,276.01
17. Distribution	-28,911,000.75	-19,274,000.50
18. Retained earnings	**283,056,599.30**	**48,903,477.19**

Appendix

A. General information

CANCOM SE has its registered office in Munich and is entered in the commercial register at Munich Local Court (HRB 203845).

The company is a large corporation (§ 267 paragraph 3 sentence 2 HGB in conjunction with § 264d HGB). Accounting and valuation are based on the provisions of the German Commercial Code (HGB) on the accounting of corporations and the supplementary provisions of the German Stock Corporation Act (AktG) as well as EC Regulation 2157/2001 on the Statute for a European Company (SE).

The principle of consistency in presentation was observed. There were no deviations from the accounting and valuation methods in the financial year compared to the previous year.

The annual financial statements have been prepared in € or T€. In individual cases, rounding may result in values in this report not adding up exactly to the totals given and in percentages not being derived exactly from the values shown.

B. Explanation of the recognition and measurement methods

B.1. Intangible assets

Intangible assets subject to wear and tear are valued at acquisition cost less scheduled pro rata temporis depreciation (based on a normal useful life of three years). Depreciation is calculated using the straight-line method.

B.2. Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any impairment losses. Depreciation is calculated using the straight-line method.

Useful lives of between three and 14 years are applied to property, plant and equipment. Unscheduled depreciation is applied if there is likely to be a permanent reduction in value.

Low-value assets for which the acquisition or production costs do not exceed € 250.00 are recognised in full as expenses in the year of acquisition.

Assets whose acquisition costs are between € 250.00 and € 1,000.00 have been capitalised in a collective item since 1 January 2018. All assets of a year are recorded in this collective item and depreciated over five years using the straight-line method.

B.3. Financial assets

Financial assets are valued at acquisition cost or at the lower fair value in the event of permanent impairment.

Interest claims on loans to affiliated companies are capitalised if the underlying contract provides for a corresponding increase in the loan amount and interest payments do not occur during the term.

B.4. Receivables and other assets

Receivables and other assets are recognised at the lower of nominal value and fair value.

B.5. Cash on hand and bank balances

Cash on hand and bank balances are stated at nominal value.

B.6. Prepaid expenses

Prepaid expenses include expenses prior to the balance sheet date to the extent that they represent expenses for a certain period thereafter.

B.7. Equity

The subscribed capital is stated at nominal value.

Acquired own shares are shown as an adjustment item within equity. Here, the arithmetical value of the acquired own shares (nominal value multiplied by the number of repurchased shares) is openly deducted from the subscribed capital. The remaining difference at acquisition cost is offset against other revenue reserves. Incidental acquisition costs are recognised within the income statement.

In the event of the sale of previously acquired treasury shares, any difference from the proceeds of the sale exceeding the nominal value or the calculated value must be transferred to other revenue reserves up to the amount that was offset against other revenue reserves at the time of the previous acquisition of treasury shares. Any difference exceeding this amount must be taken into account in the capital reserve. The incidental costs of the disposal are to be recognised within the income statement.

B.8. Provisions

Provisions have been valued at the settlement amount required according to reasonable commercial judgement and take into account all identifiable risks and uncertain obligations as well as impending losses.

B.9. Liabilities

All liabilities are recognised at the settlement amount.

B.10. Prepaid expenses

Deferred income comprises income in the reporting year for income in subsequent years.

B.11. Deferred tax liabilities

An excess of deferred tax liabilities is recognised on differences between the commercial and tax valuations of assets, liabilities and prepaid expenses if a tax burden is expected in future financial years. If an overall future tax burden is expected, the option of § 274 paragraph 1 sentence 2 HGB is exercised in such a way that no deferred tax assets are recognised. Losses carried forward are taken into account to the extent that they can be offset against taxable income within the next five years. Furthermore, differences between the commercial and tax valuations of assets, liabilities and prepaid expenses and deferred income of controlled companies are included to the extent that it can be assumed that future tax burdens and relief will arise from the reversal of temporary differences at CANCOM SE as the controlling company.

Deferred taxes are measured on the basis of the tax rates applicable in the later business year of the reversal of the temporary valuation differences, provided that the future tax rates are already known. The income tax rate amounts to 31.1 percent (previous year: 31.1 percent) and relates to corporation tax, trade tax and solidarity surcharge.

B.12. Basics of currency conversion

Receivables and liabilities in foreign currencies are recorded at the exchange rate on the day they arise. Receivables and liabilities in foreign currencies within the Group are translated at the average spot exchange rate on the balance sheet date in accordance with § 256a HGB.

Loans to affiliated companies in foreign currencies are recognised at the bank buying rate on acquisition. At the balance sheet date, they are translated at the average spot exchange rate, taking into account the historical cost principle.

Exchange rate gains/losses realised during the year in connection with loans to affiliated companies in foreign currencies are combined with unrealised exchange rate gains/losses on the balance sheet date.

B.13. Share-based payment

At the Annual General Meeting on 14 June 2018, a resolution was passed to issue subscription rights to shares in CANCOM SE to members of the Executive Board or management and selected employees of CANCOM SE and affiliated companies. CANCOM SE has the option of settling the subscription rights in cash or from the Contingent Capital 2018/1 approved by the Annual General Meeting. On 17 August 2018, 585,000 share options were issued, on 2 July 2019, 23,000 share options were issued and on 6 May 2020, 150,000 share options were issued. In the 2018 financial year, 30,000 share options lapsed, in the 2019 financial year, 20,000 share options lapsed and in the previous year, 228,000 share options lapsed due to change in non-fulfilment of service conditions. During the year under review, 4,527 share options lapsed. As at 31 December 2021, 475,473 options are actually outstanding, none of which are exercisable. It is currently assumed that the option rights will be serviced by equity instruments. They are therefore not recognised in the balance sheet until the option rights are exercised.

B.14. Income from participations

Income from investments is generally recognised at the time the claim arises and the receipt of the corresponding income can be expected with reasonable commercial judgement.

B.15. Profits received or losses to be offset due to a profit transfer agreement

Profits received or losses to be offset on the basis of a profit and loss transfer agreement are collected if the result to be transferred can be quantified without doubt, even without the annual financial statements of the subsidiary having already been established.

C. Notes and information on individual items of the balance sheet

C.1. Fixed assets

The development of fixed assets is shown in the fixed assets movement schedule.

For the composition of the financial assets and the respective annual results of the subsidiaries, please refer to the list of shareholdings.

The sale of CANCOM LTD with all its subsidiaries (CANCOM UK Group) was completed on 4 August 2021. The following subsidiaries of the CANCOM Group were sold or deconsolidated: CANCOM LTD (London/UK), CANCOM UK Holdings Limited (London/UK), CANCOM UK TOG Limited, CANCOM UK Limited, CANCOM UK Managed Services Limited, CANCOM UK Professional Services Limited, M.H.C. Consulting Services Limited (all Wisborough Green/UK), Novosco Group Limited, CANCOM Managed Services Ltd (both Belfast/UK), CANCOM Ireland Limited (Dublin/Ireland), CANCOM Communication & Collaboration Ltd (Weybridge/UK) and CANCOM Ocean Ltd (London/UK). Shares in affiliated companies decreased by T€ 24,330 due to the sale of shares in CANCOM LTD.

The shares in CANCOM, Inc. reported under shares in affiliated companies were written down in full by T€ 384 as at the previous year's balance sheet date in accordance with Section 253 (3) sentence 5 of the German Commercial Code (HGB) due to an expected permanent reduction in value.

In January 2021, CANCOM SE acquired 100 percent of the shares and 100 percent of the voting rights in Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH, Hanover, with a nominal value of T€ 26. The share in CANCOM GmbH reported under shares in affiliated companies increased by T€ 18.655 as at 1 January 2021, mainly due to the retroactive merger of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH with CANCOM GmbH; this includes, among other things, an amount of T€ 6,201 from variable purchase price components (earn out) from the acquisition of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH. Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH was merged into CANCOM GmbH by way of a merger agreement dated 14 June 2021. The merger was entered in the commercial register of CANCOM GmbH on 9 July 2021.

In connection with the sale of the shares in CANCOM LTD, loans granted by CANCOM SE to subsidiaries of the CANCOM UK Group, including capitalised interest, were repaid, reducing loans to affiliated companies by T€ 117,297.

The loan to CANCOM, Inc. reported under loans to affiliated companies was written down by T€ 2,928 to T€ 9,573 at the previous year's reporting date in accordance with Section 253 (3) sentence 5 of the German Commercial Code (HGB) due to an expected permanent impairment. As at 31 December 2021, the loan including capitalised interest to CANCOM, Inc. was written down in full by T€ 10,558 due to an expected permanent impairment in accordance with Section 253 (3) sentence 5 HGB.

The loans to affiliated companies at the balance sheet date thus relate exclusively to long-term loans to CANCOM physical infrastructure GmbH (T€ 1,450; previous year: T€ 300). The previous year also included loans to CANCOM LTD amounting to T€ 85,127, to Novosco Group Limited amounting to T€ 28,315, to CANCOM, Inc. amounting to T€ 9,573 and to CANCOM UK Limited amounting to T€ 85.

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Development of fixed assets

(fixed asset movement schedule) in the reporting period

	ACQUISITION/PRODUCTION COSTS			
(in €)	**Status 1.1.2021**	**Additions 2021**	**Exits 2021**	**Status 31.12.2021**
I. Intangible assets				
Concessions, industrial property rights and similar rights and assets acquired against payment as well as licences to such rights and assets	355,832.66	22,450.00	0.00	378,282.66
	355,832.66	22,450.00	0.00	378,282.66
II. property, plant and equipment				
1. Technical equipment and machinery	316,375.27	0.00	0.00	316,375.27
2. Other plant, operating and business equipment	952,752.73	124,834.50	208,498.50	869,088.73
	1,269,128.00	124,834.50	208,498.50	1,185,464.00
III. financial investments				
1. Shares in affiliated companies	284,457,346.48	21,026,896.41	24,329,951.74	281,154,291.15
2. Loans to affiliated companies	126,328,285.65	2,134,655.27	113,527,250.54	14,935,690.38
3. Participations	200,067.10	0.00	200,067.10	0.00
	410,985,699.23	23,161,551.68	138,057,269.38	296,089,981.53
Total	**412,610,659.89**	**23,308,836.18**	**138,265,767.88**	**297,653,728.19**

DEPRECIATION					BOOK VALUES	
Status 1.1.2021	**Additions 2021**	**Write-ups 2021**	**Exits 2021**	**Status 31.12.2021**	**Status 31.12.2021**	**Status 31.12.2020**
270,954.18	19,441.20	0.00	0.00	290,395.38	87,887.28	84,878.48
270,954.18	19,441.20	0.00	0.00	290,395.38	87,887.28	84,878.48
316,119.05	256.22	0.00	0.00	316,375.27	0.00	256.22
632,182.33	127,292.11	0.00	185,660.22	573,814.22	295,274.51	320,570.40
948,301.38	127,548.33	0.00	185,660.22	890,189.49	295,274.51	320,826.62
383,995.08	.00	0.00	0.00	383,995.08	280,770,296.07	284,073,351.40
2,928,000.00	10,557,690.38	0.00	0,00	13,485,690.38	1,450,000.00	123,400,285.65
200,066.10	0.00	11,876.78	188,189.32	0.00	0.00	1.00
3,512,061.18	10,557,690.38	11,876.78	188,189.32	13,869,685.46	282,220,296.07	407,473,638.05
4,731,316.74	**10,704,679.91**	**11,876.78**	**373,849.54**	**15,050,270.33**	**282,603,457.86**	**407,879,343.15**

C.2. Receivables and other assets

Trade receivables, receivables from affiliated companies and other assets have a remaining term of less than one year (previous year: remaining term of less than one year).

Of the receivables from affiliated companies, T€ 41,269 (previous year: T€ 37,958) are attributable to profit receivables based on profit transfer agreements, T€ 2,805 (previous year: T€ 11,878) to trade receivables, T€ 4,700 (previous year: T€ 1,184) to receivables from loans and T€ 2,065 (previous year: T€ 9,251) to other receivables.

C.3. Subscribed capital

The Company's share capital was last increased in December 2019 by T€ 3,504 through a capital increase of around 10 percent. As at 31 December 2021, the share capital of CANCOM SE amounted to T€ 38,548 (previous year: T€ 38,548) in accordance with the Articles of Association and was divided into 38,548,001 no-par value shares (no-par value shares with a notional value of €1 per share).

C.3.1. Authorised and conditional capital

In accordance with the Articles of Association, the Company's share capital (Authorised Capital I/2018) amounts to a total of T€ 7,009 as at 31 December 2021 (as at 31 December 2020: T€ 7,009) and is determined as follows:

By resolution of the Annual General Meeting of 14 June 2018, the Executive Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the Company in the period until 13 June 2023 once or several times by up to a total of T€ 7,009 (previous year: T€ 7,009) by issuing up to 7,008,728 (previous year: 7,008,728) new no-par value bearer shares against cash and/or non-cash contributions (Authorised Capital I/2018). In principle, the shareholders are to be granted a subscription right. However, the Executive Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right in the following cases:

- for fractional amounts;

- if a capital increase against cash contributions does not exceed 10 percent of the share capital and the issue price of the new shares is not significantly lower than the stock exchange price (section 186, paragraph 3, sentence 4 of the German Stock Corporation Act); when exercising this authorisation under exclusion of subscription rights pursuant to section 186, paragraph 3, sentence 4 of the German Stock Corporation Act, the exclusion of subscription rights based on other authorisations pursuant to section 186, paragraph 3, sentence 4 of the German Stock Corporation Act shall be taken into account;

- in the case of capital increases against contributions in kind for the granting of new shares for the purpose of acquiring companies or interests in companies or parts of companies or for the purpose of acquiring claims on the company.

The total shares issued on the basis of the aforementioned authorisation under exclusion of subscription rights in the event of capital increases against contributions in cash and/or in kind may not exceed a pro rata amount of 20 percent of the share capital either at the time of the resolution or at the time of the utilisation of this authorisation. This maximum limit of 20 percent of the share capital shall include the pro rata amount of the share capital (i) attributable to shares of the Company issued by the Executive Board during the term of the authorised capital with exclusion of the subscription right pursuant to section 186 para. 3 sentence 4 of the German Stock Corporation Act (AktG) or against contributions in kind or sold as treasury shares, and (ii) attributable to shares of the Company which are issued or are to be issued during the term of the authorised capital from conditional capital for the purpose of servicing bonds with warrants or convertible bonds which are themselves issued by the Executive Board during the term of the authorised capital with the exclusion of subscription rights in accordance with section 186 para. 3 sentence 4 of the German Stock Corporation Act or against contributions in kind.

The Executive Board shall decide on the further content of the respective share rights and the conditions for the implementation of capital increases with the consent of the Supervisory Board.

In 2019, the Executive Board made use of the above authorisation and increased the Company's share capital by T€ 3,504 to T€ 38,548 by issuing 3,504,363 new no-par value bearer shares. As a result, the remaining Authorised Capital I/2018 as at 31 December 2019 amounts to T€ 7,009 in accordance with the Articles of Association. As at 31 December 2020 and 2021, the remaining Authorised Capital I/2018 also amounts to T€ 7,009 in accordance with the Articles of Association, as no use was made of the above authorisation during the reporting period.

In accordance with the Articles of Association, the conditional capital amounts to T€ 1,500 as at 31 December 2021 and 31 December 2020 and is determined as follows:

The share capital is conditionally increased by up to T€ 1,500 by issuing up to 1,500,000 new no-par value shares (Conditional Capital I/2018). The conditional capital increase will only be carried out to the extent that the holders of share options issued by the Company in the period up to 13 June 2023 on the basis of the authorisation resolution of the Annual General Meeting of 14 June 2018 exercise their subscription rights to shares in the Company and the Company does not grant treasury shares or a cash settlement in fulfilment of the subscription rights. The new shares in the Company resulting from the exercise of these subscription-rights shall participate in the profits from the beginning of the financial year in which they are issued.

The Executive Board is authorised, with the consent of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

In the reporting period (2021) and in the comparative period (2020), no new shares were issued using the Conditional Capital I/2018.

The Executive Board is not aware of any restrictions affecting voting rights or the transfer of shares.

C.3.2. Share buyback programme

In addition, the Annual General Meeting on 26 June 2019 authorised the Executive Board of CANCOM SE to acquire treasury shares up to a total of 10 percent of the subscribed capital until 25 June 2024. The limit of 10 percent is determined by the amount of share capital at the time the authorisation becomes effective. If the share capital figure is lower at the time this authorisation is exercised, this lower figure shall be decisive. The acquisition shall be effected on the stock exchange or by means of a public purchase offer addressed to the shareholders. In both cases, the purchase price may not be more than 10 percent higher or lower than the arithmetic mean of the closing auction prices for CANCOM SE shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days prior to the purchase or entering into an obligation to purchase. The repurchase volume may be limited if the shares offered exceed the total amount of the Company's purchase offer. The authorisation may be exercised for any legally permissible purpose. To the exclusion of shareholders' subscription rights, treasury shares may in particular be transferred to third parties for the purpose of acquiring companies or interests in companies. Treasury shares may also be sold for cash, provided that the purchase price is not significantly lower than the current stock exchange price at the time of the sale. Furthermore, treasury shares may also be used to fulfil conversion or option rights granted by the company or to implement a scrip dividend. Furthermore, treasury shares may be promised or transferred to fulfil remuneration agreements and may be offered for sale to employees and members of the Executive Board when exercising subscription rights. The Executive Board of CANCOM SE was also authorised, with the consent of the Supervisory Board, to cancel treasury shares without any further resolution by the Annual General Meeting.

As part of this share buy-back programme, CANCOM SE repurchased a total of 785,947 of its own shares in the period from 20 October 2021 to 30 December 2021. Based on the number of shares in the share capital at the time the authorisation came into effect (35,043,638), this corresponds to 2.24 percent of the share capital. Based on the number of shares contained in the share capital as at 31 December 2021 (38,548,001 shares), this corresponds to 2.04 percent of the share capital. The acquisition of treasury shares was carried out by a bank commissioned by CANCOM SE exclusively via the stock exchange in electronic trading on the Frankfurt Stock Exchange (XETRA) and in accordance with Article 5 (1) a) of Regulation (EU) No 596/2014 in conjunction with Article 2 (1) of Delegated Regulation (EU) 2016/1052. In the reporting period, treasury shares were repurchased in total at a market value of T€ 47,763; this corresponded to an average share price of €60.77 (excluding transaction costs). The amount paid was openly deducted from the subscribed capital in the amount of the sum of the nominal values of the repurchased own shares; the remaining difference was recognised as a reduction in other revenue reserves. Furthermore, incidental acquisition costs from the purchase of treasury shares amounting to T€ 119 were recognised in the income statement in the reporting period.

Further information on the share buyback programme will be made available on the Company's website at www.investors.cancom.com/share-buyback/.

The treasury shares acquired in the reporting period were not transferred to third parties, sold for cash, used to fulfil conversion or option rights or used to pay a stock dividend until 31 December 2021. Furthermore, no treasury shares were used in the reporting period to fulfil remuneration agreements or offered for purchase to employees and members of the Executive Board in connection with the exercise of subscription rights. Purchased treasury shares were also not cancelled during the reporting period.

C.4. Capital reserve

The capital reserve is composed as follows:

(in T€)	2021	2020
Capital reserve 1.1.	378,385	378,385
Capital reserve 31.12.	**378,385**	**378,385**

C.5. Other revenue reserves

The other revenue reserves are composed as follows:

(in T€)	2021	2020
Other revenue reserves 1.1.	186,702	133,078
Acquisition of own shares	-46,977	0
Allocation from the balance sheet profit	19,993	53,624
Other revenue reserves 31.12.	**159,718**	**186,702**

The difference between the nominal value of the repurchased treasury shares openly deducted from the share capital and the pure purchase price of the treasury shares - excluding incidental acquisition costs - was recognised as a reduction in other revenue reserves.

C.6. Balance sheet profit

The balance sheet profit is made up as follows:

(in T€)	2021	2020
Carry Forward 1.1.	48,903	72,898
Dividend distribution	-28,911	-19,274
Transfer to other revenue reserves	-19,992	-53,624
Net profit for the year	283,057	48,903
Balance sheet profit 31.12.	**283,057**	**48,903**

C.7. Other provisions

Other provisions include provisions for variable purchase price components (earn out) from the acquisition of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH (T€ 4,910; previous year: T€ 0), bonuses (T€ 1.132; previous year: T€ 860), audit and closing costs (T€ 441; previous year: T€ 358), variable salary components (T€ 219; previous year: T€ 194), severance payments (T€ 200; previous year: T€ 75), retention obligations (T€ 66; previous year: T€ 66), holidays (T€ 55; previous year: T€ 5), outstanding invoices (T€ 50; previous year: T€ 44), share-based payments (T€ 48; previous year: T€ 0), the future tax audit (T€ 33; previous year: T€ 35), impending losses (T€ 27; previous year: T€ 27), the employers' liability insurance association (T€ 27; previous year: T€ 22) and for anniversary payments (T€ 23; previous year: T€ 20).

In the previous year, other provisions for the benefit of rent-free time in the amount of T€ 10 were also included.

C.8. Liabilities

With regard to the composition of the liabilities, we refer to the liabilities schedule presented below.

	Residual term				Secured by liens or similar rights	
(in T€)	**up to 1 year**	**more than 1 year**	**more than 5 years**	**As at 31.12.2021**		**Type, shape**
1. Trade payables	373	0	0	373	0	omitted
2. Liabilities to affiliated companies	14	0	0	14	0	omitted
3. Other liabilities	13,925	37	8	13,970	0	omitted
(thereof from taxes)	9,957	0	0	9,957		
(of which within the framework of social security)	7	0	0	7		
Total	**14,312**	**37**	**8**	**14,357**	**0**	

(in T€)	Residual term				Secured by liens or similar rights	
	up to 1 year	more than 1 year	more than 5 years	As at 31.12.2020		Type, shape
1. trade payables	251	0	0	251	0	omitted
2. liabilities to affiliated companies	7	0	0	7	0	omitted
3. Other liabilities	17,856	0	0	17,856	0	omitted
(thereof from taxes)	16,287	0	0	16,287		
(of which within the framework of social security)	0	0	0	0		
Total	**18,114**	**0**	**0**	**18,114**	**0**	

The liabilities to affiliated companies in the 2021 financial year are fully accounted for by trade payables (T€ 14; previous year: T€ 7).

C.9. Deferred taxes

Deferred taxes are shown in the following table:

(in T€)	Balance sheet values as at 31.12.2021			Deferred taxes as at 31.12.2021	Deferred taxes as at 31.12.2020	Change
	Commercial law	Tax law	Difference			
Deferred tax assets						
Other provisions	7,231	7,185	46	14	14	0
Deferred tax liabilities						
Shares in affiliated companies	280,870	212,686	-68,184	-1,060	-1,024	-36
Balance of deferred tax assets and liabilities			-68,138	-1,046	-1,010	-36
Deferred tax assets of subsidiaries			3,283	1,021	733	288
Deferred tax liabilities of subsidiaries			-2,366	-370	-377	7
Balance of deferred tax assets and deferred tax liabilities of subsidiaries			917	651	356	295
Deferred tax liabilities			**-67,221**	**-395**	**-654**	**259**

As at 31 December 2021, there is an excess of deferred tax liabilities; for this excess, the option of § 274 (1) sentence 3 HGB is exercised in such a way that deferred tax assets and deferred tax liabilities are netted.

The deferred tax liabilities as at 31 December 2021 before netting of T€ 1,060 (previous year: T€ 1,024) mainly relate to shares in affiliated companies for which deferred taxes were calculated in the amount of the non-deductible operating expenses of five percent (T€ 3,409; previous year: T€ 3,292).

Deferred tax assets from subsidiaries result primarily from other provisions and pension provisions. The deferred tax liabilities from controlled companies result mainly from participations.

D. Notes and information on the profit and loss account

The income statement was prepared using the nature of expense method..

In the 2021 financial year, revenue mainly includes income from the provision of management services (T€ 11,915; previous year: T€ 9,297). 91.4 percent (previous year: 85.1 percent) of revenue in the 2021 financial year is generated in Germany (T€ 11,018; previous year: T€ 8,051) and 8.6 percent (previous year: 14.9 percent) abroad (T€ 1,035; previous year: T€ 1,407).

Other operating income includes income from the sale of financial assets of T€ 247,330 (previous year: T€ 20), income from currency translation of T€ 6,243 (previous year: T€ 11) and income relating to other periods of T€ 54 (previous year: T€ 83). The income from the sale of financial assets results from the sale of the CANCOM UK Group in the reporting year. The sharp increase in income from currency translation is mainly the result of exchange rate differences on a loan that was repaid as part of the sale of the CANCOM UK Group in the reporting year. In the financial year 2021, income relating to other periods mainly includes income from the sale of non-current assets (T€ 24; previous year: T€ 0) and income from the reversal of provisions (T€ 18; previous year: T€ 83).

Other operating expenses include expenses from currency translation in the amount of T€ 20 (previous year: T€ 1,657). Extraordinary expenses in the 2021 financial year relate to incidental acquisition costs from the purchase of treasury shares (T€ 119). In addition, legal and consultancy costs increased significantly in the reporting year (T€ 8,400), mainly due to consultancy costs in connection with the sale of the CANCOM UK Group.

Income from investments amounting to T€ 24,645 (previous year: T€ 22,300) relates exclusively to affiliated companies.

The item 'Profits received under a profit transfer agreement' shows the net profit for the year transferred to CANCOM SE by CANCOM GmbH (T€ 35,411; previous year: T€ 33,290) and by CANCOM ICT Service GmbH (T€ 5,858; previous year: T€ 4,668).

Other interest and similar income mainly includes interest income from affiliated companies in the amount of T€ 5,161 (previous year: T€ 6,881).

The write-downs on financial assets relate to an unscheduled write-down due to a probable permanent impairment pursuant to Section 253 (3) sentence 5 HGB of the loan to CANCOM, Inc. in the full amount of T€ 10,558.

Taxes on income include deferred tax income of T€ 259 (previous year: deferred tax expenses of T€ 1).

E. Other information

E.1. Other financial obligations

The obligations from rental, leasing and licence agreements currently in force amount to:

Due in the year	2022 (in T€)	Total (in T€)
from rental agreements	112	112
from leasing contracts	62	183
from licence agreements	69	69
thereof affiliated companies	112	112

E.2. Contingent liabilities

At the balance sheet date there were guarantees for CANCOM a+d IT Solutions GmbH (T€ 40,000; previous year: T€ 0), CANCOM GmbH (T€ 6,600; previous year: T€ 8,100 and T$ 2,000; previous year: T$ 2,000), CANCOM, Inc. (T€ 2,500; previous year: T€ 2,500), CANCOM ICT Service GmbH (T€ 1,500; previous year: T€ 3,500), CANCOM physical infrastructure GmbH (T€ 150; previous year: T€ 150), HPM Incorporated (T€ 577; previous year: T€ 0) and a comprehensive guarantee (T€ 200; previous year: T€ 200) for CANCOM GmbH, CANCOM physical infrastructure GmbH and CANCOM ICT Service GmbH. In the previous year there were guarantees for CANCOM Communication & Collaboration Ltd (T£ 2,000), CANCOM UK Limited (T£ 5,500) and CANCOM Managed Services Ltd (T£ 2,076).

In 2014, CANCOM SE issued a letter of comfort on behalf of CANCOM Managed Services GmbH in connection with a major customer project worth T€ 4,500 and, and in 2019 it issued a letter of comfort on behalf of CANCOM Public BV in connection with a major customer project worth T€ 5,400. Due to the positive progress of the project and the good financial resources of CANCOM Managed Services GmbH and CANCOM Public BV, the Company does not currently expect any claims to be made.

Contingent liabilities in the form of joint and several liability for guarantees and other loans amounted to T€ 21,813 (previous year: T€ 8,828) as at the balance sheet date. The guarantee credits and other loans have been received in full in favour of affiliated companies.

CANCOM SE only enters into contingent liabilities after carefully weighing up the risks and, as a matter of principle, only in connection with affiliated companies or companies whose business activities are linked to CANCOM SE or affiliated companies. In the course of using the exemption provision under Section 264 (3) of the German Commercial Code (HGB), declarations of indemnity were issued for the subsidiaries CANCOM Managed Services GmbH and CANCOM Public GmbH, according to which CANCOM SE is liable for obligations entered into up to the reporting date in the following financial year. On the basis of a continuous evaluation of the risk situation of the contingent liabilities entered into and taking into account the knowledge gained up to the preparation date, CANCOM SE currently assumes that the obligations underlying the contingent liabilities can be met by the respective principal debtors. CANCOM SE therefore estimates that the risk of a claim is not probable for all contingent liabilities listed.

E.3. Executive Board and Supervisory Board

The members of the Executive Board appointed during the reporting period were:

- Mr. Rudolf Hotter, Dipl.-Betriebswirt, Roßhaupten - Chairman -;

- Mr. Thomas Stark, Dipl.-Wirtsch.-Ing., Wittislingen;

- Mr. Rüdiger Rath, Dipl.-Betriebswirt, Gelsenkirchen (since 1 October 2021).

All members of the Executive Board are authorised to represent the Company together with another member of the Executive Board or in conjunction with an authorised signatory (Prokurist).

The following members of the Executive Board are members of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises:

Mr. Rudolf Hotter in:
- CANCOM Managed Services GmbH, Munich (Group mandate, Chairman of the Supervisory Board, since 1 November 2021);
- CANCOM ICT Service GmbH, Munich (Group mandate, Chairman of the Supervisory Board);
- CANCOM GmbH, Jettingen-Scheppach (Group mandate, Chairman of the Supervisory Board).

Mr. Thomas Stark in:
- AL-KO Kober SE, Kötz (Supervisory Board member, until 22 December 2021).

The members of the Supervisory Board were and/or are appointed during the reporting period:

- Mr. Stefan Kober, businessman, investor and supervisory board member of various companies - Chairman -;

- Dr. Lothar Koniarski, Dipl.-Kaufmann, Managing Director of Elber GmbH, Regensburg - Deputy Chairman -;

- Mr. Uwe Kemm, Chief Operation Officer of STEMMER IMAGING AG, Puchheim;

- Ms. Regina Weinmann, business graduate, Managing Director of ABCON Vermögensverwaltung GmbH, Munich, and ABCON Holding GmbH, Munich;

- Mr. Martin Wild, Chief Executive Officer of Organic Garden AG, Ingolstadt;

- Prof. Dr. Isabell M. Welpe, Professor and Chair of Strategy and Organisation at the Technical University of Munich, Munich.

The following members of the Supervisory Board are members of other statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises:

Dr. Lothar Koniarski:
- SBF AG, Leipzig (Chairman of the Supervisory Board);
- DV Immobiliengruppe, Regensburg (Chairman of the Advisory Board);
- DV ImmobilienManagement GmbH, Regensburg (Deputy Chairman of the Supervisory Board);
- Alfmeier Präzisions SE, Treuchtlingen (Member of the Board of Directors);
- Mutares SE & Co. KGaA, Munich (Supervisory Board member);
- Mutares Management SE, Munich (Deputy Chairman of the Supervisory Board).

Prof. Dr. Isabell M. Welpe:
- Deloitte Deutschland GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf (Member of the Supervisory Board);
- CENIT AG, Stuttgart (Deputy Chairwoman of the Supervisory Board).

Mr. Stefan Kober:
- AL-KO Kober SE, Kötz (Chairman of the Supervisory Board);
- STEMMER IMAGING AG, Puchheim (Member of the Supervisory Board; until 31 December 2021);
- KATEK SE, Munich (Supervisory Board member; until 31 December 2021).

Mr. Martin Wild:
- BU HOLDING AG, Fürth (Member of the Supervisory Board).

The following resolution was passed on 29 June 2021:

- Stefan Kober (Chairman of the Supervisory Board) is the expert for the audit of the financial statements (pursuant to § 100 and § 107 of the German Stock Corporation Act).

- Dr. Lothar Koniarski (Deputy Chairman of the Supervisory Board) is an accounting expert (pursuant to § 100 and § 107 of the German Stock Corporation Act).

E.4. Number of employees

On average during the year, the company employed 137 (previous year: 115) people in the functional area of Central Services, including part-time employees, but excluding trainees, interns and members of the Executive Board.

E.5. Auditors' fees

The disclosures pursuant to Section 285 No. 17 HGB are omitted as they are included in the consolidated financial statements prepared by CANCOM SE.

E.6. Declaration on the Corporate Governance Code

The Executive Board and the Supervisory Board have issued a joint declaration of compliance with the recommendations of the German Corporate Governance Code in accordance with section 161 (1) of the German Stock Corporation Act (AktG), which has been published. This is permanently available to the public on the company's website.

E.7. Total remuneration of Executive Board and Supervisory Board

The total remuneration of the Executive Board members is divided into fixed and variable components. The payment of the variable components is linked to firmly defined performance targets.

Individual Executive Board members were granted share options in 2018 and 2020. In addition, one Executive Board member was granted cash-settled performance shares as share-based remuneration in 2021. In detail, the share-based remuneration of the Executive Board members is as follows:

- Rudolf Hotter: 150.000 Aktienoptionen, beizulegender Zeitwert bei Ausgabe am 6. Mai 2020: € 2.170.500.

- Thomas Stark: 60.000 Aktienoptionen, beizulegender Zeitwert bei Ausgabe am 17. August 2018: € 624.000.

- Rüdiger Rath: 805 Performance Shares, beizulegender Zeitwert bei Ausgabe am 23. September 2021: € 42.335.

The total remuneration of the Executive Board in the reporting year amounted to T€ 2,500 (previous year: T€ 6,725). In the comparative period, this includes termination benefits granted to the former Executive Board member Thomas Volk in the amount of T€ 2,731. These T€ 2,731 include a fixed remuneration of T€ 125 and fringe benefits of T€ 6 as well as a severance payment of T€ 1,500 in connection with the termination of the Executive Board mandate and a waiting allowance of T€ 1,100 (paid in March 2021) for the post-contractual non-competition clause from 1 April 2020 to 31 March 2021.

The total remuneration of the Supervisory Board in the reporting year amounted to T€ 336 (previous year: T€ 324).

E.8. Information on shareholdings in the capital of CANCOM SE

As at 31 December 2021, the Company had the following information on shareholdings subject to notification pursuant to Sections 33 et seq. WpHG were available:

The Goldman Sachs Group, Inc., Wilmington, DE, USA, notified CANCOM SE on 24 March 2020 that its voting rights in CANCOM SE, held directly or indirectly, had fallen below the threshold of 5 percent on 20 March 2020 and directly amounted to 1.80 percent (corresponding to 694,671 voting rights) on that date. Due to additional voting rights resulting from financial instruments, the total share of voting rights held on this date was 3.97 percent (corresponding to 1,531,921 voting rights).

BNP Paribas Asset Management France S.A.S., Paris, France, notified CANCOM SE on 29 September 2020 that its voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 3 percent of the voting rights on 9 September 2020 and amounted to 4.66 percent (corresponding to 1,797,710 voting rights) on that date.

BlackRock Inc, Wilmington, DE, USA, notified CANCOM SE on 19 January 2021 that its voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 3 percent of the voting rights on 14 January 2021 and amounted to 3.16 percent (corresponding to 1,218,434 voting rights) on that date. Due to additional voting rights resulting from financial instruments, the total share of voting rights held on this day amounted to 3.44 percent (this corresponds to 1,326,677 voting rights).

Allianz Global Investors GmbH, Frankfurt, Germany notified CANCOM SE on 11 February 2021 that its share of voting rights in CANCOM SE, held directly or indirectly, had fallen below the threshold of 20 percent of the voting rights on 9 February 2021 and amounted to 19.99 percent (corresponding to 7,709,266 voting rights) on that date.

Massachusetts Financial Services Company, Boston, MA, USA, notified CANCOM SE on 23 April 2021 that its share of voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 3 percent on 20 April 2021 and amounted to 3.08 percent (corresponding to 1,187,530 voting rights) on that date.

Ameriprise Financial Inc. Wilmington, DE, USA, notified CANCOM SE on 11 November 2021 that its voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 5 percent of the voting rights on 8 November 2021 and amounted to 5.61 percent (corresponding to 2,162,020 voting rights) on that date.

E.9. Supplementary report

There were no significant events for CANCOM SE after the reporting period.

E.10. Proposal for the appropriation of the result

The Executive Board resolves to propose to the Supervisory Board and the Annual General Meeting to use the net profit for the financial year 2021 in the amount of € 283,056,599.30 (previous year: € 48,903,477.19) to distribute a dividend in the amount of € 1.00 (previous year: € 0.75) per no-par value share entitled to dividend. Until the Annual General Meeting, the total number of no-par value shares entitled to dividends and thus the total amount of the distribution planned for the reporting period may change. The final total amount of the distribution planned for the reporting period depends on the number of no-par value shares entitled to dividends at the time of the resolution on the appropriation of retained earnings on the day of the Annual General Meeting. Any retained earnings remaining after the distribution shall be transferred to other revenue reserves or carried forward to new account.

E.11. Parent company

CANCOM SE, Munich, is the company that prepares the consolidated financial statements. The consolidated financial statements of CANCOM SE are available on its website and in the electronic Federal Gazette.

Munich, 24 March 2022

The Executive Board of CANCOM SE

Rudolf Hotter	Thomas Stark	Rüdiger Rath
CEO	CFO	COO

List of shareholdings

Name of the company, registered office	Share in capital (in %)	Equity as at 31,12,2021 (in T€)[*2]	Annual result 2021 (in T€)[*2]
Participations over 20			
1, CANCOM GmbH, Jettingen-Scheppach	100,00	56,810	-728 [*1]
2, CANCOM (Switzerland) AG, Caslano/Switzerland	100,00 [A)]	0	0
3, CANCOM Computersysteme GmbH, Graz/Austria	100,00 [A)]	3,476	23
4, CANCOM a+d IT solutions GmbH, Brunn am Gebirge/Austria	100,00 [B)]	5,323	1,738
5, CANCOM ICT Service GmbH, Munich	100,00	3,577	-105 [*1]
6, CANCOM Managed Services GmbH, Munich	100,00	28,125	4,620
7, CANCOM Public GmbH, Berlin	100,00	23,308	21,540
8, CANCOM Public BV, Brussels/Belgium	100,00	2,440	-172
9, CANCOM physical infrastructure GmbH, Jettingen-Scheppach	80,00	1,363	150
10, CANCOM VVM II GmbH, Jettingen-Scheppach	100,00	91	-1
11, CANCOM VVM GmbH, Munich	100,00	51	-1
12, CANCOM, Inc,, Palo Alto/USA	100,00	4,990	-1,514
13, HPM Incorporated, Pleasanton/USA	100,00 [C)]	2,746	-2,314
14, CANCOM Slovakia s,r,o,, Košice/Slovakia	100,00	813	466
15, Duana Grundstücksverwaltungsgesellschaft mbH & Co, Vermietungs KG, Mainz	100,00	0	-10 [*3]

A) Indirect shareholding via CANCOM GmbH.
B) Indirect shareholding via CANCOM Computersysteme GmbH.
C) Indirect shareholding via CANCOM, Inc.

*1 Profit and loss transfer agreement with CANCOM SE.
*2 The equity as at 31 December 2021 and the annual result for 2021 were determined in accordance with the IFRS individual financial statements included in the consolidated financial statements.
*3 There are no approved annual financial statements for 2021 yet. The equity capital as at 31.12.2020 and the annual result 2020 from the approved annual financial statements 2020 were stated.

Responsibility statement by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report of CANCOM SE, which has been combined with the Group management report of CANCOM SE, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Munich, 24 March 2022

The Executive Board of CANCOM SE

Rudolf Hotter
CEO

Thomas Stark
CFO

Rüdiger Rath
COO

Independent Auditor's Report

To CANCOM SE, Munich

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of CANCOM SE, Munich, which comprise the balance sheet as at 31 December 2021, and the income statement for the financial year from 1 January to 31 December 2021, and notes to the financial statements, including the recognition and accounting policies presented therein. In addition, we have audited the combined management report of the Company and the Group (hereinafter the "management report") of CANCOM SE for the financial year from 1 January to 31 December 2021.

In accordance with German legal requirements, we have not audited the content of those components of the management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, in accordance with German legally required accounting principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of those components of the management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

We have determined that there are no key audit matters which need to be reported in our independent auditor's report.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the management report, whose content was not audited:

- the separate combined non-financial report of the Company and the Group referred to in the management report, but which is not expected to be provided to us until after the date of this independent auditor's report, and

- the combined corporate governance statement of the Company and the Group referred to in the management report.

The other information also includes:

- the remaining parts of the annual report that are expected to be made available after this date.

The other information does not include the annual financial statements, the management report information audited for content and our auditor's report thereon.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the 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 and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the 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 annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual 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

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with Section 317 (3b) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file „CANCOM_SE_2021-12-31_de.zip" (SHA256-hash value: dcc90548405eca253c706edc5bcb836f94f-6cf0872b779a92209a207daac1077) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2021, contained in the "Report on the Audit of the Annual Financial Statements and of the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the annual financial statements and the management report, contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and the audited management report.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the Annual General Meeting on 29 June 2021. We were engaged by the Supervisory Board on 17 December 2021. We have been the auditor of CANCOM SE without interruption since financial year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the auditor's report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the examined ESEF documents. The annual financial statements and the management report converted into ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents provided in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Johannes Hanshen.

Augsburg, 24 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hanshen	Querfurth
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial calendar of CANCOM SE

2022

29 April 2022	Non-financial Group Report 2021
12 May 2022	Interim Statement as at 31 March 2022
28 June 2022	Annual General Meeting, Munich
11 August 2022	Half-Year Financial Report 2022
10 November 2022	Interim Statement as at 30 September 2022
28 – 30 November 2022	Analysts' conference as part of the German Equity Forum, Frankfurt/Main

Subject to change without notice.
The EU Market Abuse Regulation (Art. 17 MAR) requires issuers to provide information with significant potential to influence the share price must be published immediately. It is therefore possible that quarterly or annual results are published on dates other than those specified.

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