CANCOM SE

ANNUAL REPORT
2022

CANCOM

Key figures

CANCOM GROUP

in € million	2022	2021 (adjusted*)	Δ
Revenue	1,292.9	1,286.0	+ 0.5 %
Business volume[1]	1,731.1	1,686.0	+ 2.7 %
Gross profit	437.9	425.3	+ 3.0 %
EBITDA	104.9	122.6	- 14.4 %
EBITDA margin	8.1 %	9.5 %	- 1.4 Pp
EBITA	54.3	85.2	- 36.2 %
EBIT	49.8	79.0	- 36.9 %
Employees (annual average)	3,755	3,505	+ 7.1 %

	31.12.2022	31.12.2021	Δ
Balance sheet total	1,305.1	1,406.6	- 8.0 %
Equity	694.8	814.1	- 14.7 %
Equity ratio	53.2 %	57.9 %	- 4.7 Pp
Cash and cash equivalents	393.2	653.0	- 39.8 %

CLOUD SOLUTIONS

in € million	2022	2021 (adjusted*)	Δ
Revenue	287.3	238.4	+ 20.5 %
EBITDA	81.2	80.1	+ 1.4 %
EBITDA margin	28.3 %	33.6 %	- 5.3 Pp
Annual Recurring Revenue	224.7	181.8	+ 23.6 %

IT SOLUTIONS

in € million	2022	2021 (adjusted*)	Δ
Revenue	1,005.1	1,047.3	- 4.0 %
EBITDA	41.7	59.7	- 30.2 %
EBITDA margin	4.1 %	5.7 %	- 1.6 Pp

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

1 Business volume = revenue before adjustment according to IFRS 15 (principal/agent classification); corresponds to accounting before 2020

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


CANCOM
CANCOM
69

Table of contents

Foreword of the Executive Board

Dear Shareholders,

I took over the position of Chairman of the Executive Board of CANCOM SE in November 2022 and am addressing you here for the first time on behalf of the Executive Board team of CANCOM SE. First of all, I would like to thank my predecessor Rudolf Hotter for the good cooperation and the more than 15 years of commitment to this company.

Ladies and gentlemen, the CANCOM Group has completed a challenging financial year 2022. Unforeseeable external influences such as the long delays in orders from public sector customers and the outbreak of the Ukraine war characterised the first half of the year. In addition, greatly extended delivery times for IT components caused project schedules to fall behind and hampered business activities throughout the year. Nevertheless, we have also been able to show that CANCOM was able to increase revenue again immediately after the onset of improvements in the business environment, as can be seen from the result for the second half of the year.

However, 2022 was also a year in which the CANCOM Group completed a key long-term strategic decision made in 2021, namely to focus on the DACH region, by selling its business activities in the USA. At the same time, we have already been able to make two acquisitions in Germany since summer 2022, proving that we are correct in our assessment of the growth opportunities in the DACH market. Both acquisitions enrich our expertise and strengthen our regional presence.

We also see that after three consecutive very special years, the performance of the CANCOM Group no longer meets our expectations. With an efficiency improvement programme, we will systematically identify and leverage potential for improvement in the current year 2023. This efficiency programme is about improving the allocation of resources and optimising processes and the tools used, which will then have a lasting effect on profitability.

Now we are looking ahead and the outlook remains excellent. Increasing digitalisation continues to ensure rising demand in areas necessary to operate or secure IT landscapes. A long-standing shortage of skilled workers in the IT industry also ensures a high demand for expertise in an environment characterised by increasing requirements. And last but not least, in our view, more and more customers are recognising the advantages of consumption-based IT use - and we are consistently aligning our portfolio accordingly.

This change in customer demand and technological development in the IT world, but also in the range of products offered by manufacturers with an increasing intermingling of hardware and service, together with the desire to provide our shareholders with even clearer information on the development of the CANCOM Group, has led to CANCOM changing its financial reporting from 2023 onwards. We hope that this will enable us to meet their information needs even better than before.

The strong position of the CANCOM Group is the result and merit of our employees. They have all contributed to the success story over the past years. We would like to thank all our colleagues and tackle the challenges together. The CANCOM Group is excellently positioned for this.

We thank you for your trust as investors and wish you and your families continued good health and a successful 2023.

Your Executive Board of CANCOM SE

Rüdiger Rath
CEO

Thomas Stark
CFO

Report of the Supervisory Board

Dear Shareholders,

After two years marked by the Corona crisis, additional new challenges arose in the past 2022 business year. The war in Ukraine, rising inflation rates and persistent supply chain bottlenecks, to name just the most central issues. CANCOM had to cope with a number of burdens in this challenging environment, particularly in the first half of the year. However, in the view of the Supervisory Board, the Group is on a solid footing both operationally, with full order books, and financially, with ample room for manoeuvre for growth investments. This enables the Executive Board and the Supervisory Board to propose to you, the shareholders, a dividend of € 1.00 per share for the 2022 financial year. Against this background, on behalf of the entire Supervisory Board, I would like to express my sincere thanks to the long-standing Executive Board member and, until October 2022, CEO Rudolf Hotter for some 17 years of service to CANCOM. The unplanned change in the position of Chairman of the Executive Board, which was necessary for very personal reasons on the part of Mr. Hotter, was successfully completed from the Supervisory Board's point of view and is now part of the following report on the main focal points of the Supervisory Board's work in 2022.

In the 2022 financial year, the Supervisory Board performed the tasks and duties incumbent upon it according to 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 to the Supervisory Board regularly, promptly and comprehensively 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 respective 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 lawfully, properly and economically in every respect, and the Board thanks the Executive Board for the good and open cooperation in the 2022 financial year.

A. Sessions and thematic priorities

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 and the growing importance of IT systems and the increasing digitalisation of business processes also offer a wide range of opportunities for the development of the company. In the 2022 business year, the Supervisory Board therefore continued to maintain a close, regular dialogue with the Executive Board 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. Getting the company and its employees through the many challenges of the past year in good shape and at the same time being well positioned for the future was a central point of the Supervisory Board's deliberations.

In the reporting year, a total of seven meetings of the Supervisory Board were held, namely on 24 March 2022, 28 April 2022, 28 June 2022, 5 July 2022, 27 September 2022, 21 November 2022 and 14 December 2022. The four ordinary meetings in March, June, September and December were held as face-to-face meetings, with the possibility of participation via video conference in justified cases. The meetings on 28 April 2022, 5 July 2022 and 21 November 2022 were extraordinary meetings held as video conferences. In addition, a resolution was passed by circular resolution on 18 July 2022.

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

Meetings of the Supervisory Board 2022

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 and 27 June 2022) (DCGK) to hold Supervisory Board meetings without the presence of the Executive Board, the Supervisory Board held meetings without the presence of the Executive Board at all ordinary meetings following the meeting with the Executive Board. In these meetings, the Supervisory Board dealt, among other things, with the structure of the Executive Board and the remuneration as well as with internal and organisational issues of the Supervisory Board. In addition, the meeting on 5 July 2022 was held without the participation of the Executive Board members.

In the ordinary meetings on 24 March 2022, 28 June 2022, 27 September 2022 and 14 December 2022, the Supervisory Board received and discussed in detail the reports of the Executive Board pursuant to section 90 paragraph 1 sentence 1 nos. 1-3 of the German Stock Corporation Act (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 disposals, in accordance with section 90, paragraph 1 sentence 1 no. 4 AktG. In addition, the Supervisory Board members also received regular updates on the project surrounding the SAP implementation.

In the 2022 financial year, the Supervisory Board also focused in particular on ESG (Environment, Social, Governance), which was not only dealt with in meetings, but was also intensively discussed bilaterally with the ESG Officer of the Supervisory Board, Prof. Dr. Welpe, and the Executive Board.

In addition, the following significant topics and resolutions from the activities of the Supervisory Board in the 2022 business year are worth mentioning:

- At the ordinary Supervisory Board meeting on 24 March 2022, the Supervisory Board dealt in particular with the audit of the financial statements for the 2021 financial year. The auditor's report on the 2021 financial statements of CANCOM SE and the CANCOM Group was received. After detailed discussion, the annual financial statements and consolidated financial statements, together with the combined management report for CANCOM SE and the Group, were approved by the Supervisory Board. The annual financial statements were thus adopted. The Supervisory Board also dealt with corporate governance issues, in particular the report of the Supervisory Board and the corporate governance statement for the financial year 2021. The remuneration report was also approved and the current business development was discussed. In addition, there was an assessment of the cooperation with the auditor and the proposal for the appointment of the auditor for the next financial year.

- The Supervisory Board meeting on 28 March 2022 mainly dealt with the non-financial Group report including the reporting on the EU sustainability taxonomy as well as the agenda for the Annual General Meeting 2022.

- The ordinary meeting of the Supervisory Board on 28 June 2022 dealt, among other things, with the development of business and the setting of new targets for the proportion of women on the Executive Board and the Supervisory Board.

- At the Supervisory Board meeting on 5 July 2022, the Supervisory Board dealt with the wish of the Chairman of the Executive Board to prematurely terminate his mandate as of 31 October 2022 and the formalities surrounding the resignation of Mr. Hotter and the appointment of the previous COO, Mr. Rüdiger Rath, as Chairman of the Executive Board with effect from 1 November 2022 were resolved. In addition, the meeting extended Mr. Rath's Executive Board appointment early until 31 October 2025 and made the fundamental decision to expand the Executive Board in the medium term.

- By circular resolution dated 18 July 2022, the Supervisory Board approved the Executive Board's resolution on a capital reduction by way of retirement of the Company's own shares.

- At the ordinary meeting of the Supervisory Board on 27 September 2022, the business development in particular was presented and discussed by the Board. Due to the change in the position of Chairman of the Executive Board as of 1 November 2022, the Supervisory Board decided on the new business allocation plan for the Executive Board as of 1 November 2022.

- The subject of the Supervisory Board meeting on 21 November 2022 was the discussion of strategic topics, in particular from the area of mergers & acquisitions.

- In the ordinary meeting on 14 December 2022, the Supervisory Board discussed the business development as well as the planning for the 2023 business year. The business plans for the 2023 business year were presented by the Executive Board and approved by the Supervisory Board. In addition, the new targets for the remuneration of the Executive Board and various corporate governance topics were part of the meeting. In particular, the efficiency of the Supervisory Board's activities was reviewed in accordance with the recommendation of the GCGC, and no objections were raised. In addition, the annual review of the diversity concept for the Executive Board and Supervisory Board took place. The competence profile and the objectives of the composition of the Supervisory Board were revised and the declaration of compliance with the GCGC was adopted. In addition, the Executive Board reported on current topics in the area of GRC (governance, risk management and compliance), focusing in particular on the areas of compliance and risk management. Likewise, the topics of ESG and sustainability were discussed and considered together, with the Supervisory Board explicitly addressing significant risks from the environmental and social areas.

B. Composition of the Executive Board and Supervisory Board

There was a change in the composition of the Executive Board of CANCOM SE during the reporting year. Until 31 October 2022, Mr. Rudolf Hotter (Chairman of the Executive Board), Mr. Thomas Stark and Mr. Rüdiger Rath were members of the Executive Board. Mr. Hotter resigned from his office as Executive Board member and Chairman of the Executive Board with effect from 31 October 2022. Mr. Rath (until then COO) was appointed Chairman of the Executive Board with effect from 1 November 2022. Since this date, the Executive Board of CANCOM SE has been composed of Mr. Rüdiger Rath (Chief Executive Officer) and Mr. Thomas Stark.

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 paragraph 5 AktG), CANCOM SE has appointed Dr. Koniarski as a member of the Supervisory Board with special knowledge in the field of accounting and Mr. Kober as a member with special knowledge in the field of auditing. In addition, Prof. Dr. Welpe has been appointed as a member of the Supervisory Board with special knowledge in the field of Environment, Social and Governance (ESG). The Chairman of the Supervisory Board was also available outside the Annual General Meeting for personal dialogue with major shareholders on topics specific to the Supervisory Board.

There were no personnel changes on the Supervisory Board of CANCOM SE during the reporting year 2022. However, Ms. Regina Weinmann resigned from the Board on 31 December 2022. Since 1 January 2023, the Supervisory Board has therefore consisted of five members.

In accordance with the recommendation of the DCGK, CANCOM SE generally supports the members of the Supervisory Board in training and development measures. One external training event was held on legal topics relating to Supervisory Board activities. The workshop, which was conducted by a lawyer specialising in capital market law, covered important changes to the German Corporate Governance Code, insights into the new regulations on virtual general meetings, and an outlook on planned changes to the law that are relevant to Supervisory Board members. In addition, the Supervisory Board generally dealt with new statutory regulations or other regulations that are important from CANCOM SE's point of view 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) and Stefan Kober (Deputy Chairman) 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 committee members in office at the time participated in all audit committee meetings and resolutions in accordance with their committee membership.

Meetings of the Audit Committee 2022

Member of the Supervisory Board	Number of participations / number of meetings
Dr. Lothar Koniarski (Committee Chair)	2 / 2
Stefan Kober (Vice-Chairman of the Committee)	2 / 2
Prof. Dr Isabelle Welpe	2 / 2

In the past financial year, the audit committee met on 24 March 2022 and 24 November 2022 with all committee members present. The meetings were held in person, although in justified cases there was the option of participating by video conference, which was used in some cases. In addition, a resolution regarding the commissioning of the audit of the remuneration report was passed by written circulation procedure with adoption of the resolution on 8 March 2022.

- At the meeting of 24 March 2022, the Audit Committee dealt with the financial statements and the combined management report for the 2021 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. Without the presence of the auditor, the quality of the auditor and the audit of the financial statements were also discussed, as well as the plans for the appropriation of profits. The proposal for the auditor for the 2022 business year was also discussed.

- At the meeting on 24 November 2022, the committee mainly 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. In addition, the topic area of ESG and sustainability was a central point of the meeting.

In addition, the chairperson of the audit committee in particular was in regular contact with the auditors. In accordance with the recommendations of the DCGK, in addition to a close exchange on the audit and its results, it was also agreed that the auditor would inform the Supervisory Board of any inaccuracies in the declaration of compliance.

The members of the Nomination Committee in the reporting year were Stefan Kober, Dr. Lothar Koniarski and Regina Weinmann (until 31 December 2022). The Supervisory Board Nomination Committee was chaired or dechaired by Stefan Kober (Chairman) and Dr Lothar Koniarski (Deputy Chairman). With effect from 1 January 2023, Uwe Kemm succeeded Regina Weinmann as a member of the Nomination Committee.

The Nomination Committee did not hold a meeting in the past financial year.

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 14 December 2022, the Supervisory Board dealt intensively with the current recommendations of the Code in the two applicable versions (dated 16 December 2019 and 27 June 2022) and reviewed the extent to which these are complied with and will be complied with in the 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 description of the company's corporate governance can be found in the corporate governance statement on the website www.cancom.de 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, each for the financial year 2022, 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 fourth time for the financial year 2022. 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 paragraph 1 of the German Commercial Code (HGB). The auditor conducted the audit in accordance with section 317 of the 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 one meeting each on 28 and 29 March 2023. The Supervisory Board also met on these days. The auditor attended the meetings of the audit committee as well as the meetings 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 net profit were available to all Supervisory Board members in good time before the meetings. In particular, the chairman of the audit committee coordinated - alone as well as together with the chief financial officer - in the audit process with the auditor responsible for the audit.

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 2023 financial year.

At the meeting of the audit committee on 28 March 2023 and at the meeting of the supervisory board also on 28 March 2023, the auditor reported on the course and main results of the audit and was available for questions, discussion and additional information. On 29 March 2023, the auditor presented the annual and consolidated financial statements and the combined management report to the audit committee and the supervisory board. After detailed discussion of the audit reports, annual financial statements and the combined management report, the Supervisory Board approved the results of the audit on this day. According to the final results of the audit by the audit committee and its own examination, there were no objections to be 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 2022 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 in a solid position and the prospects for further development are good. The Supervisory Board would like to thank the members of the Executive Board, the management team and all employees for their great commitment in what has once again been an exceptionally eventful year. Nevertheless, the Supervisory Board is watching the decline in profitability in 2022 very closely and will advise and support the Executive Board in the measures announced to increase profitability.

Finally, I would like to thank you, the shareholders, for your trust.

Munich, 29 March 2023

For the Supervisory Board

Stefan Kober
Chairman of the Supervisory Board

CANCOM on the capital market

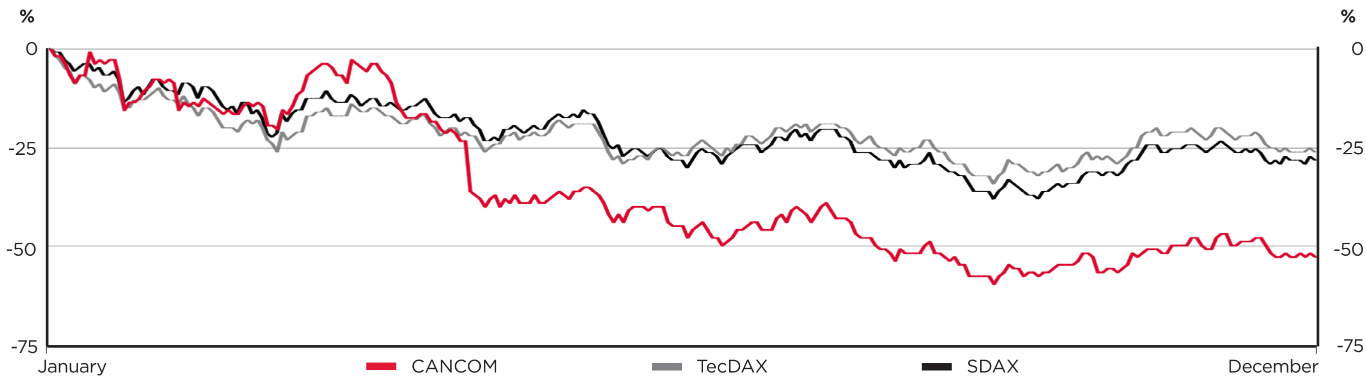
Development of the German stock market

The German leading index DAX closed the stock market year 2022 with a significant minus. From a level just above the 16,000 point mark at the beginning of the year, the index fell by around 21 percent by the beginning of March following the start of the war in Ukraine. The subsequent price recovery in spring was not sustainable and after a changeable development over the summer, the index marked its low for the year at just under 11,900 points on 29 September. Thanks to a recovery in the fourth quarter, the index closed near the 14,000 point mark at the end of the year, thus falling by around 13 percent over the course of the year. The TecDAX, in which the CANCOM SE share is also listed, lost around 25 percent over the course of the year.

Development of the CANCOM share

The CANCOM SE share started 2022 with an opening XETRA price of € 59.28 and already marked its high for the year at € 59.90 on the first trading day of the year. After a weak first quarter, a recovery phase at the beginning of the second quarter also brought gains in the CANCOM share price. Thereafter, despite a brief countermovement in the summer, the price fell sharply and reached its low for the year of € 23.04 at the end of September. Starting from this value, a recovery phase set in and the share closed the year at € 27.36. CANCOM SE's share buy-back programme 2021 ran until 17 June 2022. A total of 3,176,151 treasury shares were bought back at a volume-weighted average price of € 50.83 per share. The shares were cancelled in July 2022.

CANCOM SHARE PERFORMANCE OVER THE YEAR



SHAREHOLDER STRUCTURE

Allianz Global Investors	19.99 %
Ameriprise Financial	4.11 %
GoldmanSachs	3.97 %
BlackRock	3.11 %
Massachusetts Financial Services	3.08 %
Free float	65.74 %

Information according to available voting rights notifications as at 31.12.2022

MASTER DATA AND INDICES

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

RESEARCH COVERAGE

Alster Research
Berenberg
BNP Paribas Exane (since 21 January 2022)
Deutsche Bank
DZ Bank
Hauck & Aufhäuser
Jefferies
Kepler Cheuvreux
Oddo BHF
Stifel
Warburg

KEY FIGURES AND TRADING DATA FOR THE CANCOM SHARE

		2022	2021
First price of the year (XETRA)	€	59.28	45.42
Closing price at year end (XETRA)	€	27.36	59.22
Highest price (03 January 2022)	€	59.90	64.82
Lowest price (29 September 2022)	€	23.04	44.10
Yearly performance	%	-53.9	+ 30.4
Market capitalization (as at 31 December)	€ million	967.7	2,282,8
Average turnover per trading day (XETRA)	pieces	113,203	97,521
Average turnover per trading day (XETRA)	€	4,387,111	5,196,762
Earnings per share from continuing operations (undiluted)	€	0.90	1.26
Shares outstanding as at 31 December	pieces	35,371,850	37,762,054

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 2022 financial year, the Executive Board and Supervisory Board will propose to the Annual General Meeting a dividend of € 1.00 per share (previous year: € 1.00).

As at 31 December 2022, the number of shares entitled to dividends was 35,371,850. 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 cancellation of the shares acquired as part of the 2021 share buy-back programme and the corresponding capital reduction in the 2022 financial year. Based on the current share capital of CANCOM SE, the total dividend payout for the financial year 2022 would be around € 35.4 million.

Annual General Meeting

The Annual General Meeting of CANCOM SE took place on 28 June 2022 as a virtual Annual General Meeting without the physical presence of shareholders or shareholder representatives. A total of around 67.5 percent of the Company's share capital was represented. All of the proposed resolutions put to the vote were passed with a majority.

Communication with the capital market

CANCOM attaches great importance to active, open and transparent communication with its stakeholders. For example, the website is an important information platform for communication with shareholders and the capital market. However, analysts' views of the company also influence the opinions of shareholders and investors. CANCOM is in regular constructive dialogue with all analysts. In addition, there were again numerous contacts with existing and potential investors at roadshows, investor conferences, individual meetings and conference calls in 2022.

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 (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 and Slovakia.

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 the location in Belgium. In addition, there are the supra-regional business units Managed Services, Public and eCom.

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 business segment Cloud Solutions (IT as a Service) includes the business with (remote and/or shared) managed services as well as product and service businesses (hardware, software and services) that can be directly assigned to managed services customers. In addition, there are consumption-based purchase models (XaaS), the AHP Enterprise Cloud as well as cloud licences and rental models. Characteristic of such contracts are, among other things, recurring revenues for service level-based services and/or services with defined response times. As part of its service offering, the CANCOM Group is able to take over the complete or partial operation of IT for customers with such scalable as-a-service services - in particular shared managed services.

In the context of providing as-a-service services, "cloud" refers to a cloud delivery architecture with location- and device-independent and usually broadband network-based access - especially data and application access - to central IT resources. In this as-a-service segment, CANCOM offers customers the necessary guidance and support for the transformation of their corporate IT into a cloud delivery architecture, as well as for its operation. For further details on the Cloud Solutions segment, see section D.2.1 in the notes to the consolidated financial statements.

IT Solutions

The business segment IT Solutions (IT as a Concept) includes the business around the comprehensive support 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. For more details on the IT Solutions segment, see section D.2.1 in the notes to the consolidated financial statements.

Other companies

In addition to the operating segments, the CANCOM Group's segment reporting also includes the Other Companies segment. This covers 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. For more details on the other companies, see section D.2.1 in the notes to the consolidated financial statements.

Changes in the reporting period

In July 2022, CANCOM SE acquired 100 percent of the shares in S&L Systemhaus GmbH, S&L BusinessSolutions GmbH and S&L ITcompliance GmbH, all based in Mülheim-Kärlich. The date of initial consolidation was 1 August 2022. For more information, see section A.2.2.1 of the consolidated financial statements.

The sale of HPM Incorporated was completed at the end of August 2022. The disposal resulted from strategic considerations and realignments with regard to the future geographic core markets of the CANCOM Group. The deconsolidation of HPM Incorporated took place on 1 September 2022. Further information on this can be found in section A.2.2.3 of the consolidated financial statements.

In December 2022, CANCOM SE acquired 100 percent of the shares in NWC Services GmbH, based in Pforzheim. Further information on this can be found in section A.2.2.1 of the consolidated financial statements.

Changes after the end of the reporting period

Against the background of the increasing importance of as-a-service models, it is becoming increasingly difficult for CANCOM to allocate projects or contracts to the two operating segments and to monitor or control them at segment level. Up to now, as-a-service models have generally been allocated to the Cloud Solutions business segment (see section D.2.1.1 of the consolidated financial statements). Due to the difficulty of allocation, the internal management of the CANCOM Group will no longer be carried out at segment level from the beginning of the financial year 2023, but on the basis of the entire business activities. As a result, segment reporting, which was previously divided into the Cloud Solutions, IT Solutions and Other segments, will be presented differently from the beginning of financial year 2023. In future, the CANCOM Group will report on one operating segment that includes all activities of the previous segments Cloud Solutions and IT Solutions.

Business model and sales markets

CANCOM's range of products and services is geared towards advising and supporting corporate customers and public sector clients in adapting IT infrastructures and processes to the requirements of digitalisation. CANCOM acts as a provider of complete solutions and sees itself as a hybrid IT service provider for the customer.

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 and logistics services.

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). Within this business model, management is pursuing a course of strategic transformation of the CANCOM Group into a hybrid IT service provider in which an increasing proportion of business activity is to be the provision of IT services, specifically managed services.

Geographically, the CANCOM Group is primarily active in Germany, but also in Austria, Belgium and Switzerland. 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. New application possibilities for IT-based solutions and investments to improve existing infrastructures are contributing to market development.

Important external factors that CANCOM cannot influence and that may have a positive or negative impact on business development are, in particular, data protection regulations, the general threat situation in the area of cyber security, and also the quality certifications and environmental and social standards required by customers. As a provider of IT services and products, 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. In addition, the availability of IT hardware and software on the world market is an external factor that cannot be influenced.

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. The large companies with more than € 250 million in annual turnover include 48 companies in the combined business field of IT hardware/software and IT services. Based on the data of the latest system house ranking by the industry medium Channel-Partner, there are even only five companies in Germany that achieve a domestic turnover of over € 1 billion. According to this ranking, CANCOM is the fifth-largest system house in Germany, based on revenues for the 2021 financial year (2020: 4th 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 2022 was given by the industry association Bitkom in January 2023 as € 118.9 billion. With an annual domestic turnover in 2022 of € 1,171.7 million, the CANCOM Group's share of the German IT market is therefore 1.0 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

In the financial year 2022, the most significant financial performance indicators for the development of the CANCOM Group were 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.

The Annual Recurring Revenue (ARR) represents the recurring revenue from rental models as well as consumption-based procurement models.

In the two Group segments Cloud Solutions and IT Solutions, revenue and EBITDA were used as key performance indicators in the financial year 2022. 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 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.

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 + currency gains/losses + write-downs on financial assets + income from investments + other financial result + interest result + amortisation of intangible assets resulting from company acquisitions (in particular customer bases, order backlogs)

3 EBITA = profit for the period + income taxes + currency gains/losses + write-downs on financial assets + income from investments + other financial result + interest result + amortisation of intangible assets resulting from company acquisitions (in particular customer bases, order backlogs)

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

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. Please also refer to the information in the risk and opportunity report. In addition, non-financial indicators are also taken into account in the management of the company, including the goals set out in the CANCOM sustainability strategy.

Changes after the end of the reporting period

The internal management system used within the Company was reorganised with effect from 1 January 2023. In future, the CANCOM Group will be managed internally on the basis of its overall business activities. Decisions on resource allocation will be made on the basis of the data collected for specific projects or contracts (for example, strategic and operational importance, risk situation, specific and interdisciplinary personnel requirements, complexity of services, types of delivery and associated investments, expected returns). In the course of this, the separate consideration of the Cloud Solutions and IT Solutions business segments was discontinued and only a holistic consideration of all business activities took place. Accordingly, the most important financial performance indicators for the development of the CANCOM Group have also been redefined.

In future, the most significant financial performance indicators for the development of the CANCOM Group will be the Group's revenue, gross profit, EBITDA and EBITA.

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 continue to be regularly taken into account for corporate management purposes. In this regard, we also refer to the explanations in the risk and opportunity report. As before, 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. Compared to the total revenue of the CANCOM Group, however, expenditure on development work is not significant, nor is 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€)

	2022	2021
Total research and development expenditure	6,769	6,827
thereof own work capitalised	4,804	4,487
of which for third-party services	0	0

Economic Report

Development of the overall economy and the IT market

According to Deutsche Bank Research, the gross domestic product in Germany increased by 1.7 percent in 2022. In the previous year, growth of 2.6 percent was recorded in the CANCOM Group's main sales market.

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

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

Germany	+1.7
Austria	+4.7

*) Source: Deutsche Bank Research, 19 December 2022.

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 € 118.9 billion for 2022. Compared to 2021, this market segment grew by 6.6 percent. The IT services market segment, which is strategically important for CANCOM, also recorded growth and grew by 5.5 percent compared to the previous year to a volume of € 45.7 billion.

Information technology (IT) market 2022, Germany*
(Change on prior year in %)

IT market total	+6,6
IT services	+5,5
IT hardware (including semiconductors)	+5,4
Software	+9,4

*) Source: Bitkom/IDC, January 2023.

Business performance in 2022

Despite difficult conditions, the CANCOM Group slightly improved on the previous year's figures in the financial year 2022 with consolidated revenue of around € 1,293 million and gross profit of around € 438 million. The continued generally robust demand for IT services and components had a positive effect. On the other hand, severe delays in orders from some public sector customers in Germany and the bottlenecks in the global supply chains for IT hardware components already known from the previous year had a negative impact on business processes and also led to an unusually high level of capital tied up in the CANCOM Group (working capital). The effects of these general conditions were particularly evident in the first half of 2022 in the form of a year-on-year decline in revenue, which was followed by significant revenue growth again in the second half of the year. As the IT Solutions business segment in particular was affected by the difficult circumstances, the main positive impetus for the overall development in 2022 was in the Cloud Solutions business segment, which achieved revenue growth of over 20 percent. At the same time, the key figure for recurring revenue, Annual Recurring Revenue, also increased by almost 24 percent over the course of the financial year.

In addition to the operational development, the year as a whole was characterised by special effects. Firstly, the introduction of a new ERP system represented a considerable double burden for the entire organisation throughout the year. In addition to an inflation premium for CANCOM employees, possible risks due to unusual delivery situations in connection with inventories were also taken into account. Similarly, due to the successful introduction phase of the new ERP system, one-off adjustments were made to the valuations of the corresponding legacy systems as well as special write-downs. In total, all of the above-mentioned special effects added up to about € 19 million.

The gross profit of the CANCOM Group in the financial year 2022 was around € 438 million, the operating result before interest, taxes, depreciation and amortisation (EBITDA) was around € 105 million and EBITA was around € 54 million. In addition to these effects, the Executive Board completed the CANCOM Group's strategic focus on the DACH region, which began in 2021, with the sale of the business activities in the United States, after the activity in the United Kingdom had already been sold at a high profit in the previous year.

Comparison of forecasts to result

With regard to the forecast for the development of the CANCOM Group and the two segments in the financial year 2022 published at the beginning of the year and subsequently updated in the course of the year, the following comparison results (see table). The original forecast, published on 29 March 2022, referred as usual to the business development of the CANCOM Group compared to the reporting date of 31 December 2021. However, due to the sale of the business activities in the USA during the year, the initial value for the forecast (Result 2021) was adjusted retrospectively to ensure comparability.

Performance indicators	Result 2021 (in € million)	Forecast (29 March 2022)	Forecast (3 May 2022)	Result 2021 (adjusted after sale of HPM Inc.) (in € million)	Forecast* (31 October 2022 and 10 November 2022; sale of HPM Inc. included) (in € million)	Result 2022 (in € million)
CANCOM: Group						
Turnover	1,304.5	Very significant increase	Significant increase	1,286.0	1,280 to 1,330	1,292.9 (+ 0.5 %)
Gross profit	431.1	Very significant increase	Significant increase	425.3	435 to 445	437.9 (+ 3.0 %)
EBITDA	121.5	Very significant increase	Significant increase	122.6	116 to 123	104.9 (- 14.4 %)
EBITA	83.6	Very significant increase	Significant increase	85.2	70 to 76	54.3 (- 36.3 %)
CANCOM: IT Solutions						
Turnover	1,065.7	Very significant increase	Significant increase	1,047.3	1,000 to 1,040	1,005.1 (- 4.0 %)
EBITDA	58.7	Significant increase	Significant increase	59.7	48 to 53	41.7 (- 30.2 %)
CANCOM: Cloud Solutions						
Turnover	238.4	Very significant increase	Significant increase	238.4	280 to 290	287.3 (+ 20.5 %)
EBITDA	80.1	Very significant increase	Significant increase	80.1	84 to 90	81.2 (+ 1.4 %)
ARR	181.8	Very significant increase	Very significant increase	181.8	215 to 225	224.7 (+ 23.6 %)

*) The Executive Board of CANCOM SE had updated the forecast for the CANCOM Group in an ad hoc announcement on 31 October 2022. The forecast for the segments was concretised in the announcement on the results for the third quarter on 10 November 2022. The forecasts already took into account the effect from the sale of HPM Inc.

With regard to the first forecast for the financial year 2022, published on 29 March 2022, the targets for the performance indicators revenue in the Cloud Solutions segment and annual recurring revenue were achieved. For all other performance indicators, the forecast developments were not achieved.

With reference to the adjusted forecast of 31 October 2022, CANCOM achieved the target corridors for revenue and gross profit at Group level. The target corridors for EBITDA and EBITA were not achieved. However, the key earnings figures for the CANCOM Group were heavily influenced by various one-off negative special effects with a total volume of around € 19 million (see section "Business performance in 2022").

In the IT Solutions segment, the target corridor of the adjusted forecast of 10 November 2022 was achieved for revenue and not achieved for EBITDA. In the Cloud Solutions segment, the target corridors of the adjusted forecast of 10 November 2022 were achieved for revenue and annual recurring revenue (ARR) and not achieved for EBITDA.

Overall and based on a comparison with the published forecasts, the Executive Board assesses the business performance in 2022 as still satisfactory under the circumstances. Particularly against the background of the difficulties in business with public clients in the first half of 2022 and the supply chain situation, the Executive Board considers the growth in turnover in the second half of the year and the achievement of the target corridors for turnover, recurring revenue and gross profit to be positive in this assessment, despite special charges.

Order situation - Annual Recurring Revenue

Within the Group's Cloud Solutions segment, CANCOM's business includes managed services. 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 € 224.7 million at the end of the reporting year based on the month of December, which corresponds to a year-on-year growth of 23.6 percent (December 2021: € 181.8 million). Organic growth[6] of the ARR was 21.8 percent in the reporting year.

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 2022, the CANCOM Group employed 3,872 people (31 December 2021: 3,589). This represents an increase of 7.9 percent compared to the same period last year. This development is due to the higher staffing requirements resulting from the increased business volume, as well as the acquisition of companies in 2022.

The staff members were active in the following areas:

CANCOM Group: Employees

	31.12.2022	31.12.2021*
Professional Services	2,363	2,142
Distribution	834	821
Central Services	675	626
Total	**3,872**	**3,589**

*) Figures exclude the employees of the CANCOM UK Group sold in 2021 and the CANCOM USA Group sold in 2022.

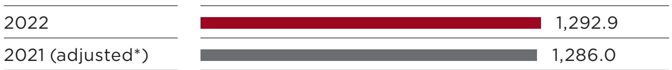
The average number of employees in the reporting year was 3,755 (prior year, adjusted: 3,505).

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

Note:
In financial year 2022, the business activities of the CANCOM Group in the United States of America were sold as part of the strategic focus on the DACH region. As a result, all key financial figures for the prior year have been retroactively adjusted in this financial report for the contributions of the US business, so that the values shown are comparable with each other. Further information can be found in section A.7 of the notes to the consolidated financial statements.

Earnings situation

CANCOM Group: Revenue
(in € million)



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

In the financial year 2022, the CANCOM Group achieved an increase in consolidated revenue of 0.5 percent to € 1,292.9 million (prior year, adjusted: € 1,286.0 million). The organic revenue growth of CANCOM included in this figure, i.e. excluding the effects of company acquisitions in the reporting period, was 0.2 percent. The revenue growth was based exclusively on the development in the Cloud Solutions business segment.

In the financial year 2022, the CANCOM Group generated revenue of € 911.8 million (prior year, adjusted: € 927.3 million) from the sale of goods, i.e. in particular hardware and software, and revenue of € 381.1 million (prior year, adjusted: € 358.7 million) from the provision of services.

In geographical terms, CANCOM generated revenue of € 1,061.9 million in Germany in the reporting period (prior year, adjusted: € 1,163.5 million). In its international business, CANCOM achieved revenue of € 231.0 million (prior year, adjusted: € 122.5 million).

In the Cloud Solutions business segment, CANCOM achieved revenue growth of 20.5 percent year-on-year in the financial year 2022 with revenue of € 287.3 million (prior year: € 238.4 million). Organically, revenue growth was 20.0 percent.

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 (IFRS or non-IFRS) - contributions from companies that have been part of the scope of consolidation for less than 12 months

In the IT Solutions segment, CANCOM generated revenue of € 1,005.1 million in the financial year 2022, 4.0 percent below the prior year's figure (prior year, adjusted: € 1,047.3 million). In organic terms, the development compared to the previous year was -4.3 percent.

Further information on the revenue development of the CANCOM Group in the reporting year can be found in the section "Business development in 2022".

The CANCOM Group's other operating income in the financial year 2022 was € 14.7 million, 69.0 percent above the comparable figure (prior year, adjusted: € 8.7 million). The main driver of this development was operating currency gains of €10.0 million (prior year: € 1.9 million), which were, however, offset by operating currency losses in other operating expenses.

The total operating revenue of the CANCOM Group in the financial year 2022 was € 1,313.4 million, an increase of 1.0 percent on the previous year (prior year, restated: € 1,300.6 million).

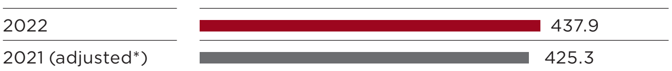
CANCOM Group: Cost of materials
(in € million)

	2022	2021 (adjusted*)
Cost of materials/cost of purchased services	-875.5	-875.3

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

The CANCOM Group's cost of materials in the reporting period amounted to € 875.5 million and was thus on a par with the previous year (prior year, adjusted: € 875.3 million).

CANCOM Group: Gross profit
(in € million)



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

In the financial year 2022, the gross profit of the CANCOM Group increased by 3.0 percent year-on-year to € 437.9 million (prior year, adjusted: € 425.3 million). The gross profit margin was 33.9 percent (prior year, adjusted: 33.1 percent).

In the Cloud Solutions business segment, gross profit rose by 7.5 percent to € 144.0 million in the reporting period (prior year: € 133.9 million).

In the IT Solutions business segment, CANCOM recorded a year-on-year increase in gross profit of 0.6 percent to € 270.6 million (prior year, adjusted: € 268.9 million).

CANCOM Group: Personnel expenses
(in € million)

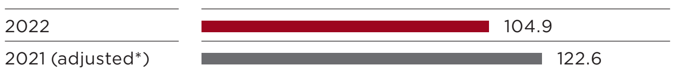
	2022	2021 (adjusted*)
Wages and salaries	-230.5	-215.1
Social security contributions	-40.8	-38.1
Expenses for retirement benefits	-0.4	-0.4
Equity-settled share-based payment transactions	+0.03	-1.37
Share-based payments with cash settlement	+0.02	-0.05
Total	**-271.7**	**-255.0**

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

Personnel expenses in the 2022 financial year amounted to € 271.7 million and were thus 6.5 percent higher than in the previous year (prior year, adjusted: € 255.0 million). The personnel expense ratio was 21.0 percent (prior year, adjusted: 19.8 percent). The background to the development of personnel expenses was the increase in personnel due to the hiring of new employees and company acquisitions as well as salary increases.

Other operating expenses amounted to € 60.6 million in the reporting year, which corresponded to an increase of 28.4 percent (prior year, adjusted: € 47.2 million). The main drivers of this development were the operating currency losses of € 5.9 million (prior year: € 3.1 million) already mentioned in connection with other operating income, but also increases in almost all other significant items such as vehicle costs, entertainment and travel expenses, repairs, maintenance and rental leasing, external services or training costs.

CANCOM Group: EBITDA
(in € million)



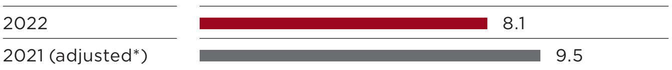
*) see the explanations in section A.7 of the consolidated financial statements.

In the financial year 2022, the EBITDA of the CANCOM Group amounted to € 104.9 million, a decrease of 14.4 percent compared to the previous year's figure (prior year, adjusted: € 122.6 million). The organic development of EBITDA was -14.9 percent.

The Cloud Solutions business segment contributed EBITDA growth of 1.4 percent to € 81.2 million in the reporting period (prior year: € 80.1 million). The organic growth rate of EBITDA was 1.1 percent.

In the IT Solutions business segment, EBITDA amounted to € 41.7 million and was thus 30.2 percent below the comparable value (prior year, adjusted: € 59.7 million). In organic terms, EBITDA in the IT Solutions segment was 30.8 percent below the previous year's level.

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 8.1 percent, 1.4 percentage points below the previous year's figure (prior year, adjusted: 9.5 percent).

At 28.3 percent, the EBITDA margin in the Cloud Solutions segment was 5.3 percentage points below the comparable figure (prior year, adjusted: 33.6 percent).

The EBITDA margin of the IT Solutions segment was 1.6 percentage points lower in the reporting year at 4.1 percent (prior year, adjusted: 5.7 percent).

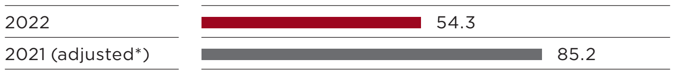
CANCOM Group: Depreciation and amortisation
(in € million)

	2022	2021 (adjusted*)
Scheduled depreciation of property, plant and equipment	-13.7	-14.3
Scheduled amortisation and impairments on software	-22.7	-10.4
Scheduled amortisation of rights of use	-14.1	-12.7
Scheduled amortisation on customer bases etc.	-4.5	-6.2
Impairment of goodwill	0	0
Total	**-55.0**	**-43.6**

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

Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use increased to € 55.0 million in the 2022 financial year, 26.2 percent higher than in the comparable period (prior year, adjusted: € 43.6 million). The most important factor in this change was depreciation and impairment on software primarily in connection with the introduction of the new ERP system.

CANCOM Group: EBITA
(in € million)



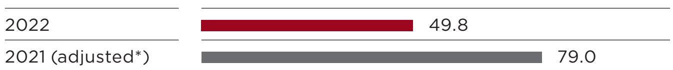
*) see the explanations in section A.7 of the consolidated financial statements.

The CANCOM Group generated EBITA of € 54.3 million in the financial year 2022, a decrease of 36.2 percent (prior year, adjusted: € 85.2 million).

In the Cloud Solutions business segment, EBITA in the reporting period was € 64.4 million (prior year: € 67.6 million), a decline of 4.8 percent.

In the IT Solutions business segment, EBITA amounted to € 10.7 million (prior year, adjusted: € 36.0 million) and was thus 70.4 percent lower.

CANCOM Group: EBIT
(in € million)



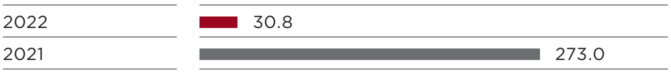
*) see the explanations in section A.7 of the consolidated financial statements.

The CANCOM Group's EBIT in the reporting period was € 49.8 million, 36.9 percent below the previous year's figure (prior year, adjusted: € 79.0 million).

In the Cloud Solutions business segment, EBIT in the reporting period was 3.4 percent lower than in the previous year at € 61.2 million (prior year: € 63.4 million).

In the IT Solutions segment, EBIT amounted to € 9.4 million and thus decreased by 72.7 percent (prior year, adjusted: € 34.3 million).

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



In the financial year 2022, the CANCOM Group achieved a profit for the period of € 30.8 million (prior year: € 273.0 million). The difference was a consequence of the sharply higher previous year's figure due to the sale of CANCOM business activities in the United Kingdom and Ireland (CANCOM UK Group). The result from continuing operations, the development of which better reflects the operating performance compared to 2021, was € 32.4 million in the reporting year, down 33.1 percent (prior year: € 48.4 million).

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 2022 amounted to € 1.305,1 million (31 December 2021: € 1,406.6 million). On the liabilities side, € 694.8 million of this was attributable to equity and € 610,3 million to debt. The equity ratio of the CANCOM Group at the end of the 2022 financial year was therefore 53,2 percent (31 December 2021: 57.9 percent). The debt ratio was 46.8 percent (31 December 2021: 42.1 percent).

There are neither non-current nor current liabilities to banks (31 December 2021: € 2.0 million). The amount of free cash and cash equivalents at the reporting date for the financial year 2022 is therefore included in full in the calculation of the Group's net financial debt without deducting interest-bearing financial liabilities. Accordingly, there is no net financial debt of the CANCOM Group as at the reporting date 2022 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 € 479.8 million at the end of the financial year (31 December 2021: € 468.1 million). The largest balance sheet items were trade payables, which amounted to € 326.0 million as at the reporting date (31 December 2021: € 317.0 million), and other current financial liabilities with € 60.0 million (31 December 2021: € 64.6 million). Only the other current liabilities changed noticeably to € 53.7 million (31 December 2021: € 39.1 million) in connection with higher VAT liabilities.

Non-current liabilities were higher than in the previous year at € 130.5 million as at the reporting date (31 December 2021: € 124.5 million). Other non-current financial liabilities were particularly responsible for the change, increasing to € 103.0 million (31 December 2021: € 99.2 million) and driven by higher non-current lease liabilities.

At the end of the 2022 financial year, equity totalled € 694.8 million (31 December 2021: € 814.1 million). The change in retained earnings and the result for the period contributed significantly to this development. Retained earnings increased to € 257.3 million (31 December 2021: € 144.9 million) because, on the one hand, € 244.5 million from the previous year's profit was transferred to retained earnings, but, on the other hand, a withdrawal from other retained earnings of € 21.4 million and the amounts for the repurchase of treasury shares of € 113.9 million had a reducing effect on the item. At the same time, the profit for the period, including the profit carried forward, fell to € 22.7 million (31 December 2021: € 253.6 million) as a result of the operating performance of the CANCOM Group, but mainly because the previous year's figure was unusually high due to the sale of the CANCOM UK Group. In total, this resulted in a decrease in the balance sheet item retained earnings including profit carried forward and profit for the period to € 279.6 million (31 December 2021: € 397.8 million). At the same time, the subscribed capital decreased to € 35.4 million (31 December 2021: € 38.5 million) due to share buybacks and the cancellation of acquired treasury shares including a capital reduction.

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 € 958,7 million as at 31 December 2022 (31 December 2021: € 1,071.7 million). The decrease compared to the year-end figure of the previous year is mainly due to the reduced cash and cash equivalents, which amounted to € 393.2 million in the financial year 2022 (31 December 2021: € 653.0 million), partly as a result of share buybacks of around € 111.3 million, the overall increase in the CANCOM Group's working capital requirements and company acquisitions. Trade receivables, on the other hand, increased and reached € 409,2 million at the reporting date (31 December 2021: € 299.1 million), whereby the increase was due in particular to the technical aspects of the changeover to a new ERP system. At € 83.0 million, inventories at the end of the reporting period were above the previous year's value (31 December 2021: € 72.1 million).

Non-current assets amounted to € 346.4 million as at the 2022 reporting date (31 December 2021: € 334.9 million). Significant changes were an increase in goodwill due to the acquisition of the S&L Group and NWC Services to € 125.2 million (31 December 2021: € 113.5 million) and increased other non-current financial assets of € 27.9 million (31 December 2021: € 20.3 million). The latter were mainly influenced by higher receivables from long-term finance leases.

Cash flow and liquidity

Based on a result for the period of € 30.8 million (prior year: € 273.0 million), the cash flow from operating activities for the reporting period 2022 is € -53.6 million (prior year: € 72.3 million). The main factor influencing the development of the cash flow from operating activities was the development of trade receivables in the reporting period. The item changes in trade receivables, contract assets, capitalised contract costs as well as other assets, had an effect of € -129.3 million on the operating cash flow. In contrast, the changes in trade payables had a positive effect on the operating cash flow of € 10.9 million.

Cash flow from investing activities amounted to € -34.2 million in the year under review (prior year: € 332.2 million) and thus fell back to a normal level for the CANCOM Group compared to the previous year's figure. In the previous year, the value was extraordinarily increased by income of € 392.9 million due to the sale of business activities in the United Kingdom. In the current reporting period, cash outflows in connection with the acquisition of subsidiaries of € 10.3 million (prior year: € 14.3 million), primarily for the acquisition of the S&L Group, and lower cash outflows for investments in property, plant and equipment, intangible assets and rights of use (CapEx) of € 26.4 million (prior year: € 33.2 million) were the main factors influencing the development.

At € -171.9 million, the cash flow from financing activities in the reporting year was below the value of the comparable period (prior year: € -90.5 million). The higher payments for the repurchase of own shares in the amount of € 117.4 million (prior year: € 44.5 million) compared to the previous year mainly contributed to this change. In addition, the higher dividend led to a higher dividend payment of € 35.4 million (prior year: € 28.9 million), and the volume of repayments of leasing liabilities also increased to € 27.5 million (prior year: € 21.3 million).

In the reporting period, the total cash and cash equivalents of the CANCOM Group as at 31 December 2022 thus amounted to € 393.2 million (31 December 2021: € 653.0 million).

At the reporting date, the CANCOM Group had credit lines (including guarantee facilities) with banks totalling € 83.4 million (prior year: € 79.4 million). Of this, a total of € 62.9 million was freely available as at 31 December 2022 (prior year: € 55.6 million).

As a result, the CANCOM Group had a high positive level of cash and cash equivalents at the balance sheet date and was able to draw on 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 2022, the CANCOM Group achieved an increase in revenue of 0.5 percent to € 1,292.9 million, EBITDA of € 104.9 million was 14.4 percent below the previous year's figure and profitability, measured in terms of the EBITDA margin, was 8.1 percent, 1.4 percentage points lower than in the previous year. Annual Recurring Revenue increased by 23.6 percent compared to the previous year. On the one hand, this revenue and earnings development was operationally justified and supported by inorganic growth; on the other hand, the earnings development was burdened by various special influences described in the section "Business development". While the Cloud Solutions business segment made a positive contribution to the consolidated result, the contribution of the IT Solutions business segment was below the previous year's figures.

On the basis of these developments and against the background of the two-part course of the financial year - with a burdened development in the first half of the year and good revenue growth in the second half - the Executive Board assesses the course of the financial year 2022 for the CANCOM Group as still satisfactory.

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 € 13.3 million in 2022 (prior year: € 12.1 million). The revenue was mainly generated from the provision of management services. The largest contribution to the development of CANCOM SE in the financial year 2022 came from other operating income of € 17.6 million (prior year: € 257.5 million), whereby the previous year's figure was exceptionally increased by the sale of the business activities in the United Kingdom (CANCOM UK Group). Other operating income in 2022, on the other hand, was characterised by the positive effect of a write-up on a loan from CANCOM SE to the subsidiary CANCOM, Inc. (USA) amounting to around € 13.5 million. Profits received under profit transfer agreements of € 14.2 million (prior year: € 41.3 million), income from investments of € 5.5 million (prior year: € 24.6 million) and other interest and similar income of € 6.5 million (prior year: € 5.2 million), which accrues to CANCOM SE in addition to management contributions, are the other main positive contributors to the Company's net income. This income was offset by significantly higher write-downs on financial assets of CANCOM SE compared to the previous year, which amounted to € 17.1 million in the reporting year (prior year: € 10.6 million) and are also related to the recapitalisation of CANCOM, Inc. At the same time, other operating expenses fell substantially to €7.1m (prior year: € 13.8 million) and income taxes to € 5.8 million (prior year: € 20.1 million). In the previous year, other operating expenses included consultancy costs of € 8.4 million due to the sale of the CANCOM UK Group; the comparative figure was therefore exceptionally high due to this single transaction. At € 14.0 million, CANCOM SE's net profit for the financial year 2022 was well below the comparative figure (prior year: € 283.1 million), mainly due to the higher figure for the previous year as a result of the sale of the CANCOM UK Group.

CANCOM SE's total assets fell in the 2022 financial year to € 769.7 million as at the reporting date (prior year: € 887.6 million). The reason for this change on the assets side of the balance sheet was on the one hand the increase in fixed assets to € 315.4 million (prior year: € 282.6 million), with the increase resulting from the revival of a long-term loan to the Group subsidiary CANCOM, Inc. (USA) and from the company acquisitions in 2022. On the other hand, within current assets, receivables and other assets were sharply higher at € 165.7 million (prior year: € 52.1 million). The sharp rise in receivables was due to the increased capital requirements of some operating subsidiaries as a result of the exceptionally high capital commitment (working capital) in the financial year 2022, which was covered by working capital loans from CANCOM SE to the subsidiaries amounting to € 121.0 million (prior year: € 4.5 million). This was countered by a reduction in cash and bank balances, also under current assets, which amounted to € 288.2 million at the reporting date (prior year: € 552.5 million). On the liabilities side, the change in the balance sheet total mainly resulted from a lower equity of € 723.9 million (prior year: € 858.9 million), whereby the main change was triggered by the repurchase of own shares with subsequent cancellation of these shares and a corresponding capital reduction. As a result, the subscribed capital of € 35.4 million was also lower than in the previous year (prior year: € 38.5 million). Liabilities increased to € 31.4 million (prior year: € 14.4 million) primarily due to higher VAT liabilities within other liabilities.

CANCOM SE's equity ratio changed only marginally compared to the previous year and was 94.0 percent at the reporting date (prior year: 96.8 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 2022 financial year, as shown, among other things, by the high equity ratio. Based on the profitable business activities of the subsidiaries of CANCOM SE and thus of the CANCOM Group as a whole, and the resulting positive effects on the results of operations of the parent company, the Executive Board considers the course of business in financial year 2022 to be still satisfactory for CANCOM SE.

Takeover-relevant information

The following disclosures are made in accordance with section 289a paragraph 1 and section 315a paragraph 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 2022, the share capital of the company amounted to € 35,371,850.00 (prior year: € 38,548,001.00) in accordance with the Articles of Association and was divided into 35,371,850 no-par shares (shares without nominal value) (prior year: 38,548,001). The share capital and the number of shares were reduced in the past financial year through the withdrawal of 3,176,151 treasury shares and a corresponding capital reduction.

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 on 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 and ended on 17 June 2022. Under this 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. In the period from 2 January to 17 June 2022, a total of 2,390,204 treasury shares were repurchased. CANCOM SE thus acquired a total of 3,176,151 treasury shares as part of the 2021/2022 buy-back programme, i.e. 8.24 percent of the share capital on 31 December 2021, at a volume-weighted average price (excluding incidental acquisition costs) of € 50.83 per share. This means that € 161.4 million was used to purchase the shares (excluding incidental acquisition costs). Further information is provided in 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, Frankfurt am Main, Germany: 19.99 percent.

In the financial year 2022, CANCOM SE has not been notified of any new additional direct shareholdings in the share capital that exceed 10 percent of the voting rights.

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 (section 84 and section 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 paragraph 1 lit. c ii SE Regulation in conjunction with section 84 paragraph 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 section 133 and section 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 paragraph 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 is sufficient, unless another majority is mandatorily required 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 section 11 of the articles of association.

Significant agreements that are conditional on a change of control

In the reporting period, there were no material agreements that are subject to a change of control.

Declaration on Corporate Governance pursuant to section 315d HGB in conjunction with section 289f HGB

CANCOM has made the corporate governance declaration in accordance with section 315d HGB in conjunction with section 289f HGB publicly available on the company's website.

Non-financial statement according to section 315b HGB in conjunction with section 289b HGB

CANCOM publishes the non-financial statement audited by the Supervisory Board in accordance with section 315b HGB in conjunction with section 289b 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 section within a period of four months after 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 situation. Entrepreneurial opportunities are always associated with risks. Based on this, the management of the CANCOM Group has set itself the goal of achieving a positive business development on the basis of a balanced risk-reward ratio and thereby sustainably increasing 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, one of the principles of value-oriented and responsible corporate management is therefore to exploit entrepreneurial opportunities while at the same time managing the associated risks with foresight. The CANCOM Group's risk policy, which is based on this fundamental conviction, therefore means that entrepreneurial decisions are always made in the knowledge that the opportunities taken are commensurate with the risks accepted for them. 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 in 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 IT facilities. 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 audited 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.

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.

Internal control and risk management system of the Group

In order to be able to guarantee the appropriateness and effectiveness of the internal control system and the risk management system as best as possible, all key elements of Group risk management are reviewed and updated, supplemented or revised as necessary in risk management meetings that are held at least quarterly and to which experts from the respective divisions are called in as required. In addition, external and internal early warning indicators have been initiated to highlight any developments that pose a threat to the continued existence of the CANCOM Group as quickly as possible. Based on the reviews and expert discussions that took place in financial year 2022, as well as an externally commissioned risk-bearing capacity assessment, the Executive Board has no indication that the internal control system or the risk management system are inadequate or ineffective. Accordingly, the Executive Board considers the systems to be effective.[7] Notwithstanding the assessment of the effectiveness and adequacy 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, can 100 percent exclude all inaccurate representations.

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 a local risk officer who regularly monitors and evaluates any risks. The primary objectives of risk management include the timely identification of significant risks that could jeopardise the company's existence as well as 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 to 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 million to 5.0 million)
High	Significant adverse effects on the earnings, assets and financial position (> € 5.0 million to 7.5 million)
Very high	Very significant adverse effects on the earnings, assets and financial position (> € 7.5 million)

7 Unaudited information

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 continued existence of the company, among other things, and 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. 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 in connection with 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 management system. These systems are operated by the Chief Security Officer and the Compliance Officer of the CANCOM Group. Both are in direct contact with the Group Risk Management Officer, who operates the Group Risk Management System.

In addition to risks, the risk management system also records potential opportunities and compares them.

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 not yet known or risks that are currently assessed as immaterial and are therefore not described below will affect future business activities.

OVERALL ASSESSMENT

Risk	Overall assessment	
	2022	**Develop-men***
Economic, regulatory, market and industry-related risks		
Direct sales risks	medium	=
Economic and (geo-)political risks	high	=
Regulatory risks	medium	=
Risks from competition and technological change	medium	=
Project and business-related risks		
Business disruption risks, especially IT systems	medium	=
Cyber security risks	high	=
Bad debt risks	medium	=
Liability, warranty and compensation risks	low	=
Internal risks	low	=
Supplier dependency risks	high	=
Project risks	medium	=
Risks from the introduction of SAP	low	=
Subcontractor risks	medium	=
Financial risks		
Financing, liquidity and creditworthiness risks	low	=
Exchange rate, inflation and interest rate risk	low	-
Personnel risks		
Key personnel and know-how risk	low	=
Information risks		
Secrecy risks	medium	=
Legal risks		
Compliance and legal risks	low	=
Data protection regulations risks	medium	=
Legal infringement risks	low	=
Strategic risks		
Reputational risks	medium	new
Risks from the acquisition/disposal of companies or shares in companies	medium	=
Risks from misjudgements in acquisitions and integrations	medium	-
Sustainability risks	low	new

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

Changes in risks compared to the previous year

During the reporting period, there were changes to the assessment of risks relating to the future development of the CANCOM Group published in the management report 2021. The changes relate to the assessment of the risks listed in the table above and described in more detail below: "Sustainability risks" and "Reputational risks".

Economic, regulatory, market and industry-related 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 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 of 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 impact of the outbreak of the Corona virus, 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 geopolitical risk. Neither Ukraine nor Russia are relevant procurement and sales markets for CANCOM. Nevertheless, 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. In addition, there is a risk that the restricted access to gas due to the war could have a negative impact on the ability of many (potential) CANCOM customers to invest and do business. 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 as well as early warning indicators such as the ifo business climate index, the IMF trend and studies by the industry association Bitkom, and incorporates the insights gained into corporate management, supplier management and the range of products and services. A special focus in the product and solution portfolio is on the expansion of 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 to be 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 is constantly adapting its organisation, processes and 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. Furthermore, 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 the use of redundant data centres. 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 on the part of 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 quickly fall back on alternative manufacturers or alternative sources of supply 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 assessed as high. Overall, the risk is therefore assessed as high.

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

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 shutdown of work processes in one or more 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 provision of advice 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 operating processes 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 implementing the SAP ERP system throughout the Group. The non-fulfilment or partial fulfilment of various project tasks or the failure to meet deadlines could potentially delay the full 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 or only partially maintained and carried out, 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 € 393.2 million and credit lines (including guarantee facilities) with banks of € 83.4 million, of which € 62.9 million was freely available as at 31 December 2022. The equity ratio was 53.2 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.

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

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 focus on the DACH region, as the CANCOM Group now transacts a much smaller 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 high inflation rates in Germany and the euro area, combined with a high level of cash and cash equivalents in the Group's balance sheet, mean that there is an increased risk of inflation. Increased interest rates could have a negative impact on variable-rate loans or other activities that are dependent on interest rates, but due to the low volume of loan liabilities, this did not have a significant impact in the reporting period.

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.

The basic factors for the assessment are a high level of self-financing and thus low borrowing, currency hedging to minimise risk, the direct passing on of prices through price escalator clauses in contracts, the adjustment of hourly rates for service contracts or the passing on of manufacturer-side price increases in the traditional trading environment. Inflationary effects are of course also recognisable and expected at CANCOM, but these are reflected in the risk categories "personnel clusters" and "sustainability risks". No declines in purchasing power are currently discernible on the customer side, so a low estimate has also been made in this area.

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 low. The damage potential is assessed as medium. Overall, the risk is therefore assessed as low. The overall assessment has decreased compared to the previous year.

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 required for CANCOM's own digital transformation. An unexpectedly sharp increase in the wage level of skilled workers as a result of the shortage or inflation are also risks for the planned business development. Inflation-related salary increases on the employee side at CANCOM are also a result of the current macroeconomic conditions and are already priced into the future development.

To counteract these risks, CANCOM offers measures to motivate and develop employees. In addition, regular monitoring identifies high performers and pays special 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 largely compensated for, at least in the short term. CANCOM implements measures to strengthen its image as an employer and offers a variety of qualification and training measures. CANCOM also offers its employees a high degree of flexibility by providing them with a future-proof workplace (digital workplace) with simple 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 the 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 controlled 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.

It can be seen that the CANCOM Group's acquisition behaviour has had numerous positive effects. This can be attributed on the one hand to the focus on the DACH regions and the expertise available here with regard to market and customer situations, and on the other hand to the integration of the existing CANCOM departments and specialists. Two of the more recent acquisitions, Anders & Rodewyk and the S&L Group, have been successfully integrated through roadshows throughout Germany and a national presence.

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 medium. The damage potential is assessed as medium. Overall, the risk is therefore assessed as medium.

The overall assessment has decreased 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.

There are risks related to the loss of corporate reputation.

Professional reputation management is aimed at all existing and potential customers, suppliers and shareholders of CANCOM. It is therefore essential to achieve a positive external and internal perception. If this image, which of course also reflects the corporate culture, is reduced, there is a risk of damage to future business development and to the financial position, net assets and results of operations.

An important criterion is the attractiveness as an employer and the development of a positive employer reputation. In times of a shortage of skilled workers and the resulting "war for talent", it is essential to be an interesting employer for well-trained and motivated employees in order to reduce reputational damage in all respects and to minimise the overall impact on CANCOM.

There is therefore a risk that decisions or actions by individual employees whose long-term consequences have not been sufficiently illuminated could lead to immense damage to the CANCOM Group's reputation.

The best possible reputation in terms of ESG criteria is essential for stakeholders and shareholders. A rapid paradigm shift from "nice-to-have" to "must-have" has developed in recent years as more and more stakeholders and shareholders assess social, environmental and ethical aspects. Actions that conflict with these criteria have a long-term impact on CANCOM's strategy, reputation and public image.

After all countermeasures and efforts taken, the Executive Board estimates the probability of occurrence as medium. The damage potential is classified as medium. Overall, the risk is thus classified as medium.

Due to the new inclusion of the risk, no change in the valuation compared to the previous year's report can be stated.

There are risks in relation to sustainable entrepreneurial action.

The CANCOM Group sees itself as part of a social and ecological system which, due to its increasing changes, can lead to adverse and sometimes negative influences on the Group's profitability. In order to counter these developments appropriately, risks such as chronic and acute climate risks, energy costs and security, but also disadvantages due to non-social corporate governance, are to be brought more into focus in the overall risk assessment. In addition, the Executive Board of the CANCOM Group is taking a number of measures, such as the successive expansion of renewable energy sources for self-sufficient power generation or the expansion of the company's own power storage infrastructure. The company's social environment is also promoted and supported through extensive donations and sponsoring.

After all countermeasures and efforts taken, the Executive Board estimates the probability of occurrence as low. The damage potential is classified as medium. Overall, the risk is thus classified as low.

As the risk cluster was newly introduced, no change in the rating compared to the previous year's report can be stated.

Overall risk assessment

Overall, there were individual changes in the assessment and presentation of the risks described compared to the previous year. A significant factor in the assessment of risks in the forecast period was the Russia-Ukraine war and the associated uncertain economic and geopolitical sanctions and effects, which in a first step had an impact in particular through increased energy and commodity prices. The higher inflation rate is, of course, also noticeable at CANCOM, but is being handled positively due to low borrowing, currency hedging and the direct passing on of price increases, and is acting as a non-significant risk area. There is currently no discernible sign of a decline in demand for IT services and IT infrastructure, either due to inflation or to acts of war. Progress with the internal SAP implementation and the continuing tense global supply chain situation for IT hardware, which has however eased during the year, were other two risk areas. In addition, developments related to the Corona virus and the ongoing change in global protection measures continued to be a factor in the risk assessment and an easing of incidents was only apparent during the year.

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 2021 and the generally increased uncertainty due to the risks mentioned in the previous paragraph 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 2022 financial year was 4 (31 December 2021: 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 areas 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.

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 may arise for the CANCOM Group from changes in the regulatory environment. The overall opportunity is classified as high.

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, 84 percent of companies in Germany are already using a cloud solution. A further 13 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, 28 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.

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 CANCOM's business development could arise from its positioning in comparison with the competition and its portfolio in the Digital Workplace and IoT segment. 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, as the number of devices in a network increases, so do 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.

Almost half of all companies surveyed by Capgemini for its IT Trend Study published on 23.02.2023 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 Industry 4.0 applications. The Executive Board estimates the significance of the opportunity arising from the faster spread of the Internet of Things (IoT) and Industry 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 be able, on the one hand, 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 survey of 16 November 2022, the industry association Bitkom estimates that there are 137,000 unfilled positions in Germany. These figures show a clear shortage of skilled workers, which is causing companies to search longer and longer for IT specialists. 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 employees in the design process 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 assesses the significance of the opportunity arising from the shortage of skilled workers in IT departments as medium. The assessment of the opportunity has increased compared to the previous year's report.

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 last recorded around 95,000 companies according to data from April 2022. 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.

To identify promising companies for acquisition, Mergers and Acquisitions (M&A) staff monitor the market with support from within the company and from external advisors. 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.

Opportunities can arise in relation to sustainable entrepreneurial action.

As interest in the topic of sustainability grows in the middle of society, it can be beneficial for CANCOM to establish a name for itself as a sustainable IT service provider. This can increase both its attractiveness as an employer and its reputation among existing and potential customers and business partners.

Furthermore, in view of a constantly changing global climate, it is also advantageous to be well prepared for acute climate events in order to ensure seamless business operations. Another important aspect is that the Group can supply itself independently from the electricity market by expanding its renewable energy sources, especially the expansion of the infrastructure for electricity storage and the existing photovoltaic capacities. This will reduce costs in the long term and minimise the risk of a power outage.

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 and 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 2023*
(Change on previous year in %)

Germany	-1.0
Austria	-0.5

*) Source: Deutsche Bank Research, 19 December 2022.

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. Important factors point to a stabilisation of the economic situation in the course of the year. Energy prices and raw material prices have recently fallen and inflation is also expected to weaken in the course of the year. Accordingly, expectations of economic development for 2023 have improved. However, major risks to economic development have not dissipated and continue to provide an increased level of uncertainty.

Germany

In its forecast for the development of the gross domestic product in December 2022, the Institute for the World Economy (IfW) assumed GDP growth of 0.3 percent for Germany in 2023 despite the existing risks. Under the impression of developments in the first quarter of 2023, the IfW raised its forecast in March to GDP growth of 0.7 percent for the year as a whole. Lower energy prices and an improvement in the global economic environment have improved the outlook for economic development.

In general, companies are positive about the outlook for the 2023 business year. The Bitkom-ifo Digital Index surveyed by the industry association Bitkom, which maps the ICT business climate, stood at 36.4 points in January 2023 and thus above the expectations for the 4th quarter of 2022. The short-term outlook for the ICT industry has recently increased and is above the outlook for the economy as a whole at the beginning of the year.

Austria

For the CANCOM Group's other key country market, Austria, growth in gross domestic product is also expected in 2023. IfW Kiel expects gross domestic product in Austria to grow by 0.9 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 4.2 percent to a volume of € 195.8 billion in 2023. For 2022, the association indicated growth of 4.6 percent to € 187.9 billion. The current outlook thus points to continued growth in the ICT market. The development is being positively driven by the largest submarket 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 6.3 percent to € 126.4 billion (previous year: 6.6 percent), distributed among the individual market segments as follows:

Outlook: Information technology (IT) market 2023, Germany*
(Change compared to previous year in %)

Software	+9.3
IT services	+4.7
IT hardware (including semiconductors)	+5.3

*) Source: Bitkom/IDC, January 2023.

In its annual IT Trends Study from February 2023, Capgemini arrives at the following results for market development based on a survey of 132 IT and specialist managers from large companies and public authorities in Germany, Austria and Switzerland. 58.0 percent (previous year: 73.0 percent) expect IT budgets to increase, 24.0 percent (previous year: 31.7 percent) of respondents in this group anticipate an increase in expenditure of more than 10 percent in 2023. The proportion of respondents who expect IT budgets to fall rose to 17.0 percent (previous year: 11.1 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 explicitly points to higher uncertainties in the assessment of the general economic development - also in connection with the currently high inflation - as well as the assessment of the effects of the continuing supply bottlenecks for some IT hardware components and the Russia-Ukraine war. Neither Ukraine nor Russia are relevant sales markets for CANCOM, but there are still indirect effects, for example through changes in energy prices. The following forecast of the business development of the CANCOM Group and CANCOM SE does not include the case of an expansion of the war to other states or lasting serious negative macroeconomic consequences due to such or other sudden external events 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, such unforeseeable events could affect the Company's development as expected from today's perspective. In addition to the events mentioned above, such events also include, for example, the consequences of short-term legal or regulatory changes. Such events are not taken into account in the forecasts.

The forecast developments in the key performance indicators relate exclusively to the development of the CANCOM Group in the financial year 2023 compared to the reporting date of 31 December 2022.

Forecast for the CANCOM Group

The Executive Board of CANCOM SE expects the CANCOM Group to develop positively in the financial year 2023. In the Executive Board's view, the digitisation trend and the associated demand for IT infrastructure, software and IT services is intact in all IT markets relevant to CANCOM, despite the various special influences of recent years (Corona pandemic, Ukraine war, IT supply bottlenecks). The trend towards digitalisation for business processes, public administration and many areas of private and public life will, in the Executive Board's estimation, ensure lasting demand.

Accordingly, the Executive Board assumes that demand for IT hardware, software and IT services will be driven by fundamental lasting developments and therefore expects a positive market environment for the business activities, products and services in the CANCOM Group's portfolio. At the same time, the Executive Board of CANCOM SE sees a steady increase in supply and demand, especially in the area of managed services, based on changing concepts of IT products and distribution channels by manufacturers and service providers as well as changing purchasing and usage patterns of customers.

The Executive Board believes that the CANCOM Group's Managed Services offering, in combination with the Company's established systems integration services, is well positioned in the market and, based on these assessments and observations, a confident forecast is given for the financial performance indicators of the CANCOM Group and CANCOM SE.

The Executive Board is also countering the cost effects of inflation with a programme. CANCOM therefore considers itself well equipped for the new financial year.

On the basis of the general conditions and premises mentioned above, and against the background that significant burdens on earnings in 2022 were one-off special effects, the Executive Board of CANCOM SE forecasts the following development for the CANCOM Group in the financial year 2023:

Performance indicators
(in € million)

	2022	Forecast 2023
Turnover	1,292.9	1,320 to 1,390
Gross profit	437.9	460 to 485
EBITDA	104.9	114 to 124
EBITA	54.3	70 to 80

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. Against the background of these statements and the corporate planning of CANCOM SE, the Executive Board expects significantly improved income from the investments compared to the previous year and a significantly improved net profit for the year overall.

Munich, 28 March 2023

The Executive Board of CANCOM SE

Rüdiger Rath	Thomas Stark
CEO	CFO

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	31.12.2022	31.12.2021
Current assets			
Cash and cash equivalents	B.1 (A.3.4)	393,171	652,965
Trade receivables	B.3 (A.3.6)	409,176	299,116
Current contract assets	B.4 (A.3.7)	1,684	2,296
Capitalised current contract costs	B.4 (A.3.7)	937	937
Inventories	B.5 (A.3.8)	82,975	72,148
Other current financial assets	B.6 (A.3.16)	45,443	33,177
Other current non-financial assets	B.7 (A.3.17)	25,283	11,108
Total current assets		**958,669**	**1,071,747**
Non-current assets			
Property, plant and equipment	B.8.1 (A.3.9)	37,109	40,721
Intangible assets (other than goodwill)	B.8.2 (A.3.10)	57,405	64,491
Goodwill	B.8.3 (A.3.11)	125,185	113,451
Right-of-use assets	B.8.4 (A.3.13)	84,138	83,770
Financial assets and loans	B.8.5 (A.3.14)	5	5
Capitalised non-current contract costs	B.4 (A.3.7)	234	1,171
Deferred tax assets	B.9 (A.3.15)	7,828	5,976
Other non-current financial assets	B.6 (A.3.16)	27,935	20,295
Other non-current non-financial assets	B.7 (A.3.17)	6,598	5,017
Total non-current assets		**346,437**	**334,897**
Total assets		**1,305,106**	**1,406,644**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in T€)	Notes	31.12.2022	31.12.2021
Current liabilities			
Current liabilities to banks	B.10 (A.3.18)	0	1,997
Trade liabilities	B.11 (A.3.19)	326,002	316,982
Other current financial liabilities	B.12 (A.3.23)	59,972	64,646
Current employee benefit provisions	B.16 (A.3.20)	47	41
Current other provisions	B.13 (A.3.21)	2,034	2,017
Current contract liabilities	B.4 (A.3.7)	28,581	30,695
Income tax liabilities	B.14 (A.3.22)	9,471	12,660
Other current non-financial liabilities	B.15 (A.3.24)	53,657	39,084
Total current liabilities		**479,764**	**468,122**
Non-current liabilities			
Non-current liabilities to banks	B.10 (A.3.18)	0	12
Other non-current financial liabilities	B.12 (A.3.23)	103,035	99,167
Non-current employee benefit provisions	B.16 (A.3.20)	1,110	1,552
Non-current other provisions	B.13 (A.3.21)	1,449	1,712
Non-current contract liabilities	B.4 (A.3.7)	13,178	11,838
Deferred tax liabilities	B.9 (A.3.15)	11,747	10,172
Other non-current liabilities	B.15 (A.3.24)	2	0
Total non-current liabilities		**130,521**	**124,453**
Shareholders' Equity	B.17		
Issued capital	B.17.1	35,372	38,548
Capital reserves	B.17.2	379,990	376,846
Retained earnings including carryforwards and profit after taxes	B.17.3	279,620	397,789
Other reserves	B.17.4	-471	535
Non-controlling interests		310	351
Total equity		**694,821**	**814,069**
Total liabilities and shareholders' equity		**1,305,106**	**1,406,644**

Consolidated Statement of total Comprehensive Income

(in T€)	Notes	01.01.2022 to 31.12.2022	01.01.2021 to 31.12.2021 (adjusted*)
Revenues	C.1 (A.3.2)	1,292,876	1,285,988
Other operating income	C.2	14,702	8,706
Work performed by the entity and capitalised	C.3	6,769	6,877
Capitalised contract costs	C.4	-937	-1,020
Total output		**1,313,410**	**1,300,551**
Material expenses/cost of purchased services	C.5	-875,502	-875,272
Gross profit		**437,908**	**425,279**
Personnel expenses	C.6	-271,652	-254,966
Depreciation, amortisation, impairment of tangible assets, intangible assets and right-of-use assets	C.7	-55,038	-43,597
Impairment losses for financial assets including reversals of impairment losses		-778	-552
Other operating expenses	C.8	-60,620	-47,209
Operating profit (EBIT)		**49,820**	**78,955**
Interest and similar income	C.9	1,998	1,950
Interest and similar expenses	C.9	-4,599	-3,759
Other financial income	C.10	858	5
Other financial expenses	C.10	-782	-2,337
Foreign currency gains/losses	C.11	-20	22
Profit before income taxes		**47,275**	**74,836**
Income taxes	C.12	-14,899	-26,476
Profit after taxes from continuing operations		**32,376**	**48,360**
Profit after taxes from discontinued operations	C.13	-1,622	224,637
Profit after taxes		**30,754**	**272,997**
of which: attributable to owners of the parent		30,795	272,967
of which: attributable to non-controlling interests	C.14	-41	30
Weighted average shares outstanding (units) undiluted		35,897,465	38,464,554
Weighted average shares outstanding (units) diluted		35,897,465	38,535,530
Earnings per share from continuing operations (undiluted) in €	C.15	**0.90**	**1.26**
Earnings per share from continuing operations (diluted) in €	C.15	**0.90**	**1.25**
Earnings per share from discontinued operations (undiluted) in €	C.15	**-0.05**	**5.84**
Earnings per share from discontinued operations (diluted) in €	C.15	**-0.05**	**5.83**
Earnings per share for profit after taxes attributable to the owners of the parent (undiluted) in €	C.15	**0.86**	**7.10**
Earnings per share for profit after taxes attributable to the owners of the parent (diluted) in €	C.15	**0.86**	**7.08**

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

(in T€)	01.01.2022 to 31.12.2022	01.01.2021 to 31.12.2021
Profit after taxes	**30,754**	**272,997**
Other comprehensive income		
Items subsequently reclassified to profit after taxes (recycled)		
Gains/losses from the currency translation of foreign operations	-1,006	1,719
Items not subsequently reclassified to profit after taxes (not recycled)		
Gains/losses from the remeasurement of defined benefit plans	460	221
Deferred taxes on items that are not reclassified to profit after taxes	-143	-69
Other comprehensive income for the period	**-689**	**1,871**
Total comprehensive income for the period	**30,065**	**274,868**
of which: attributable to owners of the parent	30,106	274,838
of which: attributable to non-controlling interests	-41	30

Consolidated Cash Flow Statement

(in T€)	Notes	01.01.2022 to 31.12.2022	01.01.2021 to 31.12. 2021
Cash flow from operating activities			
Profit after taxes		30,754	272,997
Adjustments			
+ Depreciation, amortisation, impairment of tangible assets, intangible assets and right-of-use assets		55,273	54,384
+ Interest income and other financial income		2,263	4,082
+ Income taxes		14,891	28,173
+/- Changes in non-current provisions		-272	-74
+/- Changes in current provisions		-11	1,024
+/- Gain/loss from disposal of non-current assets/liabilities		-284	-583
+/- Changes in inventories		-15,758	-11,750
+/- Changes in trade receivables, in contract assets, in capitalised contract costs and other assets		-129,271	11,898
+/- Changes in trade payables and other liabilities		10.945	-26,250
- Interest paid		-3,459	-2,851
+/- Income taxes paid/received		-25,686	-24,095
+/- Other non-cash income and expenses		4,742	72
+/- Equity-settled share-based payment transactions		-32	1,372
+/- Profit from the sale of a discontinued operation		2,340	-236,093
Total cash flow from operating activities	D.1	**-53,565**	**72,306**
Cash flow from investing activities			
- Payments from acquisition of subsidiaries		-10,266	-14,283
+ Proceeds from cash acquired in the acquisition of subsidiaries		1,588	732
+ Proceeds from the disposal of a discontinued operation		403	392,907
- Cash outflow from the disposal of a discontinued operation		-1,043	-19,189
- Payments from the acquisition of short-term financial instruments		-1,010	0
- Payments for investments in tangible and intangible assets as well as right-of-use assets		-26,432	-33,150
+ Sales proceeds for tangible and intangible assets as well as for financial investments		651	4,979
+ Interest and dividends received		1,861	172
Total cash flows from investing activities	D.1	**-34,248**	**332,168**

(in T€)	Notes	01.01.2022 to 31.12.2022	01.01.2021 to 31.12.2021
Cash flow from financing activities			
- Payments due to the repurchase of own shares		-117,362	-44,487
+ Proceeds from non-current financial liabilities		0	20
- Payments for the repayment of non-current financial liabilities (including the portion presented as current)		-4	-1,760
- Payments for the repayment of lease liabilities (perspective of the lessee)		-27,477	-21,289
+/- Payments/proceeds resulting from issuing/repayment of current financial liabilities		-1,991	-317
+/- Payments/proceeds resulting from financial liabilities and lease liabilities to leasing companies		11,459	7,532
- Payments for interest on non-current financial liabilities and lease liabilities		-1,114	-1,179
- Dividends paid		-35,372	-28,947
- Payments for the acquisition of non-controlling interests		-31	-42
Total cash flow from financing activities	D.1	**-171,892**	**-90,469**
Net increase (decrease) in cash and cash equivalents		**-259,705**	**314,005**
+/- Effect of exchange rate changes on cash and cash equivalents		-89	589
+/- Cash and cash equivalents, at the beginning of the period		652,965	338,371
Cash and cash equivalents, at the end of the period	D.1	**393,171**	**652,965**
thereof			
Changes in cash and cash equivalents from continuing operations		393,171	652,965
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€
01.01.2021	**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
Changes due to the repurchase of own shares				-47,845				-47,845		-47,845
31.12.2021	**38,548**	**38,548**	**376,846**	**144,870**	**253,565**	**-646**	**535**	**813,718**	**351**	**814,069**
01.01.2022	**38,548**	**38,548**	**376,846**	**144,870**	**253,565**	**-646**	**535**	**813,718**	**351**	**814,069**
Profit after taxes					30,795			30,795	-41	30,754
Other compresensive income					0	317	-1,006	-689	0	-689
Total comprehensive income					**30,795**	**317**	**-1,006**	**30,106**	**-41**	**30,065**
Profit after taxes/retained earnings				223,130	-223,130			0		0
Recognition of share-based payment transactions			-32					-32		-32
Dividend distribution in the business year					-35,372			-35,372	0	-35,372
Change due to the disposal of non-controlling interests				-31				-31		-31
Capital reduction	-3,176	-3,176	3,176	3,176	-3,176			0		0
Changes due to the repurchase of own shares				-113,878				-113,878		-113,878
31.12.2022	**35,372**	**35,372**	**379,990**	**257,267**	**22,682**	**-329**	**-471**	**694,511**	**310**	**694,821**

Notes to the consolidated financial statements

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 2022) 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 2022 to 31 December 2022 (comparative period: 1 January 2021 to 31 December 2021). 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 28 March 2023.

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 together 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€)	31.12.2022	31.12.2021
Shareholding in Duana Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	5	5
Rights of use for land and buildings	11,701	12,400
Leasing liabilities	14,169	15,035
Loan to Duana Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	1,905	1,288

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 shown 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 July 2022, CANCOM SE acquired 100 percent of the shares and 100 percent of the voting rights with a nominal value of T€ 200 in S&L Systemhaus GmbH, T€ 100 in S&L BusinessSolutions GmbH and T€ 25 in S&L ITcompliance GmbH, all based in Mülheim-Kärlich. The date of first-time consolidation was 1 August 2022. This S&L Group is an IT service provider, employed 98 people (including managing directors) at the date of first-time consolidation and generated revenue of T€ 15,472 (HGB) in the financial year 2021. With the acquisition, CANCOM intends to expand its presence in the west of Germany and, in particular, to extend its offering in the areas of managed services, network technologies and IT compliance. The total purchase price comprises a fixed purchase price component to be paid in cash of T€ 10,096 and a variable purchase price component of T€ 1,788. The variable purchase price component is a performance-based component (earn-out) - i.e. conditional payments depending on the total EBIT of the acquired companies for a total of four periods until 31 July 2025. The fair value recognised at the acquisition date amounted to T€ 1,788. As the performance-based component is based on EBIT, the potential maximum payment amount is basically unlimited, with the undiscounted range estimated between T€ 1,581 and T€ 2,635.

The acquisition of the S&L Group resulted in goodwill of T€ 8,268, 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 the expected synergies from the regionally strengthened business activity, especially in connection with offers in the areas of IT security, IT compliance and data protection. In connection with the acquisition, costs of T€ 146 were recognised in the reporting period within the presentation of the result for the period in the item "other operating expenses".

The following table presents the acquired assets and liabilities of the S&L Group as at the date of initial consolidation of 1 August 2022:

(in T€)	Fair values	Book values
Current assets		
Cash and cash equivalents	997	997
Receivables from deliveries and services	1,665	1,665
Current contract assets	36	36
Inventories	18	18
Other current assets	113	113
Total current assets	**2,829**	**2,829**
Non-current assets		
Property, plant and equipment	46	46
Intangible assets	2,537	0
Rights of use	1,017	1,017
Deferred tax assets	234	234
Total non-current assets	**3,834**	**1,297**
Total assets acquired	**6,663**	**4,126**
Current liabilities		
Liabilities from deliveries and services	840	840
Other current financial liabilities	450	450
Current other provisions	19	19
Current contractual liabilities	27	27
Liabilities from income taxes	202	202
Other current liabilities	198	198
Total current liabilities	**1,736**	**1,736**
Long-term debt		
Other non-current financial liabilities	567	567
Non-current other provisions	2	2
Deferred tax liabilities	742	16
Total long-term debt	**1,311**	**585**
Acquired debt, total	**3,047**	**2,321**
Net assets acquired	**3,616**	**1,805**

The gross carrying amount of the trade receivables of the S&L Group recognised at the time of initial consolidation amounts to T€ 1,671; the resulting cash flows are classified as recoverable in almost their entirety at the time of initial consolidation.

The revenue of the S&L Group included in the CANCOM Group's revenue for the reporting period since the date of initial consolidation (1 August 2022) amounts to T€ 4,028; the profit included in the CANCOM Group's profit for the period in the statement of comprehensive income amounts to T€ 65. If the acquisition of the S&L Group had taken place at the beginning of the reporting period (1 January 2022), the CANCOM Group's revenue for the entire reporting period would be T€ 1,298,824; the profit for the reporting period would be T€ 31,086.

In addition, in December 2022 CANCOM SE acquired 100 percent of the shares and 100 percent of the voting rights in NWC Services GmbH, Pforzheim, with a nominal value of T€ 25. The date of initial consolidation was 31 December 2022. NWC Services GmbH is a provider of IT workspace and modern workspace solutions, employed 17 people (including the managing director) at the date of initial consolidation and generated revenue of T€ 2,962 (HGB) in the financial year 2022. With the acquisition, CANCOM intends to expand its offering in the areas of workspace and endpoint management. The total purchase price comprises a fixed purchase price component to be paid in cash of T€ 3,600 and a variable purchase price component of T€ 1,147. The variable purchase price component is a performance-based component (earn out) - i.e. conditional payments depending on the total EBIT of the acquired companies for a total of four periods until 30 September 2025. The fair value recognised at the time of acquisition provisionally amounted to T€ 1,147. 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€ 1,027 and T€ 1,711.

The acquisition of NWC Services GmbH resulted in provisional goodwill of T€ 3,466, which is not deductible for tax purposes and was allocated to the IT Solutions segment. The reason for the recognition of the goodwill is expected synergies in connection with offers from the areas of workspace and endpoint management. In connection with the acquisition, costs of T€ 106 were recognised in the reporting 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 NWC Services GmbH as at the date of initial consolidation, 31 December 2022:

(in T€)	Fair values	Book values
Current assets		
Cash and cash equivalents	591	591
Receivables from deliveries and services	278	278
Inventories	152	152
Other current assets	843	843
Total current assets	**1,864**	**1,864**
Non-current assets		
Property, plant and equipment	6	6
Intangible assets	1,668	0
Rights of use	597	597
Other non-current assets	167	167
Total non-current assets	**2,438**	**770**
Total assets acquired	**4,302**	**2,634**
Current liabilities		
Liabilities from deliveries and services	74	74
Other current financial liabilities	110	110
Current other provisions	14	14
Current contractual liabilities	1,345	1,345
Other current liabilities	255	255
Total current liabilities	**1,798**	**1,798**
Long-term debt		
Other non-current financial liabilities	491	491
Long-term contractual liabilities	215	215
Deferred tax liabilities	517	0
Total long-term debt	**1,223**	**706**
Acquired debt, total	**3,021**	**2,504**
Net assets acquired	**1,281**	**130**

The gross carrying amount of the trade receivables of NWC Services GmbH recognised at the time of initial consolidation amounts to T€ 280; the resulting cash flows are classified as recoverable in almost their entirety at the time of initial consolidation.

In the reporting period, no entries were made in the CANCOM Group's statement of comprehensive income in relation to NWC Services GmbH. If the acquisition of NWC Services GmbH had taken place at the beginning of the reporting period (1 January 2022), the CANCOM Group's revenue for the reporting period would have been T€ 1,294,950; the profit for the reporting period would have been T€ 30,992.

A.2.2.2. Business acquisitions from previous periods

The contingent consideration arising from the acquisition of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH in the comparative period developed as follows in the reporting period:

(in T€)	Anders & Rodewyk The System House for Computer Technologies GmbH
Status 1.1.2022	4,591
Change from derecognition/revaluation	277
Access	0
Disposals/Compensations	-1,180
Status 31.12.2022	**3,688**

A.2.2.3. Company disposals in the reporting period

The sale of HPM Incorporated was completed at the end of August 2022. The disposal resulted from strategic considerations and realignments in relation to the future core geographical markets of the CANCOM Group. As CANCOM will discontinue all of its business activities in the United States of America, this represents a discontinued operation in accordance with IFRS 5. The deconsolidation of HPM Incorporated took place on 1 September 2022 . HPM is allocated to the IT Solutions segment within the CANCOM Group. CANCOM, Inc. will be deconsolidated in the financial year 2023.

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

(in T€)	2022	2021
Revenues	12,624	18,471
Other operating income	1,381	0
Other own work capitalised	0	0
Capitalised contract costs	0	0
Total output	**14,005**	**18,471**
Cost of materials/cost of purchased services	-8,096	-12,655
Gross profit	**5,909**	**5,816**
Personnel expenses	-3,225	-5,158
Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use	-235	-447
Impairment losses on financial assets including reversals of impairment losses	-28	-26
Other operating expenses	-4,291	-1,703
Operating result (EBIT)	**-1,870**	**-1,518**
Interest and similar income	3	0
Interest and similar expenses	-5	-39
Other financial result Income	0	0
Other financial result Expenses	0	0
Currency gains/losses	0	0
Result before income taxes	**-1,872**	**-1,557**
Income taxes	8	-1,940
Profit after tax from discontinued operations	**-1,864**	**-3,497**
of which attributable to shareholders of the parent company	-1,864	-3,497
of which attributable to non-controlling interests	0	0

The item "Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use" for the reporting period includes impairment losses on property, plant and equipment and rights of use of T€ -118. The item "Other operating expenses" for the reporting period includes expenses from the deconsolidation result before income taxes of T€ -2,319 and directly attributable disposal costs (in particular legal and consulting costs) of T€ -227.

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

(in T€)	2022	2021
Cash flow from operating activities	147	-1,289
Cash flow from investing activities	-1,040	-23
Cash flow from financing activities	-171	-278
Net increase/decrease in cash and cash equivalents	**-1,064**	**-1,590**

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

(in T€)	1.9.2022
Purchase price received in cash	0
Cash and cash equivalents lent (derecognised)	-1,043
Other derecognised current assets	-9,007
Derecognised non-current assets	-309
Derecognised current liabilities	6,697
Derecognised non-current liabilities	158
Amounts reclassified from other comprehensive income to profit or loss for the period	1,185
Directly attributable costs of disposal	-227
Deconsolidation result before income taxes	**-2,546**
Income taxes	0
Deconsolidation result after income taxes	**-2,546**

A.2.2.4. Company disposals in the comparative 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 in the comparative 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. Please refer to section D.2.1 of these consolidated financial statements for the allocation and description of the segments.

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

(in T€)	2022	2021
Revenues	0	81,144
Other operating income	0	237,291
Other own work capitalised	0	0
Capitalised contract costs	0	-474
Total output	**0**	**317,961**
Cost of materials/cost of purchased services	0	-30,657
Gross profit	**0**	**287,304**
Personnel expenses	0	-33,772
Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use	0	-10,340
Impairment losses on financial assets including reversals of impairment losses	0	6
Other operating expenses	-1	-14,823
Operating result (EBIT)	**-1**	**228,375**
Interest and similar income	0	186
Interest and similar expenses	0	-354
Other financial result Income	264	167
Other financial result Expenses	0	0
Currency gains/losses	-25	4,724
Result before income taxes	**238**	**233,098**
Income taxes	4	-4,964
Profit after tax from discontinued operations	**242**	**228,134**
of which attributable to shareholders of the parent company	242	228,134
of which attributable to non-controlling interests	0	0

The item "other operating income" of the comparative period includes income from the deconsolidation result before income taxes in the amount of T€ 236,493. The item "other operating expenses" of the comparative period includes directly attributable disposal costs (in particular legal and consulting costs) in the amount of T€ -8,400. The item "personnel expenses" of the comparative period includes directly attributable disposal costs in the amount of T€ -200. The item "income taxes" of the comparative 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€)	2022	2021
Cash flow from operating activities	-1	-1,058
Cash flow from investing activities	403	371,773
Cash flow from financing activities	0	-6,586
Net increase/decrease in cash and cash equivalents	**402**	**364,129**

The cash flow from investing activities in the comparative 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 for the comparative period 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 there were 17 subsidiaries (comparative period: 14 subsidiaries), of which 11 were subsidiaries in Germany and 6 abroad (comparative period: 7 subsidiaries in Germany and 7 abroad).

Due to the acquisition of the S&L Group and the acquisition of NWC Services GmbH (see section A.2.2.1 of these consolidated financial statements), the number of domestic subsidiaries increased by 4 subsidiaries. Due to the sale of HPM Incorporated (see section A.2.2.3 of the present consolidated financial statements), the number of foreign subsidiaries decreased by 1 subsidiary.

The list of shareholdings pursuant to section 313 HGB is part of the notes to the consolidated financial statements and is published together with the consolidated financial statements in the company register.

All fully consolidated subsidiaries included in the consolidated financial statements have a reporting date of 31 December 2022 (comparative period: 31 December 2021).

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/Austria	100.00
CANCOM ICT Service GmbH	Munich	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 financial statements in foreign currencies developed as follows in relation to the euro in the reporting period - and in the comparative period:

Currency	2022	2021
US Dollar (USD)		
Closing rate	1 € = 1.0666 USD	1 € = 1.1326 USD
Average price	1 € = 1.0539 USD	1 € = 1.1835 USD
Swiss Franc (SFR)		
Closing rate	1 € = 0.9847 SFR	1 € = 1.0331 SFR
Average price	1 € = 1.0052 SFR	1 € = 1.0814 SFR

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. Here, the total expenses incurred in the period are compared with the total output of 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 that are 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 the percentage of completion method); as a rule, the input-based cost-to-cost method is used. 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 a principal or agent arises in the sale of software licences purchased from third parties (see section A.3.2.5 of the consolidated financial statements).

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 associated 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. For example, in the reporting period, there were further discussions in the IT industry as to whether revenue from the sale of standard software licences should generally be reported as an agent and therefore net in accordance with IFRS 15.B36. A corresponding request for clarification of the issue was submitted by an industry representative to the International Financial Reporting Interpretations Committee (IFRS IC) in 2021.

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 2020 financial year, CANCOM took the view of acting 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 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 is 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 represented a change in the recognition and measurement methods in the 2021 consolidated financial statements.
From CANCOM's perspective, the change in recognition and measurement methods means that the consolidated financial statements provide 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, because after the change in presentation, the Company's financial position, results of operations or cash flows are not affected by the change in recognition and measurement methods.

- 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 on the recognition of revenue from standard software licences published by the IFRS IC in November 2021. The IASB did not raise any objections to this preliminary agenda decision in May 2022 and thus classified it as final.

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 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 or amortised 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 obligation to perform but the customer has not yet paid the consideration. Unlike receivables, contract assets are contingent 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 shown in the presentation of the result for the period under 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) and 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 back taxes.

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 contingent considerations (see section A.3.30 of the consolidated financial statements).

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 at fair value through profit or loss, financial assets 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, however, depending on the type of hedging relationship, changes in value may also be recognised 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 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 meet 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 reversed through profit or loss (i.e. through the presentation of the result for the period) over the term of the loan.

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 entered into or borrowed in foreign currency (and thus preceded foreign currency transactions in their entries).

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.

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 at the time of acquisition and, as a rule, measured at fair value (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 framework 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.6.5 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. Therefore, 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 2023).

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:

- "Improvements to International Financial Reporting Standards" ("2018-2020 cycle"; published in 2020);
- Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (name of the amendment: "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". Within the scope of the 2018-2020 cycle, a total of four standards (IFRS 1, IFRS 9, IFRS 16, IAS 41) were amended.

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. In addition, the rules on the recognition of contingent liabilities, transfer liabilities and contingent assets entered into in the context of business combinations were specified.

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 2022. 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 2023

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

- IFRS 17 "Insurance Contracts" including amendments to IFRS 17 (title of the last amendment: "First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information");
- 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 amendment: "Deferred taxes relating to assets and liabilities arising from a single transaction").

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.

The amendment to IAS 1 means that in future only the "significant" accounting methods must be presented in the notes. To be material, the accounting policy 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.6.2. Mandatory first-time application in the reporting period 2024

The following pronouncements will be applied for the first time in CANCOM's consolidated financial statements as at 31 December 2024:

- 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);

- Amendment to IFRS 16 "Leases" (name of the amendment: "Lease Liability in a Sale and Leaseback"; EU endorsement not yet effected);

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

The amendment to IFRS 16 concerns the accounting of lease liabilities from sale and leaseback transactions. According to this, a lessee must measure the lease liability following a sale in such a way that no amount is recognised in profit or loss that relates to the retained right of use.

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 reporting structure, error corrections, changes to recognition and measurement methods

In the reporting period, there were no changes in the reporting structure, no corrections of errors and no changes in recognition and measurement methods.

A.7.2. Changes in presentation due to discontinued operation

In connection with the sale of the CANCOM USA Group, the criteria for classifying the disposal group as held for sale were met in June 2022; the sale and deconsolidation took place at the end of August 2022 (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 USA Group represents a discontinued operation in accordance with IFRS 5. CANCOM is discontinuing all of its business activities in the United States of America. 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 were made of earnings components attributable to the discontinued operation (earnings components of the discontinued subsidiaries; deconsolidation result; directly attributable disposal costs; other income and expenses directly attributable to the discontinued operation) 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.7.3. 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 profit or loss for the period) have been adjusted for the period from 1 January 2021 to 31 December 2021 due to the matters described in section A.7.2:

(in T€)	1.1.2021 to 31.12.2021 (adjusted)	1.1.2021 to 31.12.2021 (before adjustment)	Adjustment discontinued operation
Revenues	1,285,988	1,304,459	-18,471
Other operating income	8,706	8,706	0
Other own work capitalised	6,877	6,877	0
Capitalised contract costs	-1,020	-1,020	0
Cost of materials/cost of purchased services	-875,272	-887,927	12,655
Personnel expenses	-254,966	-260,124	5,158
Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use	-43,597	-44,044	447
Impairment losses on financial assets including reversals of impairment losses	-552	-578	26
Other operating expenses	-47,209	-48,912	1,703
Interest and similar income	1,950	1,950	0
Interest and similar expenses	-3,759	-3,798	39
Other financial result Income	5	5	0
Other financial result Expenses	-2,337	-2,337	0
Currency gains/losses	22	22	0
Income taxes	-26,476	-28,416	1,940
Result from discontinued operations	224,637	228,134	-3,497

B. Notes to the consolidated balance sheet

B.1. Cash and cash equivalents

Cash and cash equivalents exclusively include bank balances due at any time and cash in hand. In the reporting period, restricted bank balances amounting to T€ 1,010 were reported in the balance sheet item "other current financial assets".

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

In view of the sale of HPM Incorporated in the reporting period (see section A.2.2.3 of the consolidated financial statements for further details), the criteria for classification as "held for sale" were met in June 2022. The sale took place at the end of August 2022 with deconsolidation on 1 September 2022. 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" do not contain any assets or liabilities of the disposal group due to the complete sale and deconsolidation.

With regard to the sale of the CANCOM UK Group in the comparative period (see section A.2.2.4 of the consolidated financial statements for further details), 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 comparative 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€)	31.12.2022	31.12.2021
Gross book value (before value adjustments)	410,853	300,472
Value adjustments	-1,677	-1,356
Trade receivables, balance sheet disclosure	**409,176**	**299,116**

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.	298,862	1,610	300,472
Changes in the scope of consolidation	-2,021	0	-2,021
Transfer to level 3	-2,404	2,404	0
Transfer to level 2	21	-21	0
Addition of new receivables	336,996	199	337,195
Derecognition due to settlement of receivables	-223,554	-810	-224,364
Derecognition due to write-off of receivables	-31	-398	-429
Gross book value as at 31.12.	**407,869**	**2,984**	**410,853**

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.	563	793	1,356
Changes in the scope of consolidation	-6	0	-6
Transfer to level 3	-48	48	0
Transfer to level 2	4	-4	0
Revaluation of the value adjustment (addition, release)	149	442	591
Derecognition due to write-off of receivables	-1	-263	-264
Value adjustments as at 31.12.	**661**	**1,016**	**1,677**

The amount of T€ -778 (comparative period restated: T€ -552; before restatement: T€ -578) recognised in the statement of comprehensive income in the reporting period under the item "Impairment losses on financial assets including reversals of impairment losses" comprises the amounts included in the previous table for the revaluation of the allowance of T€ -591 (comparative period restated: T€ -355; before restatement: T€ -365) and for the derecognition due to the write-off of receivables of T€ 264 (comparative period: T€ 151); it also includes losses from the derecognition/write-off of receivables of T€ -447 (comparative period restated: T€ -397; before restatement: T€ -413), gains due to cash inflows from receivables already written off/written down of T€ 5 (comparative period: T€ 77) and impairments on receivables from finance leases of T€ -9 (comparative period: T€ -28).

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€)	31.12.2022	31.12.2021
Current contract assets	1,684	2,296
Contract assets, balance sheet disclosure	**1,684**	**2,296**

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€)	31.12.2022	31.12.2021
Current contractual liabilities	28,581	30,695
Long-term contractual liabilities	13,178	11,838
Contractual liabilities, balance sheet disclosure	**41,759**	**42,533**

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€)	31.12.2022	31.12.2021
Capitalised short-term contract costs	937	937
Capitalised long-term contract costs	234	1,171
Capitalised contract costs, balance sheet disclosure	**1,171**	**2,108**

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€ 0) as contract performance costs. The capitalised contract initiation costs relate to three projects (comparative period: three projects) that are allocated to the Cloud Solutions segment. The capitalised contract fulfilment costs relate to one project (comparative period: one project) allocated to the Cloud Solutions segment. In the reporting period, amortisation of capitalised contract initiation costs of T€ 576 (comparative period: T€ 659) and contract fulfilment costs of T€ 361 (comparative period: T€ 361) was recognised.

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€)	31.12.2022	31.12.2021
Finished goods, merchandise, raw materials and supplies	82,694	71,848
Prepayments made	281	300
Inventories, balance sheet disclosure	**82,975**	**72,148**

The cost of finished goods, merchandise and raw materials and supplies amounted to T€ 798,111 in the reporting period (comparative period adjusted: T€ 801,841; before adjustment: T€ 813,418).

In the reporting period, inventories of finished goods and merchandise were impaired by T€ 4,742 (prior-year period: T€ 246) due to over-reaching, obsolescence, reduced marketability or subsequent costs. In the reporting period there was an unusually high impairment due to obsolescence because CANCOM had built up inventories in previous periods to compensate for long delivery times. This arose against the background of the exceptional supply chain bottlenecks - caused by the Corona pandemic - in relation to IT goods.

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€)	31.12.2022	31.12.2021
Receivables from finance leases	27,176	22,010
Bonus claims against suppliers	12,345	9,520
Creditors with debit balances	4,093	589
Receivables from time deposits	1,010	44
Purchase price receivables from company disposals	694	858
Demands on workers	125	56
Actuarial reserve in the form of reimbursement rights	0	100
Other current financial assets, balance sheet disclosure	**45,443**	**33,177**

Other non-current financial assets are composed as follows:

(in T€)	31.12.2022	31.12.2021
Receivables from finance leases	25,632	18,592
Receivables from companies in which a participating interest is held	1,905	1,288
Receivables from deposits	316	343
Assets from employee benefits	82	72
Other non-current financial assets, balance sheet disclosure	**27,935**	**20,295**

B.7. Other assets

Other current assets break down as follows:

(in T€)	31.12.2022	31.12.2021
Accrued expenses	13,887	7,937
Receivables from tax overpayments	10,799	2,904
Receivables from insurance benefits	176	246
Receivables from commission income	0	5
Receivables from social security institutions	0	2
Other receivables	421	14
Other current assets, Balance sheet disclosure	**25,283**	**11,108**

Other non-current assets are composed as follows:

(in T€)	31.12.2022	31.12.2021
Accrued expenses	6,598	5,017
Other non-current assets, Balance sheet disclosure	**6,598**	**5,017**

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€)	**As at 1.1.2022**	**Currency differences 2022**	**Additions from first cons. 2022**	**Additions 2022**	**Disposals from decons. 2022**	**Departures 2022**	**Rebookings 2022**	**As at 31.12.2022**
Property, plant and equipment								
Motor vehicles	20,393	2	0	1	30	2,260	0	18,106
Land and buildings	3,357	0	1	465	0	17	0	3,806
IT data centres	33,380	0	0	4,108	0	169	0	37,319
UCC communication systems	1,233	0	0	0	0	0	0	1,233
Rental assets	294	0	0	68	0	0	0	362
Operating equipment for logistics centre	691	0	0	0		228	0	463
Other operating and office equipment	41,237	72	49	5,726	1,391	2,433	37	43,297
Total property, plant and equipment	**100,585**	**74**	**50**	**10,368**	**1,421**	**5,107**	**37**	**104,586**
Intangible assets (excluding goodwill)								
Purchased and self-developed software	88,285	9	0	16,066	178	8,680	-37	95,465
Customer bases, order backlogs, other items from company acquisitions	37,396	0	4,205	0	0	8,859	0	32,742
Total intangible assets (excluding goodwill)	**125,681**	**9**	**4,205**	**16,066**	**178**	**17,539**	**-37**	**128,207**
Goodwill	**145,596**	**715**	**11,734**	**0**	**13,893**	**0**	**0**	**144,152**
Rights of use								
Rights of use for land and buildings	93,561	43	873	7,886	864	1,623	0	99,876
Rights of use for operating and office equipment	4,895	1	122	736	1	256	0	5,497
Rights of use for motor vehicles	11,325	0	619	4,374	0	861	0	15,457
Total rights of use	**109,781**	**44**	**1,614**	**12,996**	**865**	**2,740**	**0**	**120,830**
Financial assets and loans	**5**	**0**	**0**	**0**	**0**	**0**	**0**	**5**
Total	**481,648**	**842**	**17,603**	**39,430**	**16,357**	**25,386**	**0**	**497,780**

DEPRECIATION							BOOK VALUES	
As at 1.1.2022	**Currency differences 2022**	**Additions 2022**	**Appreciation 2022**	**Disposals from decons. 2022**	**Departures 2022**	**As at 31.12.2022**	**As at 31.12.2022**	**As at 31.12.2021**
15,429	2	2,523	0	30	2,060	15,864	2,242	4,964
975	0	302	0	0	9	1,268	2,538	2,382
21,399	0	4,856	0	0	169	26,086	11,233	11,981
1,025	0	124	0	0	0	1,149	84	208
60	0	171	0	0	0	231	131	234
580	0	100	0	0	227	453	10	111
20,396	65	5,688	0	1,329	2,394	22,426	20,871	20,841
59,864	**67**	**13,764**	**0**	**1,359**	**4,859**	**67,477**	**37,109**	**40,721**
33,298	9	22,696	0	178	8,559	47,266	48,199	54,987
27,892	0	4,504	0	0	8,860	23,536	9,206	9,504
61,190	**9**	**27,200**	**0**	**178**	**17,419**	**70,802**	**57,405**	**64,491**
32,145	**715**	**0**	**0**	**13,893**	**0**	**18,967**	**125,185**	**113,451**
20,274	39	9,966	0	841	1,623	27,815	72,061	73,287
1,958	1	1,290	0	1	256	2,992	2,505	2,937
3,779	0	2,967	0	0	861	5,885	9,572	7,546
26,011	**40**	**14,223**	**0**	**842**	**2,740**	**36,692**	**84,138**	**83,770**
0	**0**	**0**	**0**		**0**	**0**	**5**	**5**
179,210	**831**	**55,187**	**0**	**16,272**	**25,018**	**193,938**	**303,842**	**302,438**

Development of the Group's fixed assets

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

	ACQUISITION/PRODUCTION COSTS							
(in T€)	**As at 1.1.2021**	**Currency differences 2021**	**Additions from first cons. 2021**	**Additions 2021**	**Disposals from decons. 2021**	**Departures 2021**	**Rebookings 2021**	**As at 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	1.233
Rental assets	29	0	0	387	0	122	0	294
Operating equipment for logistics centre	1.180	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, other items from company acquisitions	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	
As at 1.1.2021	**Currency differences 2021**	**Additions 2021**	**Appreciation 2021**	**Disposals from decons. 2021**	**Departures 2021**	**As at 31.12.2021**	**As at 31.12.2021**	**As at 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**		**188**	**0**	**5**	**5**
202.377	**2.421**	**54.384**	**-12**	**44.410**	**35.550**	**179.210**	**302.438**	**417.744**

B.8.1. Property, plant and equipment

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

(in T€)	31.12.2022	31.12.2021
IT data centres	11,233	11,980
Land and buildings	2,538	2,381
Motor vehicles	2,242	4,964
Rent assets	131	235
UCC communication systems	84	208
Operating equipment for the logistics centre	10	111
Other operating and office equipment	20,871	20,842
Property, plant and equipment, balance sheet disclosure	**37,109**	**40,721**

B.8.2. Intangible assets (excluding goodwill)

Intangible assets (excluding goodwill) break down as follows:

(in T€)	31.12.2022	31.12.2021
Software acquired against payment	40,822	43,162
Customer bases	8,585	9,354
Order books	362	150
Self-created software	7,378	11,825
Other intangible assets resulting from company acquisitions	258	0
Intangible assets (excluding goodwill), balance sheet disclosure	**57,405**	**64,491**

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 three years.

The customer bases and order backlogs are based on company acquisitions made in the reporting period and in previous periods. The items are depreciated according to schedule over their respective expected useful lives. The customer bases have an average remaining useful life of ten years, the order backlogs have an average remaining useful life of three years.

The item "Internally generated software" mainly includes the AHP Private Cloud Platform in the amount of T€ 4,633 (comparative period: T€ 8,218), which is amortised on a scheduled basis over its expected useful life. The average remaining useful life is three years. In the reporting period, an impairment loss of T€ 2,965 was recognised in relation to an AHP product variant. The impairment arose because the distribution of this AHP product variant was discontinued at the end of the reporting period and the recoverable amount to be compared to the residual book value of T€ 2,965 in the form of the value in use was T€ 0.

The item "other intangible assets resulting from company acquisitions" includes a favourable rental agreement as well as product-specific software.

B.8.3. Goodwill

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

(in T€)	31.12.2022	31.12.2021
CANCOM Managed Services GmbH	58.159	58.159
CANCOM GmbH	44.004	44.004
- thereof IT Solutions	36.852	36.852
- thereof Cloud Solutions	7.152	7.152
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
S&L Group	8.268	0
NWC Services GmbH	3.466	0
Goodwill, balance sheet disclosure	**125.185**	**113.451**

The S&L Group and NWC Services GmbH were acquired during the reporting period; see the explanations in section A.2.2.1 of the consolidated financial statements.

Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH was merged into CANCOM GmbH in the comparative 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'.

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 seven 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 31.12.2022 in T€**	**Turnover growth in % for 2023**	**Average sales growth in % for 2024-2027**	**Pre-tax discount rate in %**	**After-tax discount rate in %**
CANCOM Managed Services GmbH	58,159	-3.62 (1.39)	9.99 (8.94)	14.35 (9.67)	10.48 (6.97)
CANCOM GmbH IT Solutions	36,852	8.53 (10.99)	6.45 (4.23)	13.78 (9.77)	10.19 (6.94)
CANCOM GmbH Cloud Solutions	7,152	8.53 (10.99)	6.45 (4.23)	13.78 (9.77)	10.19 (6.94)
CANCOM Public Group	7,049	37.27 (14.36)	6.29 (4.00)	14.41 (9.95)	10.19 (6.94)
CANCOM ICT Service GmbH	2,522	-28.49 (-11.28)	8.87 (7.62)	13.82 (9.68)	10.19 (6.94)
CANCOM a + d IT solutions GmbH	1,717	-4.39 (-3.05)	6.31 (4.22)	13.52 (9.25)	10.24 (6.94)
S&L Group	8,268	5.55 (n.a.)	7.50 (n.a.)	13.89 (n.a.)	10.19 (n.a.)

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 interest rates used in the reporting period were 2.39 percent (comparative period: between 0.12 percent and 1.93 percent); a market risk premium of 7.5 percent (comparative period: 7.75 percent) was uniformly 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 "CANCOM GmbH IT Solutions" the recoverable amount exceeded the carrying amount by T€ 3,650 at the end of the reporting period. It was examined whether an impairment of goodwill would have been necessary in the event of lower revenue growth and a higher discount rate. The sensitivity analyses showed that if the average revenue growth for the period 2024 to 2027 had been 0.62 percent lower on an absolute basis or the discount rate had been 0.75 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 deferred tax assets of the reporting period and the comparative period developed as follows:

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 losses carryforwards (in T€)
Status 1.1.2022	5,931	45
Addition from capitalisation not affecting net income due to first-time consolidation	234	0
Disposal from deconsolidation not recognised in profit or loss	-139	0
Addition from recognition of actuarial losses from pension provisions directly in equity with no effect on profit or loss	-143	0
Tax expense/income in the result for the period	1,884	9
Currency differences recognised directly in equity	7	0
Status 31.12.2022	**7,774**	**54**
Status 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 31.12.2021	**5,931**	**45**

In the reporting period, the CANCOM Group had corporation tax loss carryforwards of T€ 1,553 (comparative period: T€ 1,488) and trade tax loss carryforwards of T€ 316 (comparative period: T€ 216). The amount of unused losses for which no deferred tax asset was recognised in the balance sheet was T€ 1,485 in the reporting period (comparative period: T€ 1,449). No amounts of these unrecognised tax loss carryforwards 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 differences in other financial liabilities (IFRS 16) in the amount of T€ 28,890 (comparative period: T€ 28,798), in rights of use (IFRS 16) in the amount of T€ -25,546 (comparative period: T€ -25,745), in property, plant and equipment in the amount of T€ 2,178 (comparative period: T€ 759), in intangible assets in the amount of T€ 1,050 (comparative period: T€ 813), in other liabilities in the amount of T€ 346 (comparative period: T€ 218), in pension provisions in the amount of T€ 267 (comparative period: T€ 460), in inventories in the amount of T€ 242 (comparative period: T€ 33), in other provisions in the amount of T€ 207 (comparative period: T€ 309), in other financial assets in the amount of T€ 59 (comparative period: T€ 45), in trade receivables T€ 47 (comparative period: T€ 0), in other financial liabilities T€ 3 (comparative period: T€ 196), in contractual liabilities T€ 0 (comparative period: T€ 42) and in other balance sheet items T€ 31 (comparative period: T€ 3).

In the reporting period, the deferred tax assets added through initial consolidation without affecting profit or loss mainly relate to intangible assets in the amount of T€ 234 (comparable period: intangible assets in the amount of T€ 0. The deferred tax assets disposed of through deconsolidation with no effect on profit or loss mainly relate to property, plant and equipment in the amount of € 78 and contract liabilities in the amount of T€ 43 (comparable period: property, plant and equipment in the amount of T€ 518).

In the reporting period, impairment losses on deferred tax assets from loss carryforwards amounting to T€ 0 (comparative period: T€ 392) and impairment losses on deferred tax assets from temporary differences amounting to T€ 0 (comparative period: T€ 2,260) 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 1.1.2022	10,172
Additions from liabilities recognised directly in equity due to first-time consolidation	1,259
Disposal from deconsolidation not recognised in profit or loss	-139
Tax expense/income in the result for the period	448
Currency differences recognised directly in equity	7
Status 31.12.2022	**11,747**
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**

Deferred tax liabilities are formed on deviations from the tax balance sheets. In the reporting period, they resulted from other financial assets of T€ 3,803 (comparative period: T€ 1,686), from the recognition and revaluation of intangible assets of T€ 3,266 (comparative period: T€ 3,215), from deviations from software development costs of T€ 2,294 (comparative period: T€ 3,680), from trade receivables of T€ 1.020 (comparative period: T€ 100), from financial assets amounting to T€ 368 (comparative period: T€ 370), from capitalised contract costs amounting to T€ 364 (comparative period: T€ 659), from trade payables amounting to T€ 343 (comparative period: T€ 0), from property, plant and equipment (IFRS 16) amounting to T€ 907 (comparative period: T€ 1.279), from other financial liabilities (IFRS 16) of T€ -479 (comparative period: T€ -1,192), from rights of use (IFRS 16) of T€ -301 (comparative period: T€ 0), from other provisions of T€ 95 (comparative period: T€ 61), from contract assets of T€ 67 (comparative period: T€ 182), from other assets of T€ 0 (comparative period: T€ 121) and from other liabilities of T€ 0 (comparative period: T€ 11).

In the reporting period, the deferred tax liabilities recognised directly in equity through initial consolidation mainly relate to intangible assets in the amount of T€ 1,243 (comparable period: intangible assets in the amount of T€ 1,998). The deferred tax liabilities disposed of through deconsolidation with no effect on profit or loss mainly relate to other assets in the amount of T€ 127 in the reporting period (comparable period: intangible assets in the amount of T€ 4,030).

For the presentation of differences from initial 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€ 2,429 (comparative period: T€ 1,840).

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 21.0 percent (Slovakian subsidiary) to 31.1 percent (subsidiaries with branches in Aachen, Hanover, Cologne and Munich, among others).

B.10. Liabilities to credit institutions

The current liabilities to banks are as follows:

(in T€)	31.12.2022	31.12.2021
Other current liabilities	0	1,997
Current liabilities to credit institutions, balance sheet disclosure	**0**	**1,997**

Non-current liabilities to banks break down as follows:

(in T€)	31.12.2022	31.12.2021
Other long-term loans	0	12
Long-term liabilities to credit institutions, balance sheet disclosure	**0**	**12**

B.11. Liabilities from deliveries and services

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

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€)	31.12.2022	31.12.2021
Leasing liabilities	30,912	22,348
Financial liabilities to leasing companies	8,341	9,564
Accounts receivable with credit balances	8,204	5,458
Purchase price liabilities of CANCOM SE for the acquisition of shares in affiliated companies	6,580	1,230
Financial liabilities to financial service providers	4,758	20,974
Outstanding cost accounts	434	489
Supervisory Board Remuneration	308	312
Liabilities for interest and bank charges	237	293
Derivatives financial liabilities	198	583
Liabilities from share buybacks	0	3,395
Other current financial liabilities, balance sheet disclosure	**59,972**	**64,646**

Other non-current financial liabilities are composed as follows:

(in T€)	31.12.2022	31.12.2021
Leasing liabilities	92,676	84,717
Financial liabilities to leasing companies	5,204	11,089
Purchase price liabilities of CANCOM SE for the acquisition of shares in affiliated companies	5,155	3,361
Other non-current financial liabilities, balance sheet disclosure	**103,035**	**99,167**

B.13. Provisions (without pension provisions)

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

(in T€)	As at 1.1.2022	To-from initial cons.	Consumption	Resolution	Feed	As at 31.12.2022
Anniversary provisions	1,475	0	0	203	0	1,272
Severance pay, salaries	1,598	19	1,170	0	677	1,124
Acquisition costs	492	9	471	18	830	842
Archiving costs	66	7	0	0	12	85
Warranties	17	0	17	0	75	75
Share-based payments	48	0	0	27	9	30
Other	33	0	22	0	44	55
	3,729	**35**	**1,680**	**248**	**1,647**	**3,483**

The total amount of provisions shown in the previous table includes non-current provisions of T€ 1,449 (comparative period: T€ 1,712), which are shown under the item "non-current other provisions". They mainly relate to anniversary provisions of T€ 1,166 (comparative period: T€ 1,391), provisions for severance payments and salaries of T€ 163 (comparative period: T€ 208) and provisions for archiving costs of T€ 66 (comparative period: T€ 54).

The cash outflows of the jubilee benefits are expected within a period until 2062 (comparative period: 2061). 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€)	31.12.2022	31.12.2021
VAT liabilities	27,973	16,114
Liabilities for royalties and employee bonuses	16,019	14,513
Liabilities for wage and church tax	3,762	3,495
Liabilities for holiday and overtime	3,205	2,362
Liabilities to employers' liability insurance associations	958	935
Liabilities for wages and salaries	639	587
Liabilities for social security	545	603
Liabilities from levies on severely disabled persons	372	360
Credit card liabilities	93	69
Travel expense liabilities	17	10
Prepaid expenses	11	0
Other liabilities	63	36
Other current liabilities, balance sheet disclosure	**53,657**	**39,084**

The other non-current liabilities are as follows:

(in T€)	31.12.2022	31.12.2021
Prepaid expenses	2	0
Other non-current liabilities, balance sheet disclosure	**2**	**0**

B.16. Pension provisions

The pension obligations recognised in the balance sheet in the amount of T€ 1,075 (previous year: T€ 1,550) 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€ 1,157 (comparable period: T€ 1,593) and the net asset value from pension plans amounts to T€ 82 (comparable period: T€ 43). The current portion of the net pension liability is T€ 47 (comparative period: T€ 41).

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€)	2022	2021
Change in pension obligation		
Status of defined benefit obligation as at 1.1.	3,938	4,132
Service cost: Present value of entitlements earned in the period	4	6
Remeasurements: actuarial gains (-) and losses (+) from		
- Changes in financial assumptions	-1,142	-199
- Changes in experience-based correction	57	-6
Interest expense	43	33
Pension payments	-51	-28
Status of defined benefit obligation as at 31.12.	**2,849**	**3,938**
Change in plan assets		
Fair value of plan assets as at 1.1.	2,388	2,200
Revaluations: Gains and losses excluding interest income	-336	17
Interest income	27	18
Contributions made by the employer (payments into plan assets)	4	156
Pension payments from the plan assets	-20	-3
Fair value of plan assets as at 31.12.	**2,063**	**2,388**
Influence of the asset ceiling without interest income	-289	0
Net book value of plan assets as at 31.12.	**1,774**	**2,388**
Composition		
Defined benefit obligation as at 31.12.	2,849	3,938
Fair value of plan assets as at 31.12.	-2,063	-2,388
	786	**1,550**
Influence of the asset ceiling	289	0
Pension obligation recognised in the balance sheet as at 31.12.	1,075	1,550
thereof		
Net asset value from pension plans	-82	-43
Net liability from pension plans	1,157	1,593

The plan assets consist of pension fund assets and reinsurance policies independently managed by various providers. The plan assets consist of fund assets, which have a fair value of T€ 1,412 at the end of the reporting period (comparison period: T€ 1,403) and are invested in reinsurance policies, as well as direct reinsurance policies, which have a fair value of T€ 651 at the end of the reporting period (comparison period: T€ 985). The fund assets show an excess cover in the reporting period, but T€ 289 of this is not recognised as an asset, as CANCOM has no future economic benefit in the form of a refund for paid-in contributions. CANCOM's management reviews at regular intervals, on the basis of 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:

	2022 (in %)	2021 (in %)
Interest rate	3.75	1.10
Salary trend	0.00	0.00
Pension dynamics	1.62	1.31

The biometric calculation bases were taken from the Heubeck mortality tables 2018G. The salary-dependent commitments granted in addition to the fixed pension commitments are capped by a contractual classification to a maximum amount 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 13.5 years (comparative period: 16.5 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:

	2022 (in T€)	2021 (in T€)
Current service cost	4	6
Gains (-) or losses (+) from revaluations	-460	-222
Net interest income (-)/expense (+)	16	15
	-440	**-201**

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 2022 in %	Sensitivity 2021 in %
Interest rate	+1.00	-11.75	-14.51
	-1.00	14.44	18.43
Salary trend	+0.50	0.00	0.00
	-0.50	0.00	0.00
Pension dynamics	+0.25	2.16	2.64
	-0.25	-2.06	-2.50

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

In the reporting period, expenses for pension obligations amounting to T€ 22 (comparative period: T€ 20) and contributions to plan assets amounting to T€ 4 (comparative period: T€ 101) are expected for the following year. Furthermore, net pension payments of T€ 47 (comparison period: T€ 41) are expected for the following year of the reporting period.

In the reporting period, the recognised expenses for defined contribution plans amount to T€ 428 (comparative period: T€ 378).

B.17. Equity

B.17.1. Subscribed capital

The Company's share capital was last reduced by 8.24 percent in July 2022 through the withdrawal of 3,176,151 no-par value bearer shares. As at 31 December 2022, the share capital of CANCOM SE amounted to T€ 35,372 (comparative period: T€ 38,548) in accordance with the Articles of Association and was divided into 35,371,850 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 Company's Authorised Capital (Authorised Capital I/2018) totals T€ 7,009 as at 31 December 2022 (as at 31 December 2020: € 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 € 7,009,000 (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 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 paragraph 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 paragraph 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 2020 amounts to T€ 7,009 in accordance with the Articles of Association. As at 31 December 2022, 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 and in the comparative period.

In accordance with the Articles of Association, the conditional capital amounts to T€ 1,500 as at 31 December 2022 and 31 December 2021 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 (2022) and in the comparative period (2021), 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

On 26 June 2019, the Annual General Meeting 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. In the period from 1 January 2022 up to and including 17 June 2022, a total of 2,390,204 treasury shares were acquired. Thus, a total of 3,176,151 treasury shares were acquired during the entire term of the share buyback programme between 20 October 2021 and 17 June 2022. Based on the number of shares in the share capital at the time the authorisation became effective (35,043,638), this corresponds to 9.06 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 8.24 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 paragraph 1 (a) of Regulation (EU) No 596/2014 in conjunction with article 2 paragraph 1 of Delegated Regulation (EU) 2016/1052. In 2021, a total of treasury shares with a market value of T€ 47,763 were repurchased. In 2022, a total of treasury shares with a market value of T€ 113,682 were repurchased. During the entire term of the share buyback programme from 20 October 2021 to 17 June 2022, a total of treasury shares with a market value of T€ 161,445 were repurchased; this corresponded to an average share price of € 50.83 (volume-weighted; excluding transaction costs). The amount paid was posted in full as a reduction in retained earnings. Furthermore, transaction costs from the purchase of treasury shares amounting to T€ 284 in the reporting period and T€ 119 in the comparable period were recognised as a reduction in retained earnings.

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 comparative 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 2022. Furthermore, no treasury shares were used to fulfil remuneration agreements or offered for purchase to employees and members of the Executive Board in the reporting period or the comparable period. Rather, during the reporting period, the share capital was reduced by T€ 3,176 to € 35,371,850.00 through the cancellation of 3,176,151 no-par value shares with effect from 18 July 2022. The announcement pursuant to section 49 paragraph 1 sentence 1 number 2 of the German Securities Trading Act (WpHG) regarding the retirement of treasury shares for the purpose of reducing the share capital was published in the Federal Gazette on 21 July 2022.

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 decreased due to the recognition of share-based payments in the amount of T€ 32 (comparative period: increase of T€ 1,372). Furthermore, the capital reserve increased by T€ 3,176 in the reporting period due to the reduction of the share capital in July 2022.

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€ 35,372 or € 1.00 per share was distributed as a dividend in 2022 from the retained earnings of CANCOM SE's 2021 financial statements (comparative period: T€ 28,911 or € 0.75 per share).

In the reporting period, T€ 244,509 was transferred to retained earnings from the net retained profits of the 2021 annual financial statements of CANCOM SE (comparative period: T€ 19,992 from the net retained profits of the 2020 annual financial statements of CANCOM SE) and withdrawals of T€ 21,379 were made from other retained earnings (comparative period: T€ 0).

In addition, gains (after taking into account deferred taxes) of T€ 317 (comparative period: gains of T€ 152) 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 or losses from the currency translation of foreign operations (including gains or 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 losses of T€ 471 (at the end of the comparative period: gains of T€ 535) were recognised in equity.

In the reporting period, currency gains of T€ 1,185 (comparative period: T€ 6,003) 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. 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. To meet the objective, 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 amending contracts entered into as lessees.

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 31.12.2022	Status 31.12.2021
Equity	million €	694.8	814.1
Equity in % of total capital	%	53.2	57.9
Debt capital	million €	610.3	592.6
Debt capital in % of total capital	%	46.8	42.1
Total capital (equity plus debt)	million €	1,305.1	1,406.6

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. Revenue

The revenue for the reporting period and the comparative period breaks down as follows:

(in T€)	2022	2021 (adjusted*)	2021 (before adjustment)
from the sale of goods	911,808	927,306	942,733
from the provision of services	381,068	358,682	361,726
Total	**1,292,876**	**1,285,988**	**1,304,459**
thereof from the sale of goods			
Attributable to the Cloud Solutions segment	107,101	70,608	70,608
Attributable to the IT Solutions segment	804,707	856,699	872,125
of which from the provision of services			
Attributable to the Cloud Solutions segment	179,687	167,795	167,795
Attributable to the IT Solutions segment	201,381	190,887	193,931

(in T€)	2022	2021 (adjusted*)	2021 (before adjustment)
Revenue from contracts with customers	1,268,835	1,279,902	1,298,372
Leasing income	24,041	6,087	6,087
Total	**1,292,876**	**1,285,988**	**1,304,459**

*) 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€)	2022	2021 (adjusted*)	2021 (before adjustment)
Timing of revenue recognition			
Products transferred at one time	887,767	921,220	936,646
Products and services transferred over a period of time	381,068	358,682	361,726
Total	**1,268,835**	**1,279,902**	**1,298,372**
thereof			
Attributable to the Cloud Solutions segment	290,866	243,623	243,623
Attributable to the IT Solutions segment	977,969	1,036,278	1,054,749

*) 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€ 425,558 (comparative period: T€ 248,057). Of this amount, an amount of T€ 151,268 (comparative period: T€ 108,589) is expected to be realised in the financial year 2023 (comparative period: 2022), an amount of T€ 265,838 (comparative period: T€ 121,002) in the financial years 2024 to 2026 (comparative period: in the financial years 2023 to 2025) and an amount of T€ 8,452 (comparative period: T€ 18,466) in the financial year 2027 or later (comparative period: in the financial year 2026 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€)	2022	2021
Operating currency gains	9,993	1,880
Income from subleases	2,830	2,627
Income unrelated to the accounting period	1,558	4,116
Income from government grants	216	0
Income from reimbursement of damages	17	3
Rental income	10	22
Other operating income	78	58
Total	**14,702**	**8,706**

Income unrelated to the accounting period in the reporting period and the comparative period includes income from the write-off of accounts receivable with credit balances in the amount of T€ 851 (comparative period: T€ 1), income from the sale of fixed assets in the amount of T€ 465 (comparative period: T€ 720), income from the sale of fixed assets of T€ 465 (comparable period: T€ 720), income from the reversal of provisions of T€ 50 (comparable period: T€ 38) and income from the sale of assets and liabilities classified as held for sale of T€ 0 (comparable period: T€ 2,211).

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 - with 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 in turn to CANCOM customers (see section A.3.27 of the consolidated financial statements).

Since the 2020 financial year, 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 trade 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). Furthermore, this item also includes income from performance-related grants.

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€)	2022	2021
Capitalised development costs	1.965	2.340
Own work capitalised in connection with acquired intangible assets	4.804	4.487
Own work capitalised in connection with acquired property, plant and equipment	0	50
Total	**6.769**	**6.877**

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 T€ -576 (comparative period: T€ -659) 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 T€ -361 (comparative period: T€ -361) was recognised in capitalised contract costs as contract performance costs. In the reporting period and in the comparative period, the amounts recognised resulted exclusively from the reversal of contract performance costs capitalised in previous periods.

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€ 798,111 (comparative period adjusted: T€ 801,841; before adjustment: T€ 813,418) and the cost of purchased services from the core business of T€ 72,649 (comparative period adjusted: T€ 73,185; before adjustment: T€ 74,263). In addition, impairments on inventories amounting to T€ 4,742 (comparable period: T€ 246) were recognised.

C.6. Personnel expenses

The personnel expenses of the reporting period and the comparative period are made up as follows:

(in T€)	2022	2021 (adjusted*)	2021 (before adjustment)
Wages and salaries	-230,450	-215,069	-219,759
Social charges	-40,821	-38,093	-38,561
Expenses for retirement benefits	-431	-384	-384
Equity-settled share-based payment transactions	32	-1,372	-1,372
Share-based payments with cash settlement	18	-48	-48
Total	**-271,652**	**-254,966**	**-260,124**

*) 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€)	2022	2021 (adjusted*)	2021 (before adjustment)
Scheduled depreciation of property, plant and equipment	-13,705	-14,319	-14,494
Impairments on property, plant and equipment	0	0	0
Scheduled amortisation of software	-18,658	-10,368	-10,371
Impairments on software	-4,038	0	0
Scheduled amortisation of rights of use	-14,133	-12,711	-12,980
Impairments on rights of use	0	0	0
Scheduled amortisation on customer bases etc.	-4,504	-6,199	-6,199
Impairments on customer bases etc.	0	0	0
Impairment of goodwill	0	0	0
Total	**-55,038**	**-43,597**	**-44,044**

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

In the reporting period, the useful lives of software (ERP systems) were changed. The shortening of the remaining useful lives resulted in a T€ 3,986 increase in scheduled depreciation on software in the reporting period. Due to the shortening of the remaining useful lives, there will be almost no more scheduled depreciation on this software after 30 September 2023.

C.8. Other operating expenses

The other operating expenses of the reporting period and the comparative period are composed as follows:

(in T€)	2022	2021 (adjusted*)	2021 (before adjustment)
Repairs, maintenance, rental leasing	-11,784	-9,558	-9,626
Third-party services	-6,499	-4,802	-4,802
Room costs	-6,037	-6,506	-6,527
Operating currency losses	-5,943	-3,088	-3,088
Costs of the delivery of goods	-4,974	-5,181	-5,846
Hospitality and travel expenses	-4,321	-2,392	-2,454
Car costs	-4,298	-2,435	-2,437
Legal and consulting fees	-3,358	-2,651	-2,934
Communication and office costs	-2,585	-2,154	-2,323
Training costs	-2,467	-1,823	-1,829
Insurance and other charges	-1,972	-1,732	-1,959
Advertising costs	-1,594	-1,523	-1,594
Fees, costs of monetary transactions	-738	-660	-679
Stock exchange and representation costs	-319	-278	-278
Other operating expenses	-3,731	-2,426	-2,536
Total	**-60,620**	**-47,209**	**-48,912**

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

Since the 2020 financial year, 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 receivables from finance leases of T€ 1,048 (comparative period: T€ 1,204), interest income from receivables from customers of T€ 682 (comparative period: T€ 691), interest income from financial assets of T€ 262 (comparative period: T€ 0) and interest income from loans of T€ 0 (comparative period: T€ 55).

Interest expenses mainly include interest expenses in connection with the sale of receivables of T€ 1,850 (comparative period: T€ 407), interest expenses from liabilities to banks and from bank balances of T€ 1,207 (comparative period: T€ 1,866), interest expenses from leasing liabilities of T€ 1,110 (comparative period adjusted: T€ 803; before adjustment: T€ 842) and interest expenses from trade payables of T€ 95 (comparative period: T€ 431).

C.10. Other financial result

The other financial result for the reporting period includes income from the derecognition of financial instruments of T€ 853 (comparative period: T€ 0), income from reinsurance policies of T€ 5 (comparative period: T€ 5), expenses from the revaluation of contingent considerations in the context of company acquisitions of T€ 779 (comparative period: T€ 2,337) and expenses from the derecognition of financial instruments of T€ 3 (comparative 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€ -20 (comparative period: T€ 22) reported on balance in the reporting period is made up of currency gains of T€ 5 (comparative period: T€ 24) and currency losses of T€ -25 (comparative period: T€ -2).

Since the 2020 financial year, only differences from the translation of non-operating items have been recognised under the item "Currency gains/losses". Since the 2020 financial year, income and expenses from the translation of operating items have been reported under "other operating income" (see section C.2 of the consolidated financial statements) or "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€)	2022	2021 (adjusted*)	2021 (before adjustment)
Result before income taxes	47,275	74,836	73,279
Expected tax expense at the tax rate of the domestic companies (reporting period: 31.0 %; comparative period: 31.0 %)	-14,655	-23,199	-22,716
Taxation difference abroad	786	178	50
Change in valuation allowances on deferred tax assets on loss carryforwards	12	33	-2,601
Tax-exempt income and tax-negligible capital losses	-1	0	0
Actual income taxes relating to other periods	-102	-454	-294
Permanent differences	-242	-727	-727
Non-deductible business expenses and trade tax additions and deductions	-492	-321	-324
Effect from tax rate changes	3	56	56
Additional tax expense from business relations with the discontinued operation	-302	-1,356	-1,222
Other	94	-686	-638
Total	**-14,899**	**-26,476**	**-28,416**

*) 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 %)	2022	2021 (adjusted*)	2021 (before adjustment)
Result before income taxes	47,275	74,836	73,279
Income taxes	-14,899	-26,476	-28,416
Actual tax expense ratio	31.52 %	35.38 %	38.78 %

*) 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€)	2022	2021 (adjusted*)	2021 (before adjustment)
Actual income tax expense	**-16,344**	**-29,052**	**-28,891**
Deferred income tax expense/ income			
from deferred tax assets	1,893	1,212	-920
from deferred tax liabilities	-448	1,364	1,395
	1,445	**2,576**	**475**
thereof			
Actual income tax expense recognised in the result for the period	-16,256	-29,015	-28,854
Deferred income tax expense/ income recognised in the result for the period	1,445	2,576	475
Actual income tax expense recognised in retained earnings or capital reserve	-88	-37	-37

*) 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 HPM Incorporated and the planned closure of CANCOM, Inc. in the reporting period;
- with the sale of the CANCOM UK Group in the comparative period.

The total result for the period attributable to discontinued operations (after income taxes) is T€ -1,622 (comparative period adjusted: T€ 224,637; before adjustment: T€ 228,134). No result is attributable to non-controlling interests.

With regard to the sale of HPM Incorporated and the planned closure of CANCOM, Inc., we refer to the tables in section A.2.2.3 of 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.

With regard to the sale of the CANCOM UK Group, we refer to the tables in section A.2.2.4 of 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.

C.14. Profit for the period attributable to non-controlling interests

The 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 2020 financial year, 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€ 32,417 (comparative period adjusted: T€ 48,330; before adjustment: T€ 44,833) 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€ 30,795 (comparative period: T€ 272,967) less the profit from discontinued operations of T€ -1,622 (comparative period adjusted: T€ 224,637; before adjustment: T€ 228,134).

For the calculation of basic earnings per share from discontinued operations, an amount of T€ -1,622 (comparative period adjusted: T€ 224,637; before adjustment: T€ 228,134) 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, no additional shares are included in the reporting period compared to the number of shares used to calculate basic earnings (comparative period: additional 70,976 shares). In the reporting and comparative 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 2022 that would have been issued if the options had been exercised.

In the numerator, an amount of T€ 32,417 (comparative period adjusted: T€ 48,330; before adjustment: T€ 44,833) 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€ -1,622 (comparative period adjusted: T€ 224,637; before adjustment: T€ 228,134) 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€)	As at 1.1.2022	Changes affecting payments	Non-cash changes				As at 31.12.2022
			from company acquisitions/ disposals	from exchange rate differences	from newly concluded contracts	from other changes	
Liabilities to credit institutions	2,009	-1,995	-15	1	0	0	0
Leasing liabilities	107,065	-9,761	1,568	12	17,126	7,578	123,588
Financial liabilities to leasing companies	20,653	-6,257	0	0	0	-850	13,546
	129,727	**-18,013**	**1,553**	**13**	**17,126**	**6,728**	**137,134**

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 comparative period. The cash-effective changes in leasing liabilities in the reporting period include payments for leasing incentives received in the amount of T€ 0 (comparison period: T€ 300).

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 "Payments from the repayment of non-current financial liabilities (including the part shown as current)" in the amount of T€ 0 (comparable period: T€ -1,729).

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, on the one hand, cash inflows/outflows from disposals carried out as part of sale-and-leaseback transactions (see section A.3.27 of the consolidated financial statements) that are not classified as sales in accordance with IFRS 15 (from financial liabilities) in the amount of T€ -6,257 (comparative period: T€ -4,960). 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€ 17,716 (comparative period: T€ 12,491). 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 its trading and performance processes.

The CANCOM Group does not choose to aggregate business segments for reporting purposes.

Segment information

(in T€)	Cloud Solutions	
	01.01.2022 to 31.12.2022	01.01.2021 to 31.12.2021
Revenue		
Revenue from external customers	287,264	238,403
Inter-segment sales	18,927	16,396
Total income	306,191	254,799
Cost of materials/expenses for purchased services	-146,915	-109,177
Personnel expenses	-62,392	-56,162
Other income and expenses	-15,681	-9,375
EBITDA	81,203	80,085
Depreciation of property, plant and equipment, software and rights of use	-16,817	-12,479
Scheduled amortisation on customer bases etc.	-3,184	-4,236
Operating result (EBIT)	61,202	63,370
Interest income	795	984
Interest expenses	-116	12
Other financial result Income	392	0
Other financial result Expenses		
Currency gains/losses		
Income before income taxes	62,273	64,366
Income taxes		
Result from discontinued operations	0	3,622
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**		
01.01.2022 to 31.12.2022	**01.01.2021 to 31.12.2021** (adjusted*)	**01.01.2021 to 31.12.2021** (before adjustment*)	**01.01.2022 to 31.12.2022**	**01.01.2021 to 31.12.2021** (adjusted*)	**01.01.2021 to 31.12.2021** (before adjustment*)
1,005,145	1,047,270	1,065,742	1,292,409	1,285,673	1,304,145
9,865	10,832	10,832	28,792	27,228	27,228
1,015,010	1,058,102	1,076,574	1,321,201	1,312,901	1,331,373
-754,745	-791,367	-804,023	-901,660	-900,544	-913,200
-195,885	-184,655	-189,813	-258,277	-240,817	-245,975
-22,674	-22,348	-24,077	-38,355	-31,723	-33,452
41,706	59,732	58,661	122,909	139,817	138,746
-31,033	-23,727	-24,174	-47,850	-36,206	-36,653
-1,320	-1,688	-1,688	-4,504	-5,924	-5,924
9,353	34,317	32,799	70,555	97,687	96,169
948	923	923	1,743	1,907	1,907
-9,581	-5,151	-5,191	-9,697	-5,139	-5,179
466	5	5	858	5	5
-3		0	-3	0	0
1,183	30,094	28,536	63,456	94,460	92,902
-1,829	-4,843	-3,285	-1,829	-1,221	337

Segment information

(in T€)	Other companies	
	01.01.2022 to 31.12.2022	01.01.2021 to 31.12.2021
Revenue		
Revenue from external customers	467	314
Inter-segment sales	815	431
Total income	1,282	745
Cost of materials/expenses for purchased services	-189	-172
Personnel expenses	-13,375	-14,149
Other income and expenses	-5,769	-3,689
EBITDA	-18,051	-17,265
Depreciation of property, plant and equipment, software and rights of use	-2,684	-1,192
Scheduled amortisation on customer bases etc.	0	-275
Operating result (EBIT)	-20,735	-18,732
Interest income	6,536	5,203
Interest expenses	-1,183	-3,779
Other financial result Income	0	0
Other financial result Expenses	-779	-2,337
Currency gains/losses		
Income before income taxes	-16,161	-19,645
Income taxes		
Result from discontinued operations	220	232,845
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			**Consolidated**		
01.01.2022 to 31.12.2022	**01.01.2021 to 31.12.2021** (adjusted*)	**01.01.2021 to 31.12.2021** (before adjustment*)	**01.01.2022 to 31.12.2022**	**01.01.2021 to 31.12.2021** (adjusted*)	**01.01.2021 to 31.12.2021** (before adjustment*)
-29,607	-27,659	-27,659			
-29,607	-27,659	-27,659	1,292,876	1,285,987	1,304,459
26,347	25,444	25,445	-875,502	-875,272	-887,927
0	0	0	-271,652	-254,966	-260,124
3,260	2,215	2,214	-40,864	-33,197	-34,927
0	0	0	104,858	122,552	121,481
0	0	0	-50,534	-37,398	-37,845
0	0	0	-4,504	-6,199	-6,199
0	0	0	49,820	78,955	77,437
-6,281	-5,160	-5,160	1,998	1,950	1,950
6,281	5,160	5,160	-4,599	-3,758	-3,798
0	0	0	858	5	5
0	0	0	-782	-2,337	-2,337
-20	22	22	-20	22	22
-20	22	22	47,275	74,837	73,279
-14,899	-26,476	-28,416	-14,899	-26,476	-28,416
-13	-6,987	-5,048	-1,622	224,637	228,134
			30,754	**272,998**	**272,997**
			30,795	272,967	272,967
			-41	30	30

D.2.1. Description of the reportable segments

D.2.1.1. Cloud Solutions (IT as a Service)

The Cloud Solutions (IT as a Service) operating segment includes the companies CANCOM Managed Services GmbH, CANCOM Slovakia s.r.o., S&L BusinessSolutions GmbH, S&L ITcompliance GmbH plus the area of CANCOM GmbH and CANCOM Public GmbH to be allocated to the Cloud Solutions segment. The Cloud Solutions (IT as a Service) business segment includes business with (remote and/or shared) managed services as well as product and service business (hardware, software and services) that can be directly allocated to managed services customers. Characteristic of managed services are, among other things, recurring revenues for service level-based services and/or services with defined response times. As part of its range of services, the CANCOM Group is able to take over the complete or partial operation of IT for customers with such scalable as-a-service services - in particular shared managed services.

The development in the IT market is characterised by high dynamics and speed; manufacturers are constantly developing new as-a-service approaches and expanding these with increasing dynamism. The different as-a-service variants can involve a wide variety of combinations of hardware/software consumption and corresponding services and their provision by CANCOM or the manufacturer itself. CANCOM generally presents as-a-service models in the Cloud Solutions business segment, provided that the company provides its own services on a pro rata basis. In this as-a-service segment, CANCOM offers customers the necessary guidance and support for the transformation and operation of their corporate IT into a cloud delivery architecture. In the context of providing as-a-service services, "cloud" refers to a cloud delivery architecture with location- and device-independent and usually broadband network-based access - especially data and application access - to central IT resources. Hybrid delivery models consisting of IT-as-a-Concept and IT-as-a-Service components are also increasingly developing in the IT market; hybrid delivery models are becoming more widespread.

Selling costs attributable to Cloud sales are included in the Cloud Solutions operating 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 control variable 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.

D.2.1.2. IT Solutions

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., S&L Systemhaus GmbH and NWC Services GmbH plus the area of CANCOM GmbH and CANCOM Public GmbH, which is 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.

D.2.1.3. Other companies

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.

D.2.1.4. Breakdown of deconsolidated subsidiaries

HPM Incorporated, which was deconsolidated in the reporting period (see section A.2.2.3 of these consolidated financial statements for further details), was allocated to the IT Solutions business segment.

With regard to the subsidiaries deconsolidated in the comparative period as part of the sale of the CANCOM UK Group (see section A.2.2.4 of these consolidated financial statements for further details), the breakdown of business segments was as follows:

- 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 the purposes of Group management.

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

Significant revenue and significant non-current assets allocated to foreign countries in the reporting period relate to Austria (comparative period: Austria).

(in T€)	Turnover according to the location of the customer			Turnover by registered office of the companies		
	2022	2021 (adjusted*)	2021 (before adjustment)	2022	2021 (adjusted*)	2021 (before adjustment)
Germany	1,061,913	1,163,533	1,163,533	1,171,723	1,200,924	1,200,924
Abroad	230,963	122,455	140,926	121,153	85,064	103,535
Total Group	**1,292,876**	**1,285,988**	**1,304,459**	**1,292,876**	**1,285,988**	**1,304,459**

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

(in T€)	Non-current assets	
	31.12.2022	**31.12.2021**
Germany	333,530	320,272
Abroad	5,079	8,649
Total Group	**338,609**	**328,921**

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 for each product and service or for each group of comparable products and services is not reported 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	
	2022	2021	2022	2021	2022	2021	2022	2021
Rights of use								
Depreciation	9,966	10,250	1,290	1,921	2,967	2,154	14,223	14,325
Income from subleasing	0	0	2,830	2,627	0	0	2,830	2,627
Access	8,759	34,092	858	2,243	4,993	3,997	14,610	40,332
Book values as at 31.12.	72,061	73,287	2,505	2,937	9,572	7,546	84,138	83,770
Leasing liabilities								
Interest expenses	267	215	612	776	231	184	1,110	1,175
Total cash outflows for leases	11,123	9,976	14,281	10,203	3,186	2,289	28,590	22,468
Gains/losses from sale and leaseback transactions*	0	2,211	0	0	0	0	0	2,211

*) Figures for the reporting period and the comparative period include amounts from discontinued operations (CANCOM UK Group, CANCOM USA 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€ 1,038 in the reporting period (comparable period: T€ 1,054).

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: 2027) to 2049 (comparative period: 2049) and lead to a total cash outflow of T€ 29,336 (comparative period: T€ 26,859).

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 leasing liabilities, we 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 in 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 section A.3.27 of the consolidated financial statements for the two different cases of sale and leaseback transactions). 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€ 662 (comparative period: T€ 4,233).

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€)	2022	2021
Capital gains/losses	5,255	1,943
Finance income on the net investment in the lease	1,039	1,354
Impairments on finance lease receivables	-9	-28
Income for variable lease payments not included in the valuation	0	0

*) Figures for the reporting period and the comparative period include amounts from discontinued operations (CANCOM UK Group, CANCOM USA Group).

In the reporting period, carrying amounts for the net investment in the lease totalled T€ 52,808 (comparative period T€ 40,602).

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€)	2022	2021
Finance lease payments due within 1 year	27,708	22,645
Finance lease payments due between 1 and 5 years	26,600	18,956
Finance lease payments due in more than 5 years	0	0
Total finance lease payments (undiscounted)	**54,308**	**41,601**
Not guaranteed residual values	0	0
Interest income not yet realised	1,463	971
Present value of lease payments to be received	**52,845**	**40,630**
Impairments on finance lease receivables	-37	-28
Net investment in the lease	**52,808**	**40,602**

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 CANCOM Group has the following share-based payments:

- equity-settled share-based payments (issued by CANCOM SE),
- 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 Board of Directors;
- **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 vesting periods determine vesting after two years of 50 percent, after three years of a further 25 percent and after four years for the remaining 25 percent. If the employment relationship is suspended, the expiry of the vesting periods is suspended and the vesting periods are extended by the corresponding period after resumption of the suspended employment relationship. The option rights can be exercised after the 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 2020, 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) expired due to change in non-fulfilment of service conditions, in the comparative period, 4,527 share options (2.027 options belonging to tranche 1, group 3; 2,500 options belonging to tranche 1, group 4) and in the reporting period 77,133 share options (2,133 options belonging to tranche 1, group 3; 75,000 options belonging to tranche 3, group 1) expired, so that - taking into account the 150,000 new share options issued in 2020 - 398,340 share options are actually still outstanding at the end of the reporting period, of which 292,500 share options are exercisable. Of the 398,340 share options still outstanding at the end of the reporting period, 308,340 share options are attributable to tranche 1 (group 1: 60,000 share options, group 2: 70,000 share options, group 3: 40,840 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 75,000 share options on tranche 3 (group 1: 75,000 share options). The share options still outstanding at the end of the reporting period have a weighted average contractual term of 6.0 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€ -32 in the reporting period (comparative period: T€ 1,372).

D.4.2. 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. With the appointment of Rüdiger Rath as Chairman of the Executive Board, an adjustment to T€ 210 was agreed, valid from the 2023 financial year. 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 the other tranches.

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. For tranche 2 (LTI 2022), 2,850 performance shares were allocated and for tranche 3 (LTI 2023), 7,340 performance shares were allocated. After the end of the relevant target achievement period per tranche, the degree of target achievement of the tranche is determined. The number of performance shares to be used as the 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€ -18 in the reporting period (comparable period: T€ 48). The provision recognised for this amounted to T€ 30 at the end of the reporting period (comparable period: T€ 48). At the end of the reporting period, expenses and liabilities were recognised in relation to tranche 1 (LTI 2021), tranche 2 (LTI 2022) and pro rata temporis tranche 3 (LTI 2023) with a binding agreement, as the target setting and thus the determination of the financial performance criteria as well as the determination of the allocated performance shares had taken place for the tranches and the vesting period had begun. Tranche 2 (LTI 2022) was recognised at € 0 in the reporting period due to the non-expected target achievement and a lower provision had to be recognised for tranche 1 (LTI 2021) recognised in the comparative period.

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. Similarly, the target achievement conditions for tranche 2 (LTI 2022) - achievement of certain EBITA targets in the financial years 2022, 2023, 2024 - represent exercise 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 € 29.04 on the reporting period closing date (comparative period: € 59.94). Furthermore, a share price of € 27.36 (comparative period: € 59.22), an expected volatility of 43.90 percent (comparative period: 35.70 percent), a maximum remuneration of € 165.917 (comparative period: € 165,750), an expected dividend of 1.43 percent (comparative period: 1.45 percent) and a risk-free interest rate (based on government bonds) of 2.42 percent (comparative period: -0.67 percent). 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 € 29.04, a number of 805 performance shares and a target achievement level of 88.8 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 2.8 years (comparison period: 3.8 years).

For tranche 2, the fair value per performance share was € 62.69 on the grant date (7 December 2021) and € 28.34 on the reporting period's reporting date. Furthermore, a share price of € 27.36, an expected volatility of 37.70 percent, a maximum remuneration of € 650,833, an expected dividend of 1.43 percent and a risk-free interest rate (based on government bonds) of 2.58 percent were taken into account to determine the fair value for the share-based payment on the reporting date of the reporting period. 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 € 28.34, a number of 2,850 performance shares and a target achievement level of 67.0 percent were taken into account to determine the liability from the promised performance shares from tranche 2, i.e. the target achievement entry corridor of 70 percent was not reached.

The performance shares from tranche 2 still outstanding at the end of the reporting period have a weighted average contract term of 2.9 years.

For tranche 3, the fair value per performance share was € 29.42 on the grant date (14 December 2022) and € 26.90 on the reporting period closing date. Furthermore, a share price of € 27.36, an expected volatility of 39.40 percent, a maximum remuneration of T€ 710, an expected dividend of 1.43 percent and a risk-free interest rate (based on government bonds) of 2.54 percent were taken into account to determine the fair value for the share-based payment on the reporting date of the reporting period. 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 € 26.90, a number of 7,340 performance shares and a target achievement level of 100 percent were taken into account pro rata temporis to determine the liability from the promised performance shares from tranche 3.

The performance shares from tranche 3 still outstanding at the end of the reporting period have a weighted average contract term of 4.0 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 31.12.2022	FA_AC[1]	FA_FVOCI[2]	FA_FVPL/ FL_FVPL[3]	FL_AC[4]	No category	Fair value 31.12.2022
		Amortised cost	Fair value	Fair value	Amortised cost	Accounting in accordance with IFRS 16	
Current assets							
Cash and cash equivalents	393,171	393,171					393,171
Receivables from deliveries and services	409,176	409,176					409,176
Other current financial assets	45,443	18,267				27,176	45,443
- Receivables from finance leases						27,176	27,176
- other items		18,267					18,267
Non-current assets							
Financial assets and loans	5		5				5
Other non-current financial assets	27,935	2,303				25,632	25,934
- Receivables from finance leases						25,632	23,631
- other items		2,303					2,303
Current liabilities							
Liabilities from deliveries and services	326,002				326,002		326,002
Other current financial liabilities	59,972			2,168	26,892	30,912	59,972
- Leasing liabilities						30,912	30,912
- contingent consideration in accordance with IFRS 3				1,970			1,970
- derivative financial liabilities				198			198
- other items					26,892		26,892
Long-term debt							
Other non-current financial liabilities	103,035			5,155	5,204	92,676	/
- Leasing liabilities						92,676	/
- contingent consideration in accordance with IFRS 3				5,155			5,155
- other items					5,204		5,119
Assets, total	**875,730**	**822,917**	**5**	**0**	**/**	**52,808**	**873,729**
Liabilities, total	**489,009**	**/**	**/**	**7,323**	**358,098**	**123,588**	**/**

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 31.12.2021	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
- other items		11,167					11,167
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".

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 carried out on the basis of valuation models that incorporate observable market parameters (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, this involves the following situation:

- four contingent purchase price liabilities and an equity guarantee from the acquisition of the shares in Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH, which were recognised for the first time in the comparative period;

- four contingent purchase price liabilities from the acquisition of the S&L Group, which were recognised for the first time in the reporting period;

- four contingent purchase price liabilities from the acquisition of NWC Services GmbH, which were recognised for the first time 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 comparative period.

The contingent considerations resulting from the acquisition of the shares in the S&L Group are also performance-related components (earn outs); they are contingent payments depending on the EBIT of the acquired company for a total of four periods until 31 July 2025 amounting to T€ 1,788.

The contingent considerations resulting from the acquisition of the shares in NWC Services GmbH are also performance-related components (earn outs); they are contingent payments depending on the EBIT of the acquired company for a total of four periods until 30 September 2025 in the amount of T€ 1,147.

The development of contingent consideration allocated to Level 3 of the fair value measurement hierarchy is shown in the following table for the reporting period:

(in T€)	Contingent consideration
As at 01.01.2022	4,591
Change from derecognition/revaluation	779
Access	2,935
Disposals/Compensations	-1,180
As at 31.12.2022	**7,125**

In the reporting period, there were unrealised expenses from the revaluation in the amount of T€ 828 (comparable period: expenses of T€ 2,214), which were recognised in the presentation of the result for the period in the item "other financial result expenses" (comparable period before adjustment: "other financial result expenses").

The net results by measurement category for the reporting period and the comparative period are as follows:*

(in T€)	2022	2021
Financial assets measured at amortised cost (FA_AC)	-3,121	-2,081
Financial assets at fair value through other comprehensive income (FA_FVOCI)	0	12
Financial assets/liabilities at fair value through profit or loss (FA_FVPL/FL_FVPL)	-4,082	-4,105
Financial liabilities measured at amortised cost (FL_AC)	7,633	-78
Total	**430**	**-6,252**

*) 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€ 36 (comparative period: T€ 29), 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€)	2023	2024	2025 until 2027	2028 and beyond
Liabilities from deliveries and services	326,002			
Financial liabilities to financial service providers	4,758			
Leasing liabilities	30,912	25,171	35,565	31,940
Financial liabilities to leasing companies	8,341	2,750	2,454	
Liabilities from derivative financial instruments	198			
Liabilities from contingent consideration	6,580	3,844	1,311	
Other financial liabilities	9,183			
Interest payments to be made	1,097	702	942	834
Total	**387,071**	**32,467**	**40,272**	**32,774**

(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**

The CANCOM Group can draw on credit lines with banks. As at the reporting date for the reporting period, there were credit and guarantee lines of T€ 83,425 (comparative period: T€ 79,438). The total amount not yet utilised as at the reporting date of the reporting period was T€ 62,890 (comparative period: T€ 55,594). 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 the CANCOM Group's profit or loss for the period and on its equity. 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€ 6,970 lower (T€ 6,448 higher) and equity would have been T€ 1,589 higher (T€ 1,445 lower). 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€ 134 higher (T€ 122 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€ 127 higher (T€ 115 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€ 20 lower (T€ 19 higher).

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€ 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 comparative 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 comparable period, the result for the period would have been T€ 26 higher (T€ 31 lower).

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 31.12.2022 (in T€)	Net impairment loss 2022 (in T€)	Carrying amount 31.12.2021 (in T€)	Net impairment loss 2021 (in T€)	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
Cash and cash equivalents	393,171	0	652,965	0	Individual examination	Standard model; Level 1	12M_ECL	No (banks with investment grade rating)	/	No
Trade receivables, contract assets	410,860	-543	301,412	-550	Group and individual examination	Simplification model; level 2,3	L_ECL (value adjustment matrix)	not applicable	Indications of insolvency (e.g. insolvency)	No
Receivables from finance leases[1]	52,808	-9	40,602	-28	Group survey	Simplification model; level 2	L_ECL (value adjustment matrix)	not applicable	not applicable	No
Receivables from suppliers[1]	12,345	/	9,520	/	None (waiver due to immateriality)	/	/	/	/	/

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 across 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 allowances on trade receivables and contract assets amounting to T€ 543 (comparative period: T€ 550) were recognised.

The impairment matrix for the reporting period is as follows:

Value adjustment matrix as at 31.12.2022	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	314,252	269,386	191
1 to 120 days overdue as at the reporting date	0.33	82,543	70,378	232
Overdue by 121 to 365 days as at the reporting date	2.48	12,758	10,879	270
Overdue by more than 365 days at the reporting date	24.00	2,472	2,309	554
Objective evidence of impairment at the reporting date	100.00	512	430	430
Total		**412,537**	**353,382**	**1,677**

The impairment matrix for the comparative 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 value adjustment was calculated in the reporting period and in the comparative period from the respective gross book value without VAT multiplied by the corresponding loss rate. The change in the value adjustment item (31 December 2022: T€ 1,677; 31 December 2021: T€ 1,356; 31 December 2020: T€ 1.174) resulted in an amount of T€ 327 (comparative period adjusted: T€ 204; before adjustment: T€ 214) recognised in the statement of comprehensive income in the result for the period under the item "Impairment losses on financial assets including reversals of impairment losses", of which an amount of T€ -591 (comparative period adjusted: T€ -355; before adjustment: T€ -365) was attributable to the revaluation of the impairment loss and an amount of T€ 264 (comparative period: T€ 151) to the derecognition due to the write-off of receivables. Changes in the consolidation circle accounted for T€ 6 (comparative period: T€ 32). 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€ -447 (comparative period adjusted: T€ -397; before adjustment: T€ -413), gains due to cash inflows from trade receivables already derecognised/written off of T€ 5 (comparative period: T€ 77) and impairment losses on receivables from finance leases of T€ -9 (comparative period: T€ -28). For the development of the allowance item in the reporting period, please 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 under which, in the event of default on the customer receivable, the corresponding lease liability generally no longer has to be serviced. 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 and comparison period: 0.07 percent). In the reporting period, an impairment loss of T€ 9 (comparable period: T€ 28) 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$ 53,205 (comparative period: T$ 28,867) and TNOK 2,043 (comparative period: TNOK 18,857) 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 entered into by the Company as at the reporting date of the reporting period, which have a negative (comparative period: negative) fair value of T€ -198 (comparative period: T€ -583).

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	**2023 (in T€)**	**2024 (in T€)**	**2025 (in T€)**	**2026 (in T€)**	**2027 (in T€)**	**after 2027 (in T€)**	**Total (in T€)**
from rental agreements (incidental rental expenses)	1,964	1,784	1,544	1,358	1,100	1,693	9,443
from leasing contracts	93	56	20	3	0	0	172
from telecommu-nications contracts	1,809	256	55	0	0	0	2,120
from licence agreements	6,535	2,191	1,352	217	55	0	10,350
Total	**10,401**	**4,287**	**2,971**	**1,578**	**1,155**	**1,693**	**22,085**

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 reporting period and in the comparative period 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 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 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 outstanding at the reporting date (comparative period: T€ 0).

In addition, companies that are considered by CANCOM to be related parties and are not subsidiaries of CANCOM SE acquire goods or services from CANCOM. In the reporting period, the total value was T€ 0 (comparative period: less than T€ 100). Of this amount, T€ 0 was outstanding at the reporting date (comparative period: T€ 0).

CANCOM procures services from close family members of the Supervisory Board. In the reporting period, the total value of services received was around T€ 25 (comparative period: T€ 100). Of this amount, T€ 0 was open at the reporting date (comparative period: T€ 25).

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, the total value of goods and services acquired or purchased was T€ 0 (comparative period: T€ 0). Of this amount, T€ 0 was outstanding at the reporting date (comparative period: T€ 0).

All transactions with these related parties have been concluded at arm's length and have been settled net between ten and 30 days. None of the balances were secured. 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 connection with the remuneration of the Executive Board, expenses for short-term benefits in the amount of T€ 1,839 (comparable period: T€ 2,458) were incurred in the reporting period. In addition, there were benefits due to the termination of employment in the amount of T€ 75. For the share-based remuneration of the Executive Board, a total income of T€ 186 was recognised in the reporting period (comparable period: total expense of T€ 1,060).

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.

In the reporting period, the members of the Executive Board received total remuneration in accordance with section 314 paragraph 1 no. 6 in conjunction with section 315e paragraph 1 of the German Commercial Code (HGB) amounting to T€ 2,234 (previous year: T€ 2,500). The payments are short-term benefits in the amount of T€ 1,839 (comparative period: T€ 2,458). The Executive Board member Rüdiger Rath was granted 2,850 (tranche 2 at T€ 179) and 7,340 (tranche 3 at T€ 216) performance shares (comparative period: 805 performance shares from tranche 1) with cash settlement as share-based payments at fair value on issue totalling T€ 395 (comparative period: T€ 42), which are included in the total remuneration for the reporting period. Former members of the Executive Board were granted T€ 75 in the reporting period and no remuneration in the comparative period.

The remuneration of the members of the Supervisory Board in the reporting period comprised a basic remuneration as well as an additional remuneration for committee activities and amounted to a total of T€ 336 in the reporting period, including attendance fees (comparative period: T€ 336).

Individualised information on the remuneration of the Executive Board and the Supervisory Board is presented in the remuneration report in accordance with section 162 AktG. The remuneration report is published on the company's website.

There were no other significant business transactions between the company and members of the Executive Board and the Supervisory Board in the reporting period or in the comparative 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 paragraph 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 section 318 HGB for the reporting period and the comparative period:

(in T€)	2022	2021
Audit services	-908	-809
Other confirmation services	0	-106
Thereof for the comparative period	-164	-354

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 comparative 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 (see section A.2.2.4 of the consolidated financial statements).

D.11. Number of employees

The CANCOM Group had an average of 3,771 employees during the period under review (previous year: 3,843) and 3,872 employees at the end of the year (previous year: 3,625).

The average number of employees in the reporting period of 3,771 (comparative period: 3,843) is distributed across the following functional areas: Professional Services 2,267 employees (comparable period: 2,309 employees), Sales 836 employees (comparable period: 852 employees) and Central Services 668 employees (comparable period: 682 employees).

D.12. Information on shareholdings in the capital of CANCOM SE

As at 31 December 2022, the Company had the following information on shareholdings subject to notification pursuant to section 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).

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 17 November 2022 that its share of voting rights in CANCOM SE, held directly or indirectly, had fallen below the threshold of 5 percent of the voting rights on 11 November 2022 and amounted to 4.11 percent (corresponding to 1,452,140 voting rights) on that date.

BlackRock Inc, Wilmington, DE, USA, notified CANCOM SE on 5 December 2022 that its share of voting rights in CANCOM SE, held directly or indirectly, had fallen below the threshold of 3 percent of the voting rights on 30 November 2022 and amounted to 2.93 percent (corresponding to 1,037,967 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 3.11 percent (this corresponds to 1,099,390 voting rights).

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) (until 31 October 2022);

- Mr. Thomas Stark, Dipl.-Wirtsch.-Ing., Wittislingen;

- Mr. Rüdiger Rath, Dipl.-Betriebswirt, Gelsenkirchen (since 1 November 2022 Chairman).

All members of the Board of Directors are authorised to represent the Company together with another member of the Board of Directors 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, until 31 October 2022);
- CANCOM ICT Service GmbH, Munich (Group mandate, Chairman of the Supervisory Board, until 31 October 2022);
- CANCOM GmbH, Jettingen-Scheppach (Group mandate, Chairman of the Supervisory Board, until 31 October 2022).

Mr. Rüdiger Rath in:
- CANCOM ICT Service GmbH, Munich (Group mandate, Chairman of the Supervisory Board, since 13 December 2022).

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 (until 31 December 2022);

- 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:

Mr. Stefan Kober:
- AL-KO Kober SE, Kötz (Chairman of the Supervisory Board).

Dr. Lothar Koniarski:
- SBF AG, Leipzig (Chairman of the Supervisory Board);
- DV ImmobilienManagement GmbH, Regensburg (Deputy Chairman of the Supervisory Board);
- 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. 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 section 100 and section 107 of the German Stock Corporation Act).

- Dr. Lothar Koniarski (Deputy Chairman of the Supervisory Board) is an accounting expert (pursuant to section 100 and section 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

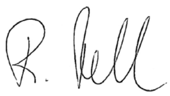
The Executive Board resolves to propose to the Supervisory Board and the Annual General Meeting that the net retained profits of CANCOM SE for the reporting period of € 35,371,850.00 (comparative period: € 283,056,599.30), as determined in accordance with the provisions of German commercial law, be used to pay a dividend of € 1.00 (comparative period: € 1.00) per no-par value share carrying dividend rights. In the reporting period and in the comparative period, 35,371,850 no-par value shares were entitled to dividends.

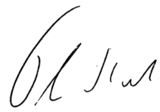
D.16. Utilisation of the exemption pursuant to section 264 paragraph 3 HGB

CANCOM GmbH, Jettingen-Scheppach, CANCOM ICT Service GmbH, Munich, CANCOM Managed Services GmbH, Munich, CANCOM Public GmbH, Berlin, and S&L Systemhaus GmbH, Mülheim-Kärlich, make use of the simplification provisions of section 264 paragraph 3 of the HGB.

Munich, 28 March 2023

The Executive Board of CANCOM SE





Rüdiger Rath
CEO

Thomas Stark
CFO

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
10. CANCOM Slovakia s.r.o.	Košice/Slovakia	100.00
11. S&L Systemhaus GmbH	Mülheim-Kärlich	100.00
12. S&L BusinessSolutions GmbH	Mülheim-Kärlich	100.00
13. S&L ITcompliance GmbH	Mülheim-Kärlich	100.00
14. NWC Services GmbH	Pforzheim	100.00
Non-consolidated structured entities		
15. 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, 28 March 2023

The Executive Board of CANCOM SE

Rüdiger Rath
CEO

Thomas Stark
CFO

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 2022, 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 2022, 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 2022.

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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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 2022. 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 2022 report revenue of EUR 1,293 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, and

- information extraneous to group management reports and marked as unaudited.

- 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 misrepresentations due to fraudulent acts (i.e. accounting manipulations and asset misappropriations) or errors.

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 misrepresentations due to fraudulent acts or errors, 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 fraudulent acts or errors 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 due to fraudulent acts or errors, 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 that material misstatements resulting from fraudulent activities will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, as fraudulent activities may involve collusion, forgery, intentional omissions, misleading representations, 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 actions taken or safeguards implemented to eliminate independence threats.

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_2022-12-31_de.zip" (SHA256-Hashwert: 7d6b8a1583ff711c1efff7ff264fa04fa99ec9ec9c05b-5948f548cfef199592d) 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 2022 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 (06.2022)). 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).

Due to the conversion process chosen by the Company in relation to the information in the notes to the financial statements in iXBRL format ("block tagging"), the rendering of the con-solidated financial statements into ESEF-Format is not completely machine readable in a meaningful way. The legal compliance of the interpretation by management, that meaningful machine readability of structured information in the notes is not explicitly required by the Delegated Regulation (EU) 2019/815 for the block tagging of the notes, is subject to significant legal uncertainty, which therefore also represents an inherent uncertainty in our audit.

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 28 June 2022. We were engaged by the Supervisory Board on 14 December 2022. We have been the group 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 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 Company Register [Unternehmensregister] – 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, 29 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hanshen	Querfurth
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Balance sheet

ASSETS

(in €)	31.12.2022	31.12.2021
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	87,342.00	87,887.28
II. property, plant and equipment		
Other equipment, operating and office equipment	307,545.86	295,274.51
III. financial investments		
1. Shares in affiliated companies	298,613,068.39	280,770,296.07
2. Loans to affiliated companies	16,423,530.60	1,450,000.00
	315,036,598.99	282,220,296.07
	315,431,486.85	282,603,457.86
B. CURRENT ASSETS		
I. Receivables and other assets		
1. Trade receivables	5,637.42	89.25
2. Receivables from affiliated companies	158,332,195.27	50,839,195.65
3. Other assets	7,318,590.95	1,256,012.43
	165,656,423.64	52,095,297.33
II. Cash in hand and bank balances	288,238,631.82	552,532,972.25
	453,895,055.46	604,628,269.58
C. ACCRUALS AND DEFERRALS	340,003.31	330,657.00
Assets, total	**769,666,545.62**	**887,562,384.44**

EQUITY AND LIABILITIES

(in €)	31.12.2022	31.12.2021
A. EQUITY		
I. Subscribed capital	35,371,850.00	38,548,001.00
Own shares	0.00	-785,947.00
II. Capital reserve	381,560,983.32	378,384,832.32
III. Revenue reserves		
1. Statutory reserve	6,665.71	6,665.71
2. Other revenue reserves	271,555,566.99	159,717,564.17
	271,562,232.70	159,724,229.88
IV. Balance sheet profit	35,371,850.00	283,056,599.30
	723,866,916.02	858,927,715.50
B. PROVISIONS		
1. Tax provisions	4,024,199.00	6,652,370.15
2. Other provisions	9,905,247.90	7,230,577.34
	13,929,446.90	13,882,947.49
C. LIABILITIES		
1. Trade payables	1,012,074.19	373,498.20
2. Liabilities to affiliated companies	700,940.31	13,463.04
3. Other liabilities	29,639,798.20	13,969,571.21
	31,352,812.70	14,356,532.45
D. DEFERRED TAX LIABILITIES	517,370.00	395,189.00
Liabilities, total	**769,666,545.62**	**887,562,384.44**

Profit and loss account

INCOME STATEMENT
for the period from 1 January 2022 to 31 December 2022

(in €)	1.1.2022 until 31.12.2022	1.1.2021 until 31.12.2021
1. Sales revenues	13,280,170.12	12,052,954.55
2. Other operating income	17,619,285.75	257,481,583.47
3. Personnel expenses		
a) Wages and salaries	-10,274,407.23	-9,993,379.02
b) Social security contributions and expenses for pensions and other employee benefits	-1,538,929.36	-1,296,375.75
of which for retirement benefits in the amount of € 10,871.01 (previous year: € 8,559.01)		
	-11,813,336.59	**-11,289,754.77**
4. Amortisation of intangible assets		
of fixed assets and property, plant and equipment	-128,011.45	-146,989.53
5. Other operating expenses	-7,106,051.79	-13,775,085.64
6. Income from participations	5,467,443.09	24,645,201.93
7. Profits received under a profit transfer agreement	14,157,971.76	41,268,781.66
8. Other interest and similar income	6,541,021.02	5,215,533.89
9. Write-downs on financial assets	-17,059,185.90	-10,557,690.38
10. Interest and similar expenses	-1,175,384.40	-1,716,711.40
11. Taxes on income and earnings	-5,787,111.28	-20,115,007.48
12. Result after taxes	**13,996,810.33**	**283,062,816.30**
13. Other taxes	-3,668.00	-6,217.00
14. Net profit for the year	**13,993,142.33**	**283,056,599.30**
15. Profit carried forward from the previous year	3,176,151.00	0.00
16. Withdrawals from other revenue reserves	21,378,707.67	0.00
17. Allocation to the capital reserve	-3,176,151.00	0.00
18. Retained earnings	**35,371,850.00**	**283,056,599.30**

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 (section 267 paragraph 3 sentence 2 HGB in conjunction with section 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 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 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 is carried 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 carried out 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 recognised at nominal value. Cash at banks includes a bank balance of T€ 1,010 with restrictions on disposal.

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 par 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.

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. Deferred tax liabilities

An excess of deferred tax liabilities is recognised for 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 section 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.11. 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 section 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 in accordance with 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.12. 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 issue 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, in the 2020 financial year, 228,000 share options lapsed and in the previous year, 4,527 share options lapsed due to change in non-fulfilment of service conditions. In the reporting year, 77,133 share options lapsed. As at 31 December 2022, 398,340 options are actually outstanding, of which 292,500 are exercisable. It is currently assumed that the option rights will be serviced by equity instruments. Therefore, they are not recognised in the balance sheet until the option rights are exercised.

B.13. 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.14. 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 HPM Incorporated, Pleasanton/USA, was completed at the end of August 2022. The shares in CANCOM, Inc. reported under shares in affiliated companies were written down in full by T€ 384 as at 31 December 2020 in accordance with section 253 paragraph 3 sentence 5 HGB due to an expected permanent impairment. In addition, a capital increase was carried out at CANCOM, Inc. in December 2022. The cash provided by the capital increase at CANCOM, Inc. is expected to be used by CANCOM, Inc. to repay the loan granted by CANCOM SE; therefore, the shares in affiliated companies were written down in full by T€ 17,059 as at 31 December 2022 in accordance with section 253 paragraph 3 sentence 5 HGB due to an expected permanent impairment.

In July 2022, CANCOM SE acquired 100 percent of the shares and 100 percent of the voting rights with a nominal value of T€ 200 in S&L Systemhaus GmbH, T€ 100 in S&L BusinessSolutions GmbH and T€ 25 in S&L ITcompliance GmbH, all based in Mülheim-Kärlich. The total purchase price consists of a fixed purchase price component to be paid in cash of T€ 10,096 and a variable purchase price component of T€ 2,567. The variable purchase price component is a performance-based component (earn-out) - i.e. conditional payments depending on the total EBIT of the acquired companies for a total of four periods until 31 July 2025.

In addition, in December 2022 CANCOM SE acquired 100 percent of the shares and 100 percent of the voting rights in NWC Services GmbH, Pforzheim, with a nominal value of T€ 25. The total purchase price comprises a fixed purchase price component to be paid in cash of T€ 3,600 and a variable purchase price component of T€ 1,369. The variable purchase price component is a performance-based component (earn-out) - i.e. conditional payments depending on the total EBIT of the acquired companies for a total of four periods until 30 September 2025.

The loan to CANCOM, Inc. reported under loans to affiliated companies was written down by T€ 2,928 to T€ 9,573 as at 31 December 2020 in accordance with section 253 paragraph 3 sentence 5 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 paragraph 3 sentence 5 HGB. As at 31 December 2022, a complete write-up of the loan including capitalised interest in the amount of T€ 13,486 was made to CANCOM, Inc. in accordance with section 253 paragraph 5 HGB due to the reasons for an unscheduled write-down no longer applying.

Loans to affiliated companies at the balance sheet date relate to long-term loans to CANCOM, Inc. (T€ 14,274; previous year: T€ 0) and to CANCOM physical infrastructure GmbH (T€ 2,150; previous year: T€ 1,450).

Development of fixed assets

(fixed asset movement schedule) in the reporting period

	ACQUISITION/PRODUCTION COSTS			
(in €)	**As at 1.1.2022**	**Additions 2022**	**Exits 2022**	**As at 31.12.2022**
I. Intangible assets				
Concessions, industrial property rights and similar rights and assets acquired against payment as well as licences to such rights and assets	378,282.66	7,730,00	0.00	386,012.66
	378,282.66	7,730.00	0.00	386,012.66
II. Property, plant and equipment				
1. Technical equipment and machinery	316,375.27	0.00	316,375.27	0.00
2. Other equipment, operating and office equipment	869,088.73	196,598.80	380,321.00	685,366.53
	1,185,464.00	196,598.80	696,696.27	685,366.53
III. Financial investments				
1. Shares in affiliated companies	281,154,291.15	34,901,958.22	0.00	316,056,249.37
2. Loans to affiliated companies	14,935,690.38	1,487,840.22	0.00	16,423,530.60
	296,089,981.53	36,389,798.44	0.00	332,479,779.97
Total	**297,653,728.19**	**36,594,127.24**	**696,696.27**	**333,551,159.16**

DEPRECIATION					BOOK VALUES	
As at 1.1.2022	Additions 2022	Write-ups 2022	Exits 2022	As at 31.12.2022	As at 31.12.2022	As at 31.12.2021
290,395.38	8,275.28	0.00	0.00	298,670.66	87,342.00	87,887.28
290,395.38	8.,275.28	0.00	0.00	298,670.66	87,342.00	87,887.28
316,375.27	0.00	0.00	316,375.27	0.00	0.00	0.00
573,814.22	119,736,17	0.00	315,729.72	377,820.67	307,545.86	295,274.51
890,189.49	119,736.17	0.00	632,104.99	377,820.67	307,545.86	295,274.51
383,995.08	17,059,185.90	0.00	0.00	17,443,180.98	298,613,068.39	280,770,296.07
13,485,690.38	0.00	13,485,690.38	0.00	0.00	16,423,530.60	1,450,000.00
13,869,685.46	17,059,185.90	13,485,690.38	0.00	17,443,180.98	315,036,598.99	282,220,296.07
15,050,270.33	**17,187,197.35**	**13,485,690.38**	**632,104.99**	**18,119,672.31**	**315,431,486.85**	**282,603,457.86**

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€ 14,158 (previous year: T€ 41,269) relate to profit receivables based on profit transfer agreements, T€ 1,729 (previous year: T€ 2,805) to trade receivables, T€ 121,603 (previous year: T€ 4,700) to receivables from loans and T€ 20,842 (previous year: T€ 2,065) to other receivables.

C.3. Subscribed capital

The company's share capital was last increased in December 2019 by around 10 percent by T€ 3,504 through a capital increase. In the reporting period, the share capital was reduced by T€ 3,176 through the cancellation of 3,176,151 no-par value shares. As at 31 December 2022, the share capital of CANCOM SE amounted to T€ 35,372 (previous year: T€ 38,548) in accordance with the Articles of Association and was divided into 35,371,850 no-par value shares (no-par value shares with a notional value of € 1 per share) (previous year: 38,548,001 no-par value shares).

C.3.1. Authorised and conditional capital

In accordance with the Articles of Association, the Company's Authorised Capital (Authorised Capital I/2018) totals T€ 7,009 as at 31 December 2022 (as at 31 December 2021: 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 on the basis of 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 above authorisation with the 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 exclusion of the subscription right pursuant to section 186 paragraph 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 paragraph 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, 31 December 2021 and 31 December 2022, 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 or in previous periods.

In accordance with the Articles of Association, the conditional capital amounts to T€ 1,500 as at 31 December 2022 and 31 December 2021 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 (2022) and in the comparative period (2021), 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

On 26 June 2019, the Annual General Meeting 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. In the period from 1 January 2022 up to and including 17 June 2022, a total of 2,390,204 treasury shares were acquired. Thus, a total of 3,176,151 treasury shares were acquired during the entire term of the share buyback programme between 20 October 2021 and 17 June 2022. Based on the number of shares in the share capital at the time the authorisation became effective (35,043,638), this corresponds to 9.06 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 8.24 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 paragraph 1 (a) of Regulation (EU) No 596/2014 in conjunction with article 2 paragraph 1 of Delegated Regulation (EU) 2016/1052. In 2021, a total of treasury shares with a market value of T€ 47,763 were repurchased. In 2022, a total of treasury shares with a market value of T€ 113,682 were repurchased. Over the entire term of the share buyback programme from 20 October 2021 to 17 June 2022, a total of own shares were repurchased at a market value of T€ 161,445; this corresponded to an average share price of € 50.83 (volume-weighted; excluding transaction costs). The amount paid was openly deducted from the subscribed capital in the comparative period in the amount of the sum of the nominal values of the repurchased own shares; the remaining difference was posted as a reduction in other revenue reserves. Furthermore, incidental acquisition costs from the purchase of treasury shares in the amount of T€ 284 were recognised in the income statement in the reporting period and T€ 119 in the comparative 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 comparative 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 2022. Furthermore, no treasury shares were used to fulfil remuneration agreements or offered for purchase to employees and members of the Executive Board in the reporting period or the comparable period. Rather, in the reporting period, the share capital was reduced by T€ 3,176 to € 35,371,850.00 through the cancellation of 3,176,151 no-par value shares with effect from 18 July 2022. The income from the capital reduction in the amount of T€ 3,176 is offset by an expense from the acquisition of treasury shares in the same amount. The announcement pursuant to section 49 paragraph 1 sentence 1 number 2 of the German Securities Trading Act (WpHG) regarding the cancellation of treasury shares for the purpose of reducing the share capital was published in the Federal Gazette on 21 July 2022.

C.4. Capital reserve

The capital reserve is composed as follows:

(in T€)	2022	2021
Capital reserve 1.1.	378,385	378,385
Transfer to the capital reserve due to a capital reduction	3,176	0
Capital reserve 31.12.	**381,561**	**378,385**

In the 2022 financial year, an amount of T€ 3,176 was transferred to the capital reserve in the amount of the cancellation of 3,176,151 no-par value shares as part of a capital reduction.

C.5. Other revenue reserves

The other revenue reserves are composed as follows:

(in T€)	2022	2021
Other revenue reserves 1.1.	159,718	186,702
Acquisition of own shares	-111,292	-46,977
Withdrawals from other revenue reserves	-21,379	0
Allocation from retained earnings	244,509	19,993
Other revenue reserves 31.12.	**271,556**	**159,718**

The difference between the nominal value of the repurchased treasury shares 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€)	2022	2021
Lecture 1.1.	283,057	48,903
Dividend distribution	-35,372	-28,911
Withdrawals from other revenue reserves	21,379	0
Allocation to the capital reserve	-3,176	0
Transfers to other revenue reserves	-244,509	-19,992
Net profit for the year	13,993	283,057
Balance sheet profit 31.12.	**35,372**	**283,057**

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, the S&L Group and NWC Services GmbH (T€ 7,744; previous year: T€ 4,910), audit and closing costs (T€ 652; previous year: T€ 441), bonuses (T€ 565; previous year: T€ 1.132), variable salary components (T€ 245; previous year: T€ 219), severance payments (T€ 220; previous year: T€ 200), outstanding invoices (T€ 191; previous year: T€ 50), retention obligations (T€ 78; previous year: T€ 66), holidays (T€ 66; previous year: T€ 55), future tax audit (T€ 53; previous year: T€ 33), professional association (T€ 35; previous year: T€ 27), share-based payments (T€ 30; previous year: T€ 48), for anniversary payments (T€ 26; previous year: T€ 23) and impending losses (T€ 0; previous year: T€ 27).

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 31.12.2022**		**Type, shape**
1. Trade payables	1,012	0	0	1,012	0	omitted
2. Liabilities to affiliated companies	701	0	0	701	0	omitted
3. Other liabilities	29,522	71	47	29,640	0	omitted
(thereof from taxes)	24,525	0	0	24,525		
Total	**31,235**	**71**	**47**	**31,353**	**0**	

	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**	

The liabilities to affiliated companies in the 2022 financial year are fully accounted for by trade payables (T€ 701; previous year: T€ 14).

C.9. Deferred taxes

Deferred taxes are shown in the following table:

(in T€)	**Balance sheet values as at 31.12.2022**			**Deferred taxes as at 31.12.2022**	**Deferred taxes as at 31.12.2021**	**Change**
	Commercial law	**Tax law**	**Difference**			
Deferred tax assets						
Receivables from deliveries and services	6	23	17	5	0	5
Receivables from affiliated companies	158,332	158,346	14	4	0	4
Other provisions	9,905	9,861	44	14	14	0
Deferred tax liabilities						
Shares in affiliated companies	298,613	230,033	-68,580	-1,066	-1,060	-6
Balance of deferred tax assets and liabilities			-68,505	-1,043	-1,046	3
Deferred tax assets of subsidiaries			4,070	1,266	1,021	245
Deferred tax liabilities of subsidiaries			-3,548	-740	-370	-370
Balance of deferred tax assets and deferred tax liabilities of subsidiaries			522	526	651	-125
Deferred tax liabilities			**-67,983**	**-517**	**-395**	**-122**

As at 31 December 2022, there is an excess of deferred tax liabilities; for this excess, the option of section 274 paragraph 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 2022 before netting of T€ 1,066 (previous year: T€ 1,060) 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€ 3,429; previous year: T€ 3,409).

Deferred tax assets from subsidiaries result primarily from other provisions, pension provisions and inventories. 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 2022 financial year, revenue mainly includes income from the provision of management services (T€ 12,870; previous year: T€ 11,915). 94.4 percent (previous year: 91.4 percent) of revenue in the 2022 financial year is generated in Germany (T€ 12,532; previous year: T€11,018) and 5.6 percent (previous year: 8.6 percent) abroad (T€ 748; previous year: T€ 1,035).

Other operating income mainly includes extraordinary income from the write-up of loans to affiliated companies amounting to T€ 13,486 (previous year: T€ 12) and cost recharges within the Group amounting to T€ 3,698 (previous year: T€ 3,756). The income from the write-up relates to the write-up of the fully depreciated loan to CANCOM, Inc. and the capitalised interest due to the discontinuation of the reasons for unscheduled depreciation in accordance with section 253 paragraph 5 HGB. In addition to income from the write-up of financial assets, income unrelated to the accounting period in the 2022 financial year includes income from the reversal of provisions (T€ 34; previous year: T€ 18) and income from the sale of fixed assets (T€ 2; previous year: T€ 24). Income from currency translation (T€ 0; previous year: T€ 6,243) in the previous year resulted primarily from exchange rate differences on a loan that was repaid as part of the sale of the CANCOM UK Group in the previous year. In the previous year, other operating income mainly included income from the sale of financial assets amounting to T€ 247,330. This resulted from the sale of the CANCOM UK Group.

Other operating expenses include expenses from currency translation in the amount of T€ 67 (previous year: T€ 20). Extraordinary expenses in the reporting year relate to expenses from the acquisition of treasury shares (T€ 284; previous year: T€ 119). Legal and consultancy costs decreased significantly in the reporting year, as the previous year included consultancy costs relating to the sale of the CANCOM UK Group (T€ 8,400).

Income from investments amounting to T€ 5,467 (previous year: T€ 24,645) relates exclusively to affiliated companies.

The item 'Profits received under a profit transfer agreement' shows the net profit transferred to CANCOM SE by CANCOM GmbH (T€ 11,428; previous year: T€ 35,411) and by CANCOM ICT Service GmbH (T€ 2,730; previous year: T€ 5,858).

Other interest and similar income mainly includes interest income from affiliated companies in the amount of T€ 6,277 (previous year: T€ 5,161).

In the financial year 2022, the write-downs on financial assets include an unscheduled write-down due to a probable permanent impairment pursuant to section 253 paragraph 3 sentence 5 HGB of the investment in CANCOM, Inc. amounting to T€ 17,059.
In the previous year, a corresponding write-down of the loan to CANCOM, Inc. amounting to T€ 10,558 was recognised.

Taxes on income include deferred tax expenses of T€ 122 (previous year: deferred tax income of T€ 259).

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	2023 (in T€)	Total (in T€)
from rental agreements	141	141
from leasing contracts	47	93
from licence agreements	79	79
thereof affiliated companies	141	141

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€ 40,000), CANCOM GmbH (T€ 6,600; previous year: T€ 6,600 and T€ 2,000; previous year: T€ 2,000), CANCOM ICT Service GmbH (T€ 1.500; previous year: T€ 1,500), CANCOM physical infrastructure GmbH (T€ 150; previous year: T€ 150) and a comprehensive guarantee (T€ 200; previous year: T€ 200) for the companies CANCOM GmbH, CANCOM physical infrastructure GmbH and CANCOM ICT Service GmbH. In the previous year there were guarantees for CANCOM, Inc. (T$ 2,500) and HPM Incorporated (T$ 577).

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 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€ 19,688 (previous year: T€ 21,813) 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 in accordance with section 264 paragraph 3 of the German Commercial Code (HGB), declarations of indemnity were issued for the subsidiaries CANCOM Managed Services GmbH, CANCOM Public GmbH and S&L Systemhaus GmbH, according to which CANCOM SE is liable for obligations entered into up to the reporting date in the following financial year. Based on 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) (until 31 October 2022);
- Mr. Thomas Stark, Dipl.-Wirtsch.-Ing., Wittislingen;
- Mr. Rüdiger Rath, Dipl.-Betriebswirt, Gelsenkirchen (since 1 November 2022 Chairman).

All members of the Board of Directors are authorised to represent the Company together with another member of the Board of Directors 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, until 31 October 2022);
- CANCOM ICT Service GmbH, Munich (Group mandate, Chairman of the Supervisory Board, until 31 October 2022);
- CANCOM GmbH, Jettingen-Scheppach (Group mandate, Chairman of the Supervisory Board, until 31 October 2022).

Mr. Rüdiger Rath in:
- CANCOM ICT Service GmbH, Munich (Group mandate, Chairman of the Supervisory Board, since 13 December 2022).

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 (until 31 December 2022);

- 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:

Mr. Stefan Kober:
- AL-KO Kober SE, Kötz (Chairman of the Supervisory Board).

Dr. Lothar Koniarski:
- SBF AG, Leipzig (Chairman of the Supervisory Board);
- DV ImmobilienManagement GmbH, Regensburg (Deputy Chairman of the Supervisory Board);
- 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. 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 section 100 and section 107 of the German Stock Corporation Act).

- Dr. Lothar Koniarski (Deputy Chairman of the Supervisory Board) is an accounting expert (pursuant to section 100 and section 107 of the German Stock Corporation Act).

E.4. Number of employees

On average, 159 (previous year: 137) employees were employed by the company 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 paragraph 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 payment in 2021 and 2022. In detail, the share-based remuneration of the Executive Board members is as follows:

- Rudolf Hotter: 150,000 stock options, fair value at issuance on 6 May 2020: € 2,170,500; in 2022 thereof 75,000 stock options expire.

- Thomas Stark: 60,000 share options, fair value at grant on 17 August 2018: T€ 624
.
- Rüdiger Rath: 805 performance shares, fair value at issuance on 23 September 2021: € 42,335.

- Rüdiger Rath: 2,850 performance shares, fair value at issuance on 7 December 2021: € 178,667.

- Rüdiger Rath: 7,340 performance shares, fair value at issuance on 14 December 2022: € 215,943.

The total remuneration of the Executive Board in the reporting year amounted to T€ 2,234 (previous year: T€ 2,500), which includes the performance shares granted on 7 December 2021 and 14 December 2022. Remuneration of former members of the Executive Board amounted to T€ 75 in the reporting year (previous year: T€ 0).

The total remuneration of the Supervisory Board in the reporting year amounted to T€ 336 (previous year: T€ 336).

E.8. Information on shareholdings in the capital of CANCOM SE

As at 31 December 2022, 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).

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 the 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 17 November 2022 that its share of voting rights in CANCOM SE, held directly or indirectly, had fallen below the threshold of 5 percent of the voting rights on 11 November 2022 and amounted to 4.11 percent (corresponding to 1,452,140 voting rights) on that date.

BlackRock Inc, Wilmington, DE, USA, notified CANCOM SE on 5 December 2022 that its share of voting rights in CANCOM SE, held directly or indirectly, had fallen below the threshold of 3 percent of the voting rights on 30 November 2022 and amounted to 2.93 percent (corresponding to 1,037,967 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 3.11 percent (this corresponds to 1,099,390 voting rights).

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 that the net profit for the 2022 financial year of € 35,371,850.00 (previous year: € 283,056,599.30) be used to pay a dividend of € 1.00 (previous year: € 1.00) per no-par value share entitled to dividend. In the reporting period and in the comparative period, 35,371,850 no-par value shares were entitled to dividends.

E.11. Parent company

CANCOM SE, Munich, is the company that prepares the consolidated financial statements. The consolidated financial statements of CANCOM SE can be found on its website and in the Federal Gazette and Company Register.

Munich, 28 March 2023

The Executive Board of CANCOM SE

Rüdiger Rath	Thomas Stark
CEO	CFO

List of shareholdings

Name of the company, registered office	Share in capital (in %)	Equity as at 31.12.2022 (in T€)*2	Annual result 2022 (in T€)*2
Participations over 20			
1. CANCOM GmbH, Jettingen-Scheppach	100.00	56,537	-563 *1
2. CANCOM (Switzerland) AG, Caslano/Switzerland	100.00 A)	0	0
3. CANCOM Computersysteme GmbH, Graz/Austria	100.00 A)	3,497	21
4. CANCOM a+d IT solutions GmbH, Brunn am Gebirge/Austria	100.00 B)	7,507	2,183
5. CANCOM ICT Service GmbH, Munich	100.00	3,622	39 *1
6. CANCOM Managed Services GmbH, Munich	100.00	28,425	5,279
7. CANCOM Public GmbH, Berlin	100.00	31,175	7,867
8. CANCOM Public BV, Brussels/Belgium	100.00	9,155	6,715
9. CANCOM physical infrastructure GmbH, Jettingen-Scheppach	80.00	1,162	-202
10. CANCOM VVM II GmbH, Jettingen-Scheppach	100.00	91	0
11. CANCOM VVM GmbH, Munich	100.00	50	-1
12. CANCOM, Inc., Palo Alto/USA	100.00	228	-23,375
13. CANCOM Slovakia s.r.o., Košice/Slovakia	100.00	821	476
14. S&L Systemhaus GmbH, Mülheim-Kärlich	100.00	2,135	-6
15. S&L BusinessSolutions GmbH, Mülheim-Kärlich	100.00	660	38
16. S&L ITcompliance GmbH, Mülheim-Kärlich	100.00	886	33
17. NWC Services GmbH, Pforzheim	100.00	1,281	569 *4
18. Duana Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	100.00	0	1 *3

A) Indirect shareholding via CANCOM GmbH.
B) Indirect shareholding via CANCOM Computersysteme GmbH.

*1 Profit and loss transfer agreement with CANCOM SE.
*2 The equity capital as at 31.12.2022 and the annual result for 2022 were calculated in accordance with the IFRS individual financial statements included in the consolidated financial statements.
*3 There are no approved annual financial statements for 2022 yet. The equity capital as at 31.12.2021 and the annual result for 2021 from the approved annual financial statements for 2021 were stated.
*4 NWC Services GmbH was consolidated for the first time as of 31 December 2022. There is still no approved annual financial statements for 2022. The annual result for 2021 from the 2021 approved annual financial statements.

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, 28 March 2023

The Executive Board of CANCOM SE

Rüdiger Rath
CEO

Thomas Stark
CFO

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 2022, and the income statement for the financial year from 1 January to 31 December 2022, 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 2022.

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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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, and

- information extraneous to group management reports and marked as unaudited.

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 misrepresentations due to fraudulent acts (i.e. accounting manipulations and asset misappropriations) or errors.

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 misrepresentations due to fraudulent acts or errors, 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 fraudulent acts or errors 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 fraudulent acts 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 that material misstatements resulting from fraudulent activities will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, as fraudulent activities may involve collusion, forgery, intentional omissions, misleading representations, 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 actions taken or safeguards implemented to eliminate independence threats.

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_2022-12-31_de.zip“ (SHA256-Hashwert: 7d6b8a1583ff711c1efff7ff264fa04fa99ec9ec9c05b-5948f548cfef199592d) 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 2022, 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 (06.2022)). 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.

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 Company Register [Unternehmensregister] – 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, 29 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hanshen	Querfurth
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial calendar of CANCOM SE

2023

28 April 2023	Non-financial group report:
11 May 2023	Interim Statement as at 31 March 2023
14 June 2023	Annual General Meeting, Munich
10 August 2023	Interim report as at 30 June 2023
9 November 2023	Interim Statement as at 30 September 2023
27 - 29 November 2023	Analyst conference as part of the German Equity Forum, Frankfurt/Main

Note:
Subject to change without notice. The EU Market Abuse Regulation (Art. 17 MAR) requires issuers to publish information with the potential to significantly influence the share price without delay. Therefore, it is possible that quarterly or annual results will be published on dates other than those mentioned.

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