CANCOM SE

ANNUAL REPORT
2023

Key figures

CANCOM GROUP

in € million	2023	2022	Δ
Revenue	1,522.7	1,292.9	+ 17.8 %
Business volume[1]	1,965.2	1,731.1	+ 13.5 %
Gross profit	582.3	437.9	+ 33.0 %
EBITDA	115.7	104.9	+ 10.3 %
EBITDA margin	7.6 %	8.1 %	- 0.5 Pp
EBITA	64.1	54.3	+ 18.0 %
EBIT	55.8	49.8	+ 12.0 %
Employees (annual average)	5,225	3,771	+ 38.6 %

	31.12.2023	31.12.2022	Δ
Balance sheet total	1,548.5	1,305.1	+ 18.6 %
Equity	724.5	694.8	+ 4.3 %
Equity ratio	46.8 %	53.2 %	- 6.4 Pp
Cash and cash equivalents	222.5	393.2	- 43.4 %

SEGMENTS

	SEGMENTS GERMANY		
in € million	2023	2022	Δ
Revenues	1,135.8	1,171.7	- 3.1 %
EBITDA	81.1	91.0	- 10.9 %
EBITDA margin	7.1 %	7.8 %	- 0.6 Pp

	SEGMENTS INTERNATIONAL		
in € million	2023	2022	Δ
Revenues	386.9	121.2	+ 219.2 %
EBITDA	34.6	13.9	+ 148.9 %
EBITDA margin	8.9 %	11.5 %	- 2.6 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 in accordance with IFRS 15 (principal/agent classification); corresponds to accounting before 2020


CANCOM

Table of contents

4	Foreword of the Executive Board
6	Report of the Supervisory Board
14	CANCOM on the capital market
16	**SUMMARISED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT OF CANCOM SE**
56	**CONSOLIDATED FINANCIAL STATEMENTS OF CANCOM SE**
56	Consolidated balance sheet
58	Consolidated Statement of Comprehensive Income
60	Consolidated Cash Flow Statement
62	Consolidated Statement of Changes in Equity
64	Notes to the consolidated financial statements
140	List of shareholdings
141	Responsibility statement by the legal representatives
142	Auditor's Report
150	**ANNUAL ACCOUNTS OF CANCOM SE**
150	Balance sheet
152	Profit and loss account
153	Notes to the consolidated financial statements
168	List of shareholdings
169	Responsibility statement by the legal representatives
170	Auditor's Report

Foreword of the Executive Board

Dear Shareholders,

2023 was a successful year for the CANCOM Group. With an increase in revenue of almost 18 percent and EBITDA growth of 10 percent, the CANCOM Group performed very well last year.

In the past financial year, we were particularly successful in implementing the CANCOM Group's acquisition strategy. With a total of three acquisitions, we have accelerated our takeover pace. The key success last year was the acquisition of K-Businesscom (KBC) with more than 1,600 employees. The takeover of the KBC Group, one of Austria's leading IT companies, has made CANCOM one of the largest IT companies in the strategic target region of Austria. Our market access in Switzerland has also been significantly strengthened as a result of the takeover. With more than 5,600 employees and an expanded market presence in the DACH region as well as further market access in Belgium and Romania, a new player has emerged in the European IT services market. Both companies combine their respective strengths, which means that the acquisition of the KBC Group will be one of the key growth drivers for CANCOM in the coming years.

With the acquisition of NWC Services GmbH in January 2023 and the data centre business of DextraData GmbH at the end of December, we have further strengthened our expertise in key areas of the CANCOM Group's portfolio. In recent years, we have successfully demonstrated time and again that we create sustainable value for you as shareholders and owners of the company through acquisitions and their integration.

In the past financial year, we worked on implementing our cost and efficiency programme and made good progress. Key projects have already been implemented and we are continuing to work on turning the CANCOM Group into the powerful Leading Hybrid IT Service Provider that we have set our sights on. For us, this means working intensively on the internal processes, systems and platforms that will support rapid and scalable growth in the coming years, penetrating and expanding our customer base, continuously reviewing our portfolio and partner ecosystem and focussing on operational excellence and the efficient use of resources, for which we are also consistently using our nearshoring options.

Ladies and gentlemen, despite our confidence and in view of the strategic successes of 2023, we do not want to ignore the fact that our operating performance in the past financial year did not meet our expectations. We were much more optimistic at the beginning of the year and had to adjust our expectations to the weaker demand as the year progressed. In particular, the development of demand from our SME customers and the reluctance of small and medium-sized public sector clients had an impact on our results.

The snapshot of the year 2023 is not a statement about the future of the IT market and CANCOM. Digitalisation will continue to be a key driver for the development and economic success of our customers. With the general breakthrough of generative AI applications, a new market-moving topic has been added to the trend topics of recent years, in which we can provide our customers with the best possible support with our holistic expertise. CANCOM is already very well positioned in the field of artificial intelligence and has developed a broad portfolio - from analysing business processes and AI solutions for specific customer requirements to consulting on AI architecture and the necessary high-performance infrastructure.

While generative AI applications are already part of everyday life and are increasingly gaining a foothold in companies thanks to CANCOM's offerings, the threat situation in the area of cyber security is also changing. The use of artificial intelligence in the course of cyberattacks means that securing existing IT infrastructures will continue to be of paramount importance in the future. We already have a strong offering in the field of IT security, including our CANCOM Cyber Defence Center, and will continue to grow in this market. As you can see, the CANCOM Group is active with innovative offerings in a highly dynamic market that continues to offer outstanding growth opportunities.

For 2024, the signs continue to point to growth for the CANCOM Group. Our confidence for the future is based on the unbroken trend towards digitalisation, the potential of new technologies and our customers' increasing need to invest in order to keep their existing IT infrastructures up-to-date, secure and efficient.

We would like to take this opportunity to expressly thank all of our employees for their commitment in the past financial year and look forward to another year of positive collaboration. We would also like to thank you, our shareholders, for the trust you have placed in us and wish you health and success in 2024.

Your Executive Board of CANCOM SE

Rüdiger Rath CEO	Jochen Borenich CSO	Thomas Stark CFO

Report of the Supervisory Board

Dear Shareholders,

2023 was an eventful year for CANCOM. The acquisition of K-Businesscom fundamentally expanded the CANCOM Group's market presence in its core markets. Intensive support in the run-up to the takeover, during the takeover phase and in the subsequent integration of the two companies was one of the main focal points of the Supervisory Board's work in the reporting year.

We also analysed the economic environment in which the CANCOM Group operates. The high level of inflation and the tense economic environment in the core markets presented a variety of challenges in the past reporting year. Existing conflicts and tensions have intensified worldwide, which have also affected CANCOM with regard to global supply chains and sales markets. Accordingly, we pressed ahead with important internal projects such as the cost and efficiency programme in the past year. Thanks to the successful M&A strategy, CANCOM was able to grow despite the difficult conditions.

Together with the Executive Board, we initiated a structured strategy process in the fourth quarter in order to lay the foundations for further sustainable growth of the CANCOM Group.

With a solid financial basis, we believe the CANCOM Group is well positioned for the plans and developments of the new year. Consequently, we support the Executive Board's dividend proposal and propose to you, our shareholders, a dividend of € 1.00 per share for the 2023 financial year.

We would also like to thank Dr. Lothar Koniarski, Uwe Kemm and Martin Wild, who left the Supervisory Board in the reporting year, for their professional commitment and contribution to the company's success. Following these introductory words, I would now like to take a closer look at the activities of the Supervisory Board in the reporting year.

In the 2023 financial year, the Supervisory Board performed the tasks and duties incumbent upon it in accordance with the law, the articles of association and the rules of procedure. It advised the Executive Board on the management of the company and both supported and monitored the management and development of the company. The Supervisory Board was always able to satisfy itself of the legality, appropriateness and regularity of the Executive Board's work. As part of the close cooperation, the Management Board reported to the Supervisory Board regularly, promptly and comprehensively in writing, by telephone and in personal meetings on the situation and prospects, the principles of business policy, the company's profitability and the company's key business transactions. Outside of the scheduled meetings, the Chairman of the Executive Board in particular maintained a personal dialogue with the members of the Supervisory Board, primarily with the Chairman of the Supervisory Board. In addition, the entire Supervisory Board was continuously informed by the Executive Board about relevant developments and transactions requiring approval. The Supervisory Board was directly and promptly involved 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 Supervisory Board was also able to pass resolutions by written circulation if necessary. Thanks to the regular, prompt and detailed information provided by the Executive Board, the Supervisory Board was able to fulfil its monitoring and advisory function.

A. Meetings and main topics

As an IT company, CANCOM is active in an industry that is characterised by rapid innovation cycles and international competition. At the same time, digitalisation is also one of the key issues for sustainable and future-proof growth. In the 2023 financial year, the Supervisory Board therefore maintained a close and regular dialogue with the Executive Board on the key developments in the market and in individual business areas, as well as on the strategic and organisational measures required to avoid risks and exploit opportunities.

The Supervisory Board held a total of nine meetings in the reporting year, namely on 28 March 2023, 29 March 2023, 24 April 2023, 3 May 2023, 24 May 2023, 14 June 2023, 26 September 2023, 27 November 2023 and 12 December 2023. The four ordinary meetings in March, June, September and December were held as personal meetings, although participation via video conference was generally possible in justified cases. The ordinary meeting on 28 March 2023 was concluded by video conference on the following day. The meetings on 24 April 2023, 3 May 2023, 24 May 2023 and 27 November 2023 were extraordinary meetings that were held as video conferences. In addition, resolutions were passed by way of circulation with resolutions adopted on 21 June 2023 and 30 November 2023.

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

Meetings of the Supervisory Board 2023

Member of the Supervisory Board	Number of participations / number of meetings*	Number of attendances in presence / number of attendance sessions*
Klaus Weinmann (Chairman of the Supervisory Board since 12 December 2023; member since 25 October 2023)	2 / 2	1 / 1
Stefan Kober (Chairman of the Supervisory Board until 12 December 2023; Deputy Chairman of the Supervisory Board since 12 December 2023)	9 / 9	4 / 4
Dr. Lothar Koniarski (Deputy Chairman of the Supervisory Board until 12.12.2023) (Member until 31.12.2023)	9 / 9	4 / 4
Prof. Dr. Isabell Welpe	9 / 9	4 / 4
Martin Wild (Member until 31 July 2023)	6 / 6	2 / 2
Uwe Kemm (mMmber until 31 August 2023)	6 / 6	2 / 2
Dr. Swantje Schulze (Member since 27.4.2023)	6 / 6	3 / 3
Dr. Kari Kapsch (Member since 25.10.2023)	2 / 2	1 / 1

* related to meetings during the term of office of the respective member

In accordance with the recommendation of the German Corporate Governance Code (GCGC in its current version) to hold Supervisory Board meetings without the presence of the Executive Board, the Supervisory Board held all ordinary meetings following the meeting with the Executive Board without the participation of the Executive Board. At these meetings, the Supervisory Board dealt with matters including the structure of the Executive Board and remuneration as well as internal Supervisory Board issues, such as appointments to the Board.

At the ordinary meetings on 28 March 2023, 14 June 2023, 26 September 2023 and 12 December 2023, the Supervisory Board received reports from the Executive Board in accordance with Section 90 (1) sentence 1 no. 1-3 German Stock Corporation Act (AktG) on the intended business policy, profitability and course of business, including the market and competitive situation, and discussed these in detail. In addition, in accordance with Section 90 (1) sentence 1 no. 4 AktG, 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 addition, the Supervisory Board members also received regular updates on the SAP implementation project.

In the past year, the Supervisory Board once again focused in particular on sustainability issues (environment, social, governance, or ESG for short), which were not only dealt with at meetings, but were also discussed in depth bilaterally with the Supervisory Board's ESG expert, Prof. Dr.Welpe, and the Executive Board.

In addition, the following key topics and resolutions from the Supervisory Board's activities in the 2023 financial year should be mentioned:

- At the Supervisory Board meeting on 28 March 2023, the Supervisory Board dealt in particular with the audit of the financial statements for the 2022 financial year. The auditor's report on the 2022 annual financial statements of CANCOM SE and the CANCOM Group was received and discussed in detail. The committee also dealt with topics relating to corporate governance, in particular the report of the Supervisory Board and the corporate governance declaration for the 2022 financial year, which were approved at the meeting. In addition, the appointment of Executive Board member Thomas Stark was extended and a new Executive Board service contract was approved. In addition, the remuneration of the Executive Board was determined, the remuneration report was approved and current business developments were discussed. In addition, the cooperation with the auditor was assessed. Another important topic was the discussion of current M&A projects. As part of the Supervisory Board's deliberations without the presence of the Executive Board members, Dr. Swantje Schulze personally introduced herself to the Board as a possible successor to Regina Weinmann, who left the Board on 31 December 2022.

- At the Supervisory Board meeting on 29 March 2023, the annual and consolidated financial statements and the combined management report for the 2022 financial year were finally presented by the auditor. After detailed discussion, the annual financial statements and consolidated financial statements together with the summarised management report of CANCOM SE and the Group were approved by the Supervisory Board. The annual financial statements for the 2022 financial year were thus adopted. The topics discussed at the previous day's meeting, such as the report of the Supervisory Board, the proposals for the appropriation of profits and the auditor mandate for the 2023 financial year, were approved. The Supervisory Board also resolved to apply for the court appointment of Dr. Swantje Schulze.

- At the Supervisory Board meeting on 24 April 2023, the Supervisory Board approved the Management Board's resolution on the acquisition of KBC Beteiligungs GmbH, the parent company of K-Businesscom AG. It also approved the Non-financial Group report, including reporting on the EU taxonomy, and the agenda for the 2023 Annual General Meeting.

- The subject of the meeting on 3 May 2023 was the discussion of strategic topics in the area of mergers and acquisitions.

- At the meeting on 24 May 2023, the Supervisory Board approved the capital increase in kind planned by the Executive Board as part of the acquisition of K-Businesscom AG.

- At the Supervisory Board meeting on 14 June 2023, business development and the progress of internal projects such as the integration of K-Businesscom and the efficiency programme were presented and discussed by the Board. In the part of the meeting that took place without the presence of the Executive Board members, the Supervisory Board resolved to appoint Mr. Jochen Borenich to the Executive Board with effect from 1 August 2023 as well as his Executive Board service contract. Due to this expansion of the Executive Board, the new schedule of responsibilities was also adopted with effect from 1 August 2023.

- By circular resolution dated 21 June 2023, the Supervisory Board approved the Executive Board's resolution to buy back treasury shares using the existing authorisation granted by the Annual General Meeting.

- The Supervisory Board meeting on 26 September 2023 dealt with business development and the progress of internal projects, among other things. Due to the resignations of Mr. Wild and Mr. Kemm, the Supervisory Board discussed the replacement of the two positions and ultimately decided to apply to the registry court for a court appointment of Mr. Klaus Weinmann and Dr. Kari Kapsch.

- At the Supervisory Board meeting on 27 November 2023, the Supervisory Board approved the acquisition of the IT Consulting & Services division of DextraData GmbH.

- By circular resolution dated 30 November 2023, the Supervisory Board approved the Executive Board's resolution to reduce the company's capital by cancelling treasury shares.

- At the meeting on 12 December 2023, the Supervisory Board discussed business development and planning for the 2024 financial year. The business plans for the 2024 financial year were presented by the Executive Board and approved by the Supervisory Board. The new targets for the Executive Board's remuneration and various corporate governance topics were also 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 identified. In addition, the annual review of the diversity concept for the Executive Board and the Supervisory Board took place. The skills profile of the Supervisory Board was further developed, the skills matrix was adjusted accordingly 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), focussing in particular on the areas of compliance and risk management. Sustainability issues (ESG) were also discussed and jointly analysed, with the Supervisory Board explicitly addressing significant environmental and social risks. Furthermore, Mr. Stefan Kober announced his resignation as Chairman of the Supervisory Board during the course of the meeting, with the result that the Supervisory Board discussed and determined the composition of the Supervisory Board and the committees (see next paragraph). Due to the resignation of Dr. Lothar Koniarski with effect from 31 December 2023, the replacement of the position was discussed and an application for the court appointment of Dr. Ilias Läber as the company's new Supervisory Board member from 1 January 2024 was approved.

B. Composition of the Management Board and Supervisory Board

In the reporting year, the Executive Board was expanded from two to three members. Mr. Jochen Borenich (Chief Sales Officer) has been a member of the Board since 1 August 2023. Since this date, the Executive Board of CANCOM SE has consisted of Mr. Rüdiger Rath (Chairman of the Executive Board), Mr. Jochen Borenich and Mr. Thomas Stark.

The members of the Supervisory Board of CANCOM SE in the reporting year were Stefan Kober, Dr. Lothar Koniarski, Prof. Dr. Isabell Welpe, Martin Wild (until 31 July 2023), Uwe Kemm (until 31 August 2023), Dr. Swantje Schulze (since 27 April 2023), Klaus Weinmann and Dr. Kari Kapsch (each since 25 October 2023). The Supervisory Board was chaired or deputy chaired by Stefan Kober (Chairman until 12 December 2023, since then Deputy Chairman), Klaus Weinmann (Chairman since 12 December 2023) and Dr. Lothar Koniarski (Deputy Chairman until 12 December 2023; member until 31 December 2023).

In accordance with Section 100 section 5 AktG, CANCOM SE has appointed one member of the Supervisory Board who has specialised knowledge in the field of accounting and one member who has specialised knowledge in the field of auditing. In the reporting year, these were Dr. Koniarski for accounting and Mr. Kober for auditing. In addition, Prof. Dr. Welpe has been appointed as a member of the Supervisory Board with special expertise in sustainability issues (ESG). In the reporting year, the Chairmen of the Supervisory Board held discussions with investors and potential investors on topics specific to the Supervisory Board. The meetings were organised as required via the company or the Chairman of the Supervisory Board.

There were personnel changes on the Supervisory Board of CANCOM SE during the 2023 reporting year. Dr. Swantje Schulze was appointed as a member of the Supervisory Board by court order with effect from 27 April 2023 to succeed Ms. Regina Weinmann, who left the Board with effect from 31 December 2022. The appointment, which is limited until the next Annual General Meeting, was confirmed at the Annual General Meeting on 14 June 2023. Mr. Klaus Weinmann and Dr. Kari Kapsch were appointed by court order with effect from 25 October 2023 to replace Mr. Martin Wild, who left the Supervisory Board on 31 July 2023, and Mr. Uwe Kemm, who left the Supervisory Board on 31 August 2023. Dr. Ilias Läber was appointed to the Supervisory Board by court appointment with effect from 1 January 2024 to replace Dr. Lothar Koniarski, who stepped down with effect from 31 December 2023. In accordance with the GCGC, all court appointments are limited in time until the next Annual General Meeting. With these new appointments, the Supervisory Board has successfully developed its own profile of expertise, particularly in the areas of strategy, M&A and post-merger integration (PMI) as well as transformation and corporate processes. The Board is now very well positioned to optimally support the company in the next phases of its development.

As of 1 January 2024, CANCOM SE appointed Mr. Weinmann as a member of the Supervisory Board with special expertise in the field of accounting in accordance with Section 100 section 5 AktG and Dr. Läber as a member with special expertise in the field of auditing. Prof. Dr. Welpe has also been appointed as a member of the Supervisory Board with special expertise in sustainability issues (ESG).

In accordance with the recommendation of the GCGC, CANCOM SE generally supports the members of the Supervisory Board in training and further education measures. An external training programme was held on legal topics relating to Supervisory Board activities. The workshop, organised by a lawyer specialising in capital market law, included updates on sustainability reporting, the German Future Financing Act (ZuFinG) and the German Whistleblower Protection Act (HinSchG). The Supervisory Board also dealt with new legal provisions or other regulations that are important from CANCOM SE's perspective at Supervisory Board meetings.

C. Composition and work of the committees

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

Audit Committee

Supervisory Board members Dr. Lothar Koniarski, Stefan Kober and Prof. Dr. Isabell Welpe were members of the Audit Committee in the reporting year. Dr. Lothar Koniarski (Chairman until 31 December 2023) and Stefan Kober (Deputy Chairman) were Chairman and Deputy Chairman of 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 took part in all Audit Committee meetings and resolutions in accordance with their committee membership.

Meetings of the Audit Committee 2023

Member of the Supervisory Board	Number of partici-pations / number of meetings*	Number of attend-ances in presence / number of attend-ance sessions*
Dr. Lothar Koniarski (Chairman of the Committee)	3 / 3	1 / 1
Stefan Kober (Deputy Chairman of the Committee)	3 / 3	1 / 1
Prof. Dr. Isabell Welpe	3 / 3	1 / 1

*related to meetings during the term of office of the respective member

In the past financial year, the Audit Committee met on 28 March 2023, 29 March 2023 and 16 November 2023 with all committee members present. The meeting on 28 March 2023 was held in person. The meetings on 29 March 2023 and 16 November 2023 were held as telephone meetings.

- At the meeting on 28 March 2023, the Audit Committee dealt with the financial statements and the combined management report for the 2022 financial year and the proposal for approval of the same to the Supervisory Board. The proposal to the Supervisory Board on the appropriation of profits was also discussed. Without the presence of the auditor, the quality of the auditor and the audit of the financial statements were also discussed and the proposal to the Supervisory Board for the auditor for the 2023 financial year was subsequently approved.

- The resolutions on the aforementioned topics of the meeting on 28 March 2023 with regard to the financial reports for the 2022 financial year and the appropriation of profits were then passed at a virtual meeting on 29 March 2023.

- At the meeting on 16 November 2023, the committee primarily dealt with the topics of governance, risk management and compliance, including the company's risk management system, the effectiveness, equipment and findings of the internal audit department and compliance with integrity in financial reporting. Sustainability was also a key topic at the meeting.

In addition, the Chairman of the Audit Committee in particular was in regular dialogue with the auditors. In accordance with the GCGC recommendations, in addition to a close dialogue on the audit and its results, it was also agreed that the auditor would report any inaccuracies in the declaration of compliance.

The Supervisory Board members Dr. Ilias Läber, Klaus Weinmann and Prof. Dr. Isabell Welpe have been members of the Audit Committee of CANCOM SE since 1 January 2024. Dr. Ilias Läber (Chairman) and Klaus Weinmann (Deputy Chairman) are the Chairman and Deputy Chairman of the Audit Committee of the Supervisory Board. The Audit Committee as a whole has relevant industry expertise.

Nomination Committee

In the reporting year, the Nomination Committee consisted of Supervisory Board members Stefan Kober, Dr. Lothar Koniarski and Uwe Kemm (from 1 January 2023 until 31 August 2023). Stefan Kober (Chairman) and Dr. Lothar Koniarski (Deputy Chairman) were Chairman and Deputy Chairman of the Nomination Committee of the Supervisory Board.

All committee members in office at the time took part in all Nomination Committee meetings and resolutions in accordance with their committee membership.

Meetings of the Nomination Committee 2023

Member of the Supervisory Board	Number of partici-pations / number of meetings*	Number of attend-ances in presence / number of attend-ance sessions*
Stefan Kober (Committee Chairman)	2 / 2	2 / 2
Dr. Lothar Koniarski (Deputy Chairman of the Committee)	2 / 2	2 / 2
Uwe Kemm	1 / 1	1 / 1

*related to meetings during the term of office of the respective member

In the past financial year, the Nomination Committee met on 28 March 2023 and 26 September 2023 with all current committee members in attendance. Both meetings were held in person.

- At the meeting on 28 March 2023, the Nomination Committee dealt with filling the vacant position of Supervisory Board member Ms. Weinmann, who left the Supervisory Board on 31 December 2022, and decided to propose to the Supervisory Board the court appointment of Dr. Swantje Schulze.

- The meeting on 26 September 2023 was convened due to the resignation of Supervisory Board members Martin Wild and Uwe Kemm (with effect from 31 July and 31 August 2023 respectively). The Board, which only consisted of two members at the time, did not have a quorum, which is why only recommendations were made to the full Supervisory Board with regard to replacements.

Klaus Weinmann was appointed to the Nomination Committee on 12 December 2023 to replace the retired member of the Nomination Committee, Uwe Kemm, and was elected Chairman of the committee. Stefan Kober has assumed the role of Deputy Chairman of the Nomination Committee since this date. With the departure of Dr. Lothar Koniarski on 31 December 2023, Prof. Dr. Isabell Welpe became a member of the Nomination Committee on 1 January 2024.

D. Corporate Governance and Declaration of Conformity

The work of the Supervisory Board is based on the provisions of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code. At the meeting on 12 December 2023 in particular, the Supervisory Board dealt intensively with the applicable recommendations of the Code in the version dated 28 April 2022, published in the Federal Gazette on 27 June 2022, and reviewed the extent to which they are and will be complied with in future. The Executive Board and Supervisory Board of CANCOM SE have declared that they fully complied with the recommendations of the Code 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.investoren.cancom.de under Corporate Governance.

E. Annual and consolidated financial statements

The financial statements prepared by the Executive Board and the summarised management report for CANCOM SE and the Group for the 2023 financial year 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 fifth time for the 2023 financial year. The annual financial statements of CANCOM SE and the summarised management report for CANCOM SE and the CANCOM Group were prepared in accordance with German statutory accounting regulations. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and the additional requirements of German law pursuant to Paragraph 315a section 1 of the German Commercial Code (HGB). The auditor conducted the audit in accordance with Paragraph 317 HGB and the EU Audit Regulation (Regulation (EU) No. 537/2014) in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and issued an unqualified audit opinion in each case.

The Audit Committee of the Supervisory Board held meetings on 21 and 26 March 2024. The Supervisory Board also met on these dates. The auditor attended the meetings of the Audit Committee and the meetings of the Supervisory Board to advise the Supervisory Board on the annual and consolidated financial statements, including the approval of the balance sheet. The annual financial statements, the consolidated financial statements, the summarised management report, the auditor's report on the audit and the Executive Board's proposal for the appropriation of net profit were made available to all Supervisory Board members in good time before the meetings. The Chairman of the Audit Committee in particular coordinated the audit process with the auditor responsible for the audit, both alone and together with the Chief Financial Officer. Until 31 December 2023, Dr. Lothar Koniarski was responsible for coordinating with the auditors and, from 1 January 2024, Dr. Ilias Läber succeeded him as Chairman of the Audit Committee.

At its meetings, the Audit Committee dealt with the financial statements and the summarised 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 retained profits and the payment of a dividend of € 1.00 per share.

At the Audit Committee meeting on 21 March 2024 and the Supervisory Board meeting, also on 21 March 2024, the auditors reported on the progress and key findings of their audit and were available to answer questions, discuss them and provide additional information. On 26 March 2024, the annual and consolidated financial statements and the combined management report were finally presented to the Audit Committee and the Supervisory Board by the auditor. Following a detailed discussion of the audit reports, annual financial statements and summarised management report, the Supervisory Board approved the results of the audit on this day. Following the final results of the audit by the Audit Committee and its own review, no objections were raised. The Supervisory Board therefore approved the annual financial statements of CANCOM SE prepared by the Executive Board, the consolidated financial statements and the combined management report of CANCOM SE and the CANCOM Group for the 2023 financial year. 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. The Supervisory Board would like to thank the members of the Executive Board and the entire CANCOM team for their commitment and constructive cooperation over the past financial year.

The CANCOM Group, which has now grown significantly, should continue to grow successfully in 2024. It is important for us to focus on organic growth, increasing the company's profitability and improving the return on equity. The Supervisory Board will advise and support the Executive Board in the tasks ahead.

Finally, we would like to thank you, our shareholders, customers and partners, for the trust you have placed in us.

Munich, Germany, 26 March 2024

For the Supervisory Board

Klaus Weinmann
Chairman of the Supervisory Board

CANCOM on the capital market

Development of the German stock market

Germany's leading index, the DAX, ended the stock market year 2023 with a significant gain. At the beginning of the year, the index was still just above the 14,000 point mark. From there, apart from a brief consolidation phase in March, it rose to a new high of 16,469 points at the end of July. The index recovered from the subsequent correction, which lasted until the end of October, by the end of the year and closed the year up 19 percent at around 16,700 points. The TecDax, on which CANCOM SE shares are listed, gained around 15 percent over the year and ended the year at 3,337 points.

Development of the CANCOM share

The CANCOM SE share opened the stock market year 2023 at € 27.56. After a positive start to the year, the share price reached its high for the year of € 35.10 on 7 March 2023. The share price subsequently fell, with some interruptions, to a temporary low in the second half of August. The subsequent share price performance was inconsistent and, after a very significant price movement, the share price reached its low for the year of € 21.26 on 25 October 2023. From there, the share price recovered and rose by around 37 percent by the end of the year. CANCOM SE shares closed the trading year at € 29.56, up 7 percent on the start of the year.

In 2023, CANCOM issued 3,500,000 new shares to the sellers of K-Businesscom in a capital increase against contributions in kind in May. In June, the Executive Board approved a share buyback programme with a maximum volume of € 155 million, which ran until the end of 2023 and will end on 30 June 2024 at the latest. A total of 2,750,950 treasury shares were bought back by 31 December 2023 at a volume-weighted average price of € 25.97 per share.

SHAREHOLDER STRUCTURE

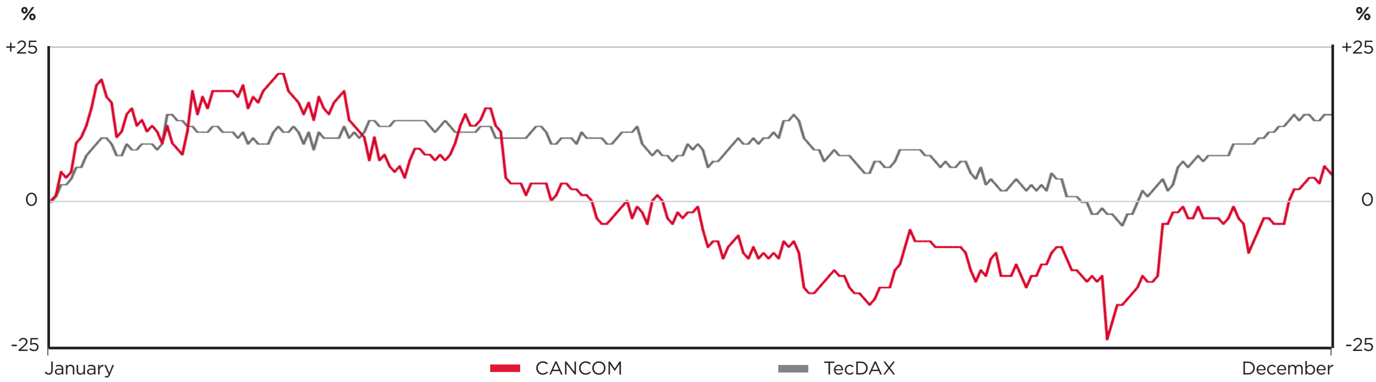
Allianz Global Investors	14.99 %
ALUK Private Foundation	5.97 %
SEO Management	5.04 %
Primepulse SE	5.03 %
UBS Group AG	4.35 %
GoldmanSachs	3.97 %
Free float	60.65 %

Information according to existing voting rights notifications as at 31 December 2023

MASTER DATA AND INDICES

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

CANCOM SHARE PERFORMANCE OVER THE YEAR



RESEARCH COVERAGE

Alster Research
Berenberg
BNP Paribas Exane
Deutsche Bank
DZ Bank
Hauck & Aufhäuser
Jefferies
Kepler Cheuvreux
Oddo BHF
Stifel
Warburg

KEY FIGURES AND TRADING DATA OF THE CANCOM SHARE

		2023	2022
First price of the year (XETRA)	€	27.56	59.30
Closing price at year end (XETRA)	€	29.56	27.36
Highest price (07.03.2023 / 03.01.2022)	€	35.10	59.90
Lowest price (26.10.2023 / 29.09.2022)	€	21.26	23.04
Yearly performance	%	7.3	-53.9
Market capitalization (as at 31 December)	€ million	1,084.4	967.7
Average turnover per trading day (XETRA)	pieces	87,264	113,203
Average turnover per trading day (XETRA)	€	2,429,596	4,387,111
Earnings per share from continuing operations (undiluted)	€	1.03	0.90
Shares outstanding as at 31 December	pieces	36,686,808	35,371,850

Dividend

CANCOM SE's dividend policy is intended 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 due to the megatrends of digitalisation, artificial intelligence and cyber security, among other things. Future profits are therefore to be used primarily to finance growth and the further development of business activities. These growth investments should be made in the interests of a long-term increase in the company's value and therefore also in the interests of shareholders. For the 2023 financial year, the Executive Board and Supervisory Board will propose an unchanged high dividend of € 1.00 per share (previous year: € 1.00) to the Annual General Meeting.

As at 31 December 2023, the number of shares entitled to dividends was 36,120,900. The deviation from the share capital of CANCOM SE, which was divided into 35,371,850 no-par-value shares on 31 December 2022, is due to the capital measures in the 2023 financial year. The share capital was increased by 3,500,000 shares as part of the capital increase against contributions in kind when K-Businesscom was acquired. The cancellation of the shares acquired as part of the 2023 share buy-back programme in December reduced the share capital to 36,686,808 shares. As at 31 December 2023, the company also held 565,908 treasury shares that are not entitled to dividends. Based on the current share capital less the treasury shares held, which are not entitled to dividends, the total dividend payout for the 2023 financial year would be around € 36.1 million.

Annual General Meeting

The Annual General Meeting of CANCOM SE took place on 14 June 2023 at the Alte Kongresshalle in Munich with shareholders and shareholder representatives in attendance. In total, around 57.4 percent of the company's share capital was represented. All proposed resolutions put to the vote were approved by a majority.

Communication with the capital market

CANCOM attaches great importance to active, open and transparent communication with all capital market participants. CANCOM's Investor Relations team is in regular and close dialogue with investors, analysts and shareholders. In 2023, CANCOM presented itself at a large number of investor conferences and roadshows. The Executive Board and the Investor Relations team also maintained a lively dialogue with investors and potential investors outside the conferences. At the Capital Market Days in Frankfurt and London in May, the Executive Board provided information on the strategy and corporate development.

Current information on the CANCOM share can be found on the website www.investors.cancom.com

Summarised Group Management Report and Management Report of CANCOM SE

Fundamental information about the Group

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

Structure of the CANCOM Group

The parent company of the CANCOM Group is CANCOM SE, based in Munich, Germany. It performs centralised financing and management functions for the Group companies, i.e. the investments it holds. In addition to the central management and financing activities of the parent company, the operating units are also supported in their daily 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/communication and product management. In addition, the operating units have access to an internal, specialised sales department ("Competence Center") across the entire organisation.

The CANCOM Austria Group (formerly KBC Group), based in Vienna, has been a wholly owned subsidiary of CANCOM SE since 25 May 2023. Within the CANCOM Austria Group, CANCOM Austria AG (formerly K-Businesscom AG) performs the central financing and management functions for the subsidiaries of the CANCOM Austria Group. The company has branches in Austria and subsidiaries in the Czech Republic, Romania, Switzerland, Germany and the USA.

In the reporting period, CANCOM formed the operating segments (business segments) "Germany" and "International" as part of the acquisition of the CANCOM Austria Group. The previous segment reporting in the form of the operating segments "IT Solutions" and "Cloud Solutions" ended after the publication of the annual report for 2022 in March 2023.

Reportable segments

The companies of the CANCOM Group based in Germany form the "Germany" business segment. As the parent company, CANCOM SE assumes the central management function and is supported operationally by Central Services. In contrast, all CANCOM Group companies based outside Germany are summarised in the "International" segment. The allocation of resources for both segments is carried out by the Executive Board. The companies allocated to each segment can be seen from the list of shareholdings published in the notes to the consolidated financial statements in this annual report, based on the company's registered office.

In addition to the operating segments, the CANCOM Group's segment reporting also includes a reconciliation statement. For further details on the operating segments and the reconciliation, see section D.2 in the notes to the consolidated financial statements.

Changes in the reporting period

On 24 April 2023, CANCOM SE announced the acquisition of the KBC Group in an ad hoc announcement. The takeover of the KBC Group was completed on 25 May 2023 through the acquisition of all shares in KBC Beteiligungs GmbH (now CANCOM Austria Beteiligungs GmbH), which in turn holds 100 percent of the shares in the main operating subsidiary K-Businesscom AG (now CANCOM Austria AG). The date of initial consolidation was 1 June 2023.

CANCOM has changed its segment reporting in connection with the acquisition of the KBC Group. The description of the operating segments can be found in this section of the Group management report and in section D.2 of the consolidated financial statements.

In May 2023, CANCOM SE acquired 100 percent of the shares in CANCOM Financial Services GmbH and directly sold 60 percent of these shares to Mercator-Leasing-Beteiligungsgesellschaft mbH. The company was included in the CANCOM consolidated financial statements as an associate for the first time in the reporting period.

In December 2023, CANCOM GmbH acquired the IT consulting and services division of DextraData GmbH, which is based in Essen. The date of initial consolidation was 31 December 2023.

Further information on company acquisitions in the reporting period can be found in sections A.2.2 and A.2.3 of the consolidated financial statements.

Significant events after the reporting period

There were no significant events for the CANCOM Group after the reporting period.

Business model and sales markets

CANCOM's product and service offering 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 complete solution provider 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 offerings), through 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 capabilities 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 the provision of IT services is to account for an increasing proportion of business activities. The range of services offered includes consulting and solution design as well as the provision of hardware-related services, help desk and remote service offerings as well as complex managed services and as-a-service services. In order to be able to provide its services, CANCOM operates its own logistics and data centres and employed more than 3,300 people in the Professional Services division as at the reporting date, who provide various services for customers.

The CANCOM Group distinguishes between three revenue categories. The first is the sale of hardware and associated software, the second is the sale of third-party software licences and the third is the provision of services such as IT strategy consulting, IT services and support. The business activities differ in terms of the timing of revenue recognition. Details can be found in section A.3.2 of the notes to the consolidated financial statements. CANCOM purchases IT hardware and software and resells these to end users. CANCOM purchases goods and merchandise directly from manufacturers and distributors. In some business relationships, CANCOM acts as an agent and intermediary. In other contractual relationships, CANCOM is classified as a principal due to its own services, for example in the context of maintenance, guarantees and warranties provided by CANCOM itself. Details on the categorisation of CANCOM as an agent or principal can be found in section A.3.2.2 of the notes to the consolidated financial statements.

In geographical terms, the CANCOM Group is primarily active in Germany and Austria, but also in Switzerland, Romania and Belgium. Other locations are in Slovakia, the Czech Republic and the USA. A key external factor influencing CANCOM's business development is therefore the development of the IT market in the largest sales markets of 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, education and healthcare is increasing. New applications for IT-supported solutions and investments to improve existing infrastructures are contributing to market development.

Important external factors beyond CANCOM's control that can have a positive or negative impact on business development include, in particular, data protection regulations, the general threat situation in the area of cyber security and the quality certifications required by customers, as well as environmental and social standards. As a provider of IT services and products, the CANCOM Group's business model is not subject to any particular industry-specific legal provisions, authorisation requirements or official supervision, i.e. external regulatory or politically influenced factors that go beyond the statutory regulations that generally apply to all companies. In addition, the availability of IT hardware and software on the global 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. CANCOM Group customers are also active in sectors that are subject to industry-specific requirements, for example as operators of critical infrastructure or financial service providers. Here, CANCOM provides its services following an assessment and any necessary adjustments to its own system landscape and designs processes in accordance with customer-specific and/or regulatory requirements.

Competitive position

According to the most recent analysis of the Federal Statistical Office and the IT industry association Bitkom available at the time of writing, there are over 90,000 companies in the IT hardware, software and IT services sectors in Germany, although they differ greatly in terms of size and/or range of services. Large companies with an annual revenue of more than € 250 million include 54 companies in the combined IT hardware/software and IT services business area. Based on data from the latest system house rankings published by the industry magazine Channel-Partner, there are only six companies in Germany with domestic revenue of over € 1 billion. According to this ranking, based on revenue for the 2022 financial year, CANCOM is the sixth-largest system house in Germany (2021: 5th place). Compared to the total number of companies active in the market, the CANCOM Group therefore belongs to the very small group of large companies in the German IT industry.

The total volume of the German IT market in 2023 was put at € 142.9 billion by the industry association Bitkom in January 2024. With annual domestic revenue of € 1,522.7 million in 2023, the CANCOM Group's share of the German IT market is 1.1 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.

In Austria, the CANCOM Group's most important foreign market, the IT market is also highly fragmented. According to the latest employment statistics from the Austrian Federal Economic Chamber for the "Management Consultancy, Accounting and Information Technology" trade association, a total of 5,940 companies are active in the IT sector in Austria. Around 54 of these companies with more than 250 employees belong to the large company segment. With more than 1,600 employees, the CANCOM Austria Group is one of the leading companies in the Austrian market. The enterprise data platform Datenmarkt ranks K-Businesscom (now CANCOM Austria Group) first in the ranking of IT system houses in the Austrian market in terms of annual revenue in 2022. Based on a total IT market volume of € 13.1 billion in Austria, the CANCOM Austria Group (formerly KBC Group) had a market share of around 4 percent in 2022. Both of the CANCOM Group's core markets are dominated by small and medium-sized enterprises, which generate the majority of revenue in the IT market segment.

Explanation of the internal management system used within the company

In the 2023 financial year, the most significant financial performance indicators for the development of the CANCOM Group were revenue, gross profit[2], EBITDA[3] and EBITA[4]. As part of the change in segmentation, revenue was included as a key performance indicator in 2023. Annual Recurring Revenue (ARR), which was last presented as a key financial performance indicator in the annual report for 2022, has been discontinued as a result of the change in segmentation, as it related to the long-term contracted services in the Cloud Solutions segment.

EBITA, i.e. earnings before interest, taxes and amortisation of intangible assets (amortisation) from purchase price allocations or company acquisitions, is part of the management system instead of EBIT[5]. In purely accounting terms, the corporate strategy with its significant activities in company acquisitions leads to charges on the operating result (EBIT) due to the consolidation of newly acquired companies in the form of amortisation, which is independent of the CANCOM Group's business success. In the view of the Executive Board, EBITA therefore reflects the business performance of the CANCOM Group more adequately than EBIT.

The reconciliation of the financial performance indicators for the reporting year can be reconciled as follows on the basis of the segment reporting (see section D.2 of the consolidated financial statements):

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

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

3 EBITDA = Profit for the period + income taxes + currency gains/losses + result from companies accounted for using the equity method + other financial result + interest result + depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets

4 EBITA = profit for the period + income taxes + currency gains/losses + result from companies accounted for using the equity method + other financial result + interest result + amortisation of intangible assets resulting from company acquisitions (in particular customer bases, order backlogs)

5 EBIT = profit/loss for the period + income taxes + currency gains/losses + profit/loss from companies accounted for using the equity method + other financial result + interest result

(in T€)	Business segment Germany	Business segment International	Consolidated
EBIT	35,057	20,725	55,782
+ Scheduled amortisation on customer bases etc.	3,536	4,788	8,324
EBITA	38,593	25,513	64,106
+ Depreciation and amortisation of property, plant and equipment, software and rights of use	42,490	9,118	51,608
EBITDA	81,083	34,631	115,714
+ Personnel expenses	274,134	108,448	382,582
+ Other expenses*	75,776	20,779	83,977
Gross profit	430,993	163,858	582,273
- Other income*	14,708	4,269	18,539
+ Cost of materials/expenses for purchased services	728,208	246,878	958,999
Revenue	1,144,493	406,467	1,522,733

*) Included in the segment reporting under "Other income and expenses".

To control and monitor the development of the reporting segments, the Executive Board of CANCOM SE analyses their revenue, gross profit, EBITDA and EBITA, among other things, and compares the actual figures with the planned figures. Any significant deviations in the key figures require the preparation of a forecast.

In addition, external indicators such as inflation rates, interest rates, the development of and forecasts for the general economy and the IT sector as well as findings and signals from the existing risk early warning system are regularly taken into account for corporate management purposes. Please refer to the explanations in the risk and opportunity report. Non-financial performance indicators are not used consistently in the company's internal management system.

Net income is the most important financial performance indicator for CANCOM SE. In the reporting year, income from profit transfer agreements with subsidiaries was an important financial performance indicator in addition to net profit for the year. CANCOM SE's net income for 2024 will be significantly influenced by the contribution of CANCOM Austria Beteilungs GmbH (formerly K-Businesscom Beteilungs GmbH), with which, however, there is no profit transfer agreement. Accordingly, this financial performance indicator does not apply. Non-financial performance indicators are also not used consistently in the management system at CANCOM SE.

Research and development

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

The development services provided by CANCOM focus primarily on software solutions, applications or architectures in IT areas such as cloud computing, mobile solutions, the Internet of Things, data analytics, IT security and shared managed services. In addition, there are customisations for company software used in-house and development services for the company's own platforms. Compared to the CANCOM Group's total revenue, however, the expenses for development work are not significant, nor are the resulting own work capitalised. The CANCOM Group's development activities are organised on a project basis. Where necessary, they are supported by the use of third-party services. Own work eligible for capitalisation is broken down as follows:

CANCOM Group: Research and development
(in € million)

	2023	2022
Total research and development expenditure	4.3	6.8
of which own work capitalised	3.3	4.8
of which for third-party services	0.0	0.0

In the reporting period, research and development costs that were not capitalised amounted to € 6.7 million (previous year: € 0 million). The costs were incurred by the CANCOM Austria Group as personnel expenses for the development and customisation of software.

Report on economic position

Development of the overall economy and the IT market

According to Deutsche Bank Research, economic development in the eurozone was positive in 2023 and increased by 0.4 percent in terms of gross domestic product compared to the previous year. Economic development in the CANCOM Group's two most important national markets, Germany and Austria, lagged behind the eurozone. In Germany, GDP fell by 0.3 percent in 2023. In the previous year, growth of 1.8 percent had been recorded. In Austria, CANCOM's most important foreign market, GDP was down 0.5 percent on the previous year. In 2022, GDP had risen by 4.3 percent.

Gross domestic product 2023*
(change from previous year in %)

Germany	-0.3
Austria	-0.5

*) Source: Deutsche Bank Research, 13 December 2023.

The industry association Bitkom puts the total volume of the share of the overall German market for information and communication technology (ICT), i.e. the market for information technology (IT), which is particularly relevant for CANCOM, at € 142.9 billion for 2023. Compared to 2022, this market segment grew by 2.2 percent. The IT services market segment, which is strategically important for CANCOM, also recorded growth and grew by 5.1 percent year-on-year to a volume of € 49.4 billion.

Market for information technology (IT) 2023, Germany*
(change compared to previous year in %)

Total IT market	+2.2
IT services	+5.1
IT hardware (including semiconductors)	-5.4
Software	+9.6

*) Source: Bitkom/IDC, January 2024.

In Austria, the volume of the market for information and communication technology totalled around € 13.1 billion, according to an analysis by the data platform Statista. The market segment thus grew by 2.5 percent compared to the previous year. The IT services segment, which also includes cyber security solutions, also outperformed the market as a whole with a growth rate of 6.6 percent.

Market for information technology (IT) 2023, Austria*
(change compared to previous year in %)

Total IT market	+2.5
IT services (IT services, security)	+6.6
IT hardware (data centres, devices, semiconductors)	-2.0
Software	+0.5

*) Source: Statista Insights, December 2023.

For the CANCOM Group's two most important national markets, the overall trend in the ICT market was positive.

Business performance in 2023

In the reporting period from 1 January to 31 December 2023, the CANCOM Group generated revenue of € 1,522.7 million (previous year: € 1,292.9 million). The main driver of this development was the acquisition of the KBC Group (now CANCOM Austria Group), which was included in the scope of consolidation as at 1 June 2023. The Germany operating segment generated revenue of € 1,135.8 million in the reporting period (previous year: € 1,171.7 million). Revenue in the business segment International, which also includes the vast majority of the contribution from the CANCOM Austria Group (formerly the KBC Group), totalled € 386.9 million (previous year: € 121.2 million). Revenue growth at Group level amounted to 17.8 percent.

In the financial year, the company succeeded in reducing the significantly higher amount of capital tied up in the company (working capital) in the previous year. As a result of strict working capital management, cash flow from operating activities improved by around € 148.2 million and reached € 94.6 million.

In Germany, the CANCOM Group's core market, demand weakened in the reporting year, particularly in the area of hardware and software. The deterioration in the general economic outlook in 2023 was accompanied by a decline in demand from customers in the SME sector. Customers in the public sector were also cautious in the second half of the year due to the ongoing discussions about the tense budget situation at federal level. In contrast, the CANCOM Group's service business in Germany developed positively. In Austria, robust demand ensured a good revenue trend.

In the 2023 financial year, the CANCOM Group's EBITDA was burdened by one-off effects and totalled € 115.7 million (previous year: € 104.9 million). Non-recurring effects in connection with the efficiency and profitability programme and expenses in connection with the acquisition of the KBC Group (now CANCOM Austria Group) had an impact of around € 10.2 million on EBITDA. In summary, the CANCOM Group's business performance in the past financial year presents a mixed picture. The development in the International business segment is very satisfactory, particularly due to the acquisition of the KBC Group (now CANCOM Austria Group), and is evidence of the CANCOM Group's successful acquisition strategy. By contrast, development in the Germany business segment fell short of the Executive Board's expectations at the beginning of the financial year.

Comparison of forecasts and results

The following comparison is based on the forecast for the development of the CANCOM Group for the 2023 financial year published at the end of March 2023 and subsequently updated during the course of the year (see table). The original forecast, published on 30 March 2023, referred as usual to the business performance of the CANCOM Group compared with the reporting date of 31 December 2022. Following the acquisition of the KBC Group (now CANCOM Austria Group) during the year and in view of the changed business performance in the third and fourth quarters, the forecast was adjusted in August.

Performance indicators (in € million)	**Result 2022**	**Forecast** (30 March 2023)	**Forecast*** (25 May 2023)	**Forecast** (1 August 2023)	**Result 2023**
CANCOM Group					
Revenue	1,292.9	1,320 to 1,390	1,630 to 1,700	1,520 to 1,580	1,522.7
Gross profit	437.9	460 to 485	580 to 610	560 to 610	582.3
EBITDA	104.9	114 to 124	131 to 141	116 to 126	115.7
EBITA	54.3	70 to 80	80 to 90	67 to 75	64,1

*) The Executive Board of CANCOM SE had updated the forecast for the CANCOM Group in an ad hoc announcement on 25 May 2023 following the conclusion of the contribution and closing agreement for the acquisition of KBC Beteiligungs GmbH.

Due to the inclusion of the KBC Group (now CANCOM Austria Group) in the scope of consolidation as of 1 June 2023, the comparison of the first forecast of the year with the overall result of the reporting year is only of limited significance with regard to the operational development of the CANCOM Group. The Executive Board adjusted the forecast accordingly on 25 May 2023 in order to reflect the expected development of the CANCOM Group with the contribution of the KBC Group (now CANCOM Austria Group).

Based on the forecast following the acquisition of the KBC Group (now CANCOM Austria Group) on 25 May 2023, the Executive Board does not consider the business performance in 2023 to be fully satisfactory. Revenue, EBITDA and EBITA did not reach the forecast range of 25 May 2023. Gross profit, on the other hand, developed in line with expectations and was at the lower end of the forecast range at € 582.3 million. Compared to the forecast from 1 August 2023, revenue was at the lower end of the forecast range at € 1,522.7 million. Gross profit was in the middle of the forecast range. At € 115.7 million, EBITDA did not reach the lower end of the forecast range and EBITA was also below the forecast range at € 64.1 million due to slightly higher depreciation and amortisation in the CANCOM Austria Group (formerly KBC Group).

Order situation

At the beginning of 2023, the order backlog was well above the historical level. The main reason for this development was the continued limited availability of IT hardware, which caused the order backlog to rise sharply. On the one hand, the availability of IT hardware improved significantly over the course of the year and, on the other, customers became increasingly cautious, particularly in the area of IT hardware. Accordingly, the CANCOM Group's order backlog excluding the contribution of the CANCOM Austria Group (formerly the KBC Group) at the end of the year was lower than at the end of 2022. Due to the acquisition of the KBC Group (now the CANCOM Austria Group), the order backlog increased in the 2023 financial year compared to 31 December 2022. At the end of the reporting period, the contractually fixed open order backlog – calculated in accordance with IFRS 15 – totalled € 649.9 million (previous year: € 425.6 million). Details on the order situation can be found in section C.1 of the notes to the consolidated financial statements.

However, the order situation does not reflect all of the CANCOM Group's business transactions. This is due to the customary contractual structure of many orders. They often cover longer periods in which the volume can vary (framework agreements). However, there can also be very short periods between the order and the realisation of revenue.

Employees

As at 31 December 2023, the CANCOM Group employed 5,615 people (31 December 2022: 3,872). This corresponds to an increase of 45.0 percent compared to the previous year's reporting date. The very significant growth as at the reporting date can be explained by the acquisition of the KBC Group (now CANCOM Austria Group).

The average number of employees in the CANCOM Group in the reporting year was 5,225 (previous year: 3,771). The employees worked in the following areas:

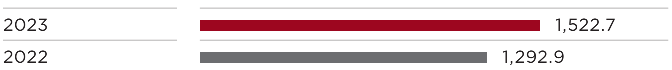
CANCOM Group: Employees

	2023	2022
Professional Services	3,392	2,267
Distribution	958	836
Central services	875	668
Total	**5,225**	**3,771**

Net assets, financial position and results of operations

Results of operations

CANCOM Group: Revenue
(in € million)



In the 2023 financial year, the CANCOM Group's revenue increased by 17.8 percent to € 1,522.7 million (previous year: € 1,292.9 million). The acquisition of the KBC Group (now CANCOM Austria Group) in summer 2023 had a significant impact on the key financial figures at Group level and in the International segment in the reporting year. The CANCOM Group's organic revenue, i.e. revenue excluding the effects of company acquisitions, totalled € 1,220.3 million. The weakening demand from CANCOM Group customers in the IT hardware and workplace environments segment described in the section "Business performance in 2023" caused revenue development to fall below the previous year's figure. In the 2023 financial year, the CANCOM Group generated revenue of € 1,015.3 million (previous year: € 911.8 million) from the sale of goods, in particular hardware and software, and revenue of € 507.5 million (previous year: € 381.1 million) from the provision of services.

Revenue in the Germany segment totalled € 1,135.8 million (previous year: € 1,171.7 million). Organic revenue totalled € 1,112.4 million. The development of the International business segment in the reporting year was significantly influenced by the acquisition of the KBC Group (now CANCOM Austria Group). Revenue in the International business segment more than doubled and totalled € 386.9 million (previous year: € 121.2 million). Organic revenue in the business segment totalled € 95.4 million.

The CANCOM Group's other operating income totalled € 15.2 million in the 2023 financial year and was therefore slightly higher than the comparable figure (previous year: € 14.7 million).

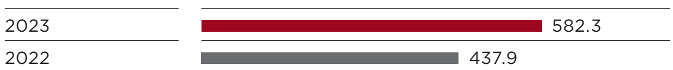
The CANCOM Group's total operating performance in the 2023 financial year amounted to € 1,541.3 million, an increase of 17.4 percent on the prior year (prior year: € 1,313.4 million).

CANCOM Group: Cost of materials
(in € million)

	2023	2022
Cost of materials/expenses for purchased services	959.0	875.5

The CANCOM Group's cost of materials totalled € 959.0 million in the reporting period and was higher than in the prior year (prior year: € 875.5 million). Accordingly, the cost of materials ratio fell to 63.0 percent (prior year: 67.7 percent). The change can be explained by the altered product mix, which included a higher proportion of services in the reporting year. The cost of materials ratio in the Germany segment was 63.6 percent in the reporting year and 60.7 percent in the International segment.

CANCOM Group: Gross profit
(in € million)



The CANCOM Group's gross profit increased by 33.0 percent year-on-year to € 582.3 million in the 2023 financial year (prior year: € 437.9 million). The gross profit margin rose to 38.2 percent (prior year: 33.9 percent). The higher proportion of services in the product mix, which is characterised by higher gross profit margins compared to the sale of hardware and software, led to an increase in the gross profit margin. In the Germany segment, gross profit rose to € 431.0 million (prior year: € 401.2 million). Organic gross profit totalled € 420.6 million. In the International business segment, CANCOM recorded a very significant increase in gross profit to € 163.9 million (prior year: € 38.6 million). Organic gross profit in the business segment totalled € 39.1 million. The total gross profit of the Germany operating segment and the International operating segment totalled € 594.9 million in the reporting year (prior year: € 439.8 million). Due to sales between the business segments, this total fell by € 12.6 million in the reporting year (prior year: € 1.9 million) to reconcile to the consolidated gross profit of € 582.3 million (prior year: € 437.9 million) recognised in the consolidated financial statements.

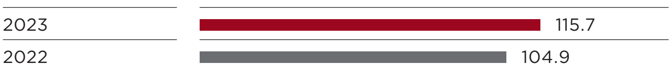
CANCOM Group: Personnel expenses
(in € million)

	2023	2022
Wages and salaries	316.3	230.5
Social security contributions	63.4	40.8
Expenses for retirement benefits	2.4	0.4
Equity-settled share-based payments	0.0	0.0
Share-based payments with cash settlement	0.5	0.0
Total	**382.6**	**271.7**

Personnel expenses in the 2023 financial year amounted to € 382.6 million and were therefore 40.8 percent higher than in the prior year (prior year: € 271.7 million). The personnel expenses ratio was 24.8 percent (prior year: 20.7 percent) and therefore 4.1 percentage points higher than in the prior year. The significant change in the personnel expenses ratio is due to the general salary trend and the higher personnel expenses ratio of the CANCOM Austria Group (formerly KBC Group), which amounted to 28.6 percent in the reporting year.

Other operating expenses totalled € 83.9 million in the reporting year, which corresponds to an increase of 38.4 percent (prior year: € 60.6 million). The very significant increase is largely due to the first-time consolidation of the CANCOM Austria Group. General cost increases also contributed to the rise.

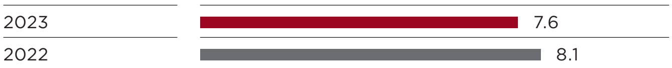
CANCOM Group: EBITDA
(in € million)



In the 2023 financial year, the CANCOM Group's EBITDA increased by 10.3 percent to € 115.7 million (prior year: € 104.9 million). Organic EBITDA totalled € 88.0 million.

EBITDA in the Germany operating segment fell by 10.9 percent and totalled € 81.1 million (prior year: € 91.0 million). Organic EBITDA in the business segment totalled € 76.7 million. In the International business segment, however, EBITDA grew significantly to € 34.6 million (prior year: € 13.9 million). The share of EBITDA generated organically totalled € 11.1 million.

CANCOM Group: EBITDA margin
(in %)



In the reporting period, the EBITDA margin of the CANCOM Group was 7.6 percent (prior year: 8.1 percent). The development of the EBITDA margin was influenced by higher costs for materials, higher operating expenses and higher personnel costs. Non-recurring effects from personnel measures, the premature termination of projects and costs in connection with company acquisitions had a negative impact on EBITDA totalling € 10.2 million.

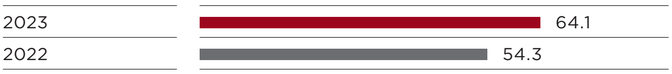
The EBITDA margin in the Germany operating segment reached 7.1 percent in the reporting year (prior year: 7.8 percent). In the International segment, the EBITDA margin was 9.0 percent (prior year: 11.5 percent).

CANCOM Group: Depreciation and amortisation
(in € million)

	2023	2022
Scheduled depreciation of property, plant and equipment	-14.0	-13.7
Scheduled amortisation and impairment of software	-17.3	-22.7
Scheduled amortisation of right-of-use assets	-20.4	-14.1
Scheduled amortisation on customer bases etc.	-8.3	-4.5
Impairment of goodwill	0	0
Total	**-59.9**	**-55.0**

Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets rose to € 59.9 million in the 2023 financial year, 8.9 percent higher than in the same period of the prior year (prior year: € 55.0 million). Depreciation and amortisation increased by € 13.8 million due to the inclusion of the CANCOM Austria Group in the scope of consolidation. Depreciation of right-of-use assets for real estate and vehicles in particular contributed to the increase.

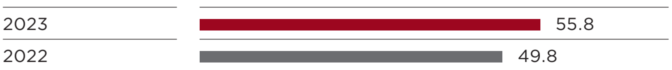
CANCOM Group: EBITA
(in € million)



The CANCOM Group generated EBITA of € 64.1 million in the 2023 financial year. EBITA thus grew by 18.0 percent (prior year: € 54.3 million). Organic EBITA totalled € 44.9 million. The total EBITA amounts of € 64.1 million reported for the operating segments (prior year: € 54.3 million) corresponded to the EBITA reported for the consolidated financial statements in the reporting year and the prior year.

In the Germany operating segment, EBITA totalled € 38.6 million, which represents a decrease of 7.0 percent (prior year: € 41.5 million). Organic EBITA in the business segment totalled € 35.5 million. EBITA in the International business segment grew by 99.7 percent to € 25.5 million (prior year: € 12.8 million) and organic EBITA reached € 9.4 million.

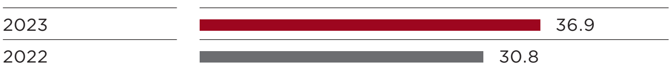
CANCOM Group: EBIT
(in € million)



The CANCOM Group's EBIT totalled € 55.8 million in the reporting period, up 12.0 percent on the prior year (prior year: € 49.8 million).

EBIT in the business segment Germany was 5.1 percent lower at € 35.1 million (prior year: € 37.0 million). Growth in the business segment International amounted to 61.7 percent and EBIT was € 20.7 million (prior year: € 12.8 million).

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



In the 2023 financial year, the CANCOM Group generated net income for the period of € 36.9 million (prior year: € 30.8 million).

Financial position and net assets

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 day-to-day business operations. In addition, the aim is to optimise profitability and thus 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 in order to exploit business and investment opportunities.

Capital structure of the Group

The CANCOM Group's total assets amounted to € 1,548.5 million as at the reporting date of 31 December 2023 (31 December 2022: € 1,305.1 million). Total assets grew by 18.6 percent in the reporting year, primarily due to acquisitions. On the liabilities side, € 724.5 million was attributable to equity and € 824.0 million to liabilities. The equity ratio of the CANCOM Group was therefore 46.8 percent at the end of the 2023 financial year (31 December 2022: 53.2 percent). The debt ratio was correspondingly 53.2 percent (31 December 2022: 46.8 percent).

As at the reporting date of 31 December 2023, there were current liabilities to banks of € 9.4 million (prior year: € 0 million) in connection with the acquisition of the KBC Group. Non-current liabilities to banks amounted to € 1.3 million (prior year: € 0 million); these also exist in connection with the acquisition of the KBC Group. Cash and cash equivalents as at the reporting date for the 2023 financial year totalled € 222.5 million (prior year: € 393.2 million). Cash and cash equivalents exceed the interest-bearing financial liabilities many times over. Accordingly, the CANCOM Group had no net financial debt as at the 2023 reporting date.

Debt and equity

Current liabilities, i.e. liabilities with a remaining term of less than one year, amounted to € 599.2 million at the end of the financial year (31 December 2022: € 479.8 million). The largest balance sheet items were trade liabilities, which amounted to € 356.6 million as at the reporting date (31 December 2022: € 326.0 million) and other current financial liabilities at € 91.2 million (31 December 2022: € 60.0 million). The growth in both balance sheet items is largely due to acquisitions. In addition, other current non-financial liabilities changed noticeably to € 70.5 million (31 December 2022: € 53.7 million) in connection with increased liabilities for holidays and overtime as well as liabilities for social security. Current contract liabilities totalled € 54.9 million (prior year: € 28.6 million) and increased primarily due to a higher level of advance payments received on orders at the CANCOM Austria Group (formerly KBC Group). Other current provisions totalled € 7.9 million (prior year: € 2.0 million) due to increased provisions for severance payments and higher provisions for onerous contracts in connection with the acquisition of the CANCOM Austria Group.

At € 224.8 million as at the reporting date, non-current liabilities were higher than the prior year's figure (31 December 2022: € 130.5 million). The changes in non-current liabilities were also largely caused by the acquisition of the KBC Group (now CANCOM Austria). Other non-current financial liabilities in particular contributed to this change with an increase to € 154.1 million (31 December 2022: € 103.0 million). Due to existing obligations of the CANCOM Austria Group (formerly KBC Group), non-current employee benefit provisions were also significantly higher, totalling € 24.3 million at the end of the financial year (prior year: € 1.2 million). The balance sheet item deferred tax liabilities also increased significantly and totalled € 20.3 million at the end of the year (prior year: € 11.7 million)

Equity totalled € 724.5 million at the end of the 2023 financial year (31 December 2022: € 694.8 million). This development was mainly due to the change in the capital reserve and retained earnings including profit carried forward and profit for the period.

The capital reserve increased in the reporting year as a result of the capital increase against non-cash contributions in connection with the acquisition of the KBC Group (now CANCOM Austria Group). New 3,500,000 shares with a nominal value of € 1.00 per share were issued to the sellers. The issue amount exceeding the nominal capital of € 3.5 million was transferred to the capital reserve in the amount of € 96.5 million. The capital reserve reached a value of € 478.6 million as at 31 December 2023 (prior year: € 380.0 million).

Retained earnings including profit carried forward and profit for the period totalled € 208.2 million as at the reporting date (prior year: € 279.6 million). The balance sheet item was reduced by a total of € 35.4 million (prior year: € 35.4 million) in the reporting year due to the payment of a dividend of € 1.00 per share in accordance with the resolution of the 2023 Annual General Meeting. The repurchase of treasury shares of € 71.6 million (prior year: € 113.9 million) and withdrawals from retained earnings totalling € 32.9 million also had a reducing effect on the balance sheet item. The transfer of the profit for the period totalling € 36.8 million (prior year: € 30.8 million) to retained earnings had a positive effect.

Significant financing measures

Current business and necessary replacement investments were financed from cash and cash equivalents and operating cash flow in the reporting period. The same applies to all other investments.

Assets

On the assets side of the balance sheet, current assets amounted to € 911.1 million as at 31 December 2023 (31 December 2022: € 958.7 million). The decrease compared to the end of the prior year is primarily due to the lower level of cash and cash equivalents, which stood at € 222.5 million at the end of the 2023 financial year (31 December 2022: € 393.2 million), partly due to share buybacks of around € 71.6 million and company acquisitions. Trade receivables increased and reached € 475.5 million as at the reporting date of the reporting year (31 December 2022: € 409.2 million), with the increase being due in particular to the contribution of the CANCOM Austria Group (formerly the KBC Group). At € 79.9 million at the end of the reporting period, inventories were down on the prior year (31 December 2022: € 83.0 million). Other current financial assets totalled € 56.4 million (prior year: € 45.4 million) and increased primarily due to the contribution of the CANCOM Austria Group (formerly the KBC Group) to this balance sheet item. At € 44.1 million, other current non-financial assets were also higher than the comparable figure (prior year: € 25.3 million) as a result of the acquisition of the KBC Group (now CANCOM Austria Group).

Non-current assets amounted to € 637.3 million as at the 2023 reporting date (31 December 2022: € 346.4 million). The very significant change in this balance sheet item is mainly due to a significant increase in property, plant and equipment to € 59.7 million (prior year: € 37.1 million), goodwill to € 261.7 million (prior year: € 125.2 million), intangible assets to € 91.8 million (prior year: € 57.4 million), right-of-use assets to € 122.0 million (prior year: € 84.1 million) and other non-current financial assets to € 51.3 million (prior year: € 27.9 million) as a result of the acquisition of the KBC Group (now CANCOM Austria Group). The increase in other non-current financial assets was primarily due to higher receivables from long-term finance leases.

Cash flow and liquidity

Based on a net profit for the period of € 36.9 million (prior year: € 30.8 million), the cash flow from operating activities for the 2023 reporting period totalled € 94.6 million (prior year: € -53.6 million). The main factor influencing the positive development of cash flow from operating activities was the development of trade receivables, contract assets, capitalised contract costs and other assets in the reporting period. The change in balance sheet items had an impact of € 61.7 million on cash flow from operating activities. In the previous period, the change in these balance sheet items totalled € -129.3 million. Changes in trade receivables had a significant impact, with a change of € 43.7 million (prior year: € -114.6 million). On the other hand, the changes in trade payables and other liabilities had a negative effect on cash flow from operating activities totalling € 66.5 million (prior year: € 10.9 million). The change in inventories was positive at € 9.0 million (prior year: € -15.8 million) and the reduction in inventories had a corresponding positive effect of € +24.8 million on cash flow from operating activities in the reporting year.

Cash flow from investing activities totalled € -74.4 million in the reporting year (prior year: € 34.2 million) and was therefore significantly lower than in the prior year. This was mainly due to payments for the acquisition of subsidiaries, which were exceptionally high at € -70.0 million (prior year: € -10.3 million), primarily due to the acquisition of the KBC Group (now CANCOM Austria Group). This was offset by cash inflows from the acquisition of subsidiaries, which totalled € 12.1 million in the reporting year (prior year: € 1.6 million). Payments for investments in property, plant and equipment, intangible assets and right-of-use assets (CapEx) were slightly lower in the reporting period, totalling € -25.8 million (prior year: € -26.4 million). The CapEx ratio thus improved by 0.3 percentage points in the reporting year and stood at 1.7 percent (prior year: 2.0 percent). Due to the generally higher interest rate level compared to the previous period, cash inflows from interest and dividends received increased significantly to € 6.2 million (prior year: € 1.9 million).

At € -190.4 million, cash flow from financing activities was higher than in the same period of the prior year (prior year: € -171.9 million). The lower payments for the purchase of treasury shares in the amount of € -71.6 million compared to the prior year (prior year: € -117.4 million) had a positive effect. The repayment of existing loans from various banks and other lenders in connection with the acquisition of KBC Beteiligungs GmbH (now CANCOM Austria Beteiligungs GmbH) was recognised in the item payments from the repayment of non-current financial liabilities (including the portion reported as current) and amounted to € -37.6 million. The volume of repayments of lease liabilities rose to € -37.9 million (prior year: € -27.5 million) and payments for the repayment of current financial liabilities totalled € -7.8 million (prior year: € -2.0 million).

In the reporting period, the CANCOM Group's cash and cash equivalents therefore decreased overall by € 170.7 million to € 222.5 million as at 31 December 2023 (31 December 2022: € 393.2 million). As at the reporting date, the CANCOM Group had credit lines (including guarantees) with banks amounting to € 121.4 million, of which a total of € 91.1 million was freely available as at 31 December 2023. As at the reporting date, the CANCOM Group therefore had a high positive balance of cash and cash equivalents and could draw on unutilised credit lines with financial institutions as at the reporting date. CANCOM is therefore in an exceptionally good position to fulfil its payment obligations at all times.

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

In the 2023 financial year, the CANCOM Group achieved an increase in revenue of 17.8 percent to € 1,522.7 million, while EBITDA was 10.3 percent higher than in the prior year at € 115.7 million. Profitability, measured in terms of the EBITDA margin, was 7.6 percent. The positive revenue and earnings development was achieved through inorganic growth. However, the influences described in the section "Business performance in 2023" slowed the CANCOM Group's development in the financial year.

Accordingly, the Executive Board considers the development of the CANCOM Group in the year under review to be not entirely satisfactory. The successful implementation of the acquisition strategy has fuelled the growth of the CANCOM Group. The Executive Board was not satisfied with the operational development of the CANCOM Group in the reporting year and has taken appropriate measures to improve the profitability of the CANCOM Group in the 2024 financial year and ensure its positive development.

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

Within the CANCOM Group, CANCOM SE assumes the central financing and management function for the equity investments it holds. The opportunities and risks of CANCOM SE therefore arise from the opportunities and risks of its equity investments. These are explained in more detail in the risks and opportunities report.

CANCOM SE generated revenue of € 11.2 million in 2023 (prior year: € 13.3 million). Revenue was mainly generated from the provision of management services. At € 5.1 million, other operating income in 2023 was below the figure for the previous period (prior year: € 17.6 million), which was significantly higher overall due to the positive effect of a write-up on a loan from CANCOM SE to the subsidiary CANCOM, Inc. (USA) in the amount of around € 13.5 million. Income from investments totalled € 20.6 million and was generated by distributions from CANCOM Public GmbH (prior year: € 5.5 million). Profits received from profit transfer agreements totalled € 17.9 million (prior year: € 14.2 million). Other interest and similar income rose to € 11.0 million (prior year: € 6.5 million) due to the higher interest rate level. In the reporting period, this income was offset by other operating expenses totalling € 8.2 million (prior year: € 7.1 million) and income taxes of € 8.3 million (prior year: € 5.8 million). In the reporting period, an impairment loss of € 30.6 million was recognised on the investment in CANCOM Managed Services GmbH due to a change in earnings expectations; in the prior year, this item amounted to € 17.1 million in connection with the recapitalisation of CANCOM, Inc. Due to the impairment loss, CANCOM SE's net income for the 2023 financial year was € 5.9 million, which was below the comparative figure (prior year: € 14.0 million).

CANCOM SE's total assets fell in the 2023 financial year to € 744.7 million as at the reporting date (prior year: € 769.7 million). The reason for this change on the assets side of the balance sheet was, on the one hand, the significant increase in fixed assets to € 467.4 million (prior year: € 315.4 million). This development was driven by the acquisition of the KBC Group (now CANCOM Austria Group), which significantly increased the balance sheet item "Shares in affiliated companies" and totalled € 464.0 million as at the reporting date (prior year: € 298.6 million). In contrast, loans to affiliated companies fell to € 2.8 million (prior year: € 16.4 million) following the liquidation of CANCOM, Inc. The decrease in current assets to € 277.0 million (prior year: € 453.9 million) is primarily due to lower receivables from affiliated companies, which totalled € 126.1 million in the reporting year (prior year: € 158.3 million). The change is the result of the lower capital requirements of the subsidiaries of the CANCOM Group. The balance sheet item "Cash in hand and bank balances" also decreased and totalled € 140.9 million (prior year: € 288.2 million). This decrease was due to the payment of the cash component of the purchase price of the KBC Group (now CANCOM Austria Group) totalling € 58.2 million, the repayment of loans of the KBC Group (now CANCOM Austria Group) totalling € 37.4 million, the payment of the dividend totalling € 35.4 million and the repurchase of treasury shares totalling € 71.6 million.

On the liabilities side, equity fell to € 722.9 million (prior year: € 723.9 million). The higher capital reserve of € 480.2 million (prior year: € 381.6 million), which resulted from the allocation of the difference between the issue price and nominal amount in the capital increase against contributions in kind as part of the acquisition of the KBC Group (now CANCOM Austria Group), had a positive effect. Retained earnings fell to € 169.9 million (prior year: € 271.6 million) as a result of the 2023 share buyback programme and the withdrawal from other retained earnings in favour of retained earnings, while provisions amounted to € 8.6 million (prior year: € 13.9 million) as at the balance sheet date. Liabilities amounted to € 12.3 million as at 31 December 2023 (prior year: € 31.4 million). The reduction resulted primarily from lower VAT liabilities, which are recognised in the balance sheet item "Other liabilities", which amounted to € 10.9 million (prior year: € 29.6 million).

CANCOM SE's equity ratio increased compared to the prior year and stood at 97.1 percent as at the reporting date (prior year: 94.0 percent). As at the reporting date, CANCOM SE had access to credit lines totalling € 73.5 million, of which € 56.9 million was unused.

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

Overall, CANCOM SE has a very solid earnings, asset and financial position at the end of the 2023 financial year, as shown by the high equity ratio, among other things. Based on the profitable business activities of CANCOM SE's investments and thus of the CANCOM Group as a whole, as well as the resulting positive effects on the earnings position of the parent company, the Executive Board considers CANCOM SE's business performance in the 2023 financial year to be satisfactory.

Takeover-relevant information

The disclosures pursuant to Section 289a (1) HGB and Section 315a (1) HGB are listed below. For individual takeover-related disclosures, please refer to the notes to the consolidated financial statements and the notes to the annual financial statements of CANCOM SE. For information on the powers of the Executive Board with regard to conditional and authorised capital, the issue of share options and the authorisation to implement a share buyback programme, please also refer to the notes to the consolidated financial statements and the notes to the annual financial statements of CANCOM SE.

Amount and division of the share capital

As at 31 December 2023, the company's share capital amounted to € 36,686,808.00 and was divided into 36,686,808 no-par value shares (shares with no par value) in accordance with the version of the Articles of Association with entry in the register dated 8 January 2024 (prior year: € 35,371,850.00). In the past financial year, the share capital was increased by € 3,500,000.00, divided into 3,500,000 no-par value shares, in the course of the acquisition of the KBC Group by means of a capital increase against a contribution in kind in May. In December, the number of shares was reduced by the cancellation of 2,185,042 treasury shares that had been acquired since the start of the 2023 share buyback programme in July, and the share capital was reduced accordingly by € 2,185,042.00. Details on the development of the share capital in 2023 are described in section B.17.1. of the consolidated financial statements.

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

A share buyback programme ("Share Buyback Programme 2023") was launched on 3 July 2023 on the basis of the resolution of the Annual General Meeting on 28 June 2022, which enables the Executive Board of CANCOM SE to buy back own shares. As part of this buyback programme, CANCOM SE repurchased a total of 2,750,950 treasury shares in the period from 3 July 2023 up to and including 29 December 2023. This means that a total of 7.14 percent of the share capital at the time of the buyback authorisation was acquired in the 2023 financial year. In relation to the share capital as at 31 December 2023, the proportion of shares acquired amounts to 7.50 percent of the share capital. The volume-weighted average price (excluding incidental acquisition costs) was € 25.97 per share as at 31 December 2023. This means that a total of € 71.4 million was used to purchase treasury shares (excluding incidental acquisition costs) in the past financial year. Further information can be found in section B.17.1.2 of the consolidated financial statements.

Direct or indirect equity interests 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 2022 financial year:

- Allianz Global Investors GmbH, Frankfurt am Main, Germany: 14.99 percent.

In the 2023 financial year, CANCOM SE was not notified of any new direct shareholdings in the share capital exceeding 10 percent of the voting rights.

Appointment and dismissal of members of the Executive Board

The provisions of the German Stock Corporation Act (Section 84 and section 85 AktG) and Council Regulation (EC) No. 2157/2001 on the Statute for a European company (SE) (Art. 39 SE Regulation, Art. 9 para. 1 lit. c ii SE Regulation in conjunction with section 84 para. 3 AktG) apply to the appointment and dismissal of members of the Executive Board. 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 Articles of Association

The provisions of section 133 and section 179 AktG apply to amendments to the Articles of Association. A resolution of the Annual General Meeting passed with at least a three-quarter majority of the share capital represented when the resolution is adopted 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 majority for a change to the object of the Company, and may stipulate further requirements. Section 15 (3) of the Articles of Association of CANCOM SE contains such a provision. Accordingly, 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 also requires a majority of the share capital represented when the resolution is passed, a simple majority of the share capital represented when the resolution is passed is sufficient, unless a different majority is prescribed by law. The Annual General Meeting can delegate authorisation to the Supervisory Board to make changes that only affect the wording. In the case of the company, this has been done through the provision in Article 11 of the Articles of Association.

Significant agreements that are subject to a change of control

In the reporting period, there were no significant agreements subject to the condition of a change of control.

Corporate governance statement in accordance with section 315d HGB in conjunction with section 289f HGB

CANCOM has published the corporate governance declaration in accordance with Section 315d HGB in conjunction with Section 289f HGB on the company's website. § Section 289f of the German Commercial Code (HGB) on the company's website.

Non-financial statement in accordance with 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 summarised Non-financial Group report for the CANCOM Group and CANCOM SE on the company's website at https://investors.cancom.com/berichte-praesentati_category/2024/ within four months of the reporting date.

Report on risks and opportunities

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 business development and the associated earnings, financial and asset situation. Entrepreneurial opportunities are always associated with risks. Based on this, the CANCOM Group's management has set itself the goal of positively shaping business development on the basis of a balanced opportunity/risk ratio and thereby sustainably increasing the value of the company in the interests of its shareholders.

Risk and opportunity management

The CANCOM Group's risk culture is characterised by the fundamental conviction that exploiting business opportunities necessarily entails taking risks. From CANCOM's perspective, it is therefore one of the principles of value-oriented and responsible corporate management to utilise business 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, means that business decisions are always made in the knowledge that the opportunities taken are commensurate with the risks accepted. In the context of its risk policy, CANCOM sees itself as a fast-growing company in a rapidly changing market environment. If the risk/reward ratio appears appropriate, management will therefore tend to decide in favour of exploiting the entrepreneurial opportunity rather than avoiding a risk.

The CANCOM Group's management closely monitors market developments and the competitive situation, evaluates them and uses them to identify potential opportunities for the respective business areas in the course of annual planning meetings between the Executive Board and the operational management level and defines targets and measures to utilise the identified opportunities in an entrepreneurial manner.

On the other hand, continuous risk management serves to efficiently monitor and recognise risks at an early stage 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 recognise at an early stage any risks that could jeopardise the company as a going concern or are significant and to deal with them responsibly. With this in mind, the existing risk management system of the KBC Group (now CANCOM Austria AG) was integrated into the risk management structures of the CANCOM Group during the 2023 financial year. The risk inventory of the acquired company was reviewed and integrated into the existing risk inventory of the CANCOM Group. In addition, several indicators were also defined within the KBC Group and the successor company CANCOM Austria to enable early recognition of negative or even existentially jeopardising developments.

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 guidelines, 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 organisation chart, CANCOM has a clear management and corporate structure. Cross-divisional key functions are managed centrally via CANCOM SE.
- The functions of the main areas involved in the accounting process are clearly separated. The areas of responsibility are clearly assigned.
- Integrity and responsibility in relation to finances and financial reporting are ensured by including a commitment to this in the company's Code of Conduct.
- The risk management system provides for new laws, accounting standards and other pronouncements, non-compliance with which would pose a significant risk to the correctness of the financial reporting, to be analysed.
- The financial systems used are protected against unauthorised access by appropriate IT systems. As far as possible, standard software is used for the financial systems employed.
- The consolidated financial statements are consolidated in a central consolidation centre using standardised consolidation software.
- The annual financial statements included in the consolidated financial statements are prepared in accordance with standardised Group-wide accounting policies.
- The risk management system is based on a holistic corporate governance approach in which all elements - risk management, compliance management, internal audit and the internal control system (ICS) - are regularly reviewed with regard to their effectiveness and influence each other. In line with this holistic approach, the elements and audit routines described are gradually established within the organisation if they are not already in place (e.g. in the case of acquired subsidiaries).
- Adequate guidelines (e.g. payment guidelines, travel expense guidelines, etc.) have been established and are updated on an ongoing basis. The material assets of all companies are regularly tested for impairment and there are instructions for monitoring all accounting-related transactions.
- The dual control principle is applied throughout all payment-related processes.
- Accounting-relevant processes are reviewed by the (process-independent) internal audit department. These audit routines are established step by step if they are not already in place (e.g. for acquired subsidiaries).
- Both the risk management system and the internal control system (ICS) include adequate measures to control accounting-related processes.
- The equipment of the departments and divisions involved in the accounting process is orientated in both quantitative and qualitative terms to the capacity and qualification requirements necessary to ensure proper functioning.

- The risk management system ensures that accounting data received or passed on is continuously checked for completeness and accuracy, including by means of random checks. There is a three-stage audit system for the correctness of the financial statements. Individual financial statements are prepared by the accounting department, while Group accounting and consolidation represent a further control instance before the financial management performs a third review.

The internal control and risk management system with regard to the (Group) accounting process is intended to ensure that business matters are always correctly recognised, prepared and assessed in the balance sheet and included in the accounting.

Appropriate staffing, the use of adequate software and clear legal and internal company requirements form the basis for a proper, standardised 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 the 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 requirements, the Articles of Association and internal guidelines, and that they are recorded promptly and correctly in the accounts. At the same time, care is taken to ensure that assets and liabilities are recognised, reported and measured correctly in the annual and consolidated financial statements and that reliable and relevant information is provided in a complete and timely manner.

Internal control and risk management system of the Group

In order to best ensure the appropriateness and effectiveness of the internal control system and the risk management system, all key elements of the Group risk management and internal control system are reviewed and, if necessary, updated, supplemented or revised in regular update meetings, to which experts from the respective divisions are invited as required. In this context, external and internal early warning indicators were also defined, among other things, to identify developments that could jeopardise the continued existence of the CANCOM Group as quickly as possible. Their impact is reviewed together with the calculated overall risk on the basis of an externally commissioned risk-bearing capacity assessment. In addition, we make continuous improvements to the risk management and internal control system on the basis of findings from internal audits or other external audits. On this basis, the Executive Board has no indication that the internal control system and the risk management system are inadequate or ineffective in all material respects and in their respective entirety. Notwithstanding the assessment of the effectiveness and appropriateness of CANCOM's internal control and risk management system, there are inherent restrictions regarding the effectiveness of internal control or risk management systems in general. No control or risk management system, regardless of its assessment, can completely exclude all inaccurate representations.[6]

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 several local risk officers who regularly monitor and assess any risks. The primary objectives of risk management include the timely identification of significant risks that could jeopardise the company as a going concern and the initiation of appropriate measures as part of risk management in order to minimise or avert any potential damage to the company should a risk occur.

To document the organisational regulations and measures for risk identification, analysis, assessment, quantification, management and control, CANCOM has drawn up a risk manual that describes, among other things, the appropriate handling of business risks at CANCOM.

CANCOM proceeds as follows when assessing risks: Firstly, the individual risks identified are assessed according to their probability of occurrence and potential level of damage, and their interdependencies with other individual risks are analysed. All identified individual risks are also assigned to a responsible party in this context. They are then summarised in thematic clusters. Insofar as risks can be meaningfully controlled using quantifiable variables, appropriately defined key figures are used to assess them. If no precisely definable metrics are available for risks, these are assessed in cooperation between the respective responsible parties, the Group Risk Officers and the Executive Board member responsible for risk management. In addition, an annual survey of important key players from the companies and business units of the CANCOM Group was initiated. The purpose of this questionnaire-based survey is to ensure that the existing risk assessments correspond to the current risk potential and whether new risks or risk areas should be taken into account from an expert perspective.

6 Unverified information

The risks and their damage potential and probability of occurrence are presented 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 and very high. With regard to the potential level of damage, a differentiation is also made using the categories low, medium, high and very high. With the help of a risk matrix, the individual risks can be systematised and assigned to different risk classes based on the above-mentioned dimensions. The following tables serve to explain the individual dimensions and present the resulting risk matrix.

PROBABILITY OF OCCURRENCE

Probability of occurrence	Definition of
Low	Probability < 25 % The risk is expected to materialise within the next five years or has never occurred.
Medium	Probability 25 to < 50 % The risk is expected to materialise within the next three years or has materialised in the last three years.
High	Probability 50 to < 75 % The risk is expected to materialise within the next two years or has materialised in the last two years.
Very high	Probability ≥ 75 % Entry is expected within one year.

POTENTIAL LOSS AMOUNT

Potential amount of damage	Definition of
Low	Weak negative impact on the results of operations, net assets and financial position (€ 0 to € 4.0 million)
Medium	Significant negative impact on the results of operations, net assets and financial position (≥ € 4.0 to 8.0 million)
High	Significant negative impact on the results of operations, net assets and financial position (≥ € 8.0 to 12.0 million)
Very high	Very significant negative impact on the net assets, financial position and results of operations (≥ € 12.0 million)

RISK MATRIX - OVERALL RISK ASSESSMENT

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

As part of the risk management system, the CANCOM Group has defined early warning indicators for risks that could jeopardise the company as a going concern, among other things, whose changes and trends are continuously monitored and discussed in risk management meetings. The regular risk management meetings between the Executive Board and risk officers ensure the permanent and timely controlling of existing and future risks. This is also the best way to ensure that the Executive Board and Supervisory Board are informed about potential material 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 Information Security Officer and the Compliance Officer of the CANCOM Group. Both are in direct dialogue with the Group Risk Management Officer, who operates the Group Risk Management System.

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

Risks of future development

The following section provides an overview of the identified risks and possible future developments or events with a potentially negative impact on the CANCOM Group. The risks remaining after the implementation of mitigation measures are described (net presentation). The period of the risk and opportunity analysis corresponds to the forecast period. In principle, all of the risk factors listed below affect both business segments (Germany and

International) 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 have a negative impact on future business activities.

OVERALL ASSESSMENT

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

*) "+" = risk increased, "=" = risk unchanged, "-" = risk decreased.

Changes in risks compared to the prior year

In the reporting period, there were changes to the assessment of risks relating to the future development of the CANCOM Group published in the 2022 management report. The changes relate primarily to the assessment of the risks listed in the table above, as well as the "Risks from the introduction of SAP" described in more detail below.

Economic, regulatory, market and sector-related risks

There are risks from direct sales by manufacturers.

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

To counteract this risk, CANCOM maintains close contact with potential and existing customers. CANCOM also endeavours to offer customers added value compared to direct purchasing from the manufacturer by providing the highest possible service quality in conjunction with a broadly diversified portfolio of sales channels, targeted advice and additional services that manufacturers do not offer.

The occurrence of the risk from direct sales by manufacturers cannot be ruled out. Following the implementation of countermeasures, the Executive Board considers the probability of occurrence to be low. The potential loss is estimated to be low. Overall, the risk is therefore considered to be low.

The overall assessment was therefore downgraded compared to the prior year.

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

As an IT service provider and system 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 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 terminate their business activities, this may result in orders to CANCOM being postponed or cancelled. Interruptions to the supply chains for hardware, software or services could also have a negative impact on business development.

Possible sources of risk here include a weakening economy after the end of the coronavirus pandemic, which, in conjunction with smouldering conflicts such as those around Taiwan and China or war scenarios such as in Ukraine or the Middle East, could have an immense negative impact on CANCOM and the CANCOM Group's customers. It is conceivable that important components of IT supply chains could be interrupted or cancelled altogether, that the supply of urgently needed energy sources could become more difficult, or that important freight routes could only be used to a limited extent or not at all. This could have a significant negative impact on CANCOM's business development.

To counter these risks, CANCOM monitors economic and (geo) political developments, uses external consultants and early warning indicators such as the ifo business climate index, the IMF trend and studies by the industry association Bitkom, and incorporates the knowledge gained into corporate management, supplier management and the range of products and services. A particular focus of the product and solution portfolio is on expanding the IT services business, especially managed services and XaaS. Compared to the system house business, these business areas are generally characterised by multi-year contract terms and have lower requirements for the use of hardware, which reduces dependence on short-term economic and (geo)political developments.

The occurrence of the risk of a negative impact of economic and (geo)political developments on business development cannot be ruled out. Following the implementation of countermeasures, the Executive Board estimates the probability of occurrence as medium. The loss potential is assessed as very high. Overall, the risk is therefore considered to be high.

The overall assessment has not changed compared to the prior 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 performance is regulatory changes, for example in corporate taxes and labour law, but in particular 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 (e.g. EU DORA, C5 criteria, NIS directives). Such or similar regulatory changes or changes to transactions requiring official authorisation could also trigger a significant deterioration in the CANCOM Group's business performance or profitability. In addition, the CANCOM Group's product and service offerings could be negatively affected or prohibited by regulatory changes, for example in the areas of data protection and data storage/ processing.

In order to counteract these risks, CANCOM monitors regulatory developments, utilises external consultants and incorporates the findings into its corporate management and its product and service offering.

The occurrence of the risk of a negative impact of regulatory developments on business development cannot be ruled out. Following the implementation of 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 prior year and is categorised as medium overall.

Increasing competition and technological change in the IT market could lead to lower sales, 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 decisions or a lack of decisions in terms of market approach and the marketing mix as well as in 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 competitor offerings or the launch of new competing products. It is also possible that new competitors will enter the market or that new alliances of competitors will form, which could gain significant market share in a short period of time. In the cloud computing market in particular, hyperscale cloud providers such as Amazon, Microsoft, IBM, Alibaba and Oracle 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 a loss of revenue, lower profitability or a reduction in market share for CANCOM.

To counter these industry and market-related risks, CANCOM is constantly adapting its organisation, its processes and its product and solution portfolio to current market conditions and customer requirements. A particular focus of 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 dependence on short-term changes in the competitive environment. In addition, CANCOM monitors market and technology developments in order to recognise new trends at an early stage and is in constant dialogue 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 both favourable price conditions for CANCOM and 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. Following the implementation of countermeasures, the Executive Board estimates the probability of occurrence as medium. The potential loss is assessed as medium. Overall, the risk is therefore assessed as medium.

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

Project and business-related risks

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

The CANCOM Group and its subsidiaries purchase products, especially hardware and software, from manufacturers or distributors. CANCOM is therefore dependent on these products being of high quality and fulfilling the relevant specifications and quality standards. In the event of defects during the warranty period, CANCOM can generally hold suppliers harmless. However, due to delays between the purchase of goods from suppliers and their 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 cannot assert against suppliers. In addition, CANCOM itself assumes the warranty obligation for its own products and services.

Further liability, warranty and compensation risks arise from the CANCOM Group's business activities, as CANCOM implements and, if necessary, operates IT solutions in complex installation, system integration, software, operations management and outsourcing projects for customers. Given the complexity of the IT solutions and the depth of integration at the customer, technical problems can arise in this context that have a significant negative impact on the customer's business processes. In the case of the AHP Enterprise Cloud Platform developed by CANCOM, there is a risk that the cloud may not be usable, not fully usable or not properly usable for the customer due to malfunctions, incorrect configurations or updates. In the context of hosting services, failures and errors in data centres could also lead to restrictions in the customer's operations and even to business interruptions. As CANCOM sometimes rents space in external data centres, such a risk could also materialise without this being attributable to any fault on the part of the CANCOM Group. Operational risks also arise from the failure to identify interruptions in good time, monitoring errors and breaches of obligations agreed with customers to rectify errors immediately as part of service level agreements. All of this can result in CANCOM being exposed to liability, warranty and compensation claims and possibly also losing contractual relationships.

To counteract these risks, CANCOM takes numerous precautions, for example to ensure the operation and provision of cloud services. 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 industry-standard limitations of liability in the contracts for the service and project transactions affected by this. In addition, CANCOM insures itself against liability and compensation risks, where this makes economic sense.

The occurrence of one or more liability, warranty or compensation risks cannot be ruled out. Following the implementation of countermeasures, the Executive Board considers the probability of occurrence to be low. The potential loss is assessed as medium. Overall, the risk is therefore considered to be low.

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

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

The CANCOM Group carries out IT projects in which IT solutions customised for 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 context of project implementation and risks from contract design.

When implementing projects, it cannot be ruled out that they may be delayed, cancelled or not lead to the hoped-for success for other reasons. As 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 completion of agreed project phases or only after completion of the entire project. As a result, the CANCOM Group sometimes has to make significant advance payments when realising projects. A project delay or cancellation may result in the partial or complete loss of investments already made or the inability to bill for services already rendered. If customers refuse to accept projects for good reason or without justification, this can also lead to payment delays or a complete cancellation of planned payments.

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

Larger projects in the service sector lead to increased risks in the scheduling of employees. The loss of large projects can lead to increased personnel costs, as it is often not possible to adequately deploy staff in other projects or it is only possible to take appropriate measures after a delay.

When contracts for IT projects are drawn up, fixed prices are sometimes calculated and agreed. There is therefore a risk that the actual cost and time expenditure may exceed the budget due to incorrect assumptions, the occurrence of unforeseen events or force majeure and that no adjustment can be achieved for the customer.

To counteract these risks, enquiries at CANCOM generally undergo a process to check technical and economic feasibility before an offer is prepared. In this context, the focus is on ensuring the best possible solution for the customer, taking appropriate account of project risks. An internal review of any contractual risks is also carried out. Standardised contracts are used wherever possible. These are monitored by project management during the projects. CANCOM applies various measures and procedures, such as the use of redundant data centres, to ensure the provision of the agreed service.

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

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

There are risks from acting 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 carry out partial services as part of the IT services to be provided by the general contractor. In this situation, CANCOM is dependent on being commissioned by the general contractor. There is a risk of postponements and reductions in the scope of the contract and also the risk of default by the general contractor.

To counteract these risks, CANCOM is expanding its customer base and is intensively cultivating relationships, reviewing clients and endeavouring to be the first contractor.

The occurrence of the risk from the activity as a subcontractor cannot be ruled out. Following the implementation of countermeasures, the Executive Board estimates the probability of occurrence as medium. The potential loss is estimated to be low. Overall, the risk is therefore considered to be low.

The overall assessment was therefore downgraded compared to the prior year.

There are bad debt risks.

Defaults on (financial) receivables or long-term loans can represent a considerable risk. To counteract this risk, CANCOM operates an intensive receivables management system. There are internal guidelines for the allocation of credit limits, both in terms of their absolute amount and the persons authorised to approve them. As a rule, customers are only supplied after a check has been carried out. In addition, CANCOM conducts ongoing 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 through new business. Risks can also be transferred to factoring banks at an early stage as part of the sale of individual receivables.

The occurrence of risks from bad debt losses cannot be ruled out. Following the implementation of countermeasures, the Executive Board considers the probability of occurrence to be low. The potential loss is assessed as medium. Overall, the risk is therefore considered to be low.

The overall assessment was therefore downgraded compared to the prior year.

Risks arise from dependence on suppliers.

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

To counteract this risk, CANCOM maintains close contact with key manufacturers and distributors and concludes long-term supply contracts where possible and appropriate. CANCOM also works with a broad 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 of dependence on suppliers cannot be ruled out. Following the implementation of countermeasures, the Executive Board estimates the probability of occurrence as medium. The potential loss is assessed as medium. Overall, the risk is therefore assessed as medium.

The overall assessment was therefore downgraded compared to the prior year.

There are internal risks.

The CANCOM Group's value chain covers all stages of its business activities, from marketing, consulting, sales, logistics and implementation through 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 the temporary suspension 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, or that call-off quantities are not purchased in the agreed order of magnitude, due to the sometimes short-term sharp fluctuations in product prices. There is also a risk of quality problems, particularly in areas requiring intensive consulting.

To counteract these risks, CANCOM controls and manages 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 the risks associated with warehousing, the procurement process is continuously optimised. By working closely with manufacturers and distributors, CANCOM constantly endeavours to keep stock levels and warehousing costs as low as possible and to avoid short-term supply bottlenecks. Appropriate insurance policies are in place to cover damage caused by incorrect performance. In addition, internal processes and procedures are subject to constant monitoring by superiors in departments and the CANCOM Group's management. Furthermore, business continuity management safeguards operating processes against downtime.

In addition to the aforementioned potential risks in the area of internal risks, there is also potential for damage from the introduction and implementation of the SAP ERP system in the CANCOM Group. Delays may result in additional costs, for example for external consultants. It can also have a lasting and sometimes negative impact on CANCOM's business activities. There is also a significant risk to the availability of the web shop, customer connections or the entire e-commerce process chain due to incorrect or failed implementations, as well as a possible total failure of the ERP system. Among other things, this could have a negative impact on the processing of customer projects and orders, such as deliveries and invoicing. Technical downtime could also mean that internal processes such as time recording, invoicing or accounting processes can no longer be maintained or only partially maintained and carried out, with all the subsequent consequences.

To counteract this risk, CANCOM utilises various measures such as experienced employees and project managers for the successful implementation of internal projects, proven management and control systems and ensures the highest possible degree of control. Project managers are appointed and project objectives and their sub-objectives are clearly defined in the form of milestones. The project managers monitor the individual steps and drive forward the rapid realisation of the SAP implementation. A training concept and a corresponding test phase are designed to reduce additional risks.

The occurrence of one or more of these internal risks cannot be ruled out. Following the implementation of countermeasures, the Executive Board considers 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 prior year.

There is a risk of operational disruptions, in particular disruptions to IT systems that impair information technology.

The success and functionality of the CANCOM Group depend to a large extent on its IT 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. In extreme cases, restrictions or the failure of these or other internal IT systems or associated external IT systems, whether partial or complete, or the delayed restoration of operations can bring work processes to a standstill. For example, a risk to the availability of goods could arise if the functionality of IT systems that are necessary for a smooth order 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 due to disruptions.

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

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

There are cyber security risks.

Cyberattacks pose a particularly significant risk to the CANCOM Group's operations and all IT-based processes. Our observations show that computer crime is growing and becoming more professional, which is associated with risks to 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 offer sufficient protection and that CANCOM could also fall victim to cyber attacks of all kinds. In this context, both internal IT could be impaired or fail completely, and the monitoring of customer systems could become faulty due to management tools that are not fully functional, which could lead to disruptions for customers, including the total failure of customer systems. Furthermore, it cannot be ruled out that customer information and sensitive, protected data may be leaked in the course of a cyberattack. If data centres and their mirrored backup data centres were to fail at the same time, this would not only mean considerable financial damage for the CANCOM Group, but also significant reputational damage. Overall, disruptions or even the failure of IT systems and data centres could have a negative impact on business operations as well as supplier and 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 protects 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 company-wide business continuity management, and protective mechanisms and emergency processes, including their functionality, are created, checked and tested. At the same time, CANCOM utilises 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 Information Security Officer manages IT security and an in-house IT risk management system in order to analyse risks, take coordinated measures and document risks and countermeasures.

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

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

Risks in connection with the introduction of the SAP ERP system

The risks from the introduction of the SAP ERP system were transferred to internal risks due to the clear overlaps in content with the other risks presented and the ongoing development of the implementation project. This change was already presented in the quarterly statement dated 9 November 2023. At the time of the change, the Executive Board's risk assessment was low following the implementation of countermeasures.

Financial risks

There are financing, liquidity and credit risks.

A sharp deterioration in the liquidity situation is a significant risk for companies 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 result in 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 succeed or, due to the company's poor credit rating, would only be possible on very unfavourable terms. A sufficient credit rating is therefore a necessary basis, particularly for the granting of debt capital, for example by banks, and therefore also for the long-term existence of the company. A significant deterioration in creditworthiness therefore represents a significant risk to the continued existence of the CANCOM Group. A further general financing risk may be posed by financing instruments that are linked to conditions (covenants) which, in the event of non-fulfilment, trigger an unplanned payment obligation.

In order to counteract these risks, the core objective of CANCOM's financial management is to ensure that sufficient liquid funds are available at all times to guarantee smooth day-to-day business operations. In addition, the aim is to optimise profitability and thus 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 entire scope of consolidation is mapped in the planning systems. As the equity ratio (as calculated by the banks) is a key indicator when granting bank loans, its development is monitored regularly in order to be able to initiate any countermeasures in good time.

As at the reporting date, the CANCOM Group had cash and cash equivalents of € 222.5 million and credit lines (including guarantee facilities) with banks of € 121.4 million, of which € 91.1 million was freely available as at 31 December 2023. As a result, cash and cash equivalents significantly exceeded interest-bearing financial liabilities as at the reporting date, meaning that the CANCOM Group had no net financial debt. The equity ratio was 46.8 percent as at the reporting date.

At the time of preparing this risk report, the Executive Board does not believe that any risks arising from the financing, liquidity or creditworthiness situation that could jeopardise the continued existence of the company are discernible. Nevertheless, the occurrence of such risks cannot be completely ruled out. Following the implementation of countermeasures, the Executive Board considers the probability of occurrence to be low. The potential damage is considered to be low. Overall, the risk is therefore considered to be low.

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

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

The CANCOM Group's international business activities result in 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 is reduced by focussing on the DACH region. Other potential risks with a potentially negative financial impact 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 currently declining, but nevertheless high, inflation rates in Germany and the eurozone, coupled with a high level of cash and cash equivalents on the Group's balance sheet, mean an increased risk of inflation. Floating-rate loans or other activities that are dependent on interest rates could be negatively affected by higher interest rates, but due to the low volume of loan liabilities, this did not have a significant impact in the reporting period.

To counter 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, whereby there are always underlying transactions that are hedged. Economic hedging relationships were not recognised as hedging relationships in the reporting year. Dedicated persons are permitted to enter into hedging transactions in amounts subject to approval; authorisations to exceed these limits are granted by the CFO/Executive Board. Treasury activities to optimise purchasing conditions could have negative effects and worsen purchasing conditions in the event of unfavourable hedges. CANCOM continues to achieve a reduction in the volume of external financing and thus an optimisation of the CANCOM Group's interest management with positive effects on net interest income through intra-Group financial equalisation. The benefits of the Group's internal cash investment and borrowing options are based on the liquidity surpluses of individual Group companies used within the framework of the cash management system, which can be utilised for the internal financing of the cash requirements of other Group companies. In addition to overdraft facilities in Germany, CANCOM only utilises fixed-interest loans. Liabilities abroad are insignificant.

The fundamental factors for the assessment are high equity financing and therefore low borrowing, currency hedging to minimise risk, the direct passing on of prices through price escalation 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". Although a decline in purchasing power is recognisable on the customer side, this is at an acceptable level for the CANCOM Group, which is why a low assessment was also made in this area.

The occurrence of risks from changes in exchange rates, inflation and interest rates cannot be ruled out. Following the implementation of countermeasures, the Executive Board estimates the probability of occurrence as medium. The potential loss is assessed as medium. Overall, the risk is therefore assessed as medium.

The overall assessment has increased compared to the prior year.

Personnel risks

There are personnel risks, as the success of the CANCOM Group depends on the ability to develop, attract and retain sufficiently qualified key personnel and to maintain expertise within the company.

Particularly, but not exclusively, in the (specialised) sales, consulting and technical support and operation of IT systems business segments, CANCOM's business success is closely linked to the professional qualifications and personal skills of its management and employees. Consequently, both the failure to recruit and the failure to retain sufficiently qualified staff within the company represent a risk to business development. A further risk is the loss of key personnel with special professional skills or personal qualifications and experience in the company, whose knowledge and reputation have a strong influence on CANCOM's success, at least in the short term. If these employees leave the company, for example, or no longer work for the company for other reasons, there is a risk of loss of expertise and the danger that the CANCOM Group will lose rights to proprietary software developments.

Irrespective of this, there is a risk that the shortage of skilled labour will generally make recruitment more difficult in the future, or that the skills and qualifications required for CANCOM's own digital transformation will be lacking among employees. An unexpectedly sharp rise in the wages of skilled workers as a result of the labour shortage or inflation are also risks for the planned business development. Furthermore, inflation-related salary increases for existing employees at CANCOM are a result of current macroeconomic developments and have already been factored into future developments, but may also be greater than planned.

To counteract these risks, CANCOM offers measures to motivate and develop employees. In addition, top performers are identified through regular monitoring and special attention is paid to them. CANCOM also endeavours to retain its employees in the long term through various measures. In addition, in sensitive and knowledge-intensive areas in particular, appropriate substitution arrangements are in place so that the unexpected absence of an employee can be largely compensated for, at least in the short term. CANCOM carries out measures to strengthen its image as an employer and offers various qualification and further training programmes. 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, regardless of time, place and end device, thereby promoting its image and attractiveness as an employer for employees of the digital generation. CANCOM is also endeavouring to tap into new human resources abroad, for example through its subsidiary in Slovakia.

The possibility of the aforementioned personnel risks materialising cannot be ruled out. Following the implementation of countermeasures, the Executive Board estimates the probability of occurrence as medium. The potential loss is assessed as medium. Overall, the risk is therefore assessed as medium.

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

Information risks

The CANCOM Group may not be able to protect its developments and expertise or keep them secret.

In CANCOM's view, the expertise generated in the course of the CANCOM Group's business activities, particularly in the development of innovative solutions, represents a significant competitive factor. The CANCOM Group's competitiveness depends in particular on safeguarding its technological innovations and the associated expertise. A partial or complete disclosure of this expertise to third parties could lead to the erosion of the competitive advantages gained and thus reduce the corresponding sales and earnings opportunities for CANCOM.

To counteract 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 sensitising employees to this issue as part of internal training courses.

The occurrence of the risk of loss of expertise or leakage of confidential information cannot be ruled out. Following the implementation of countermeasures, the Executive Board estimates the probability of occurrence as medium. The potential loss is assessed as medium. Overall, the risk is therefore assessed as medium.

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

Legal risks

At the time this management report was prepared, there were no contingent liabilities from significant legal disputes or relevant litigation risks, particularly with regard to the risks described below.

There are risks from the violation of compliance guidelines.

The topic of compliance and the associated commitment to social responsibility and reputable behaviour is of paramount importance to the CANCOM Group. In order to meet the requirements of CANCOM's various stakeholder groups, comply with applicable laws and adhere to guidelines for ethical behaviour, CANCOM has an established and ISO-certified (ISO 37301) compliance management system that defines measures to counteract potential compliance violations, among other things. It is managed by a Compliance Officer. There is also 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 and binding for all CANCOM employees. In addition, web-based training courses support awareness of compliance throughout the entire workforce in the long term.

The occurrence of risks from potential compliance violations cannot be ruled out. Following the implementation of countermeasures, the Executive Board considers 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 prior year.

There are risks from the violation 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 unauthorised third parties were to gain 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 immense claims for damages and damage the reputation of the CANCOM Group.

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 violation of data protection regulations cannot be ruled out. Following the implementation of countermeasures, the Executive Board estimates the probability of occurrence as medium. The potential damage is assessed as medium. Overall, the risk is therefore assessed as medium.

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

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

As a result of its operating activities and its status as a listed company, 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 is subject to national and international financial market regulations such as EMIR, MAR, WpHG, the Exchange Rules of the Frankfurt Stock Exchange and the regulations of the German Federal Financial Supervisory Authority (BaFin), national and international labour laws such as the German Temporary Employment Act, national and international tax and corporate law, 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, which could have a negative impact on its business activities or financial position, for example. In addition, tax audits can lead to differing legal interpretations of relevant facts and to additional tax claims and demands for additional levies. Violations of regulatory requirements are also conceivable, which the CANCOM Group could commit due to its activities as a hybrid IT service provider by not complying with legal requirements. These include, for example, the latest regulations regarding the digital resilience of financial institutions, which also apply to their IT service providers, such as EU-DORA, as well as strict requirements regarding the criteria to be met by cloud providers (C5 catalogue of criteria). A breach of these regulations in particular can lead to many services not being offered to customers at all or only to a limited extent.

To counteract this risk, CANCOM employs qualified personnel to assess and implement laws and regulations in all areas of the company, trains CANCOM employees on legal regulations and supports further training and qualification measures. CANCOM also utilises external consulting services.

The occurrence of risks from the violation of national and international laws or regulations cannot be ruled out. Following the implementation of countermeasures, the Executive Board considers 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 prior year.

Strategic risks

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

The acquisition of companies and investments represents a not insignificant 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 a risk that risks may arise or materialise that were not identified or were incorrectly assessed during the prior review of the acquired companies. Furthermore, key employees of the acquired companies could leave these companies as a result of the acquisition by CANCOM, meaning that the loss of these key employees could mean that the objectives that were to be achieved with the acquisition can no longer be realised. There is also a risk that customers of the acquired company may not place orders with CANCOM or conclude corresponding contracts with CANCOM. In addition, the organisational integration of further companies into the CANCOM Group may involve considerable time and financial expense. It is also possible that the implementation of the strategy on which the acquisition is based and the objectives and synergy effects aimed for may not be realised or may not be realised to the extent planned. The realisation of one or more of these risks could, even after several years, result in the investment made being lost in whole or in part and possibly result in impairment losses being recognised in the balance sheet and income statement.

To counteract this risk, CANCOM conducts a due diligence process for every transaction, actively manages potential risks as part of M&A processes and draws on the experience of previous acquisitions and corresponding integration expertise. The company benefits from its many years of in-depth knowledge of the market situation. CANCOM also utilises external consultants in M&A processes and draws on experienced integration managers internally. Checklists and documentation are also used for this purpose, allowing processes and risks to be recorded in an organised manner. By focussing on the core business, the company attempts 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. On the one hand, this can be attributed 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 existing specialist departments and specialists. For example, two of the more recent acquisitions, the KBC Group (now CANCOM Austria Group) and NWC, have been successfully integrated, whereby the acquisition of the KBC Group represents an inherent increase in risk due to its size alone.

The occurrence of one or more risks from misjudgements in acquisitions and their integration cannot be ruled out. Following the implementation of countermeasures, the Executive Board considers the probability of occurrence to be high. The potential loss is assessed as medium. Overall, the risk is therefore assessed as medium.

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

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

The CANCOM Group has acquired or sold a number of companies or shares in companies in recent years. In the case of purchase or sale processes, there is a risk in the context of contract negotiations or contract design. There is also the risk that it may subsequently transpire that certain warranties and/or guarantees and/or obligations entered into by the seller/buyer have not been honoured. 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 CANCOM Group company. The determination of sales prices based on earnings or future earnings may also prove to be disadvantageous for CANCOM. Investments in associated companies also pose a further risk in this area, as these must be accounted for using the equity method and could, in the worst case, lead to impairment losses recognised in profit or loss.

To counteract these risks, CANCOM conducts a due diligence process for every transaction and utilises both internal resources and external consulting and services for both business and legal issues when drafting contracts.

The occurrence of one or more risks from the acquisition or sale of companies or shares in companies cannot be ruled out. Following the implementation of countermeasures, the Executive Board considers the probability of occurrence to be low. The potential loss is assessed as high. Overall, the risk is therefore assessed as medium.

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

There are risks in relation to the loss of the company's 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. Should this image, which of course also reflects the corporate culture, deteriorate, there is a risk of damage to further business development as well as the earnings, financial and asset situation.

An important criterion is attractiveness as an employer and the development of a positive employer reputation. In times of skills shortages and the resulting "war for talent", it is essential to be an attractive employer for well-trained and motivated employees in order to reduce reputational damage in every respect 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 analysed could damage the reputation of the CANCOM Group.

The best possible reputation with regard to ESG criteria is essential for CANCOM. In recent years, there has been a rapid paradigm shift from "nice-to-have" to "must-have" 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 the countermeasures and efforts taken, the Executive Board estimates the probability of occurrence as medium. The loss potential is categorised as medium. Overall, the risk is therefore categorised as medium.

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

There are risks in terms of environmental and social sustainability.

The CANCOM Group is part of an ecological and social system that is currently changing and whose changes may have a negative impact 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 resulting from non-social corporate governance, are to be brought more into the focus of the overall risk assessment. In addition, the Executive Board of the CANCOM Group is taking measures such as the gradual expansion of renewable energy sources for power generation and the expansion of its own power storage infrastructure. CANCOM is also involved in regional projects for charitable causes. CANCOM promotes corporate sustainability through good corporate governance, which supports and ensures behaviour within the CANCOM Group that complies with the law and regulations.

After all the countermeasures and efforts taken, the Executive Board considers the probability of occurrence to be low. The potential loss is categorised as medium. Overall, the risk is therefore categorised as low.

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

Overall risk assessment

Overall, there have been individual changes in the assessment and presentation of the risks described compared to the prior year, which are due to a number of external factors, among other things. A key aspect in the assessment of risks in the forecast period continues to be the ongoing war in Ukraine, the conflict over Taiwan, which threatens to escalate, and the tensions in the Middle East. These risks were analysed in detail and as a precautionary measure with regard to their risk potential for the CANCOM Group, as they have numerous effects on global trade, global economic growth and access to essential hardware components.

Rising inflation and rising interest rates can also lead to a decline in consumption, whereby CANCOM is positively counteracting the risks with the help of low borrowing, currency hedging and the direct passing on of price increases, thus attempting to minimise them, whereby significant growth on the business side can be expected again in the following year, which will be particularly evident in the client and security environment.

Progress with the internal SAP rollout and the global supply chain situation for IT hardware were two risk issues that were neutralised and eased during the reporting period.

As part of the acquisition of the KBC Group, existing risk assessments were also analysed in detail as part of the risk management process and additional risk potentials were explained in detail, with integration into Group risk management to be fully completed in the following 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 assessments compared to the presentation in the 2022 management report and the generally increased uncertainty due to the risks mentioned in the previous paragraph do not represent a significant change in the overall risk situation of the CANCOM Group. In view 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 jeopardised.

In view of CANCOM's position in the market, its business success in the past year and the existing risk management system, 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.

In addition to the confident self-assessment, external assessments also paint a positive picture of CANCOM's creditworthiness. LBBW's rating at the end of the 2023 financial year was 4 (31 December 2022: 4).

Opportunities for future development

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

The following provides an overview of opportunities and possible future developments and events with a positive impact on the net assets, financial position and results of operations of the CANCOM Group.

Economic, regulatory, market and sector-related opportunities

Opportunities could arise from the general market trend as a result of rising demand and changing consumption patterns.

The transformation to a digital future is in full swing. Under the terms "digital change" or "digital transformation", the importance of digital infrastructures and applications is increasing. Companies, public administration and the healthcare and education sectors are increasingly investing in high-performance IT infrastructures and IT applications. The role of information technology in the provision of services and value creation in companies is becoming ever greater. As the demands on the performance of modern IT landscapes increase, so does the complexity of IT solutions and the need for consulting and service offerings.

Overall, changes in user and consumer behaviour and the digital transformation are creating demand for digital technology and digital applications to overcome new challenges and further develop existing offerings. The digitalisation of processes and business models is the central solution for meeting user requirements in the future and thus ensuring competitiveness.

In an international comparison, a need to catch up is repeatedly identified for the German market, which is relevant for CANCOM - both for companies and in the education sector and administration. 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 digitalisation 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, particularly 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, as well as the digital workplace, network technologies and cyber security, for example, should be emphasised, also driven by the increased popularity of mobile and remote working.

CANCOM can also be a helpful partner for customers in the context of expiring support and update services for software from manufacturers, such as in the case of Windows 11, in the changeover and adaptation to a software landscape that continues to be supported or the transformation to alternative solutions.

CANCOM sees itself as a "Leading Digital Transformation Partner" and offers its customers a wide range of IT and software solutions as well as consulting services. Thanks to its proximity to customers, which CANCOM serves regionally on site and at more than 80 CANCOM locations, CANCOM expects to benefit from the generally positive market development. Thanks to its position as one of the leading providers in the German-speaking region, CANCOM is in a position to grow not only in a favourable economic environment.

The acquisition of the KBC Group (now CANCOM Austria Group) in the 2023 reporting year and the takeover of parts of DextraData GmbH in the 2023 financial year fit in perfectly with the opportunities arising from general market developments. The acquisitions strengthen the CANCOM Group's market position.

The Executive Board of CANCOM SE assumes that the CANCOM Group, with its special position in the market and broad product portfolio, could benefit from opportunities arising from general market developments. The Executive Board considers the significance of opportunities arising from general market developments for the CANCOM Group's business development 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, legal requirements regarding the quality and security of this infrastructure are also increasing. Changing requirements for data protection or the operational security of IT systems can create an increased need for advice and investment on the part of customers. For example, companies may need support with the acquisition and implementation of a legally compliant AI solution in view of the AI Act adopted by the European Union. Companies active in the healthcare sector, which is an important customer segment for CANCOM, are obliged to introduce appropriate organisational and technical precautions to establish and maintain IT security when the Patient Data Protection Act comes into force. Implementing the requirements of the new regulation for companies of major public importance requires investment in IT infrastructures and IT security.

Changes in the regulatory environment could lead to demand for IT hardware, IT services and consulting exceeding the expectations of the Executive Board. The Executive Board of CANCOM SE therefore assumes that changes in the regulatory environment could create opportunities for the CANCOM Group. The overall opportunity is classified as high.

Opportunities could arise through good contacts with manufacturers and distributors.

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

With its own Partner Account Management (PAM), CANCOM develops and strengthens its relationships with manufacturers and distributors. This gives CANCOM access to the latest information from manufacturers, and CANCOM employees in purchasing and sales can always align their decisions and recommendations with the latest information on customer needs. As an important partner for manufacturers and distributors in German-speaking countries, opportunities could arise from close co-operation. Good contacts with manufacturers and distributors enable the CANCOM Group to respond to changes in demand with suitable offers and to be able to deliver even in a difficult market environment.

The Executive Board of CANCOM SE assumes that opportunities could arise for the CANCOM Group 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 for the CANCOM Group's business development to be high.

Project and business-related opportunities and technical trends

In the coming years, the topic of digital change will continue to dominate the German economy and the associated technologies will continue to dominate 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 ever more powerful IT hardware, CANCOM has identified the Everything-as-a-Service (XaaS) trend, hybrid and multi-cloud environments, digital workplace, IT security, Internet of Things (IoT) & Industry 4.0, big data/analytics and artificial intelligence as key trends in the industry.

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

More and more data is being generated with IT applications and more and more devices are being connected to the internet. Artificial intelligence offers a wide range of opportunities to generate value from this data and connectivity. By implementing AI solutions, for example, productivity can be increased or completely new business models can be developed. According to the McKinsey study on the economic potential of generative AI, artificial intelligence could increase global value creation by up to USD 25.6 trillion.

CANCOM can position itself as an important partner for customers by providing consulting and services in addition to AI technologies. Thanks to its existing expertise, CANCOM can also take into account and implement individual customer specifications as part of a project implementation.

Examples of the diverse areas in which artificial intelligence can be used include personalised cancer therapy by systematically evaluating various medical data and linking it with other research results within a very short space of time, chatbots to answer customer queries or the use of automated analysis processes to combat crime.

Companies are also showing an interest in developing strategies and technologies to be able to collate and process information from a wide variety of extensive data pools and complex data streams on the one hand, and to gain valuable insights and ultimately benefits for companies and customers from the data on the other.

Analysing large volumes of structured, semi-structured and unstructured data from various sources, including through the use of artificial intelligence, gives rise to new, data-based business models and strategies. The main aim here is to recognise recurring patterns from the analysis of large volumes of data in order to derive predictions and even (automated) instructions for action (smart services). For example, machines, systems and production processes can be analysed using historical data and maintenance can be planned in order to minimise or even completely prevent production downtime.

However, 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 pronounced ability to innovate. This is where CANCOM can score points with its customers thanks to its many years of expertise in the field of IT infrastructure and its IoT & Analytics portfolio.

The Executive Board of CANCOM SE assumes that the CANCOM Group could benefit from opportunities arising from the growing demand for solutions for analysing large volumes of data, which can increasingly only be handled by AI solutions. The Executive Board assesses the significance of the opportunity arising from increasing demand for products related to artificial intelligence, big data solutions and automation solutions as medium.

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

Everything-as-a-Service (XaaS) is defined by the Fraunhofer Institute as an approach in which all services for infrastructure, hardware and software as well as 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), specialised solutions for individual areas are also offered in as-a-Service models. From the service provider's perspective, the common element is the flexible purchase of services, where the customer is only charged for the use of the services.

The advantage for customers lies in the scalability of services and the ability to only pay for the services they have actually used. 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 within the company. The majority of companies are already procuring new software in an SaaS model.

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

The Executive Board expects the trend towards the use of 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 considers the significance of the opportunity of a faster adaptation of XaaS offerings to be high.

Opportunities could arise from technological developments in the area of 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 significantly among German companies. Nevertheless, companies want to further increase the use of cloud solutions.

The use of cloud solutions has increased again compared to the prior year. Currently, 97 percent of companies with more than 50 employees in Germany are already using a cloud solution. Now that cloud solutions have successfully established themselves on the market, topics such as cost reduction and more efficient utilisation of the IT infrastructure are likely to gain in importance and give rise to further demand for consulting services.

At the same time, new cloud solutions are emerging that utilise the advantages of different cloud approaches. More than three quarters of companies in Germany already utilise multi-cloud architectures, in which the offerings of different private cloud providers or various public cloud offerings are combined. While multi-cloud scenarios have been introduced in the majority of companies with over 5,000 employees, the proportion of companies using multi-cloud solutions is lower, particularly among medium-sized companies with 50 to 250 employees. Expertise and experience are required to set up and integrate these complex solutions. This opens up opportunities for providers such as CANCOM, from strategic planning, architecture and design to implementation and subsequent operation.

The increasing demand for hybrid and multi-cloud solutions could have a positive impact on demand for CANCOM products and services overall. With its knowledge of the complex interrelationships of IT structures that have often evolved over time, many years of project experience and its own competence centres for various IT solution topics, in addition to an extensive cloud solution 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 as a result of the increasing demand for and utilisation of hybrid and multi-cloud scenarios. The Executive Board assesses the significance of the opportunity arising from technological developments in the area of hybrid and multi-cloud environments as medium.

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

The digital workplace is a key IT topic for companies. The digital transformation is changing the world of work, but the coronavirus pandemic has also provided new impetus. Work-life balance and the opportunity to work in flat, interdisciplinary hierarchies are becoming increasingly important. At the same time, more and more digital workplaces are being set up outside of fixed office workstations. The digital workplace is not limited to traditional 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 established a strong presence in the Digital Workplace sector in recent years. In the independent ISG Provider Lens Germany 2023 study, CANCOM achieved the classification "Leader" in the categories "Employee Experience (EX) Transformation Service", "Managed Workplace Services" and "Digital Service Desk and Workplace Support Services" for the German market. The holistic understanding of hybrid workplaces, hybrid work and digital experience, including technology, security, sustainability and culture, are of central importance.

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

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

Because organisations depend on their IT functioning reliably and securely, the topic of IT security is becoming increasingly important. The number of cyberattacks on company 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 require corresponding IT security strategies with a global reach. Ever larger volumes of data need to be reliably managed and protected, while at the same time the number of potential points of attack is increasing 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.

As a result, IT security is increasingly high on 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 most important technologies for IT decision-makers. At the same time, the number of intrusion points increases with the number of devices in a network. For IoT applications in particular, protection will become one of the most central issues in the coming years. Companies will have to deal intensively with IT security issues, especially when introducing digital workplace concepts.

CANCOM has DIN ISO 27001 certification (information security). It certifies that CANCOM has an information security management system that is aligned with CANCOM's circumstances and adapted to customer requirements. For customers, the certification signals 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 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 considers the significance of the opportunity arising from the change in cyber security requirements and cyber threat situations to be high.

Opportunities could arise from a faster spread of the 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 homes and other IoT devices: The number of devices that exchange information and data is high and constantly increasing. Networking, cooperation and communication between the various end devices is also increasing. The connection between the physical and virtual environment, which characterises the IoT, is increasing.

IoT allows providers to access more data streams, ultimately bringing them closer to their customers. IoT applications are also increasingly critical to the success of production processes, such as edge computing.

Connecting multiple 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 forms the infrastructure that plays an important role in the concrete design of digital business models.

For IoT projects, companies are looking for partners who, in addition to economic requirements, have special industry knowledge and technical expertise. The introduction of the G5 standard in mobile communications and the Wi-Fi 6 standard represent a significant step towards enabling IoT and Industry 4.0 projects and accelerating the trend towards networked Industry 4.0.

The IoT is the foundation 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 and analytics have long since become a central element in the control of these complex systems.

In recent years, the infrastructure side (IaaS) and the application side (SaaS) have often taken centre stage in connection with cloud computing and industrial applications. The platform concept is now clearly moving to 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 option 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 services relating to the Internet of Things. This is another reason why companies are planning to spend more on IaaS and PaaS projects in the coming years.

The Executive Board of CANCOM SE assumes that opportunities could arise for the CANCOM Group as a result of an acceleration in the use of IoT and Industry 4.0 applications. The Executive Board assesses the significance of the opportunity arising from the faster spread of the Internet of Things (IoT) and Industry 4.0 approaches as medium.

Personnel opportunities

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

The number of unfilled IT positions in companies has been growing for years. In its survey of 13 December 2023, the industry association Bitkom estimates 149,000 unfilled positions in the IT sector in Germany. These figures show a clear shortage of skilled labour, which is causing companies to search longer and longer for IT specialists. Companies are increasingly confronted with a lack of internal IT capacities due to the diversity and complexity of requirements. Accordingly, companies are turning to service providers such as CANCOM. The CANCOM Executive Board expects this "war for talent" to accelerate further 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 endeavouring to attract and retain specialists for the company. International recruitment, such as at the CANCOM site in Kosice, Slovakia, is also of central importance, as well-trained specialists can be acquired here whose co-operation can be of great value in the day-to-day business operations of the CANCOM Group. A high training quota and extensive investment in the training and further education of employees are just as much a part of the solution as targeted employer branding and benefit programmes. CANCOM actively involves employees in the organisation 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 personnel policy and positioning as an attractive employer. The Executive Board assesses the significance of the opportunity arising from the shortage of skilled labour in IT departments as medium.

Strategic opportunities

Opportunities could arise from successful company acquisitions and takeovers.

The IT market in Germany remains highly fragmented. According to data from April 2023, the industry association Bitkom recently recorded around 93,700 companies in the IT hardware, software and IT services segments alone. Takeovers within the IT sector are therefore part of the development for larger companies. CANCOM has also repeatedly exploited strategic opportunities through acquisitions in recent years.

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

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

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

Opportunities can arise in terms of ecological and social sustainability.

Public interest in ecological and social sustainability has increased significantly. Positioning the CANCOM Group as a sustainable IT service provider creates corresponding opportunities for customers, end users, suppliers and employees. Being perceived as a sustainable company can increase both its attractiveness as an employer and its reputation among existing and potential customers and business partners. The CANCOM Group has already implemented measures to improve environmental sustainability. These include, for example, the expansion of energy generation at the CANCOM Group's sites, primarily through photovoltaics and corresponding storage technology. The expansion of in-house energy storage also increases the availability of the IT infrastructure in important CANCOM properties, even in the event of a weather-related power outage. Opportunities arise from the development of sustainable infrastructures and a sustainable market presence for the CANCOM Group.

For their part, the CANCOM Group's customers are also responding to the growing demands in the area of sustainability and are attaching increasing importance to the aspect of sustainability when developing their IT solutions. CANCOM can contribute to improving the sustainability performance of its customers through its products and services. Opportunities arise from a stronger focus on sustainability on the part of the CANCOM Group's customers.

The Executive Board considers the significance of the opportunities arising in relation to environmental and social sustainability to be low.

Overall opportunity assessment

In the future, the efficient handling of information and data, greater agility and a focus on core competences will be more essential than ever for a company's ability to innovate and remain competitive. This requires new concepts for work process organisation, data security and the design of the working environment. Companies need service providers who can offer suitable IT components, preferably from a single source, and complement these with managed services and scalable cloud solutions. The entire CANCOM Group could benefit from this due to the large number of specific tasks for the design and modernisation of IT in companies.

CANCOM combines over 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 by being flexible and continuously adapting its portfolio and the structures and processes within the company. Competence centres support the specialisation in individual IT areas with specialist know-how. The specific expertise of the specialist sales units is made available to the sales and service units of all CANCOM units. With a comprehensive service portfolio, CANCOM offers IT solutions and managed services tailored to individual needs, thus creating added value for customers.

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

By exploiting synergies and economies of scale, for example through improved purchasing conditions and centralised administrative tasks as well as better access to tenders for major projects, the CANCOM Group can continue to grow profitably. The expansion of the high-margin service business continues to reduce dependence on price developments in the hardware sector.

The growth of the CANCOM Group has also been supported by acquisitions in recent years. In a market that remains highly fragmented, the Group's solid financial position and good financial resources will continue to provide opportunities to further expand its market position through suitable acquisitions in the future.

The Executive Board of CANCOM SE is confident that the Group's earning power will form a solid basis for future business development and provide the necessary resources to decisively utilise CANCOM's entrepreneurial opportunities.

Report on expected developments

Development of the overall economy and the IT market

With a revenue share of over 70 percent , Germany is by far the most important sales market for the CANCOM Group. The other key 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 in both national markets forms an important framework and basis for comparison when assessing CANCOM's economic development.

Outlook for gross domestic product 2024*
(change from prior year in %)

Germany	-0.2
Austria	-0.1

*) Source: Deutsche Bank Research, 13 December 2023..

At the time of preparing this forecast report, the further development of the economy as a whole and thus also of the ICT market is largely characterised by weak economic prospects in the CANCOM Group's core markets and great uncertainty regarding the extent of the federal government's spending consolidation in Germany. Accordingly, the development of public spending to meet the challenges of digitalisation is accompanied by considerable uncertainty for 2024. By contrast, the economy as a whole is expected to pick up slightly from the second quarter onwards. Continued high energy prices and the expected weak development of the export business are putting pressure on companies' willingness to invest, including in the ICT sector.

Germany

In its forecast for the development of gross domestic product in December 2023, the Kiel Institute for the World Economy (IfW) assumed GDP growth of 0.9 percent for Germany in 2024 despite the generally low economic momentum. In March, the Kiel Institute cut its forecast for economic development to GDP growth of 0.1 percent for 2024.

Austria

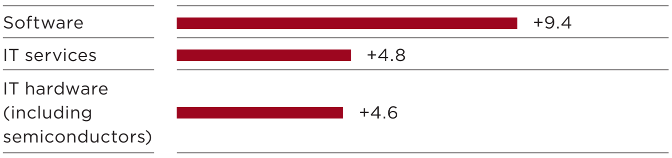
In December 2023, IfW Kiel expected a slight decline in GDP of -0.2 percent in 2024 for Austria, another key country market for the CANCOM Group. In its forecast from March 2024, IfW Kiel raised the growth rate to 0.5 percent in 2024.

ITC market in Germany and Austria

In general, companies are slightly positive about the outlook for the 2024 financial year. The Bitkom-ifo Digital Index compiled by the industry association Bitkom, which reflects the ICT business climate, stood at 7.3 points in January 2024 and was therefore below expectations at the end of the fourth quarter of 2023. While the index had risen in December, sentiment deteriorated again at the start of the year. While the assessment of the business situation had been declining since the first quarter of 2023, business expectations rose in December 2023, only to fall again recently.

According to Bitkom, the industry association for the ICT sector, sales of products and services in the information and communication technology (ICT) market in Germany will grow by 4.4 percent to a volume of € 224.3 billion in 2024. For 2023, the association has forecast growth of 2.0 percent to € 215.0 billion. The current outlook thus points to continued growth in the ICT market. The development is being driven positively 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 6.1 percent to € 151.5 billion (prior year: 2.2 percent), which is distributed across the individual market segments as follows:

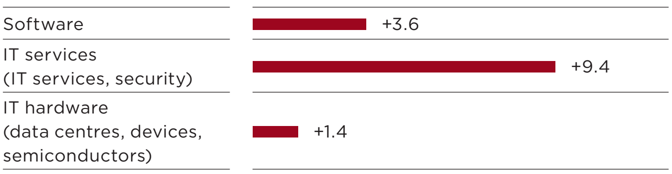
Outlook: Market for information technology (IT) 2024, Germany*
(change compared to prior year in %)



*) Source: Bitkom/IDC, January 2024.

Based on the data aggregated by the Statista platform for the Austrian market, the IT market in Austria is expected to grow by 5.7 percent to € 13.9 billion. This means that growth will accelerate again in 2024, following a growth rate of 2.6 percent in the past financial year.

Outlook: Market for information technology (IT) 2024, Austria*
(change compared to prior year in %)



*) Source: Statista Insights, December 2023.

In its latest IT trends study from January 2024, the German IT Users' Association comes to the following assessment of the development of IT budgets at companies and public sector clients based on a survey of 319 European IT decision-makers. Compared to the prior year, the respondents expect IT budgets to grow by 4.3 percent compared to the prior year's departmental budget (prior year's growth: 4.8 percent). This means that growth will continue to weaken in 2024. Increasing cost pressure in IT departments will become a priority.

The trend topics with high priority remain largely unchanged in the areas of information security/IT and cyber security, digitalisation and governance and compliance. Furthermore, due to the usual useful life of client devices of three to five years, increasing reinvestment in IT hardware is to be expected in order to replace devices procured in the early phase of the coronavirus pandemic.

The increasing demands on the performance of IT hardware due to new operating systems such as Windows 11 could also be a structural growth driver.

Premises of the forecast

The forecasts for the CANCOM Group and CANCOM SE include all information known to the Executive Board at the time this report was prepared that could have an impact on business development. The outlook is based, among other things, on the expectations described above with regard to economic development and the development of the IT market. In this context, the Executive Board expressly draws attention to uncertainties in the assessment of general economic developments. In the CANCOM Group's core markets, there is still a high degree of uncertainty regarding economic development. Fiscal policy decisions, particularly in Germany, are also causing an increased degree of uncertainty about developments over the course of 2024, especially in CANCOM's important business with public-sector clients. Global uncertainty factors such as an escalation of existing acts of war and regional tensions as well as the impact of the results of important elections and monetary policy decisions make it even more difficult to assess developments.

The following forecast of the business development of the CANCOM Group and CANCOM SE does not include the case of an expansion of current crises and acts of war or lasting serious negative macroeconomic consequences from such or other suddenly occurring external events that affect the business with IT services and IT infrastructure in sales and procurement markets relevant to CANCOM. With regard to the CANCOM Group as a whole, such unforeseeable events could influence the development of the company 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 forecast.

The forecast developments in the key performance indicators relate exclusively to the development of the CANCOM Group in the 2024 financial year compared to the reporting date of 31 December 2023.

Forecast for the CANCOM Group

The Executive Board of CANCOM SE expects the CANCOM Group to perform well in the 2024 financial year. In the opinion of the Executive Board, the trend towards digitalisation 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 (coronavirus pandemic, Ukraine war, IT supply bottlenecks). The Executive Board believes that the trend towards digitalisation will ensure a sustained need for investment.

Accordingly, the Executive Board assumes that demand for IT hardware, software and IT services will be driven by fundamental long-term 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, particularly in the area of IT services, based on changing concepts of IT products and distribution channels by manufacturers and service providers as well as changes in customers' purchasing and utilisation patterns.

The CANCOM Group's Managed Services and XaaS offering, in combination with the company's established system integration services, is well positioned in the market in the view of the Executive Board 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 relative growth of the "International" business segment will be more pronounced year-on-year, as the contribution of the CANCOM Austria Group (formerly the KBC Group) will now be included for the full financial year. On the basis of the aforementioned framework conditions and premises, the Executive Board of CANCOM SE forecasts the following development for the CANCOM Group in the 2024 financial year:

Performance indicators
(in € million)

	2023	Forecast 2024
Revenue	1,522.7	1,750 to 2,000
Gross profit	582.3	640 to 740
EBITDA	115.7	130 to 155
EBITA	64.1	75 to 100

Revenue and gross profit in the Germany segment are expected to grow very significantly and significantly respectively. In the International segment, a very significant increase in revenue and gross profit is expected due to acquisitions. Very significant growth in EBITDA and EBITA is expected for both segments.

Forecast for CANCOM SE

The parent company of the Group generates income primarily from profit transfer agreements with subsidiaries and distributions from subsidiaries as well as from allocations for management and financing services rendered within the CANCOM Group. 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 anticipates a significant improvement in net income compared to the prior year.

Munich, Germany, 26 March 2024

The Executive Board of CANCOM SE

Rüdiger Rath CEO	Jochen Borenich CSO	Thomas Stark CFO

Note on rounding

Due to rounding, it is possible that individual figures in this document do not add up exactly to the totals given and that the percentages shown do not exactly 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 and other information currently available to management, much of which is beyond CANCOM's control. These statements can be recognised by formulations and words such as "expect", "want", "assume", "believe", "aim", "estimate", "assume", "count on", "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, the financial position and results of operations, business strategy and the Executive Board's plans for future operating activities, economic developments and all 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 could lead to significant differences between the actual results and those contained in the forward-looking statements. In this context, the following factors, among others, are of significance: external political influences, changes in the general economic and business situation, changes in the competitive position and situation, e.g. due to 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 business strategy. Should one or more of these risks or uncertainties materialise, or should underlying expectations or assumptions prove incorrect, CANCOM's actual results, performance or achievements may be materially different (either negatively or positively) from those expressed or implied by such forward-looking statements. No guarantee can be given for the appropriateness, accuracy, completeness or correctness of the information or opinions in this document. Furthermore, CANCOM assumes no obligation and does not intend to update or revise these forward-looking statements in the event of developments that differ from those anticipated.

Consolidated balance sheet

ASSETS

(in T€)	Notes	31.12.2023	31.12.2022
Current assets			
Cash and cash equivalents	B.1 (A.3.4)	222,549	393,171
Trade receivables	B.3 (A.3.6)	475,498	409,176
Current contract assets	B.4 (A.3.7)	32,371	1,684
Capitalised current contract costs	B.4 (A.3.7)	234	937
Inventories	B.5 (A.3.8)	79,913	82,975
Other current financial assets	B.6 (A.3.17)	56,431	45,443
Other current non-financial assets	B.7 (A.3.18)	44,141	25,283
Total current assets		**911,137**	**958,669**
Non-current assets			
Property, plant and equipment	B.8.1 (A.3.9)	59,680	37,109
Intangible assets (other than goodwill)	B.8.2 (A.3.10)	91,764	57,405
Goodwill	B.8.3 (A.3.11)	261,725	125,185
Right-of-use assets	B.8.4 (A.3.13)	122,164	84,138
Financial assets and loans	B.8.5 (A.3.14)	1,926	5
Shares in companies accounted for using the equity method	B.8.6 (A.3.15)	14,538	0
Capitalised non-current contract costs	B.4 (A.3.7)	0	234
Deferred tax assets	B.9 (A.3.16)	10,971	7,828
Other non-current financial assets	B.6 (A.3.17)	51,306	27,935
Other non-current non-financial assets	B.7 (A.3.18)	23,264	6,598
Total non-current assets		**637,338**	**346,437**
Total assets		**1,548,475**	**1,305,106**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in T€)	Notes	31.12.2023	31.12.2022
Current liabilities			
Current liabilities to banks	B.10 (A.3.19)	9,415	0
Trade liabilities	B.11 (A.3.20)	356,555	326,002
Other current financial liabilities	B.12 (A.3.24)	91,219	59,972
Current pension provisions and similar provisions	B.16 (A.3.21)	793	47
Current other provisions	B.13 (A.3.22)	7,913	2,034
Current contract liabilities	B.4 (A.3.7)	54,876	28,581
Income tax liabilities	B.14 (A.3.23)	7,896	9,471
Other current non-financial liabilities	B.15 (A.3.25)	70,505	53,657
Total current liabilities		**599,172**	**479,764**
Non-current liabilities			
Non-current liabilities to banks	B.10 (A.3.19)	1,311	0
Other non-current financial liabilities	B.12 (A.3.24)	154,105	103,035
Long-term pension provisions and similar provisions	B.16 (A.3.21)	24,302	1,110
Non-current other provisions	B.13 (A.3.22)	5,849	1,449
Non-current contract liabilities	B.4 (A.3.7)	19,008	13,178
Deferred tax liabilities	B.9 (A.3.16)	20,255	11,747
Other non-current liabilities	B.15 (A.3.25)	13	2
Total non-current liabilities		**224,843**	**130,521**
Shareholders' Equity	B.17		
Issued capital	B.17.1	36,687	35,372
Capital reserves	B.17.2	478,591	379,990
Retained earnings including carryforwards and profit after taxes	B.17.3	208,213	279,620
Other reserves	B.17.4	587	-471
Non-controlling interests		382	310
Total equity		**724,460**	**694,821**
Total liabilities and shareholders' equity		**1,548,475**	**1,305,106**

Consolidated Statement of total Comprehensive Income

(in T€)	Notes	01.01.2023 to 31.12.2023	01.01.2022 to 31.12.2022
Revenue	C.1 (A.3.2)	1,522,733	1,292,876
Other operating income	C.2	15,189	14,702
Work performed by the entity and capitalised	C.3	4,287	6,769
Capitalised contract costs	C.4	-937	-937
Total output		**1,541,272**	**1,313,410**
Material expenses/cost of purchased services	C.5	-958,999	-875,502
Gross profit		**582,273**	**437,908**
Personnel expenses	C.6	-382,582	-271,652
Depreciation, amortisation, impairment of tangible assets, intangible assets and right-of-use assets	C.7	-59,932	-55,038
Impairment losses for financial assets including reversals of impairment losses		-43	-778
Other operating expenses	C.8	-83,934	-60,620
Operating profit (EBIT)		**55,782**	**49,820**
Interest and similar income	C.9	7,465	1,998
Interest and similar expenses	C.9	-5,819	-4,599
Other financial income	C.10	1,471	858
Other financial expenses	C.10	-2,777	-782
Result from companies accounted for using the equity method	C.11	-60	0
Foreign currency gains/losses	C.12	126	-20
Profit before income taxes		**56,188**	**47,275**
Income taxes	C.13	-18,208	-14,899
Profit after taxes from continuing operations		**37,980**	**32,376**
Profit after taxes from discontinued operations	C.14	-1,065	-1,622
Profit after taxes		**36,915**	**30,754**
of which: attributable to owners of the parent		36,827	30,795
of which: attributable to non-controlling interests	C.15	88	-41
Weighted average shares outstanding (units) undiluted		36,811,798	35,897,465
Weighted average shares outstanding (units) diluted		36,811,798	35,897,465
Earnings per share from continuing operations (undiluted) in €	C.16	**1.03**	**0.90**
Earnings per share from continuing operations (diluted) in €	C.16	**1.03**	**0.90**
Earnings per share from discontinued operations (undiluted) in €	C.16	**-0.03**	**-0.05**
Earnings per share from discontinued operations (diluted) in €	C.16	**-0.03**	**-0.05**
Earnings per share for profit after taxes attributable to the owners of the parent (undiluted) in €	C.16	**1.00**	**0.86**
Earnings per share for profit after taxes attributable to the owners of the parent (diluted) in €	C.16	**1.00**	**0.86**

(in T€)	01.01.2023 to 31.12.2023	01.01.2022 to 31.12.2022
Profit after taxes	**36,915**	**30,754**
Other comprehensive income		
Items subsequently reclassified to profit after taxes (recycled)		
Gains/losses from the currency translation of foreign operations	987	-1,006
Gains/losses from financial assets measured at fair value through other comprehensive income	92	0
Deferred taxes on items that are subsequently reclassified to profit or loss for the period	-21	0
Items not subsequently reclassified to profit after taxes (not recycled)		
Gains/losses from the remeasurement of defined benefit plans	-1,678	460
Deferred taxes on items that are not reclassified to profit after taxes	388	-143
Other comprehensive income for the period	**-232**	**-689**
Total comprehensive income for the period	**36,683**	**30,065**
of which: attributable to owners of the parent	36,595	30,106
of which: attributable to non-controlling interests	88	-41

Consolidated Cash Flow Statement

(in T€)	Notes	01.01.2023 to 31.12.2023	01.01.2022 to 31.12.2022
Cash flow from operating activities			
Profit after taxes		36,915	30,754
Adjustments			
+ Depreciation, amortisation, impairment of tangible assets, intangible assets and right-of-use assets		59,932	55,273
+ Interest income and other financial income		-486	2,263
+ Income taxes		18,593	14,891
+/- Changes in non-current provisions		145	-272
+/- Changes in current provisions		3,488	-11
+/- Gain/loss from disposal of non-current assets/liabilities		-742	-284
+/- Changes in inventories		9,035	-15,758
+/- Changes in trade receivables, in contract assets, in capitalised contract costs and other assets		61,705	-129,271
+/- Changes in trade payables and other liabilities		-66,478	10,945
- Interest paid		-2,110	-3,459
+/- Income taxes paid/received		-26,642	-25,686
+/- Other non-cash income and expenses		-800	4,742
+/- Equity-settled share-based payment transactions		11	-32
+/- Profit from the sale of a discontinued operation		2,064	2,340
Total cash flow from operating activities	D.1	**94,630**	**-53,565**
Cash flow from investing activities			
- Payments from acquisition of subsidiaries		-70,008	-10,266
+ Proceeds from cash acquired in the acquisition of subsidiaries		12,069	1,588
+ Proceeds from the disposal of a discontinued operation		716	403
- Cash outflow from the disposal of a discontinued operation		0	-1,043
- Payments from the acquisition of short-term financial instruments		-115	0
- Payments from the acquisition of current financial instruments		0	-1,010
- Payments for investments in tangible and intangible assets as well as right-of-use assets		-25,786	-26,432
+ Sales proceeds for tangible and intangible assets as well as for financial investments		999	651
+ Proceeds from the disposal of financial instruments		1,010	0
+ Interest and dividends received		6,180	1,861
+ Proceeds from dividends from joint ventures and associates		512	0
Cashflow aus Investitionstätigkeit, gesamt	D.1	**-74,423**	**-34,248**

(in T€)	Notes	01.01.2023 to 31.12.2023	01.01.2022 to 31.12.2022
Cash flow from financing activities			
- Payments due to the repurchase of own shares		-71,627	-117,362
- Payments for capital increase costs		-80	0
+ Proceeds from non-current financial liabilities		2,192	0
- Payments for the repayment of non-current financial liabilities (including the portion presented as current)		-38,075	-4
- Payments for the repayment of lease liabilities (perspective of the lessee)		-37,921	-27,477
+/- Payments/proceeds resulting from issuing/repayment of current financial liabilities		-7,776	-1,991
+/- Payments/proceeds resulting from financial liabilities and lease liabilities to leasing companies		693	11,459
- Payments for interest on non-current financial liabilities and lease liabilities		-2,414	-1,114
- Dividends paid		-35,392	-35,372
- Payments for the acquisition of non-controlling interests		-1	-31
Total cash flow from financing activities	D.1	**-190,401**	**-171,892**
Net increase (decrease) in cash and cash equivalents		**-170,194**	**-259,705**
+/- Effect of exchange rate changes on cash and cash equivalents		-428	-89
+/- Cash and cash equivalents, at the beginning of the period		393,171	652,965
Cash and cash equivalents, at the end of the period	D.1	**222,549**	**393,171**
thereof			
Changes in cash and cash equivalents from continuing operations		222,549	393,171
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	Valuation of financial assets	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€	in T€
01.01.2022	**38,548**	**38,548**	**376,846**	**144,870**	**253,565**	**-646**	**535**	**0**	**813,718**	**351**	**814,069**
Profit after taxes					30,795				30,795	-41	30,754
Other compresensive income					0	317	-1,006	0	-689	0	-689
Total comprehensive income					**30,795**	**317**	**-1,006**	**0**	**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**	**0**	**694,511**	**310**	**694,821**
01.01.2023	**35,372**	**35,372**	**379,990**	**257,267**	**22,682**	**-329**	**-471**	**0**	**694,511**	**310**	**694,821**
Profit after taxes					36,827				36,827	88	36,915
Other compresensive income					0	-1,290	987	71	-232	0	-232
Total comprehensive income					**36,827**	**-1,290**	**987**	**71**	**36,595**	**88**	**36,683**
Capital increase	3,500	3,500	96,460						99,960		99,960
Costs of the capital increase			-55						-55		-55
Profit after taxes/retained earnings				-32,948	32,948				0		0
Recognition of share-based payment transactions			11						11		11
Dividend distribution in the business year					-35,372				-35,372	-20	-35,392
Change due to the disposal of non-controlling interests									0	4	4
Capital reduction	-2,185	-2,185	2,185	2,185	-2,185				0		0
Changes due to the repurchase of own shares				-71,572					-71,572		-71,572
31.12.2023	**36,687**	**36,687**	**478,591**	**154,932**	**54,900**	**-1,619**	**516**	**71**	**724,078**	**382**	**724,460**

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 "Group") were prepared in the reporting period (financial year 2023) in accordance with the International Financial Reporting Standards and the International Accounting Standards (IFRS/IAS, as adopted by the EU).

CANCOM SE and its consolidated subsidiaries specialise in the design of IT architectures and IT infrastructure, system integration and the provision of managed services. As a provider of complete solutions, its business activities are centred on the sale of hardware and software from well-known manufacturers and, above all, 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 systems.

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

The reporting period covers the period from 1 January 2023 to 31 December 2023 (comparative period: 1 January 2022 to 31 December 2022). 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 approved for publication by the Executive Board on 26 March 2024.

A.2. Consolidation and company acquisitions

A.2.1. Consolidation principles

A.2.1.1. Subsidiaries

In addition to CANCOM SE as the parent company, the CANCOM consolidated financial statements include the domestic and foreign companies over 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 revaluation method is applied in the CANCOM Group. 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. Intragroup transactions between Group companies are eliminated in full.

A.2.1.2. Joint ventures

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 company and manages it together with another party (joint control). In the case of inclusion using the equity method, the IFRS financial statements of these companies are used as a basis.

Two joint ventures - Sensor Network Services GmbH and K-Businesscom Rental Services GmbH (now CANCOM Rental Services GmbH) - were included for the first time in the reporting period of these consolidated financial statements. These companies are immaterial to the presentation of the net assets, financial position and results of operations of the CANCOM Group, both individually and in total.

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 company, but not to exercise control or joint control over the decision-making processes. Inclusion using the equity method is based on the IFRS financial statements of these companies.

Four associated companies (CANCOM Financial Services GmbH, CALPANA business consulting GmbH, Workheld GmbH, Elmon GmbH) were included for the first time in the reporting period of these consolidated financial statements. These companies are immaterial both individually and in total for the presentation of the net assets, financial position and results of operations of the CANCOM Group.

A.2.1.4. Non-consolidated structured entities

In the 2019 financial year, CANCOM sold a developed property in Jettingen-Scheppach to a leasing property company and subsequently leased it back (sale and leaseback transaction). At the time of the sale, the developed property had a carrying amount of T€ 21,284. The leased property company "Duana Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG" is not controlled by CANCOM SE within the meaning of IFRS 10, as it neither holds the majority of voting rights nor is it controlled on the basis of other contractual agreements. The property was sold to the leased property company by way of a contribution in return for the issue of shares in the company. The sole purpose of the leased property company is to hold and manage the leased property over the term of the lease. The leasing property company is financed by a bank loan and the sale of its receivables.

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

(in T€)	31.12.2023	31.12.2022
Share in Duana Grundstücksverwaltungs-gesellschaft mbH & Co. Vermietungs KG	5	5
Rights of use for land and buildings	11,003	11,701
Leasing liabilities	13,308	14,169
Loan to Duana Grundstücksverwaltungs-gesellschaft mbH & Co. Vermietungs KG	2,539	1,905

The shareholder share and the loan are recognised in the balance sheet item "Financial assets and loans" and in the balance sheet item "Other non-current financial assets" respectively. The right-of-use assets for land and buildings are recognised under the balance sheet item "Right-of-use assets". Lease liabilities are recognised 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 leased property company is limited to the shareholder share and the loan issued to the leased property company. The loan is intended to offset any losses from changes in the residual carrying amount of the developed property at the end of the lease term.

A.2.2. Company acquisitions and investments and company disposals

Please refer to section A.3.31 of the consolidated financial statements for the accounting principles for company acquisitions.

A.2.2.1. Company acquisitions in the reporting period

On 25 May 2023, CANCOM SE acquired 100% of the shares and 100% of the voting rights with a nominal value of T€ 35 in KBC Beteiligungs GmbH (now CANCOM Austria Beteiligungs GmbH), based in Vienna (Austria). The purchase agreement had already been concluded in April 2023. However, the acquisition was subject to various closing conditions, in particular antitrust clearance by the competent antitrust authorities in Austria and Germany and an increase in the share capital of CANCOM SE by T€ 3,500 in return for the issue of 3,500,000 no-par value shares with the subsequent transfer of these no-par value shares to the sellers (contribution in kind of the shares contributed in return for a capital increase).

The antitrust approval was granted by 25 May 2023; the transfer of the no-par value shares and thus the contribution in kind of the contributed shares in return for a capital increase became effective in June 2023. The date of initial consolidation was 1 June 2023. With the acquisition of KBC Beteiligungs GmbH (now CANCOM Austria Beteiligungs GmbH), the CANCOM Group acquired a total of 16 subsidiaries, 2 joint ventures, 3 associates and 1 financial investment.

This KBC Group (now CANCOM Austria Group) is Austria's leading ICT solution provider, service provider and digitalisation partner, had 1,682 employees at the time of initial consolidation and generated consolidated revenue of T€ 551,732 in accordance with IFRS in the 2022/2023 financial year. The merger will create one of the leading IT companies in the DACH region and customers of both companies will benefit from the combined expertise in IT and digitalisation solutions, associated services and the operation of IT systems. At the same time, the existing services and solutions portfolios of both companies complement each other very well. In addition to existing joint strengths in the business areas of public cloud, managed services and security, the KBC Group brings extensive new capabilities in the areas of intelligent networks, data and IoT to the CANCOM Group's portfolio. Added to this is the know-how as a digital business engineer for IT and business consulting and software development as well as the KBC Cyber Defence Center.

The total purchase price is made up of purchase price components to be paid in cash totalling T€ 58,196 and CANCOM shares transferred to the seller amounting to T€ 99,960 (3,500,000 shares at € 28.56 each). The financial liabilities of KBC Beteiligungs GmbH (now CANCOM Austria Beteiligungs GmbH) totalling T€ 37,368 were deducted from the purchase price components to be paid in cash. The acquisition of the KBC Group resulted in goodwill of T€ 126,810, which is not deductible for tax purposes and was allocated to the Germany operating segment in the amount of T€ 35,395 and the International operating segment in the amount of T€ 91,415. Goodwill was recognised due to expected synergies in the areas of portfolio, logistics and the acquisition of many highly specialised experts in the areas of communication, security and digital solutions. In connection with the acquisition, costs of T€ 838 were recognised in the reporting period under "Other operating expenses" in the presentation of the result for the period.

The following table shows the acquired assets and liabilities of the KBC Group at the time of initial consolidation on 1 June 2023

(in T€)	Fair values to be recognised	Carrying amounts
Current assets		
Cash and cash equivalents	12,069	12,069
Receivables from goods and services	109,807	109,807
Current contract assets	33,848	33,848
Inventories	6,276	6,276
Other current financial assets	16,598	16,598
Other current assets	24,234	24,234
Total current assets	**202,832**	**202,832**
Non-current assets		
Property, plant and equipment	19,687	10,900
Intangible assets	37,185	5,790
Rights of use	37,691	37,691
Financial assets and loans	1,828	1,828
Investments in companies accounted for using the equity method	14,996	5,914
Deferred tax assets	3,808	3,808
Other non-current financial assets	29,141	29,141
Other non-current assets	14,008	14,008
Total non-current assets	**158,344**	**109,080**
Total assets acquired	**361,176**	**311,912**
Current liabilities		
Current liabilities to banks	16,812	16,812
Liabilities from deliveries and services	69,561	69,561
Liabilities in the Verbund area	37,572	37,572
Other current financial liabilities	23,812	23,812
Current pension provisions and similar provisions	741	741
Current other provisions	2,389	2,389
Current contract liabilities	30,164	30,164
Income tax liabilities	5,952	5,952
Other current liabilities	34,796	34,796
Total current liabilities	**221,799**	**221,799**
Non-current liabilities		
Other non-current financial liabilities	65,240	65,240
Non-current pension provisions and similar provisions	21,064	21,064
Non-current other provisions	3,662	3,662
Non-current contract liabilities	7,034	7,034
Deferred tax liabilities	11,027	2,316
Total non-current liabilities	**108,027**	**99,316**
Total debt acquired	**329,826**	**321,115**
Acquired net assets	**31,350**	**-9,203**

The gross carrying amount of the trade receivables of the KBC Group recognised at the time of initial consolidation amounts to € 110,202; the resulting cash flows of T€ 109,807 are classified as recoverable at the time of initial consolidation.

The revenue of the KBC Group included in the CANCOM Group's revenue in the reporting period since the date of initial consolidation (1 June 2023) amounts to T€ 312,222, while the profit included in the CANCOM Group's profit for the period in the statement of comprehensive income amounts to T€ 5,864. If the acquisition of the KBC Group had taken place at the beginning of the reporting period (1 January 2023), the CANCOM Group's revenue for the entire reporting period would amount to approximately T€ 1,754,314; the net profit for the reporting period would be approximately T€ 39,541.

In December 2023, CANCOM GmbH also acquired a division of DextraData GmbH based in Essen that specialises in IT consulting and services. The acquired business unit constitutes a business operation within the meaning of IFRS 3. The date of initial consolidation was 31 December 2023. The acquired business unit comprises DextraData GmbH's business with complex IT infrastructure and managed services. The acquired business unit had 57 employees at the time of initial consolidation and generated revenue of T€ 35,113 according to HGB in the 2022 financial year. With the acquired business unit, CANCOM intends to expand its range of IT consulting and services - in particular end-to-end data centre infrastructure in on-premises, private and/or hybrid cloud scenarios. The total purchase price comprises a fixed purchase price component of T€ 16,159 to be paid in cash and a variable purchase price component of T€ 3,635 depending on the achievement of certain criteria by the seller (integration bonus). The latter criteria relate to the acquired division exceeding an EBIT threshold for the 2024 financial year, the retention of key employees and other employees until the end of the 2024 financial year and the fulfilment of key functions agreed as part of a service agreement between the buyer and seller. The maximum potential payment amount for the integration bonus is T€ 4,000.

The acquired business division of DextraData GmbH resulted in provisional goodwill of T€ 9,729, which is tax-deductible and was allocated to the Germany operating segment. The provisional nature of the goodwill is due to the fact that it was only acquired shortly before the reporting date, which meant that it was not possible to analyse the carrying amounts and balance sheet valuations conclusively for reasons of time. The reason for recognising goodwill is expected synergies in connection with offerings in the IT consulting and services area. In connection with the acquired business division, costs of T€ 88 were recognised in the reporting period under "Other operating expenses" in the presentation of the result for the period.

The following table shows the acquired assets and liabilities on a provisional basis of the acquired business division of DextraData GmbH as at the date of initial consolidation, 31 December 2023:

(in T€)	Fair values to be recognised	Carrying amounts
Current assets		
Inventories	129	108
Total current assets	**129**	**108**
Non-current assets		
Property, plant and equipment	3,836	3,836
Intangible assets	9,875	0
Rights of use	645	645
Deferred tax assets	203	0
Total non-current assets	**14,559**	**4,481**
Total assets acquired	**14,688**	**4,589**
Current liabilities		
Liabilities from deliveries and services	160	160
Other current financial liabilities	343	343
Current contract liabilities	1,617	1,617
Other current liabilities	69	69
Total current liabilities	**2,189**	**2,189**
Non-current liabilities		
Other non-current financial liabilities	302	302
Non-current contract liabilities	2,132	2,132
Total non-current liabilities	**2,434**	**2,434**
Total debt acquired	**4,623**	**4,623**
Acquired net assets	**10,065**	**-34**

In the reporting period, no entries were made in the CANCOM Group's statement of comprehensive income in relation to the acquired business unit of DextraData GmbH. If the acquisition had taken place at the beginning of the reporting period (1 January 2023), the CANCOM Group's revenue for the reporting period would amount to approximately T€ 1,565,333; the net profit for the reporting period would be approximately T€ 40,386.

A.2.2.2 Company acquisitions from previous periods

The contingent considerations arising from the acquisitions of NWC Services GmbH and the S&L Group in the comparative period and from the acquisition of Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH in the 2021 financial year developed as follows in the reporting period:

(in T€)	NWC Services GmbH	S&L Group	Anders & Rodewyk Das Systemhaus für Computer-technologien GmbH
Status 1 January 2023	1,147	2,290	3,688
Change from derecognition/ revaluation	144	-296	33
Additions	0	0	0
Disposals/ compensation	-77	-145	-1,748
Status 31.12.2023	**1,214**	**1,849**	**1,973**

A.2.2.3. Company disposals in the comparative period

The sale of HPM Incorporated was completed at the end of August 2022. The sale resulted from strategic considerations and realignment with regard to the future geographical core markets of the CANCOM Group. As CANCOM will discontinue all of its business activities in the United States of America, this constitutes a discontinued operation in accordance with IFRS 5. HPM Incorporated was deconsolidated on 1 September 2022 and CANCOM, Inc. was decommissioned in October 2023.

The result of the discontinued operation CANCOM USA Group for the reporting period and the comparative period is made up as follows:

(in T€)	2023	2022
Revenue	0	12,624
Other operating income	109	1,381
Overall performance	**109**	**14,005**
Cost of materials/expenses for purchased services	0	-8,096
Gross profit	**109**	**5,909**
Personnel expenses	0	-3,225
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	0	-235
Impairment losses on financial assets including reversals of impairment losses	-4	-28
Other operating expenses	-2,248	-4,291
Operating result (EBIT)	**-2,143**	**-1,870**
Interest and similar income	314	3
Interest and similar expenses	0	-5
Currency gains/losses	1,240	0
Earnings before income taxes	**-589**	**-1,872**
Income taxes	-385	8
Earnings after taxes from discontinued operations	**-974**	**-1,864**
of which attributable to shareholders of the parent company	-974	-1,864
of which attributable to non-controlling shareholders	0	0

The item "Other operating expenses" in the reporting period mainly includes expenses from the liquidation of CANCOM, Inc. in the amount of T€ 2,189. The item "Currency gains/losses" mainly includes currency gains in connection with the repayment of an intragroup loan.

The item "Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets" in the comparative period includes impairment losses on property, plant and equipment and right-of-use assets amounting to T€ -118. The item "Other operating expenses" in the comparative period includes expenses from the deconsolidation result before income taxes amounting to T€ -2,319 and directly attributable disposal costs (in particular legal and consulting costs) amounting to 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€)	2023	2022
Cash flow from operating activities	-63	147
Cash flow from investing activities	314	-1,040
Cash flow from financing activities	0	-171
Net increase/decrease in cash and cash equivalents	**251**	**-1,064**

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 surrendered (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 the result for the period	1,185
Directly attributable costs to sell	-227
Deconsolidation result before income taxes	**-2,546**
Income taxes	0
Deconsolidation result after income taxes	**-2,546**

A.2.3. Scope of consolidation

All subsidiaries were included in the scope of consolidation of the CANCOM Group. In the reporting period, these were 27 subsidiaries (comparative period: 17 subsidiaries), of which 8 subsidiaries in Germany and 19 subsidiaries abroad (comparative period: 11 subsidiaries in Germany and 6 subsidiaries abroad).

The acquisition of the KBC Group (now CANCOM Austria Group; see section A.2.2.1 of these consolidated financial statements) increased the number of domestic subsidiaries by 1 and the number of foreign subsidiaries by 15. With the acquisition of the KBC Group, 2 joint ventures, 3 associated companies and 1 financial investment were also included in the CANCOM consolidated financial statements.

Furthermore, in May 2023, CANCOM SE completed the acquisition of 100 percent of the shares in CANCOM Financial Services GmbH - which at that time had no material identifiable assets and liabilities - and directly sold 60 percent of these shares to Mercator-Leasing-Beteiligungsgesellschaft mbH. CANCOM SE has therefore held 40 percent of the shares in CANCOM Financial Services GmbH since May 2023. The company was included in the CANCOM consolidated financial statements as an associate for the first time in the reporting period.

S&L Systemhaus GmbH, S&L BusinessSolutions GmbH and S&L ITcompliance GmbH were merged into CANCOM GmbH by merger agreement dated 27 March 2023. The mergers were entered in the commercial register of CANCOM GmbH on 27 April 2023.

NWC Services GmbH was merged with CANCOM GmbH by merger agreement dated 16 August 2023. The merger was entered in the commercial register of CANCOM GmbH on 23 August 2023.

Belsoft Infortix AG was merged with K-Businesscom AG, St. Gallen, by merger agreement dated 2 October 2023. In addition, K-Businesscom AG, St. Gallen, was renamed CANCOM Switzerland AG, Zurich. The merger and change of name were entered in the commercial register on 9 October 2023.

CANCOM, Inc. was shut down with effect from 4 October 2023.

The list of shareholdings in accordance with 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 2023 (comparative period: 31 December 2022).

A.2.4. Major subsidiaries

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

Name of the subsidiary	Registered office of the company	Participation rate in %
CANCOM GmbH	Jettingen-Scheppach	100.00
CANCOM Austria AG (formerly K-Businesscom AG)	Vienna/Austria	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 euro 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 subsidiaries are translated at the corresponding historical exchange rate at the time they are recognised. The currency differences resulting from the translation are recognised within equity in the item "other reserves" (i.e. in other comprehensive income in the statement of comprehensive income and not in profit or loss 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	2023	2022
US dollar (USD)		
Closing rate	1 € = 1.1050 USD	1 € = 1.0666 USD
Average rate	1 € = 1.0816 USD	1 € = 1.0539 USD
Swiss franc (SFR)		
Closing rate	1 € = 0.9260 SFR	1 € = 0.9847 SFR
Average rate	1 € = 0.9717 SFR	1 € = 1.0052 SFR
Romanian leu (RON)		
Closing rate	1 € = 4.9756 RON	n.a.
Average rate	1 € = 4.9593 RON	n.a.
Czech crowns (CZK)		
Closing rate	1 € = 24.7240 CZK	n.a.
Average rate	1 € = 24.2274 CZK	n.a.

A.3. Explanation of the recognition and measurement methods

A.3.1. General principles

Balance sheet items in the consolidated financial statements are mainly measured on the basis of amortised cost. In particular, derivative financial instruments, plan assets for pension and severance obligations and certain balance sheet items acquired in the course of company acquisitions are measured at fair value.

Individual items in 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 comprises 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 organised according to the nature of expense method. This compares the total expenses incurred in the period with the total operating performance for the period. The latter comprises total revenue plus other operating income, other own work capitalised and capitalised contract costs. Expenses are broken down by cost type. The presentation of other comprehensive income includes expenses and income that are to be recognised in equity (in the "other reserves" item) outside of the profit for the period. If necessary, the amounts recognised in equity are subsequently reclassified to profit or loss for the period.

Assets and liabilities are categorised in the balance sheet as non-current (due in more than one year) and current according to their maturity.

A.3.2. Revenue realisation

A.3.2.1. Regulatory bases and revenue categories

IFRS 15 is to be applied to the recognition of revenue from contracts with customers. The standard contains a principles-based five-step model that is 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 must be identified. The transaction price must then be determined (step 3), with explicit rules on the treatment of variable consideration, financing components, payments to the customer and barter transactions. Once the transaction price has been determined, step 4 involves allocating the transaction price to the individual performance obligations. This is based on the stand-alone selling prices of the individual performance obligations. As a rule, CANCOM determines these from directly observable market prices for comparable goods or services; if, in exceptional cases, it is not possible to determine them on the basis of such market prices, the stand-alone selling prices are derived using suitable methods that are in line with the requirements of IFRS 15. Finally (step 5), the revenue can be recognised if the performance obligation has been fulfilled by the company. The prerequisite for this is the transfer of control of the goods or services to the customer. In addition, as part of step 5, it must be determined for each performance obligation identified at contract inception whether it is satisfied over a period of time or at a point in time. In accordance with IFRS 15, fulfilment over time only occurs if the customer uses the service at the same time as CANCOM provides the service, if the customer obtains control during the creation/improvement of an asset by CANCOM or if CANCOM creates a customer-specific asset (without an 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 according to the stage of completion (also known as the percentage of completion method); the input-based cost-to-cost method is generally applied. In this respect, sales are distributed over several periods if necessary. On the other hand, if the performance obligation is satisfied at a point in time, revenue is recognised in full in the period in which the customer obtains control of the promised asset; indicators of this are, for example, when a customer has accepted the asset or has taken physical possession of it.

In addition to the five-step model for revenue recognition, IFRS 15 contains further provisions. For the CANCOM Group, 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.

The CANCOM Group distinguishes between the following revenue categories:

- Sale of hardware and associated 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 company acts as principal) or whether it consists of commissioning another party to deliver the good or provide the service (so that the company acts as agent). According to IFRS 15, an entity can only be a principal if it has control of the specific good or service before transferring a promised good or service to a customer. A number of indicators requiring interpretation must be used to determine principal/agent status. For example, it is necessary to analyse who is primarily responsible for the performance obligation (the company itself or a subcontractor on behalf of the company is indicative of principal status; another party is indicative of agent status). In addition, it must be analysed who bears the inventory risk (the company itself speaks in favour of principal status; another party speaks in favour of agent status). In addition, it must be determined how the pricing is determined (at the discretion of the company, in favour of principal status; at the discretion of another party, in favour of agent status). If another party is involved in the supply of goods or services to a customer (i.e. the entity and the other party offer the customer a combined supply of goods/services) and the entity performs a significant integration service by integrating the goods or services supplied by another party into the specific good or service contractually promised to the customer, it has control before the transfer to the customer and therefore acts as principal.

Classification as a principal means that revenue is recognised in the amount of the consideration expected in exchange for the transfer of the goods or services in question - i.e. as a gross amount. Gross revenue is recognised in the statement of comprehensive income under "Revenue" and compared with the corresponding cost of materials or cost of purchased services. Classification as an agent, on the other hand, means that the company only recognises income in the amount of the fee or commission that it expects to receive in exchange for commissioning the other party to supply its goods or services - i.e. as a net amount. The fee or commission is the portion of the consideration that the entity retains after it has paid the other party the consideration received for the supply of goods or services. At CANCOM, the net amount is recognised in the statement of comprehensive income under "Revenue".

An assessment of whether CANCOM is classified as principal or agent arises at CANCOM 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:

- The company categorises maintenance, guarantees and warranties provided either exclusively by CANCOM or by third parties and CANCOM as principal;

- The company categorises maintenance, guarantees and warranties provided exclusively by third parties as agents.

On the other hand, an assessment of whether CANCOM is classified as a principal or agent arises from the sale of software licences obtained 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 distinction to be made 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 first type of functional guarantee exists in particular if the company is financially liable by law for damage caused by its products. It must be examined whether a provision should be recognised in accordance with IAS 37 (see section A.3.22 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 guarantee or warranty separately. It is therefore a separately identifiable service that must be recognised as a separate performance obligation in accordance with IFRS 15 (see step 2 above) and to which a portion of the transaction price must be allocated (see step 4 above). Fulfilment takes place either over time or at a point in time (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 - in particular 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 analysed in the CANCOM Group to determine whether they contain independent performance obligations. This is the case, for example, if the contract includes a service component in addition to the delivery of goods. Revenue from the sale of hardware (and related software) is recognised when control of the goods is transferred to the customer. The latter is usually the case when the hardware/software is transferred to the customer. The sale of hardware (and associated software) normally involves performance obligations that are fulfilled at a specific point in time. The consideration is usually fixed and does not contain any variable components. Significant financing components are generally not included in the contracts. The customer is invoiced when the revenue is recognised. Invoices are generally payable within 30 days.

A.3.2.5. Sale of third-party software licences

Revenue from the purchase and sale of standard software licences is reported as an agent, i.e. the difference between the consideration received from the customer and the acquisition costs for the software licence (as a net amount or profit margin) is reported under "Revenue".

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

CANCOM also analyses contracts for the provision of services with regard to independent performance obligations. Revenue from service contracts is generally recognised over time according to the stage of completion, as the performance obligation is usually satisfied when the benefit resulting from the service is transferred. In cases in which CANCOM is obliged to stand ready or provide a service (e.g. support/service contracts), revenue is recognised in instalments over the term of the contract. In addition, input-based methods are used to determine the stage of completion, i.e. revenue is recognised according to the ratio of the costs incurred (or resources consumed) to the expected total cost of performance. These input-based methods are appropriate methods for determining the percentage of completion of service components, as the customer receives the benefit from the service in instalments or the customer benefit can be appropriately derived from the costs incurred in relation to the expected total service fulfilment costs. The customer is usually invoiced when the revenue is recognised. Invoices are generally 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 stand-alone selling prices.

A.3.3. Expense realisation and other income realisation

Operating expenses are recognised in profit or loss when the service is used or when they are incurred.

Interest to be paid or received is recognised as income or expense on an accrual basis; 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.3.28 of the consolidated financial statements) are recognised in accordance with IFRS 16 at a constant interest rate on the remaining lease liability or as a constant periodic rate of return 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.3.26 of the consolidated financial statements); they are recognised in accordance with IFRS 9. CANCOM assigns them to the measurement category "financial assets measured at amortised cost". Cash and cash equivalents comprise bank balances, cash in hand and short-term deposits with banks with an initial remaining term of up to three months. The amortised cost generally 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 is predominantly realised through a sale transaction and not through continued 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 subject to amortisation or depreciation as long as it is classified as "held for sale" or belongs to a disposal group classified as "held for sale". Non-current assets or disposal groups classified as "held for sale" are measured at the lower of carrying amount and fair value less costs to sell immediately after classification and at subsequent reporting dates.

If a non-current asset is no longer classified as "held for sale" or no longer belongs to a disposal group classified as "held for sale", it is again recognised as a non-current item and, at the time of the decision not to sell, is either measured at the recoverable amount or - if this value is lower - at the carrying amount before classification, adjusted for all scheduled depreciation or revaluations that would have been recognised without classification.

For disposal groups that fulfil 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 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 operations discontinued 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 to allocate the elimination entries to or between discontinued and continuing operations when consolidating income and expenses. Within the CANCOM Group, intragroup income is eliminated in the respective supplying/service-providing division and the associated expenses are eliminated in the respective division receiving the delivery/service.

A.3.6. Receivables from goods and services

Trade receivables are financial instruments (see also section A.3.26 of the consolidated financial statements); they are recognised primarily in accordance with IFRS 9, whereby the items are 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 provisions of IFRS 9 must be applied to the items; the simplification model is used here, which allows simplified methods for determining expected credit losses using impairment matrices.

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

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

Contract assets exist when CANCOM has fulfilled its performance obligation but the customer has not yet provided the consideration. In contrast to receivables, contract assets are conditional claims, i.e. the customer has not yet taken delivery. Contract assets are subject to the impairment provisions of IFRS 9; CANCOM uses the simplification model and simplified methods for determining 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 acquisition costs and contract fulfilment costs. Additional contract acquisition costs - i.e. costs that CANCOM would not have incurred if the contract had not been concluded - must generally be capitalised in accordance with IFRS 15, provided that the costs are expected to be settled. However, CANCOM recognises additional initiation costs as expenses as soon as they are incurred if the contract term or amortisation period is less than one year. In accordance with IFRS 15, contract fulfilment costs must be capitalised 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 offset - 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 be completed at the respective reporting date or, in the view of the management responsible for concluding the contract, is highly likely to be completed in the near future. Furthermore, the revenue associated with the contract must exceed the planned direct costs for the capitalisation criterion of the expected settlement of costs to be met.

Contract acquisition costs to be capitalised and contract fulfilment costs to be capitalised are recognised in the CANCOM Group under the balance sheet items "capitalised current contract costs" and "capitalised non-current contract costs" respectively. The items include capitalised internal and external services (design & conception, set-up and service provision costs and legal consulting costs). The capitalised costs are subsequently reversed over the term of the contract upon fulfilment of the customer contract or amortised on a straight-line basis. Impairment losses are also recognised where necessary.

When the expenses are recognised in the balance sheet, they are neutralised in the result for the period via the item "capitalised contract costs". Amortisation and any impairment of 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. The acquisition cost is relevant for CANCOM. The cost of inventories includes all costs of acquisition and other costs incurred in bringing the inventories to their present location and condition. The acquisition cost is determined on the basis of a weighted average value.

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 inventories to the net realisable value no longer apply, the impairment loss is reversed accordingly. Impairment losses and reversals of impairment losses on inventories are recognised under "Cost of materials/expenses for purchased services" in the statement of profit or loss for the period.

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 expected useful life. Acquisition or production cost includes the purchase price, all directly attributable costs, estimated costs for future disposal and restoration obligations and borrowing costs, if these are to be capitalised in accordance with IAS 23.

Scheduled amortisation is based on the following useful lives:

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

The appropriateness of the useful lives is reviewed regularly. If necessary, adjustments are made to the useful lives. Amortisation generally begins when the asset is ready for use. If there are indications of impairment in accordance with IAS 36 and the recoverable amount is lower than the amortised cost, the items are written down (see also section A.3.12 of the consolidated financial statements). If the reasons for the impairment losses no longer apply, the impairment losses are reversed accordingly.

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 recognised within the presentation of the result for the period in the item "Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets"; 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 (purchase price, directly attributable costs). Assets identified in the context of company acquisitions (see also section A.3.31 of the consolidated financial statements), such as contractual customer relationships, order backlogs or rental benefits, are recognised as acquired intangible assets and initially measured at fair value if 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, intention and ability to use and reliable measurability). 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 applied, while a non-linear amortisation method is used for customer bases and order backlogs; useful lives of 3-12 years are assumed within the CANCOM Group.

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 a finite useful life in accordance with IAS 36 and the recoverable amount is less than the amortised cost, the items are written down (see also section A.3.12 of the consolidated financial statements). If the reasons for the impairment losses no longer apply, the impairment losses are reversed accordingly.

Any acquired and internally generated intangible assets with indefinite useful lives are 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).

Gains or losses from the impairment of intangible assets are recognised within the presentation of the result for the period in the item "Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets"; 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 company acquisition (see also section A.3.31 of the consolidated financial statements) if the total consideration transferred to the seller of the company 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 groups of cash-generating units to which the item was allocated on initial recognition. There are two groups of cash-generating units within the CANCOM Group: "CANCOM Deutschland" and "CANCOM International". The assets and liabilities allocated to CANCOM Germany (International) correspond to the assets and liabilities of the Germany (International) operating segment. On initial recognition, goodwill is allocated to the group of cash-generating units 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 inflows that are largely independent of those from other assets. Goodwill is always impaired if the recoverable amount of the groups of cash-generating units allocated to the item is below the carrying amount of these groups of cash-generating units; 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 group of cash-generating units. 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 goodwill is not possible.

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

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 level of the individual assets 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 (or at the level of groups of cash-generating units). A cash-generating unit is the smallest grouping of assets that generates largely independent cash inflows.

At each reporting date, an assessment is made as to whether there are any indications of impairment of assets. If such an indication exists, the recoverable amount of the asset or cash-generating unit (or group of cash-generating units) must be determined and compared with the carrying amount. Goodwill, any other intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment once a year, regardless of whether or not there are any indications of impairment.

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

An impairment loss is recognised if the recoverable amount of the asset or cash-generating unit (or group of cash-generating units) is lower than the corresponding carrying amount. In the case of a cash-generating unit (or a group of cash-generating units), any goodwill must first be reduced or eliminated. If the carrying amount is insufficient, the other assets of the cash-generating unit (or group of cash-generating units) must be reduced proportionately.

With the exception of 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. Assets may not be written up above their amortised carrying amounts, which would have been determined if no impairment losses had previously been recognised.

A.3.13. Rights of use

Right-of-use assets are assets that CANCOM must recognise if it enters into leases (see section A.3.28 of the consolidated financial statements) as a lessee. They are recognised 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 simultaneously capitalise a right-of-use asset in the amount of the acquisition cost, which is essentially the initial carrying amount of the lease liability. The right-of-use asset is subsequently 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 within the CANCOM Group:

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

A.3.14. Financial assets and loans

The balance sheet item "Financial assets and loans" can generally include securities, loans issued and equity investments. These items are financial instruments (see also section A.3.26 of the consolidated financial statements) and are recognised in accordance with IFRS 9. CANCOM allocates them to the measurement category "financial assets measured at fair value through other comprehensive income". They are subsequently measured at fair value with changes in value recognised directly in equity under "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. The impairment provisions of IFRS 9 are also relevant for debt instruments, 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. Investments in companies accounted for using the equity method

Joint ventures and associated companies are included in the consolidated financial statements using the equity method. Under the equity method, the carrying amount of the investment in the investor's balance sheet is recognised in line with the development of the share of equity in the company in which the investment is held. The investment is recognised and measured in its entirety as an asset (in the balance sheet item "Investments accounted for using the equity method"); the individual assets and liabilities are not included in the investor's balance sheet. Under the equity method, the shares are initially recognised at cost. This amount is subsequently adjusted for any changes in the owner's share of the net assets of the investee. The owner's profit or loss includes its share of the investee's profit or loss and the owner's other comprehensive income includes its share of the investee's other comprehensive income. In the presentation of the result for the period, this is recognised in the item "Result from companies accounted for using the equity method".

A.3.16. Deferred taxes

Deferred taxes are recognised in accordance with IAS 12 to account for the future tax consequences of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the IFRS financial statements and on 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 utilised. Deferred tax assets on loss carryforwards are only recognised if their realisability in the near future appears sufficiently certain. Deferred tax assets and liabilities are only netted if certain conditions are met.

The offsetting entry to the balance sheet recognition of deferred taxes 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.

CANCOM makes use of the relief in IAS 12, according to which deferred tax assets and deferred tax liabilities in connection with the regulations on global minimum taxation (Pillar 2 model regulations) are not to be recognised or disclosed.

A.3.17. Other financial assets

The balance sheet item "other financial assets" includes, in particular, receivables from finance leases (see section A.3.28 of the consolidated financial statements) and financial instruments such as, in particular, receivables from suppliers, non-controlling interests and employees. They also include derivative financial instruments (see section A.3.27 of the consolidated financial statements) with a positive market value as at the reporting date. Receivables are recognised in accordance with IFRS 9 and 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 provisions of IFRS 9 apply and expected credit losses must therefore be recognised.

Derivative financial instruments not included in hedge accounting 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 at each reporting date; changes in value must be recognised in profit or loss for the period.

A.3.18. Other assets

The balance sheet items "Other current assets" and "Other non-current assets" include receivables and deferred items that do not fulfil the definition of financial instruments. In particular, these are receivables from public authorities and accrued expenses. If no specific IFRS/IAS is applied, the provisions of the Conceptual Framework are used for accounting purposes.

A.3.19. Liabilities to banks

Liabilities to banks include subordinated and non-subordinated loans that CANCOM has received from banks. These are financial instruments (see section A.3.26 of the consolidated financial statements) that must be recognised in accordance with IFRS 9. In the CANCOM Group, liabilities to banks are allocated to the measurement category "financial liabilities measured at amortised cost". They are subsequently measured at amortised cost using the effective interest method. The latter method implies that interest expenses are recognised on an accrual basis in the amount of the effective interest charge (i.e. including transaction costs and premiums/discounts).

A.3.20. Liabilities from deliveries and services

Trade payables are financial instruments (see also section A.3.26 of the consolidated financial statements); they are recognised 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 utilised).

A.3.21. Pension provisions and similar provisions

Within the CANCOM Group, this includes pension commitments and severance obligations in Austria. The latter are statutory or contractual entitlements of employees to receive one-off severance payments after leaving the company. The amount of the severance payments depends on the length of service and the salary level of the employees.

In accordance with IAS 19, provisions must be recognised for pension commitments and other post-employment benefits in the form of defined benefit plans where the actuarial risk (that the benefits will cost more than expected) and the investment risk (that the invested assets will not be sufficient to pay the expected benefits) are essentially borne by the company. The provision is recognised as a net liability, i.e. the capital formed to finance the pension or severance payments (actuarial reserve) is deducted from the defined benefit obligation (which reflects the future pension or severance payments to employees) if the actuarial reserve meets the definition of plan assets.

The defined benefit obligation is measured using an actuarial valuation method (projected unit credit method or 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 service; as a result, the defined benefit obligation increases successively until retirement or departure. The future payments are discounted using an actuarial interest rate that is derived from market yields on high-quality corporate bonds at each reporting date. The method takes into account actuarial assumptions such as demographic assumptions (e.g. probability of death, staff turnover, early retirement) and financial assumptions (e.g. actuarial interest rate, future salary trends).

Cost components in connection with provisions for pensions and other post-employment benefits are service cost, net interest (interest expense, interest income), actuarial gains or losses and income from plan assets. In 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 recognised under "Personnel expenses" and the net interest under "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 under "Retained earnings including profit carried forward and profit for the period" (i.e. in other comprehensive income in the statement of comprehensive income and not in the statement of profit or 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 developments) and effects of changes in actuarial assumptions. The return on plan assets is the difference between the actual return on plan assets and the return based on the actuarial interest rate of the defined benefit obligation.

A.3.22. Other provisions

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

The balance sheet items "other current provisions" and "other non-current 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 current (legal or constructive) obligation has arisen from a past event that is likely to result in an outflow of resources and the amount of which can be reliably estimated. They are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. Non-current provisions must be discounted at a risk-adequate interest rate.

A.3.23. Liabilities, receivables from current income taxes

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

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

Receivables from tax overpayments are recognised in the balance sheet item "Other current assets". These are refund amounts that are virtually certain as at the reporting 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 if it is probable that they can be realised. Only if there is a tax loss carryforward or an unused tax credit is no tax liability or tax receivable recognised for these uncertain tax positions, but instead the deferred tax asset is adjusted for the unused tax loss carryforwards and tax credits.

A.3.24. 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.3.28 of the consolidated financial statements). They also include financial liabilities that arise in connection with sale and leaseback transactions due to the fact that the sale of the underlying asset does not fulfil the criteria of a sale in accordance with IFRS 15 and therefore payments received from the sale must 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 entered into in the course of company acquisitions (see section A.3.31 of the consolidated financial statements) are allocated to the balance sheet items. The latter purchase price liabilities are contingent considerations (see section A.3.31 of the consolidated financial statements for accounting).

In addition, derivative financial instruments not included in hedging relationships (see section A.3.27 of the consolidated financial statements) are recognised under the balance sheet item "Other current financial liabilities" or "Other non-current financial liabilities" if they have a negative fair value as at the reporting 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 on each reporting date; changes in value must be recognised in profit or loss for the period.

A.3.25. Other debts

The balance sheet items "Other current liabilities" and "Other non-current liabilities" include liabilities and deferred items that do not fulfil the definition of financial instruments. In particular, these are liabilities to public authorities, co-operatives and social security institutions as well as liabilities to employees. If no specific IFRS/IAS is applied, the provisions of the framework concept for accounting are used.

A.3.26. Financial instruments

Financial instruments are defined in IAS 32; the relevant accounting and disclosure requirements can be found in IFRS 9 and IFRS 7. 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 a positive fair value and equity instruments held in other companies. Financial liabilities comprise contractual obligations to dispose of cash or other financial assets. These include, for example, loans taken out, short-term loans, trade payables and derivative financial instruments with a negative fair value.

The balance sheet items "Cash and cash equivalents", "Trade receivables", "Other current financial assets", "Financial assets and loans" and "Other non-current financial assets" consist exclusively of 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 allocated to measurement categories listed in IFRS 9. The measurement category determines the subsequent measurement of the items. There are three measurement categories for financial assets (" financial assets measured at fair value through profit or loss financial assets", "financial assets measured at fair value through other comprehensive income", "financial assets measured at amortised cost"). Financial assets are allocated on the basis of criteria, 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 measured 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 are recognised uniformly within the CANCOM Group on the settlement date (the date on which the asset is delivered to or by the company). 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 are recognised in the initial carrying amount for items not measured at fair value through profit or loss.

The CANCOM Group did not make use of the option to voluntarily designate financial assets or financial liabilities upon initial recognition as "financial assets/liabilities at fair value through profit or loss" (fair value option) in the reporting period or in the comparative period.

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 part of an effective hedging relationship in accordance with IFRS 9 (see also section A.3.27 of the consolidated financial statements). Changes in the value of the latter measurement categories are recognised in profit or loss (i.e. via the presentation of the result for the period). The subsequent measurement of items that fall under the measurement category "financial assets measured at fair value through other comprehensive income" is also recognised at fair value. However, changes in value are recognised directly in equity in the "other reserves" item (i.e. in other comprehensive income in the statement of comprehensive income and not in the statement of profit or loss for the period), taking tax aspects into account. The changes in value recognised directly in equity are never transferred to profit or loss for the period in the case of equity instruments.

Derivative financial instruments included in an effective hedging relationship (see also section A.3.27 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 directly in equity under "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 categorised into three levels:

- Stage 1: no indications of impairment, no increase in default risk; risk provisioning determined on the basis of the probability-weighted default in the next 12 months (12M_ECL);
- Stage 2: no indications of impairment, but increase in default risk; risk provisioning determined on the basis of the probability-weighted default over the entire term (L_ECL);
- Stage 3: objective evidence of impairment; determination of the risk provision on the basis of the probability-weighted loss over the entire term (L_ECL).

A.3.27. 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 transactions and similar currency derivatives. In addition, assets and liabilities may arise in connection with company acquisitions (see section A.3.31 of the consolidated financial statements) that fulfil the definition of derivative financial instruments and must therefore be recognised accordingly. These are contingent considerations.

Derivative financial instruments are recognised in accordance with the requirements of IFRS 9, either as stand-alone instruments or as part of 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 to apply hedge accounting for each item. However, the application of hedge accounting rules is subject to conditions. For example, the hedging relationship must be documented. Furthermore, the hedging relationship must fulfil certain effectiveness criteria (economic relationship between the underlying transaction and the hedging instrument, no dominant influence of the default risk, hedge ratio corresponds to the hedge ratio used for risk management purposes).

No hedge accounting was practised in the CANCOM Group in the reporting period or in the comparative period.

The measure of value for the initial and subsequent measurement of derivative financial instruments is fair value. 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 must 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 key input factors (e.g. market prices, interest rates) are derived from quoted prices or other directly or indirectly observable input factors.

Freestanding 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 operating currency risks are recognised in the "Other operating income" or "Other operating expenses" items in the presentation of the result for the period.

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

A.3.28. Leases

Leases must be recognised in accordance with IFRS 16. IFRS 16 defines a lease as a contract for the use of an identifiable asset over which the entity has control, whereby the latter is specified by the right to obtain significant economic benefits and the right to direct the use of the asset. 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 and a lease liability on the commencement date. The lease liability is initially recognised at the present value of the lease payments not yet made. The right-of-use asset is capitalised at cost, which is essentially the initial carrying amount of the lease liability. Subsequently, the lease payments must 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 therefore also the right-of-use asset) must be remeasured (at present value) if there are changes to the term, purchase options, residual value guarantees and variable lease payments. The right-of-use asset is amortised over the term/useful life of the underlying asset. Furthermore, right-of-use assets are subject to the impairment provisions of IAS 36 (see section A.3.12 of the consolidated financial statements). Short-term leases and leases where the underlying asset is of low value may be exempted from the basic obligation to recognise the lease liability and the right-of-use asset. Simplified recognition rules then apply. CANCOM does not make use of the option to apply these simplification rules.

The lessor must classify the lease as either a finance lease or an operating lease at the inception of the lease. The former is a lease in which substantially all the risks and rewards incidental to ownership of an underlying asset are transferred - which is not the case with an operating lease. If a lease is classified as a finance lease, the lessor derecognises the leased asset and recognises a receivable in the amount of the net investment in the lease. Subsequently, the lease payments are divided 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 must apply the derecognition and impairment provisions of IFRS 9 to the net investment/receivable. If the lease is classified as an operating lease, the lease payments are recognised on a straight-line basis over the term (or on another systematic basis) as income in the statement of profit or loss for the period. The leased asset remains on the lessor's balance sheet and is depreciated by the lessor.

The provisions of IFRS 16 on sale and leaseback transactions are primarily applied at CANCOM when merchandise is sold to a leasing company and leased back directly from this leasing company in order to lease the merchandise back 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 in addition to the lease liability as part of the leaseback (i.e. CANCOM is the lessee). Pro rata revenue and pro rata cost of materials/expenses for purchased services are recognised from the sale to the leasing company. The provisions of IFRS 16 on subleases are applied 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 asset) results in a gain, which is recognised as "Income from subleases" under "Other operating income" in the statement of profit or loss for the period.

- 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 over 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 provisions for manufacturers and dealers of 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.3.29. Government grants

Government grants that constitute grants for assets in accordance with IAS 20 (i.e. grants for investments) are only recognised if there is reasonable assurance that an entity within the CANCOM Group will comply with the conditions attached to them and 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 income item is subsequently amortised over the useful life or depreciation period of the corresponding property, plant and equipment asset (i.e. through the presentation of the result for the period under "Other operating income"). Grants related to income are also recognised in the period in which the corresponding entitlement arises in the statement of profit or loss for the period under "Other operating income".

The benefit of a government loan at a below-market interest rate is treated as a government grant. The loan must be measured in accordance with IFRS 9 (see section A.3.19 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, which was determined in accordance with IFRS 9, and the payments received. This difference is recognised as deferred income in the balance sheet item "Other current liabilities" or in the balance sheet item "Other non-current liabilities", which is reversed through profit or loss over the term of the loan (i.e. through the presentation of the result for the period).

A.3.30. Transactions and items in foreign currency

In accordance with IAS 21, a foreign currency transaction is a business transaction whose value is denominated in a foreign currency or which requires fulfilment in a foreign currency. A foreign currency is any currency other than the functional currency of the Group company. Foreign currency transactions are business transactions for the purchase or sale of goods or services in a foreign currency, borrowing or lending in a foreign currency or otherwise acquiring or disposing of assets and liabilities in a foreign currency. Foreign currency items are balance sheet items that were received or incurred in foreign currency (and whose entries were therefore preceded by foreign currency transactions).

Foreign currency transactions or foreign currency items are initially translated into the functional currency at the spot rate applicable on the date of the transaction.

The subsequent measurement of a foreign currency item depends on whether it is a monetary or non-monetary item. Monetary items in a foreign currency must be translated into the functional currency on 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. in the statement of profit or loss for the period. Translation differences from operating assets and liabilities (e.g. from trade receivables or trade payables) are recognised under "Other operating income" or "Other operating expenses". Translation differences from non-operating assets and liabilities (e.g. from financial loans issued or received) are recognised in the item "Currency gains/losses". Non-monetary items - if they are measured at cost - are translated into the functional currency at the exchange rate prevailing on the date of initial recognition. Non-monetary items measured at fair value must be translated at the exchange rate applicable on the date of measurement (i.e. generally 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 under "other reserves" (i.e. in other comprehensive income in the statement of comprehensive income).

A.3.31. Company acquisitions

Business combinations are recognised in accordance with IFRS 3 using the acquisition method. 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 generally measure them at fair value. The equity (assets less liabilities) of the acquired company is therefore remeasured. The purchase price of a company 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 interests in the acquired company. 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, must be recognised immediately as an expense in the statement of profit or loss 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 under "Other operating expenses".

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

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

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

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

A.3.32. Share-based payments

Share-based payments and share-based payment programmes are accounted for in accordance with IFRS 2. The standard distinguishes between equity-settled and cash-settled share-based payments.

In the case of equity-settled share-based payments, the fair value of the benefits received - which is determined indirectly by reference to the fair value of the equity instruments granted in transactions with employees - is recognised as an expense in profit or loss for the period (within the CANCOM Group under "Personnel expenses") over the period in which the employees acquire an unrestricted entitlement to the awards (vesting period). A non-linear distribution is assumed. This non-linear distribution is known as "graded vesting". It is assumed that the employee has earned 50 percent of the entitlement after two years, a further 25 percent after three years and the remaining 25 percent after four years. Equity is increased accordingly as an offsetting entry. The amount recognised as an expense is adjusted to reflect the number of awards for which the corresponding service conditions and non-market performance conditions are expected to be met, so that the amount ultimately recognised as an expense is based on the number of awards that meet the corresponding 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, they are recognised in the balance sheet item "Other current provisions" or in the balance sheet item "Other non-current 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 "Personnel expenses").

A.3.33. 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 net profit for the period less non-controlling interests by the weighted average number of ordinary shares in circulation (currently outstanding) during the period.

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

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

A.3.34. Repurchased treasury shares

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

If previously acquired treasury shares are cancelled (capital reduction), the subscribed capital is reduced in the amount of the nominal value attributable to the cancelled shares and the capital reserve is increased accordingly.

In the event of a renewed sale of previously acquired treasury shares, the amount of the consideration received is recognised 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 involve a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next reporting period are explained below:

- In the context of company acquisitions, the assets acquired and liabilities assumed must be identified at the time of acquisition and generally measured at fair value (see section A.3.31 of the consolidated financial statements). In particular, the identification and measurement of intangible assets (such as acquired customer bases, order backlogs, rental benefits) is subject to judgement.

- In accordance with IFRS 15, if another party is involved in the delivery of goods or the provision of services to a customer, an entity must evaluate, as part of revenue recognition (see section A.3.2 of the consolidated financial statements), whether its performance obligation is to deliver the goods or provide the services as principal or to engage this other party to deliver the goods or provide the services as agent. The weighting of individual arguments for or against a principal/agent position - and the associated recognition of revenue at a point in time or over a period of time - that must be carried out as part of an overall assessment is complex and sometimes discretionary. 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 that form the basis for determining the recoverable amount (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 must be examined whether the additional agreement constitutes a material contract modification 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 cancellation 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, in particular, 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 recognised on receivables to take account of expected credit losses resulting from the inability or unwillingness of customers to pay. This relates in particular to the carrying amounts 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 judgement and planning calculations. This also applies to the determination of impairments of such items and of financial assets.

These recognition and measurement uncertainties are based on the best possible findings in relation to the circumstances on the reporting date. The actual amounts may differ from the estimates. The carrying amounts recognised in the financial statements and subject to these uncertainties can be found in the balance sheet and the related notes.

At the time of preparing the consolidated financial statements, no significant changes to the assumptions on which the recognition and measurement were based are expected. In this respect, no significant adjustments to the assumptions and estimates 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 (2024 reporting period) are currently expected.

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

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

- 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 "Materiality judgements" (title of the amendment: "Disclosure of accounting policies");
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (title of the amendment: "Definition of Accounting Estimates");
- Amendments to IAS 12 "Income Taxes" (title of the amendment: "Deferred taxes relating to assets and liabilities arising from a single transaction");
- Amendments to IAS 12 "Income Taxes" (title of the amendment: "International Tax Reform - Pillar 2 Model Provisions").

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

The amendment to IAS 1 means that in future only the "significant" accounting policies 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 companies can better distinguish changes in accounting policies from changes in estimates. To this end, it is defined that an accounting estimate always relates to a measurement uncertainty of a financial variable in the financial statements.

The first amendment to IAS 12 relates to the recognition of 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 exception no longer applies to transactions in which both deductible and taxable temporary differences arise in the same amount on 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.

The second amendment to IAS 12 contains mandatory simplifications for recognising deferred taxes from the global minimum taxation. The amendment also contains specific disclosures in the notes for affected companies in order to enable users of financial statements to understand the extent to which a company is affected by minimum taxation, particularly before the legislation comes into force.

None of the above-mentioned rule changes have any material impact on the CANCOM Group's net assets, financial position, results of operations or cash flows.

A.6. Accounting standards not applied

For the consolidated financial statements of CANCOM SE as at 31 December 2023, no IFRS were voluntarily applied early. The pronouncements are recognised for the first time at the time of their mandatory application. The application of IFRS is conditional on the European Union (EU) issuing 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 net assets, financial position and results of operations or on the cash flows of the CANCOM Group.

A.6.1. Mandatory first-time application in the 2024 reporting period

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

- Amendments to IAS 1 "Presentation of Financial Statements" (title of the amendments: "Classification of liabilities as current or non-current", "Classification of liabilities as current or non-current - deferral of the commencement date" and "Non-current liabilities with ancillary conditions");

- Amendment to IFRS 16 "Leases" (title of the amendment: "Lease liability in a sale and leaseback transaction");

- Amendment to IAS 7 "Statement of Cash Flows" and amendment to IFRS 7 "Financial Instruments: Disclosures" (title of the amendment: "Disclosures: Supplier Finance Arrangements"; not yet endorsed by the EU).

The first two amendments to IAS 1 relate to the adjustment of the assessment criteria for the classification of liabilities as current or non-current. The third amendment to IAS 1 concerns the classification of liabilities that are subject to ancillary conditions. It is clarified that ancillary conditions that must be met before or on the reporting date can have an effect on classification as current or non-current. By contrast, ancillary conditions that only have to be complied with after the reporting date have no effect on classification. Instead of being taken into account as part of the classification, such ancillary conditions must be disclosed in the notes.

The amendment to IFRS 16 relates to the recognition of lease liabilities from sale and leaseback transactions. It requires a lessee to 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 asset.

The amendments to IAS 7 and IFRS 7 relate to disclosure requirements in connection with supplier financing agreements. The new regulations supplement the requirements already contained in IFRS in this regard and include additional disclosure requirements.

A.6.2. Mandatory first-time application in the 2025 reporting period

The following announcement will be applied for the first time in the CANCOM consolidated financial statements as at 31 December 2025:

- Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates" (title of the amendment: "Lack of Exchangeability"; not yet adopted by the EU).

The amendment concerns the determination of the exchange rate in the event of long-term non-exchangeability. IAS 21 is supplemented by requirements for assessing whether a currency can be exchanged for another currency. Furthermore, the standard now contains guidance on determining the exchange rate when such an exchange is not possible and additional corresponding disclosure requirements.

A.6.3. Announcements without a mandatory first-time application date

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"; not yet adopted by the EU) do not yet have a mandatory first-time application date. An inconsistency between the provisions of IFRS 10 and IAS 28 is addressed in the event 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 to the reporting structure and corrections of errors, changes to the recognition and measurement methods , changes in presentation due to a discontinued operation

There were no changes to the reporting structure, error corrections or changes to the recognition and measurement methods in the reporting period. Furthermore, there were no changes in presentation in the reporting period due to a discontinued operation.

B. Notes to the consolidated balance sheet

B.1. Cash and cash equivalents

Cash and cash equivalents consist exclusively of bank balances due at any time and cash in hand. In the comparative period, restricted bank balances totalling T€ 1,010 were reported under the balance sheet item "Other current financial assets".

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

No non-current assets and disposal groups held for sale or associated liabilities were recognised in the reporting period.

With regard to the sale of HPM Incorporated in the comparative 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 as at 1 September 2022. Due to the complete sale and deconsolidation of HPM Incorporated, no non-current assets and disposal groups held for sale and associated liabilities were recognised at the end of the comparative period.

B.3. Receivables from goods and services

Trade receivables break down as follows:

(in T€)	31.12.2023	31.12.2022
Gross carrying amount (before value adjustments)	477,388	410,853
Value adjustments	-1,890	-1,677
Trade receivables, balance sheet disclosure	**475,498**	**409,176**

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

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

(in T€)	Level 2	Level 3	Total
Gross carrying amount as at 1 January	407,869	2,984	410,853
Changes in the scope of consolidation	109,678	524	110,202
Transfer to level 3	-1,658	1,658	0
Transfer to level 2	20	-20	0
Addition of new receivables	406,644	7	406,651
Derecognition due to settlement of receivables	-447,649	-2,267	-449,916
Derecognition due to write-down of receivables	-35	-367	-402
Gross carrying amount as at 31.12.	**474,869**	**2,519**	**477,388**

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

(in T€)	Level 2	Level 3	Total
Value adjustments as at 1 January	661	1,016	1,677
Changes in the scope of consolidation	120	275	395
Transfer to level 3	-21	21	0
Transfer to level 2	4	-4	0
Revaluation of the value adjustment (addition, reversal)	-27	123	96
Derecognition due to write-down of receivables	0	-278	-278
Value adjustments as at 31.12.	**737**	**1,153**	**1,890**

The amount of T€ -43 (comparative period: T€ -778) recognised in the statement of comprehensive income in the item "Impairment losses on financial assets including reversals of impairment losses" in the reporting period is made up of the amounts included in the previous table for the revaluation of the impairment of T€ -96 (comparative period: T€ -) and for the derecognition due to the write-down of receivables of T€ 278 (comparative period: It also includes losses from the derecognition/write-down of receivables of T€ -366 (comparative period: T€ -447), gains due to incoming payments from receivables already derecognised/written down of T€ 130 (comparative period: T€ 5), impairments or reversals of impairments on contract assets of T€ 2 (comparative period: T€ 0) and impairments or reversals of impairments on receivables from finance leases of T€ 9 (comparative period: T€ -9).

For trade receivables, impairments and reversals of impairments 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 customers:

(in T€)	31.12.2023	31.12.2022
Current contract assets	32,371	1,684
Contract assets, balance sheet disclosure	**32,371**	**1,684**

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

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

(in T€)	31.12.2023	31.12.2022
Current contract liabilities	54,876	28,581
Non-current contract liabilities	19,008	13,178
Contract liabilities, balance sheet disclosure	**73,884**	**41,759**

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 or comparative period was essentially recognised as revenue in the respective period.

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

(in T€)	31.12.2023	31.12.2022
Capitalised short-term contract costs	234	937
Capitalised long-term contract costs	0	234
Capitalised contract costs, balance sheet disclosure	**234**	**1,171**

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 fulfilment costs. The capitalised contract initiation costs relate to three projects (comparative period: three projects) allocated to the Germany segment. The capitalised contract fulfilment costs relate to one project (comparative period: one project) allocated to the Germany operating segment. In the reporting period, scheduled amortisation of capitalised contract initiation costs amounting to T€ 576 (comparative period: T€ 576) and contract fulfilment costs amounting to T€ 361 (comparative period: T€ 361) was carried out.

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

B.5. Inventories

Inventories mainly comprise goods, in particular hardware components and software. They are made up as follows:

(in T€)	31.12.2023	31.12.2022
Finished goods, merchandise and raw materials and supplies	79,073	82,694
Advance payments made	840	281
Inventories, balance sheet disclosure	**79,913**	**82,975**

The cost of finished goods, merchandise and raw materials and supplies totalled T€ 841,580 in the reporting period (comparative period: T€ 798,111).

In the reporting period, inventories of finished goods and merchandise were impaired by T€ 1,014 (comparative period: T€ 4,742) due to overreaching, obsolescence, reduced marketability or subsequent costs. In the comparative period, there was an unusually high impairment due to obsolescence, as CANCOM had built up inventories in previous periods to compensate for long delivery times. This was due to the exceptional supply chain bottlenecks in relation to IT goods caused by the coronavirus pandemic.

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

B.6. Other financial assets

Other current financial assets are as follows:

(in T€)	31.12.2023	31.12.2022
Receivables from finance leases	34,866	27,176
Bonus claims against suppliers	12,158	12,345
Creditors with debit balances	3,381	4,093
Receivables from companies with which a Participation relationship exists	2,675	0
Receivables from share buy-backs	2,456	0
Derivative financial assets	717	0
Receivables from employees	178	125
Receivables from fixed-term deposits	0	1,010
Purchase price receivables from the sale of companies	0	694
Other current financial assets, balance sheet disclosure	**56,431**	**45,443**

Other non-current financial assets are made up as follows:

(in T€)	31.12.2023	31.12.2022
Receivables from finance leases	46,913	25,632
Receivables from companies in which a participating interest is held	2,539	1,905
Assets from employee benefits	1,093	82
Receivables from security deposits	678	316
Derivative financial assets	83	0
Other non-current financial assets, balance sheet disclosure	**51,306**	**27,935**

B.7. Other assets

Other current assets are broken down as follows:

(in T€)	31.12.2023	31.12.2022
Deferred expenses	33,219	13,887
Receivables from tax overpayments	10,166	10,799
Receivables from insurance benefits	308	176
Receivables from social insurance institutions	39	0
Other receivables	409	421
Other current assets, Balance sheet disclosure	**44,141**	**25,283**

Other non-current assets are made up as follows:

(in T€)	31.12.2023	31.12.2022
Deferred expenses	23,264	6,598
Other non-current assets, Balance sheet disclosure	**23,264**	**6,598**

Deferred expenses mainly include payments made in advance under current maintenance contracts.

B.8. Fixed assets

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

- Property, plant and equipment,
- intangible assets (excluding goodwill),
- Goodwill,
- Rights of use,
- Financial assets and loans,
- Investments in companies accounted for using the equity method,

is presented in the corresponding consolidated statement of changes in non-current assets.

Development of the Group's fixed assets

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

	ACQUISITION/PRODUCTION COSTS						
(in T€)	**As at 1.1.2023**	**Currency differences 2023**	**Additions from first cons. 2023**	**Additions 2023**	**Departures 2023**	**Rebookings 2023**	**As at 31.12.2023**
Property, plant and equipment							
Motor vehicles	18,106	0	468	249	3,831	0	14,992
Land and buildings	3,806	0	12,987	2,643	55	288	19,669
IT data centres	37,319	0	3,814	4,623	11,260	-6	34,490
Other operating and office equipment	42,084	79	6,092	5,641	5,491	-336	48,069
Technical equipment and machinery	3,271	0	161	87	0	0	3,519
Total property, plant and equipment	**104,586**	**79**	**23,522**	**13,243**	**20,637**	**-54**	**120,739**
Intangible assets (excluding goodwill)							
Purchased and self-created software	95,465	5	5,993	12,543	2,748	54	111,312
Customer bases, orders on hand, other items from company acquisitions	32,742	321	41,066	0	2,872	0	71,257
Total intangible assets (excluding goodwill)	**128,207**	**326**	**47,059**	**12,543**	**5,620**	**54**	**182,569**
Goodwill	**144,152**	**0**	**136,540**	**0**	**0**	**0**	**280,692**
Rights of use							
Rights of use for land and buildings	99,876	88	28,047	7,422	1,365	0	134,068
Rights of use for operating and office equipment	5,497	125	3,367	495	883	0	8,601
Rights of use for motor vehicles	15,457	30	6,922	11,942	1,119	0	33,232
Total rights of use	**120,830**	**243**	**38,336**	**19,859**	**3,367**	**0**	**175,901**
Financial assets and loans	**5**	**0**	**1,827**	**94**	**0**	**0**	**1,926**
Investments in companies accounted for using the equity method	**0**	**0**	**14,996**	**265**	**723**	**0**	**14,538**
Total	**497,780**	**648**	**262,280**	**46,004**	**30,347**	**0**	**776,365**

DEPRECIATION						BOOK VALUES	
As at 1.1.2023	**Currency differences 2023**	**Additions 2023**	**Departures 2023**	**Rebookings 2023**	**As at 31.12.2023**	**As at 31.12.2023**	**As at 31.12.2022**
15,864	0	1,614	3,602	0	13,876	1,116	2,242
1,268	0	715	55	-9	1,919	17,750	2,538
26,086	0	4,854	11,260	0	19,680	14,810	11,233
23,556	9	6,555	5,465	8	24,663	23,406	18,528
703	0	218	0	0	921	2,598	2,568
67,477	**9**	**13,956**	**20,382**	**-1**	**61,059**	**59,680**	**37,109**
47,266	0	17,264	2,749	1	61,782	49,530	48,199
23,536	34	8,324	2,871	0	29,023	42,234	9,206
70,802	**34**	**25,588**	**5,620**	**1**	**90,805**	**91,764**	**57,405**
18,967	**0**	**0**	**0**	**0**	**18,967**	**261,725**	**125,185**
27,815	8	12,599	1,366	0	39,056	95,012	72,061
2,992	15	2,127	884	0	4,250	4,351	2,505
5,885	3	5,662	1,119	0	10,431	22,801	9,572
36,692	**26**	**20,388**	**3,369**	**0**	**53,737**	**122,164**	**84,138**
0	**0**	**0**	**0**	**0**	**0**	**1,926**	**5**
0	**0**	**0**	**0**	**0**	**0**	**14,538**	**0**
193,938	**69**	**59,932**	**29,371**	**0**	**224,568**	**551,797**	**303,842**

Development of the Group's fixed assets

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

	ACQUISITION/PRODUCTION COSTS							
(in T€)	**As at 1.1.2022**	**Currency differences 2022**	**Additions from first cons. 2022**	**Additions 2022**	**Disposals from decon-solidation in 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
Other operating and office equipment	42,223	72	49	4,081	1,391	2,661	-289	42,084
Technical equipment and machinery	1,232	0	0	1,713	0	0	326	3,271
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	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	30	2,060	15,864	2,242	4,964
975	0	302	0	9	1,268	2,538	2,382
21,399	0	4,856	0	169	26,086	11,233	11,981
21,469	65	5,972	1,329	2,621	23,556	18,528	20,754
592	0	111	0	0	703	2,568	640
59,864	**67**	**13,764**	**1,359**	**4,859**	**67,477**	**37,109**	**40,721**
33,298	9	22,696	178	8,559	47,266	48,199	54,987
27,892	0	4,504	0	8,860	23,536	9,206	9,504
61,190	**9**	**27,200**	**178**	**17,419**	**70,802**	**57,405**	**64,491**
32,145	**715**	**0**	**13,893**	**0**	**18,967**	**125,185**	**113,451**
20,274	39	9,966	841	1,623	27,815	72,061	73,287
1,958	1	1,290	1	256	2,992	2,505	2,937
3,779	0	2,967	0	861	5,885	9,572	7,546
26,011	**40**	**14,223**	**842**	**2,740**	**36,692**	**84,138**	**83,770**
0	**0**	**0**	**0**	**0**	**0**	**5**	**5**
179,210	**831**	**55,187**	**16,272**	**25,018**	**193,938**	**303,842**	**302,438**

B.8.1. Property, plant and equipment

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

(in T€)	31.12.2023	31.12.2022
Land and buildings	17,750	2,538
IT data centres	14,810	11,233
Technical equipment and machinery	2,598	2,567
Motor vehicles	1,116	2,242
Other operating and office equipment	23,406	18,529
Property, plant and equipment, balance sheet disclosure	**59,680**	**37,109**

B.8.2. Intangible assets (excluding goodwill)

Intangible assets (excluding goodwill) are broken down as follows:

(in T€)	31.12.2023	31.12.2022
Purchased software	41,434	40,822
Customer bases	28,958	8,585
Orders on hand	11,406	362
Self-created software	8,096	7,378
Other intangible assets resulting from company acquisitions	1,870	258
Intangible assets (excluding goodwill), balance sheet disclosure	**91,764**	**57,405**

The item "Purchased software" includes in particular ERP systems and a cloud-based agility platform. They are amortised as scheduled 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 amortised over their respective expected useful lives. The customer bases have an average remaining useful life of nine years, while the order backlog has 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€ 4,251 (comparative period: T€ 4,633), which is amortised over its expected useful life. The average remaining useful life is three years. In the comparative period, an impairment loss of T€ 2,965 was recognised in relation to an AHP product variant. The impairment was recognised because sales of this AHP product variant were discontinued at the end of the comparative period and the recoverable amount to be offset against the residual carrying amount of T€ 2,965 in the form of the value in use was therefore T€ 0.

The item "Other intangible assets resulting from company acquisitions" includes favourable rental agreements and product-specific software.

B.8.3. Goodwill

The KBC Group (now CANCOM Austria Group) was acquired in the reporting period; the acquisition resulted in goodwill of T€ 126,810. CANCOM GmbH also acquired a business division from DextraData GmbH in the reporting period. This resulted in provisional goodwill of T€ 9,729.

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 group of cash-generating units (see also the explanations in section A.3.11 and section A.3.12 of the consolidated financial statements).

At the beginning of the reporting period, the internal corporate management of the CANCOM Group was changed. As a result, the management and reporting of the "Cloud Solutions" and "IT Solutions" business segments was discontinued. With the acquisition of the KBC Group, internal corporate management was changed again in June 2023. Since June 2023, the CANCOM Group has been managed on the basis of the "Germany" and "International" operating segments. Segment reporting was published on the basis of these two operating segments for the first time in the 2023 half-year consolidated financial statements.

As a result of the change in internal corporate management, the CANCOM Group has been using two groups of cash-generating units to test goodwill for impairment since 1 July 2023, i.e. from this date there are two groups of cash-generating units "CANCOM Germany" and "CANCOM International". Groups of cash-generating units are used as the basis, as the management of the CANCOM Group monitors goodwill on the basis of these two groups, which also represent the Germany and International operating segments. At the end of the comparative period, goodwill was still tested for impairment on the basis of seven cash-generating units; NWC Services GmbH would have been added as an eighth cash-generating unit in the reporting period. With regard to these eight cash-generating units, the reallocation of assets and liabilities was based on the registered office of the respective companies. The following table shows how goodwill was allocated to the two groups of cash-generating units existing from 1 July 2023 – CANCOM Germany and CANCOM International.

Cash-generating units before reclassification until 30 June 2023	Goodwill before reclassification as at 30 June 2023 in T€	Goodwill after reclassification as at 1 July 2023 in T€	
		CANCOM Germany	CANCOM International
1 CANCOM Managed Services GmbH	58,159	58,159	0
2 CANCOM GmbH IT Solutions	36,852	36,852	0
3 CANCOM Public Group	7,049	7,049	0
4 CANCOM GmbH Cloud Solutions	7,152	7,152	0
5 CANCOM ICT Service GmbH	2,522	2,522	0
6 CANCOM a + d IT solutions GmbH	1,717	0	1,717
7 S&L Group	8,268	8,268	0
8 NWC Services GmbH	3,466	3,466	0

Goodwill impairment tests were last carried out for the cash-generating units listed in the previous table as at 30 June 2023. There was no need for amortisation in each case.

With regard to the KBC Group, the assets and liabilities - with the exception of goodwill - were also allocated to the two groups of cash-generating units on the basis of the registered office of the respective companies. The goodwill of the KBC Group was allocated to the two groups of cash-generating units on the basis of the number of employees and the expected synergies from the acquisition. Goodwill of T€ 35,395 was recognised for CANCOM Deutschland and T€ 91,415 for CANCOM International.

The provisional goodwill of T€ 9,729 acquired with the acquisition of the DextraData GmbH division was allocated in full to the group of cash-generating units CANCOM Deutschland.

The following table shows the most important assumptions on which the calculation of the value in use of the two groups of cash-generating units is based (information on the comparative period in brackets).

Group of cash-generating units	Goodwill as at 31 December 2023 in T€	Sales growth in % for 2024	Average sales growth in % for 2025-2028	Pre-tax discount rate in %	After-tax discount rate in %
CANCOM Germany	168,593	15.0 (n.a.)	4.3 (n.a.)	12.98 (n.a.)	9.41 (n.a.)
CANCOM International	93,132	71.5 (n.a.)	5.4 (n.a.)	11.47 (n.a.)	9.46 (n.a.)

The recoverable amount is determined 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 management, take past experience into account and are based on management's assessment of future developments. External market studies (e.g. from Bitkom) are also used. The forecasts are based on individual sales estimates of the groups of cash-generating units. Cash flows beyond the detailed forecast period are extrapolated using a perpetual growth rate of 1.5 percent (comparative period: 0.0 percent). The components of the discount rates are determined using external financial information systems; the base interest rates used in the reporting period were 2.22 percent (comparative period: 2.39 percent); a uniform market risk premium of 7.0 percent (comparative period: 7.5 percent) was used in the reporting period. In the reporting period, the peer group consisted of six companies (comparative period: seven companies) based in Europe.

For the group of cash-generating units CANCOM Germany (CANCOM International), the recoverable amount exceeded the carrying amount by € 352,701,000 (€ 308,023,000) at the end of the reporting period. It was analysed whether an impairment of goodwill would have been necessary in the event of lower sales growth. The sensitivity analyses showed that if average sales growth had been 2.5 percent (1.5 percent) lower in absolute terms for the period 2025 to 2028, the recoverable amount would have been equal 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 non-current 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

Financial assets and loans mainly relate to securities totalling T€ 1,893 (prior year: T€ 0).

B.8.6. Investments in companies accounted for using the equity method

The following table shows the carrying amounts of the shares accounted for using the equity method:

(in T€)	31.12.2023	31.12.2022
Joint ventures	8,801	0
Associated companies	5,737	0
Investments accounted for using the equity method, balance sheet disclosure	**14,538**	**0**

The companies included in the carrying amounts are immaterial, both individually and in total, for the presentation of the net assets, financial position and results of operations of the CANCOM Group.

B.9. Deferred taxes

Deferred tax assets in the reporting period and the comparative period developed as follows:

Deferred tax assets from	temporary differences (in T€)	Tax loss carryforwards (in T€)
Status 1 January 2023	7,774	54
Addition from capitalisation not recognised in profit or loss due to initial consolidation	2,953	1,005
Addition from actuarial losses from pension provisions and similar provisions recognised directly in equity	388	0
Tax expense/income in the result for the period	-152	-1,051
As at 31 Dec. 2023	**10,963**	**8**
Status 1 January 2022	5,931	45
Addition from capitalisation not recognised in profit or loss due to initial consolidation	234	0
Disposal from deconsolidation recognised directly in equity	-139	0
Addition from actuarial losses from pension provisions recognised directly in equity	-143	0
Tax expense/income in the result for the period	1,884	9
Currency differences recognised directly in equity	7	0
As at 31 Dec. 2022	**7,774**	**54**

In the reporting period, the CANCOM Group had corporation tax loss carryforwards of T€ 28 (comparative period: T€ 1,553) and trade tax loss carryforwards of T€ 17 (comparative period: T€ 316). The amount of unused losses for which no deferred tax assets were recognised in the balance sheet was T€ 0 in the reporting period (comparative period: T€ 1,485). No amounts of these unrecognised tax loss carryforwards will expire over time. Based on the planned tax results, the capitalised deferred tax benefits from loss carryforwards are expected to be realised.

Deferred tax assets from temporary differences in the reporting period result from deviations in other financial liabilities (IFRS 16) in the amount of T€ 43,946 (comparative period: T€ 28,890), in right-of-use assets (IFRS 16) in the amount of T€ -34,171 (comparative period: T€ -25,546), in other financial assets (IFRS 16) in the amount of T€ -9.295 (comparative period: T€ 0), property, plant and equipment in the amount of T€ 4,611 (comparative period: T€ 2,178), pension provisions and similar provisions in the amount of T€ 2,965 (comparative period: T€ 267), intangible assets in the amount of T€ 1,207 (comparative period: T€ 1.050), other provisions in the amount of T€ 927 (comparative period: T€ 207), other liabilities in the amount of € 445 (comparative period: T€ 346), other financial liabilities in the amount of T€ 96 (comparative period: T€ 3), trade receivables in the amount of T€ 63 (comparative period: T€ 47), for shares in affiliated companies in the amount of T€ 61 (comparative period: T€ 0), for other financial assets in the amount of T€ 53 (comparative period: T€ 59), for inventories in the amount of T€ 28 (comparative period: T€ 242) and for other balance sheet items in the amount of T€ 27 (comparative period: T€ 31).

In the reporting period, the deferred tax assets added through initial consolidation with no effect on income mainly relate to pension provisions and similar provisions totalling T€ 2,190 (comparative period: intangible assets totalling T€ 234). In the comparative period, the deferred tax assets derecognised through deconsolidation with no effect on profit or loss mainly relate to property, plant and equipment in the amount of T€ 78 and contract liabilities in the amount of T€ 43.

Neither impairment losses on deferred tax assets from loss carryforwards nor impairment losses on deferred tax assets from temporary differences were recognised in the reporting period or the comparative period.

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

Deferred tax liabilities from	**temporary differences (in T€)**
Status 1 January 2023	11,747
Additions from liabilities recognised directly in equity due to initial consolidation	10,979
Addition from actuarial gains from financial assets recognised directly in equity	21
Tax expense/income in the result for the period	-2,528
Currency differences recognised directly in equity	36
Status 31.12.2023	**20,255**
Status 1 January 2022	10,172
Additions from liabilities recognised directly in equity due to initial consolidation	1,259
Disposal from deconsolidation recognised directly in equity	-139
Tax expense/income in the result for the period	448
Currency differences recognised directly in equity	7
Status 31.12.2022	**11,747**

In the reporting period, they resulted from the recognition and revaluation of intangible assets totalling T€ 7,418 (comparative period: T€ 3,266) and other financial assets totalling T€ 4,167 (comparative period: T€ 3,803), from trade receivables in the amount of T€ 2,327 (comparative period: T€ 1,020), from property, plant and equipment in the amount of T€ 1,981 (comparative period: T€ 0), from deviations from software development costs in the amount of T€ 1,965 (comparative period: T€ 2,294), from contract assets in the amount of T€ 1.171 (comparative period: T€ 67), from trade payables in the amount of T€ 487 (comparative period: T€ 343), from financial assets in the amount of T€ 480 (comparative period: T€ 368), from other provisions in the amount of T€ 154 (comparative period: T€ 95), from capitalised contract costs in the amount of T€ 74 (comparative period: T€ 364), from property, plant and equipment (IFRS 16) in the amount of T€ 501 (comparative period: T€ 907), from other financial liabilities (IFRS 16) in the amount of T€ 114 (comparative period: T€ -479) and from right-of-use assets (IFRS 16) in the amount of T€ -584 (comparative period: T€ -301).

In the reporting period, the deferred tax liabilities added through initial consolidation with no effect on income mainly relate to intangible assets totalling T€ 6,168 and property, plant and equipment totalling T€ 2,021 (comparative period: intangible assets totalling T€ 1,243). In the comparative period, the deferred tax liabilities derecognised through deconsolidation with no effect on income mainly relate to intangible assets in the amount of T€ 127.

Please refer to section A.2.2.1 of the consolidated financial statements for the presentation of differences from initial consolidation in the reporting period.

In the reporting period, no deferred tax liabilities were recognised for temporary differences in connection with shares in subsidiaries in the amount of T€ 2,005 (comparative period: T€ 2,429) in accordance with IAS 12.39.

Deferred taxes are measured using the tax rate applicable on the respective reporting date, which at the end of the reporting period was between 14.5 percent (Swiss subsidiary) and 31.76 percent (subsidiaries with permanent establishments in Neuss and Frankfurt).

B.10. Liabilities to banks

The liabilities to banks in the reporting period are mainly current financial liabilities that the CANCOM Group assumed as part of the acquisition of the KBC Group (now CANCOM Austria Group).

B.11. Liabilities from deliveries and services

Trade payables in the reporting period and the comparative period are mainly made up of liabilities for merchandise delivered and liabilities for services purchased. They also include trade payables in connection with notes payable totalling T€ 11,300 (comparative period: T€ 18,599).

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

B.12. Other financial liabilities

Other current financial liabilities are as follows:

(in T€)	31.12.2023	31.12.2022
Leasing liabilities	38,655	30,912
Purchase price liabilities for the acquisition of shares in affiliated companies or for acquired business areas	20,254	6,580
Financial liabilities to leasing companies	17,112	8,341
Financial liabilities to financial service providers	6,908	4,758
Debtors with credit balances	6,725	8,204
Outstanding cost invoices	452	434
Remuneration of the Supervisory Board	449	308
Derivative financial liabilities	385	198
Liabilities to companies in which participations are held	145	0
Liabilities for interest and bank charges	134	237
Other current financial liabilities, balance sheet disclosure	**91,219**	**59,972**

Other non-current financial liabilities are made up as follows:

(in T€)	31.12.2023	31.12.2022
Leasing liabilities	115,065	92,676
Financial liabilities to leasing companies	29,499	5,204
Purchase price liabilities for the acquisition of shares in affiliated companies or for acquired business areas	9,533	5,155
Derivative financial liabilities	8	0
Other non-current financial liabilities, balance sheet disclosure	**154,105**	**103,035**

B.13. Provisions (excluding pension provisions)

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

(in T€)	Status 1.1.2023	Additions from first-time cons.	Consumption	Resolution	Feed	Status 31.12.2023
Anniversary provisions	1,272	4,058	409	0	819	5,740
Severance payments, salaries	1,124		738	95	3,071	3,362
Provisions for onerous contracts	0	1,572	343	0	1,129	2,358
Acquisition costs	842	145	838	22	1,272	1,399
Share-based payments	30	0	0	1	506	535
Archiving costs	85	13	0	0	3	101
Warranties	75	0	0	0	31	106
Other	55	262	285	0	129	161
	3,483	**6,050**	**2,613**	**118**	**6,960**	**13,762**

The total amount of provisions shown in the previous table includes non-current provisions totalling T€ 5,849 (comparative period: T€ 1,449), which are reported under "Other non-current provisions". They mainly relate to anniversary provisions totalling T€ 5,208 (comparative period: T€ 1,166), share-based payments totalling T€ 535 (comparative period: T€ 30), provisions for severance payments and salaries totalling T€ 5 (comparative period: T€ 163) and provisions for archiving costs totalling T€ 68 (comparative period: T€ 66).

The cash outflows for anniversary bonuses are expected within a period up to 2063 (comparative period: 2062). The current provisions for severance payments recognised in the reporting period generally lead to payments in the following year. The non-current provisions for severance payments and salaries will mainly lead to payments within a period up to the end of 2034 (comparative period: 2034).

B.14. Income tax liabilities

Income tax liabilities mainly comprise income tax liabilities resulting from the reporting period and the comparative period.

B.15. Other debts

Other current liabilities are as follows:

(in T€)	31.12.2023	31.12.2022
Value added tax liabilities	27,332	27,973
Liabilities for royalties and employee bonuses	19,703	16,019
Liabilities for holiday and overtime	10,297	3,205
Liabilities for wage and church tax	5,558	3,762
Liabilities for social security	3,826	545
Liabilities for wages and salaries	1,633	639
Liabilities to employers' liability insurance associations	870	958
Liabilities from levies for severely disabled persons	509	372
Prepaid expenses and deferred charges	296	11
Credit card liabilities	69	93
Liabilities for travelling expenses	35	17
Other liabilities	377	63
Other current liabilities, balance sheet disclosure	**70,505**	**53,657**

Other non-current liabilities are as follows:

(in T€)	31.12.2023	31.12.2022
Prepaid expenses and deferred charges	13	2
Other non-current liabilities, balance sheet disclosure	**13**	**2**

B.16. Pension provisions and similar provisions

B.16.1. Pension provisions

The recognised pension obligations of T€ 3,862 (comparative period: T€ 1,075) exclusively include obligations for pensions for active and former employees based on defined benefit commitments that were taken over as part 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 pension benefits; there are also financing risks resulting from the commitments. The net liability from pension plans amounts to T€ 3,936 (comparative period: T€ 1,157) and the net asset value from pension plans amounts to T€ 74 (comparative period: T€ 82). The current portion of the net liability from pension plans amounts to T€ 142 (comparative period: T€ 47).

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 obligations are expected. More than a third of the obligations are covered by plan assets, which either include cover for longevity risk in the pension plan or provide for the pension option in the reinsurance policies.

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

(in T€)	2023	2022
Change in the pension obligation		
Defined benefit obligation as at 1 January	2,849	3,938
Changes in the scope of consolidation	2,527	0
Service cost: present value of entitlements earned in the period	2	4
Remeasurements: actuarial gains (-) and losses (+) from		
- Changes in financial assumptions	448	-1,142
- Changes in experience adjustments	-83	57
Interest expense	205	43
Pension payments	-166	-51
Defined benefit obligation as at 31.12.	**5,782**	**2,849**
Change in plan assets		
Fair value of plan assets as at 1 January	2,063	2,388
Revaluations: Gains and losses excluding interest income	12	-336
Interest income	76	27
Contributions made by the employer (payments into the plan assets)	83	4
Pension payments from the plan assets	-69	-20
Fair value of plan assets as at 31.12.	**2,165**	**2,063**
Influence of the asset ceiling		
Influence of the asset ceiling as at 1 January	289	0
Revaluations: Gains and losses excluding interest income	-55	289
Interest expense	11	0
Influence of the asset ceiling as at 31.12.	**245**	**289**
Composition		
Defined benefit obligation as at 31.12.	5,782	2,849
Fair value of plan assets as at 31.12.	-2,165	-2,063
	3,617	**786**
Influence of the asset ceiling	245	289
Recognised pension obligation as at 31.12.	**3,862**	**1,075**
thereof		
Net asset value from pension plans	-74	-82
Net debt from pension plans	3,936	1,157

The plan assets consist of pension fund assets managed independently by various providers and reinsurance policies. The plan assets are made up of fund assets, which had a fair value of T€ 1,362 at the end of the reporting period (comparative period: T€ 1,412) and are invested in reinsurance policies, as well as direct reinsurance policies, which had a fair value of T€ 803 at the end of the reporting period (comparative period: T€ 651). The fund assets show a surplus in the reporting period, which is not recognised as an asset in the amount of T€ 245 (comparative period: T€ 289), as CANCOM has no future economic benefit in the form of a refund for contributions paid in. CANCOM's management reviews at regular intervals, on the basis of actual or expected cash flows from the plan assets, whether the investment mix compensates for the risks from the defined benefit pension commitments as extensively as possible.

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

	2023 (in %)	2022 (in %)
Interest rate	3.52	3.75
Salary trend	0.00	0.00
Pension dynamics	2.43	1.62

The biometric calculation bases were taken from the Heubeck 2018 G mortality tables (for Germany) and the AVÖ 2018_P ANG tables (for Austria). The salary-related commitments granted in addition to the fixed pension commitments are capped at a maximum amount due to a contractual categorisation and, as a result, a salary trend has no effect. The future pension increases in the reporting period are shown as a weighted average value, taking into account contractually stipulated agreements.

The average term of the pension obligations in the reporting period was 15.2 years (comparative period: 13.5 years).

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

	2023 (in T€)	2022 (in T€)
Current service cost	2	4
Gains (-) or losses (+) from revaluations	298	-460
Net interest income (-)/expense (+)	140	16
	440	**-440**

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 were to remain unchanged:

	Absolute change in %	Sensitivity 2023 in %	Sensitivity 2022 in %
Interest rate	+1.00	-13.04	-11.75
	-1.00	16.29	14.44
Salary trend	+0.50	0.00	0.00
	-0.50	0.00	0.00
Pension dynamics	+0.25	3.19	2.16
	-0.25	-3.03	-2.06

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

In the reporting period, expenses for pension obligations in the amount of T€ 122 (comparative period: T€ 22) and contributions to plan assets in the amount of T€ 99 (comparative period: T€ 4) are expected for the following year. Furthermore, net pension payments totalling T€ 142 (comparative period: T€ 47) are expected for the following year of the reporting period.

In the reporting period, the expenses recognised for defined contribution plans amounted to T€ 1,518 (comparative period: T€ 428).

B.16.2. Provisions for severance payments

The recognised provisions for severance payments amounting to T€ 21,159 mainly comprise statutory and contractual entitlements of employees in Austria or their dependants to one-off severance payments. These can arise in particular as a result of termination by the employer, termination of the employment relationship by mutual agreement, retirement or death of the employee. In the case of severance payment obligations, the CANCOM Group bears the risk of inflation as a result of salary adjustments, which simultaneously lead to higher severance payment obligations. For employees who joined the company after 31 December 2002, monthly payments are made into an external employee pension fund, so that the CANCOM Group generally has no severance payment obligations.

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

(in T€)	2023
Change in the severance payment obligation	
Defined benefit obligation as at 1 January	0
Changes in the scope of consolidation	19,830
Service cost: present value of entitlements earned in the period	331
Remeasurements: actuarial gains (-) and losses (+) from	
- Changes in financial assumptions	1,721
- Changes in experience adjustments	-341
Interest expense	721
Severance payments	-606
Defined benefit obligation as at 31.12.	**21,656**
Change in plan assets	
Fair value of plan assets as at 1 January	0
Changes in the scope of consolidation	458
Contributions made by the employer (payments into the plan assets)	41
Severance payments from plan assets	-2
Fair value of plan assets as at 31.12.	**497**
Composition	
Defined benefit obligation as at 31.12.	21,656
Fair value of plan assets as at 31.12.	-497
Net debt from pension plans	**21,159**

The plan assets consist of a direct reinsurance policy, which had a fair value of T€ 497 at the end of the reporting period.

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

	2023 (in %)
Interest rate	3.36
Salary trend	3.50

The biometric calculation bases were taken from the AVÖ 2018-P tables for salaried employees.

The average term of severance obligations in the reporting period was 9.8 years.

The total expense for severance obligations in accordance with IAS 19 is broken down as follows in the reporting period:

	2023 (in T€)
Current service cost	331
Gains (-) or losses (+) from revaluations	1,380
Net interest income (-)/expense (+)	721
	2,432

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 were to remain unchanged:

	Absolute change in %	Sensitivity 2023 in %
Interest rate	+1.00	-8.79
	-1.00	10.08
Salary trend	+0.50	4.60
	-0.50	-4.35
Pension dynamics	+0.25	-0.02
	-0.25	0.02

The above sensitivity analyses were carried out using an actuarial method that shows the effect of realistic changes in the key assumptions at the end of the reporting period on the defined benefit obligation.

In the reporting period, expenses for severance obligations totalling T€ 995 and contributions to plan assets of T€ 41 are expected for the following year. Furthermore, net severance payments totalling T€ 650 are expected for the following year of the reporting period.

B.17. Equity capital

B.17.1. Subscribed capital

The Company's share capital was last reduced by 5.6 percent in November 2023 through the cancellation of 2,185,042 no-par value bearer shares. As at 31 December 2023, the share capital of CANCOM SE amounted to T€ 36,687 in accordance with the Articles of Association (comparative period: T€ 35,372) and was divided into 36,686,808 no-par value shares (shares with no par value with a notional value of € 1.00 per share) (comparative period: 35,371,850 no-par value shares).

B.17.1.1. Authorised and conditional capital

In the reporting period, the partially utilised authorisation to increase the company's share capital (Authorised Capital I/2018) expired on 13 June 2023. The Annual General Meeting on 14 June 2023 created new Authorised Capital I/2023. In accordance with the Articles of Association, the company's Authorised Capital I/2023 totalled T€ 7,074 as at 31 December 2023 (Authorised Capital I/2018 as at 31 December 2022: T€ 7,009) and is defined as follows.

By resolution of the Annual General Meeting on 14 June 2023, the Executive Board is authorised, with the approval of the Supervisory Board, to increase the company's subscribed capital on one or more occasions in the period up to 13 June 2028 by up to a total of T€ 7,074 (comparative period: T€ 7,009) by issuing up to 7,074,370 (comparative period: 7,008,728) new no-par value bearer shares in return for cash and/or non-cash contributions (Authorised Capital I/2023). In principle, shareholders are to be granted subscription rights. However, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' statutory subscription rights in the following cases:

- or peak 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 market price (Section 186 (3) sentence 4 AktG); when exercising this authorisation with the exclusion of subscription rights in accordance with section 186 (3) sentence 4 AktG, the exclusion of subscription rights based on other authorisations in accordance with Section 186 (3) sentence 4 AktG must be taken into account;

- in the case of capital increases in return for contributions in kind to grant new shares for the purpose of acquiring companies or equity interests in companies or parts of companies or for the purpose of acquiring receivables from the company.

The total shares issued on the basis of the above authorisation with the exclusion of subscription rights in the event of capital increases against cash and/or non-cash contributions may not exceed a pro rata amount of 10 percent of the share capital either at the time the resolution is adopted or at the time this authorisation is exercised. This maximum limit of 10 percent of the share capital shall include the proportionate amount of the share capital (i) attributable to shares in the company that are issued during the term of the authorised capital with the exclusion of subscription rights in accordance with section 186 (3) sentence 4 AktG or against contributions in kind by the Executive Board or are sold as treasury shares and (ii) attributable to shares in the company, which are issued or are to be issued during the term of the authorised capital from conditional capital to service bonds with warrants or convertible bonds, which in turn are issued by the Executive Board during the term of the authorised capital with the exclusion of subscription rights in accordance with Section 186 (3) sentence 4 AktG or against contributions in kind.

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

In 2023, the Executive Board increased the company's share capital by € 3,500,000.00 from € 35,371,850.00 to € 38,871,850.00 against contributions in kind by partially utilising Authorised Capital I/2018 by issuing 3,500,000 new no-par value bearer shares with a pro rata amount of the share capital of € 1.00 per share ("new shares"). The remaining Authorised Capital I/2018 in the amount of T€ 3,509 expired on 13 June 2023.

The Executive Board did not make use of the authorisation of Authorised Capital I/2023 in the reporting period. The remaining Authorised Capital I/2023 as at 31 December 2023 therefore amounts to T€ 7,074 in accordance with the Articles of Association. As at 31 December 2022, Authorised Capital I/2018 amounted to T€ 7,009 in accordance with the Articles of Association.

The share capital is conditionally increased by up to T€ 7,074 through the issue of up to 7,074,370 new no-par value shares (Conditional Capital 2023). The conditional capital increase will only be implemented to the extent that the holders of share options issued by the company in the period up to 13 June 2028 on the basis of the authorisation resolution of the Annual General Meeting on 14 June 2023 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 will participate in profits from the beginning of the financial year in which they are issued.

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

In the reporting period (2023) and in the comparative period (2022), no new shares were issued using Contingent Capital 2023 or Contingent Capital I/2018.

The Executive Board not aware of any restrictions relating to voting rights or the transfer of shares.

B.17.1.2. Share buyback programme

On 28 June 2022, 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 up to and including 27 June 2027. The limit of 10 percent is based on the share capital figure at the time the authorisation takes effect. If the share capital figure is lower at the time this authorisation is exercised, this lower figure is decisive. The shares are to be acquired via the stock exchange or via a public purchase offer 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 of 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 the assumption of an obligation to purchase. The buyback 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. Excluding shareholders' subscription rights, treasury shares may be transferred to third parties, in particular for the purpose of acquiring companies or participating interests in companies. Treasury shares may also be sold for cash provided that the purchase price is not significantly lower than the current market price at the time of 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 as part of the exercise of subscription rights. The Executive Board of CANCOM SE was also authorised to cancel treasury shares with the approval of the Supervisory Board without a further resolution by the Annual General Meeting.

As part of this share buyback programme, CANCOM SE repurchased a total of 2,750,950 treasury shares in the period from 3 July 2023 up to and including 29 December 2023. Based on the number of shares in the share capital at the time the authorisation came into effect (38,548,001 shares), this corresponds to 7.14 percent of the share capital. Based on the number of shares contained in the share capital as at 31 December 2023 (36,686,808 shares), this corresponds to 7.50 percent of the share capital.

As part of a previous share buyback programme, CANCOM SE repurchased a total of 3,176,151 treasury shares with a total market value of T€ 161,445 in the 2021 financial year and in the comparative period of 2022.

The treasury shares were acquired by a bank commissioned by CANCOM SE exclusively via the stock exchange in electronic trading on the Frankfurt Stock Exchange (XETRA) and in accordance with Article 5(1)(a) of Regulation (EU) No 596/2014 in conjunction with Article 2(1) of Delegated Regulation (EU) 2016/1052. In the reporting period, treasury shares were repurchased at a market value of T€ 71,449 (comparative period: T€ 113,682); this corresponded to an average share price of € 25.97 (volume-weighted; excluding transaction costs; comparative period: € 47.56). The amount paid was recognised in full as a reduction in retained earnings. In addition, transaction costs of T€ 179 from the acquisition of treasury shares were recognised as a reduction in retained earnings in the reporting period and T€ 284 in the comparative period. The shares acquired in the reporting period were not transferred to third parties until 31 December 2023, were not sold for cash, were not used to fulfil conversion or option rights and were not used to pay a scrip dividend. Furthermore, no treasury shares were used in the reporting period to fulfil remuneration agreements or offered for sale to employees or members of the Executive Board as part of the exercise of subscription rights. By resolution of the Executive Board on 30 November 2023, the share capital was reduced by T€ 2,185,185 to € 36,686,808.00 through the cancellation of 2,185,042 no-par value shares. The announcement in accordance with section 49 (1) sentence 1 no. 2 WpHG regarding the cancellation of treasury shares for the purpose of reducing the share capital was published in the Federal Gazette on 5 December 2023. The shares were cancelled on 7 December 2023, the amendment to the Articles of Association on 8 December 2023 and the entry in the commercial register on 8 January 2024.

Further information on the share buyback programme is available on the company's website at www.investors.cancom.com under "Share buyback 2023".

The treasury shares acquired in the 2021 financial year and in the comparative period of 2022 were not transferred to third parties, sold for cash, used to fulfil conversion or option rights or used to pay a scrip dividend until 31 December 2022. Furthermore, no treasury shares were used in the comparative period to fulfil remuneration agreements or offered for sale to employees or members of the Executive Board as part of the exercise of subscription rights. Instead, the share capital was reduced by T€ 3,176,176 to € 35,371,850.00 in the comparative period by cancelling 3,176,151 no-par value shares with effect from 18 July 2022. The announcement in accordance with section 49 (1) sentence 1 no. 2 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.

B.17.2. Capital reserve

The capital reserve was created from premiums from capital increases by CANCOM SE, from capital reductions and from the issue of share-based payments.

In the 2023 financial year, a non-cash capital increase was carried out with the issue of 3,500,000 no-par value shares to the shareholders of KBC Beteiligungs GmbH (now CANCOM Austria Beteiligungs GmbH) based in Vienna (Austria). The issue amount exceeding the nominal capital of T€ 3,500 was transferred to the capital reserve in the amount of T€ 96,460 and the transaction costs of T€ 55 were recognised as a deduction.

In the reporting period, the capital reserve increased by T€ 11 due to the recognition of share-based payments (comparative period: decrease of T€ 32). Furthermore, the capital reserve increased by T€ 2,185 due to the reduction in share capital in November 2023 (comparative period: T€ 3,176).

B.17.3. Retained earnings including profit carried forward and profit for the period

Retained earnings include the Group's past earnings, insofar as these have not been distributed. Furthermore, revaluations from defined benefit pension plans, after taking deferred taxes into account, and repurchased treasury shares are recognised in retained earnings. In 2023, T€ 35,372 or € 1.00 per share was distributed as a dividend from the net retained profits of the 2022 annual financial statements of CANCOM SE in accordance with the resolution of the Annual General Meeting (comparative period: T€ 35,372 or € 1.00 per share).

In the reporting period, T€ 0 (comparative period: T€ 244,509 from the net retained profits of the 2021 annual financial statements of CANCOM SE) was transferred to retained earnings and withdrawals of T€ 32,948 (comparative period: T€ 21,379) were made from other retained earnings in the 2022 annual financial statements of CANCOM SE.

In addition, losses (after taking deferred taxes into account) of T€ 1,290 (comparative period: gains of T€ 317) 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, other reserves include gains from the currency translation of foreign operations recognised in equity in the amount of T€ 516 (comparative period: losses of T€ 471) and gains from financial assets measured at fair value through other comprehensive income in the amount of T€ 71 (comparative period: T€ 0).

In the reporting period, currency losses of T€ 2,189 (comparative period: currency gains of T€ 1,185) 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 earnings of its stakeholders by optimising the ratio of equity to debt. This ensures that all Group companies can operate on a going concern basis. The Group's capital structure consists of debt, cash and cash equivalents and equity. The latter is made up of issued shares, retained earnings and other reserves as well as non-controlling interests.

The objectives of capital management are to ensure the company's continued existence and an adequate return on equity. To achieve this, capital is set in relation to total capital. In order to fulfil the objectives, the management may carry out capital structure measures (such as conditional capital increases) or change the amount of borrowed capital - for example by taking on/repaying liabilities to banks or by changing the contracts entered into as lessee.

Capital is monitored on the basis of economic equity. Economic equity is the equity recognised in the consolidated statement of financial position. Liabilities are defined as the sum of all current and non-current liabilities as recognised in the consolidated balance sheet.

The balance sheet equity, debt and total capital are as follows:

		Status 31.12.2023	Status 31.12.2022
Equity capital	million €	724.5	694.8
Equity as % of total capital	%	46.8	53.2
Debt capital	million €	824.0	610.3
Borrowed capital as % of total capital	%	53.2	46.8
Total capital (equity plus borrowed capital)	million €	1,548.5	1,305.1

The Group's capital structure is regularly reviewed as part of risk management.

C. Notes to the consolidated statement of comprehensive income

C.1. Revenue

Revenue in the reporting and comparative periods are broken down as follows:

(in T€)	2023	2022
from the sale of goods	1,015,254	911,808
from the provision of services	507,479	381,068
Total	**1,522,733**	**1,292,876**
of which from the sale of goods		
attributable to the Germany operating segment	746,031	804,587
attributable to the International business segment	269,223	107,221
of which from the provision of services		
attributable to the Germany operating segment	389,889	367,136
attributable to the International business segment	117,590	13,932

(in T€)	2023	2022
Revenue from contracts with customers	1,496,434	1,268,835
Leasing income	26,299	24,041
Total	**1,522,733**	**1,292,876**

The following table shows the breakdown of revenue from contracts with customers in the reporting and comparative periods according to the two options for recognising revenue from contracts with customers in accordance with IFRS 15. The table also shows which operating segment the revenue from contracts with customers is attributable to.

(in T€)	2023	2022
Time of revenue realisation		
Products and services transferred at a point in time	988,955	887,767
Products and services transferred over a period of time	507,479	381,068
Total	**1,496,434**	**1,268,835**
thereof		
attributable to the Germany operating segment	1,128,954	1,147,682
attributable to the International business segment	367,480	121,153

To determine the total amount of the transaction price allocated to unsatisfied 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) at the time 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 recognised. At the end of the reporting period, the contractually fixed open order backlog totalled T€ 649,920 (comparative period: T€ 425,558). Of this, an amount of T€ 341,798 (comparative period: T€ 151,268) is expected to be realised in the 2024 financial year (comparative period: 2023), an amount of T€ 272,718 (comparative period: T€ 265,838) in the 2025 to 2027 financial years (comparative period: in the 2024 to 2026 financial years) and an amount of T€ 35,404 (comparative period: T€ 8,452) in the 2028 financial year or later (comparative period: in the 2027 financial year or later).

C.2. Other operating income

Other operating income for the reporting period and the comparative period breaks down as follows:

(in T€)	2023	2022
Operating currency gains	7,637	9,993
Income relating to other periods	2,898	1,558
Income from reimbursement of damages	1,580	17
Income from subleases	1,244	2,830
Income from government grants	908	216
Rental income	4	10
Other operating income	918	78
Total	**15,189**	**14,702**

Income relating to other periods in the reporting period and the comparative period mainly includes income from the derecognition of debtors with credit balances amounting to T€ 2,023 (comparative period: T€ 851), income from the sale of fixed assets amounting to T€ 774 (comparative period: T€ 465) and income from the reversal of provisions amounting to T€ 0 (comparative period: T€ 50).

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 - whereby this sale is classified as a sale in accordance with IFRS 15 - and leased back directly from this leasing company in order to lease the merchandise back to CANCOM customers (see section A.3.28 of the consolidated financial statements).

C.3. Other own work capitalised

Other own work capitalised includes work performed by the company's own employees in connection with the acquisition and manufacture of fixed assets and capitalisable development costs relating to intangible assets. Own work is broken down as follows:

(in T€)	2023	2022
Capitalised development costs	1,000	1,965
Own work capitalised in connection with purchased intangible assets	3,287	4,804
Total	**4,287**	**6,769**

Research and development costs that were not capitalised as they did not meet the recognition criteria in IAS 38 amounted to T€ 6,700 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€ -576) was recognised as contract initiation costs under capitalised contract 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.

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

C.5. Cost of materials/expenses for purchased services

The cost of materials/expenses for purchased services in the reporting period comprise expenses for raw materials, consumables and supplies and for purchased goods totalling T€ 841,006 (comparative period: T€ 798,111) and expenses for purchased services from the core business amounting to T€ 116,979 (comparative period: T€ 72,649). In addition, impairment losses on inventories were recognised in the amount of T€ 1,014 (comparative period: T€ 4,742).

C.6. Personnel expenses

Personnel expenses for the reporting period and the comparative period break down as follows:

(in T€)	2023	2022
Wages and salaries	-316,288	-230,450
Social security contributions	-63,403	-40,821
Expenses for retirement benefits	-2,375	-431
Equity-settled share-based payments	-11	32
Share-based payments with cash settlement	-505	18
Total	**-382,582**	**-271,652**

C.7. Depreciation and amortisation

Depreciation and amortisation for the reporting period and the comparative period are broken down as follows:

(in T€)	2023	2022
Scheduled depreciation of property, plant and equipment	-13,956	-13,705
Impairment losses on property, plant and equipment	0	0
Scheduled amortisation of software	-17,264	-18,658
Impairment losses on software	0	-4,038
Scheduled amortisation of right-of-use assets	-20,388	-14,133
Impairment losses on rights of use	0	0
Scheduled amortisation on customer bases etc.	-8,324	-4,504
Impairment losses on customer bases etc.	0	0
Impairment of goodwill	0	0
Total	**-59,932**	**-55,038**

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

C.8. Other operating expenses

Other operating expenses for the reporting period and the comparative period break down as follows:

(in T€)	2023	2022
Repairs, maintenance, hire leasing	-16,994	-11,784
Room costs	-9,758	-6,037
Vehicle costs	-7,435	-4,298
Hospitality and travelling expenses	-6,926	-4,321
Legal and consulting costs	-5,992	-3,358
External services	-5,934	-6,499
Operating currency losses	-5,886	-5,943
Cost of goods dispatch	-5,174	-4,974
Training costs	-3,339	-2,467
Advertising costs	-3,004	-1,594
Communication and office costs	-2,953	-2,585
Insurance and other charges	-2,566	-1,972
Fees, costs of monetary transactions	-1,175	-738
Stock exchange and representation costs	-502	-319
Other operating expenses	-6,296	-3,731
Total	**-83,934**	**-60,620**

C.9. Interest income and interest expenses

Interest income mainly results from interest income from financial assets totalling T€ 3,229 (comparative period: T€ 262), interest income from receivables from finance leases totalling T€ 1,965 (comparative period: T€ 1,048), interest income from receivables from customers totalling T€ 1,178 (comparative period: T€ 682) and interest income from bank balances totalling T€ 996 (comparative period: T€ 0).

Interest expenses mainly include interest expenses from lease liabilities totalling T€ 2,414 (comparative period: T€ 1,110), interest expenses in connection with the sale of receivables amounting to T€ 1,529 (comparative period: T€ 1,850), interest expenses from pension and severance provisions amounting to T€ 861 (comparative period: T€ 16) and interest expenses from liabilities to banks amounting to T€ 421 (comparative period: T€ 34). Interest expenses from bank balances totalling T€ 1,207 were also included in the comparative period.

C.10. Other financial result

The other financial result for the reporting period includes income from the derecognition of financial instruments in the amount of T€ 1,180 (comparative period: T€ 853), income from the remeasurement of contingent considerations in the context of company acquisitions in the amount of T€ 291 (comparative period: T€ 0), income from reinsurance policies in the amount of T€ 0 (comparative period: T€ 5), expenses from the remeasurement of contingent considerations in the context of company acquisitions in the amount of T€ 1,767 (comparative period: T€ 779) and expenses from the derecognition of financial instruments in the amount of T€ 1,010 (comparative period: T€ 3). For further explanations, please refer to section D.5 of the consolidated financial statements.

C.11. Result from companies accounted for using the equity method

The result from companies accounted for using the equity method recognised in the reporting period relates exclusively to the result from continuing operations and results in the amount of T€ 60 from joint ventures (comparative period: T€ 0) and in the amount of T€ -120 from associates (comparative period: T€ 0). These are exclusively amounts that were recognised in the results for the period of the joint ventures or associated companies.

C.12. Currency gains/losses

The net amount of T€ 126 recognised in the reporting period (comparative period: T€ -20) is made up of currency gains of T€ 126 (comparative period: T€ 5) and currency losses of T€ 0 (comparative period: T€ -25).

C.13. Income taxes

The income tax rate for domestic companies was 31.0 percent in the reporting period (comparative period: 31.0 percent) and relates to corporation tax, trade tax and the solidarity surcharge.

The differences between the reported tax expenses and the tax rate of CANCOM SE in the reporting and comparative periods are as follows:

(in T€)	**2023**	**2022**
Earnings before income taxes	56,188	47,275
Expected tax expense at the tax rate of the domestic companies (reporting period: 31.0%; comparative period: 31.0%)	-17,418	-14,655
Taxation difference abroad	1,344	786
Change in valuation allowances on deferred tax assets on loss carryforwards	0	12
Tax-free income and capital losses not recognised for tax purposes	-6	-1
Current income taxes relating to other periods	-420	-102
Permanent differences	-285	-242
Non-deductible operating expenses and trade tax additions and deductions	-1,269	-492
Effect of tax rate changes	-103	3
Additional tax expense from business relationships with discontinued operations	-116	-302
Miscellaneous	65	94
Total	**-18,208**	**-14,899**

The actual tax rate in the reporting and comparative period is as follows:

(in T€ or in %)	**2023**	**2022**
Earnings before income taxes	56,188	47,275
Income taxes	-18,208	-14,899
Actual tax expense ratio	32,41 %	31,52 %

Income taxes paid or owed in the individual countries and deferred taxes are recognised as income taxes:

(in T€)	2023	2022
Actual income tax expense	**-19,533**	**-16,344**
Deferred income tax expense/income		
from deferred tax assets	-1,203	1,893
from deferred tax liabilities	2,528	-448
	1,325	**1,445**
thereof		
Current income tax expense recognised in the result for the period	-19,453	-16,256
Deferred income tax expense/income recognised in the result for the period	1,325	1,445
Actual income tax expense recognised in retained earnings or in the capital reserve	-80	-88

The regulations on global minimum taxation (Pillar 2 model regulations), which may lead to additional actual tax expense (income) from the 2024 financial year onwards, are not expected to result in any significant burdens for the CANCOM Group. Preliminary analyses of the effective tax rates of the subsidiaries included in the CANCOM consolidated financial statements have shown that - with the exception of the two companies in Switzerland - all subsidiaries have a significantly higher effective tax rate than the global minimum tax rate of 15 percent. In this respect, no subsequent taxation ("top-up tax") can be assumed for the most part. For the two Swiss companies, subsequent taxation of between T€ 0 and T€ 20 is expected to be insignificant for the CANCOM Group.

C.14. Result from discontinued operations

The result from discontinued operations mainly includes expenses and income in connection with the sale of HPM Incorporated in the comparative period and the closure of CANCOM, Inc. in the reporting period, i.e. in connection with the discontinuation of the CANCOM USA Group.

The total profit for the period attributable to discontinued operations in the reporting period (after income taxes) totalled T€ -1,065 (comparative period: T€ -1,622). No earnings are attributable to non-controlling interests.

The result from discontinued operations recognised in the reporting period resulted in the amount of T€ -974 (comparative period: T€ -1,864) from the discontinuation of the CANCOM USA Group. Please refer to the tables in section A.2.2.3 of the consolidated financial statements for the composition of the result of this discontinued operation and for the presentation of the cash flows of the discontinued operation.

C.15. 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 (CANCOM shareholding 80 percent) and from the majority shareholding in K-Businesscom Banking Services GmbH (CANCOM shareholding 96 percent; acquired in the reporting period).

C.16. Earnings per share

C.16.1. Undiluted earnings per share

For the calculation of basic earnings per share from continuing operations, an amount of T€ 37,892 (comparative period: T€ 32,417) was used as the numerator in the reporting period. This is determined on the basis of the net profit for the period attributable to the shareholders of the parent company of T€ 36,827 (comparative period: T€ 30,795) less the result from discontinued operations of T€ -1,065 (comparative period: T€ -1,622).

For the calculation of undiluted earnings per share from discontinued operations, an amount of T€ -1,065 was used as the numerator in the reporting period (comparative period: T€ -1,622).

C.16.2. Diluted earnings per share

The calculation of diluted earnings per share from continuing and discontinued operations does not include any additional shares in the reporting period (comparative period: no additional shares) compared to the number of shares used to calculate basic earnings per share. 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 2023, which would have been issued if the options had been exercised.

In the numerator, an amount of T€ 37,892 (comparative period: T€ 32,417) 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.

To determine the diluted earnings per share from discontinued operations, an amount of T€ -1,065 was used as the numerator in the reporting period (comparative period: T€ -1,622); there were also no adjustments to the numerator of the basic earnings per share from discontinued operations in this regard.

D. Other information

D.1. Notes to the consolidated cash flow statement

The consolidated cash flow statement is prepared in accordance with the requirements of IAS 7. This requires a distinction to be made between cash flows from operating activities, investing activities and financing activities. Cash flow from operating activities is calculated using the indirect method.

Cash and cash equivalents in the cash flow statement comprise all cash and cash equivalents (i.e. cash in hand, cheques and bank balances) reported in the balance sheet to the extent that they are available within three months. 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 lease liabilities and financial liabilities to leasing companies; the latter two are recognised in the balance sheet items "other current financial liabilities" and "other non-current financial liabilities"), which shows the changes that occurred during the reporting period:

(in T€)	Status 1.1.2023	Cash-effective changes	Non-cash changes				Status 31.12.2023
			from company acquisitions/ disposals	from exchange rate differences	from newly concluded contracts	from other changes	
Liabilities to banks	0	-6,086	16,812	0	0	0	10,726
Leasing liabilities	123,588	-28,551	38,827	218	16,430	3,208	153,720
Financial liabilities to leasing companies	13,546	-8,678	41,627	286	0	-170	46,611
	137,134	**-43,314**	**97,266**	**504**	**16,430**	**3,038**	**211,058**

In addition, the repayment of existing loans from various banks and other lenders in connection with the acquisition of KBC Beteiligungs GmbH (now CANCOM Austria Beteiligungs GmbH) in the amount of T€ 37,572 is recognised as a cash outflow under the item "Payments from the repayment of non-current financial liabilities (including the portion reported as current)".

Apart from the non-cash transactions shown in the previous table and in the previous sections (in particular the capital increase through contributions in kind totalling T€ 99,960, see section B.17.2 of the consolidated financial statements), there were no significant non-cash transactions in the financing area in the reporting or comparative period.

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 constitutes a material contract modification in relation to the original supplier contract in accordance with IFRS 9, the resulting trade payables must be derecognised or remain. If the former is derecognised, CANCOM reports 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 the payments are, from an economic perspective, payments in connection with the CANCOM Group's operating activities.

In the reporting period, the item "Cash inflows/outflows from financial liabilities and lease liabilities to leasing companies" included in cash flow from financing activities includes cash inflows/outflows from disposals carried out as part of sale and leaseback transactions (see section A.3.28 of the consolidated financial statements) that are not classified as sales in accordance with IFRS 15 (from financial liabilities) in the amount of T€ -8,678 (comparative period: T€ -6,257). On the other hand, in the reporting period, these include proceeds from disposals classified as sales in accordance with IFRS 15 (from lease liabilities) in the amount of T€ 9,371 (comparative period: T€ 17,716). The latter payments received from lease liabilities are cash flows from disposals in which the associated payments received from leasing to CANCOM customers (i.e. from the sublease) are recognised 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.

As can be seen from the management report for the 2022 financial year, the internal corporate management of the CANCOM Group was changed at the beginning of the 2023 financial year - with the result that the management and reporting according to the Cloud Solutions and IT Solutions business segments was discontinued and instead only managed via one business segment. Corresponding reporting with only one operating segment was planned for the first time in the consolidated half-year financial statements for 2023.

In the course of the acquisition of the KBC Group (now CANCOM Austria Group), which has a significant share in the CANCOM Group in terms of all relevant financial performance indicators, the CANCOM Group has revised its segmentation used for internal corporate management.

The CANCOM Group reports two operating segments - Germany and International. Reporting based on the operating segments Germany and International was published for the first time with the consolidated half-year financial statements for 2023. For these and subsequent financial statements, reporting is based on the operating segments Germany and International for the reporting and comparative periods.

Management controls the CANCOM Group on the basis of these two business segments. All companies based in Germany form the Germany operating segment. The International operating segment therefore includes all companies based outside Germany. The list of shareholdings, which forms part of these consolidated financial statements, shows which company is allocated to which operating segment.

Segment information

(in T€)	Germany		International	
	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022
Revenue				
Revenue from external customers	1,135,801	1,171,723	386,932	121,153
Inter-segment sales	8,692	8,377	19,535	14,636
Total income	1,144,493	1,180,100	406,467	135,789
Cost of materials/expenses for purchased services	-728,208	-799,292	-246,878	-97,286
Personnel expenses	-274,134	-252,594	-108,448	-19,058
Other income and expenses	-61,068	-37,248	-16,510	-5,553
EBITDA	81,083	90,966	34,631	13,892
Depreciation of property, plant and equipment, software and rights of use	-42,490	-49,416	-9,118	-1,118
Scheduled amortisation on customer bases etc.	-3,536	-4,504	-4,788	0
Operating result (EBIT)	35,057	37,046	20,725	12,774
Interest income	7,284	3,043	1,023	22
Interest expenses	-3,458	-4,500	-3,203	-1,166
Other financial result (not recognised in EBIT)	59	-15,669	-1,299	15,725
Income before income taxes	38,942	19,920	17,246	27,355
Income taxes	-13,027	-11,919	-5,181	-2,980
Result from discontinued operations	868	213	-1,933	-1,835
Result for the period	**26,783**	**8,214**	**10,132**	**22,540**

Total business segments		Reconciliation		Consolidated	
1.1.2023 to 31.12.2023	**1.1.2022 to 31.12.2022**	**1.1.2023 to 31.12.2023**	**1.1.2022 to 31.12.2022**	**1.1.2023 to 31.12.2023**	**1.1.2022 to 31.12.2022**
1,522,733	1,292,876				
28,227	23,013	-28,227	-23,013		
1,550,960	1,315,889	-28,227	-23,013	1,522,733	1,292,876
-975,086	-896,578	16,087	21,076	-958,999	-875,502
-382,582	-271,652	0	0	-382,582	-271,652
-77,578	-42,801	12,140	1,937	-65,438	-40,864
115,714	104,858	0	0	115,714	104,858
-51,608	-50,534	0	0	-51,608	-50,534
-8,324	-4,504	0	0	-8,324	-4,504
55,782	49,820	0	0	55,782	49,820
8,307	3,065	-842	-1,067	7,465	1,998
-6,661	-5,666	842	1,067	-5,819	-4,599
-1,240	56	0	0	-1,240	56
56,188	47,275	0	0	56,188	47,275
-18,208	-14,899	0	0	-18,208	-14,899
-1,065	-1,622	0	0	-1,065	-1,622
36,915	**30,754**	**0**	**0**	**36,915**	**30,754**

D.2.1. Measurement basis for the result of the operating segments

The accounting policies applied in the internal reporting on the operating segment correspond to the recognition and measurement methods described in section A.3 of the consolidated financial statements. No asymmetrical 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.

Segment assets, segment liabilities and investments are not presented, as the internal reporting system is based solely on key earnings figures by business segment for Group management purposes.

D.2.2. Reconciliation accounts

The reconciliation item includes items that are not directly related to the operating segments. These include sales between the operating segments.

D.2.3. Information on geographical areas, products and services

(in T€)	Sales by location of the customer	
	2023	**2022**
Germany	1,054,176	1,061,913
Austria	296,087	81,705
Rest of the world	172,470	149,258
Group total	**1,522,733**	**1,292,876**

(in T€)	Non-current assets	
	31.12.2023	**31.12.2022**
Germany	328.134	331.813
Austria	212.976	4.458
Rest of the world	17.487	2.338
Group total	**558.597**	**338.609**

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

In the reporting period and in the comparative period, no single customer accounted for 10 percent or more of the CANCOM Group's revenue. There are therefore no disclosure requirements with regard to dependencies on customers.

Non-current assets include all non-current assets except deferred tax assets and financial instruments.

We do not disclose revenue from external customers for each product and service or for each group of comparable products and services, as the information is not available and the costs of collecting it 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 16 years. The following table contains information on leases in which CANCOM is the lessee:

(in T€)	Land and buildings		Operating and office equipment		Motor vehicles		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Rights of use								
Depreciation and amortisation	12,599	9,966	2,127	1,290	5,662	2,967	20,388	14,223
Income from subleasing	0	0	1,244	2,830	0	0	1,244	2,830
Additions	35,469	8,759	3,862	858	18,864	4,993	58,195	14,610
Carrying amounts as at 31.12.	95,012	72,061	4,351	2,505	22,801	9,572	122,164	84,138
Leasing liabilities								
Interest expenses	1,039	267	798	612	577	231	2,414	1,110
Total cash outflows for leases	14,088	11,123	20,131	14,281	6,117	3,186	40,336	28,590
Gains/losses from sale and leaseback transactions	0	0	0	0	0	0	0	0

In the 2019 financial year, the CANCOM Group carried out a significant sale and leaseback transaction. This involved 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 totalled T€ 1,023 in the reporting period (comparative period: T€ 1,038).

Leases in which CANCOM is the lessee may contain renewal options. These are taken into account when determining the term or the lease instalments if it is considered reasonably certain that they will be exercised. The extension options not taken into account in the lease instalments would increase the lease instalments in the years 2027 (comparative period: 2027) to 2049 (comparative period: 2049) and lead to a total cash outflow of T€ 47,479 (comparative period: T€ 29,336).

Cancellation options of the lessee lead to a reduction of the term or to a reduction of the lease instalments if the exercise is considered 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 instalments.

Please refer to section D.6.2 of the consolidated financial statements for the presentation of future interest and amortisation payments from lease liabilities.

D.3.2. CANCOM as lessor

D.3.2.1. Finance leases

In the reporting and comparative periods, CANCOM sold merchandise to leasing companies and leased the merchandise directly back 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. In the reporting period, approximately half of the new items relating to sales to leasing companies were classified as sales in accordance with IFRS 15 and approximately half of the new items were not classified as sales in accordance with IFRS 15; in the comparative period, CANCOM classified the majority of new items as sales in accordance with IFRS 15 (see section A.3.28 of the consolidated financial statements for the two cases to be distinguished for sale and leaseback transactions). The non-guaranteed residual values were estimated to be relatively low, meaning 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 sales in accordance with IFRS 15, CANCOM recognised pro rata revenue and pro rata cost of materials/expenses for purchased services. In the reporting period, the gains from these sale and leaseback transactions totalled T€ 1,149 (comparative period: T€ 662).

The following table shows the amounts recognised for finance leases in the reporting period and in the comparative period in the statement of profit or loss for the period:

(in T€)	2023	2022
Capital gains/losses	3,228	5,255
Financial income on the net investment in the lease	1,974	1,039
Impairment losses or reversals of impairment losses on finance lease receivables	9	-9
Income not recognised in the measurement for variable lease payments	0	0

In the reporting period, carrying amounts totalling T€ 81,779 (comparative period: T€ 52,808) were recognised for the net investment in the lease.

The following table shows the undiscounted future lease payments for receivables from finance leases as well as a reconciliation to the net investment in the lease for the reporting period and the comparative period:

(in T€)	2023	2022
Finance lease payments due within 1 year	36,511	27,708
Finance lease payments due between 1 and 5 years	46,175	26,600
Finance lease payments due in more than 5 years	3,752	0
Total finance lease payments (undiscounted)	**86,439**	**54,308**
Non-guaranteed residual values	0	0
Interest income not yet realised	4,603	1,463
Present value of the lease payments to be received	**81,836**	**52,845**
Impairment losses on finance lease receivables	-57	-37
Net investment in the lease	**81,779**	**52,808**

D.3.2.2. Operating leases

In the reporting period and in the comparative period, CANCOM only acted as lessor within operating leases to an insignificant extent.

The non-current assets recognised in the reporting period and in the comparative period (see section B.8 of the consolidated financial statements) did not include any significant assets in operating leases.

D.4. Share-based payment

The following share-based payments exist in the CANCOM Group:

- 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

On the basis of the authorisation in accordance with agenda item 9 of the Annual General Meeting on 14 June 2018 regarding the granting of subscription rights (share options) and the creation of Contingent Capital I/2018, the Group introduced a share option programme (equity-settled) that entitles members of the Executive Board and selected employees of the company or affiliated companies to acquire shares in the company. In accordance with the programme ("ESOP 2018"), the holders of exercisable options have the right to acquire shares at the market price of the shares on the grant date. The share option programme entitles the following stakeholder groups to acquire shares:

- **Group 1:** Members of the Executive Board;
- **Group 2:** Members of the management of affiliated companies;
- **Group 3:** Company executives;
- **Group 4:** Managers 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 bearer shares in CANCOM SE with a pro rata amount of the share capital of € 1.00 per share. The option rights can be exercised for the first time after four years of service from the grant date. Further staggered waiting periods ("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 expiry of the vesting period within a period of ten years from the date of issue.

The prerequisite for exercising the option right is that the following market-dependent performance conditions are met over the entire term of the share options:

- 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 CANCOM SE share price has outperformed the unweighted average share price of the peer group in the same period between the date of issue and the date on which the option right is exercised ("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). A further 150,000 share options were issued on 6 May 2020 (tranche 3).

In 2018, 30,000 share options (belonging to tranche 1, group 2) expired, in 2019 20,000 share options (belonging to tranche 1, group 4) expired, 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 changes in the non-fulfilment of service conditions, in the comparative period 77.133 share options (2,133 options belonging to tranche 1, group 3; 75,000 options belonging to tranche 3, group 1) and 39,116 share options (9,116 options belonging to tranche 1, group 3; 30,000 options belonging to tranche 1, group 4) expired in the reporting period, meaning that 359,224 share options were actually still outstanding at the end of the reporting period, of which 284,224 share options were exercisable. Of the 359,224 share options still outstanding at the end of the reporting period, 269,224 share options relate to tranche 1 (group 1: 60,000 share options, group 2: 70,000 share options, group 3: 31,724 share options, group 4: 107.500 share options, including a transfer of 20,000 options from Group 2 to Group 4), 15,000 share options in tranche 2 (Group 2: 15,000 share options, Group 4: 0 share options) and 75,000 share options in 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 5.0 years.

The Conditional Capital 2018/I of T€ 1,500 entered in the commercial register on the date of issue or conditional capital to be resolved in the future, authorised capital created for this purpose in the future or treasury shares of the company will be used to secure and service the option rights insofar as the company does not grant a cash settlement in fulfilment of the subscription 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; the expected volatility used is based on historical volatility. The absolute and relative performance targets were taken into account in the multivariate binomial tree model.

Exercise conditions that are not market conditions are not included in the estimate of the fair value of the share options. Instead, exercise conditions that are not market conditions are taken into account 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 can ultimately be exercised.

For tranche 1, the fair value per share option on the grant date was € 10.40 (Group 1), € 9.78 (Group 2), € 9.33 (Group 3) and € 9.39 (Group 4). Furthermore, a share price on the grant date of € 39.60, an exercise price of € 40.72, 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 value of the share-based payments on the 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 fair value of the share options issued under 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) and € 13.17 (Group 4). Furthermore, a share price of € 47.50 on the grant date, an exercise price of € 46.68, 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 value of 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 fair value of the share options issued under 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). A share price of € 48.30 on the grant date, 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 to determine the fair value of the share-based payment. The expected volatility is based on an assessment of the historical volatility of the company's share price and the peer group.

Expenses for equity-settled share-based payments totalled T€ 11 in the reporting period (comparative period: T€ -32).

D.4.2. Variable Executive Board remuneration (promised performance shares) issued by CANCOM SE

As part of his appointment in the 2021 financial year, Executive Board member Rüdiger Rath was granted long-term variable remuneration (Long Term Incentives LTI), which is categorised 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 € 175,000; this corresponds to a target remuneration of 100 percent), the receipt of which is dependent on targets that must be met over a three-year target achievement period. With the appointment of Rüdiger Rath as Chairman of the Executive Board, an adjustment to € 210,000 was agreed, valid from the 2023 financial year. Tranche 1 (LTI 2021) relates to 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) relates to 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.

The Executive Board member Thomas Stark switched to the current remuneration system with effect from 1 January 2023 in connection with the granting of long-term variable remuneration (Long Term Incentives LTI), which are classified as cash-settled share-based payments for future performance. In each financial year, the Executive Board member is granted an amount per tranche (on an annual basis € 155,000; this corresponds to a target remuneration of 100 percent), the receipt of which is dependent on targets that must be met over a three-year target achievement period. Thomas Stark is participating for the first time in company tranche 3 (LTI 2023) with regard to the variable remuneration for the 2023 financial year, for which the three-year target achievement period of the 2023, 2024 and 2025 financial years is relevant. This continues accordingly for the other tranches.

Following his transfer from the Executive Board of K-Businesscom AG (now CANCOM Austria AG) to the Executive Board of CANCOM SE, Mr Jochen Borenich was granted long-term variable remuneration (Long Term Incentives LTI) from 1 August 2023, which is classified as cash-settled share-based payments for future performance. In each financial year, the Executive Board member is granted an amount per tranche (on an annual basis € 180,000; this corresponds to a target remuneration of 100 percent), the receipt of which is dependent on targets that must be met over a three-year target achievement period. Jochen Borenich participates pro rata temporis in company tranche 3 (LTI 2023) in relation to the variable remuneration for the 2023 financial year, for which the three-year target achievement period of the 2023, 2024 and 2025 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 is determined when the target is set and corresponds to the amount granted each year (allocated performance shares). The allocated performance shares are calculated by dividing the annual amount granted by the average share price 30 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 therefore 25 percent of the annual amount granted); he was allocated 805 performance shares on this basis. Rüdiger Rath was allocated 2,850 performance shares for tranche 2 (LTI 2022), 7,340 performance shares for tranche 3 (LTI 2023) and 7,895 performance shares for tranche 4 (LTI 2024). Executive Board member Thomas Stark was allocated 5,418 performance shares for tranche 3 (LTI 2023) and 5,827 performance shares for tranche 4 (LTI 2024). Executive Board member Jochen Borenich was granted an amount of € 75,000 for tranche 3 (LTI 2023) (entry on 1 August 2023 and therefore 41.67 percent of the annual amount granted); on this basis, he was granted 2,547 performance shares and 6,767 performance shares for tranche 4 (LTI 2024). At the end of the relevant target achievement period for each tranche, the degree of target achievement for 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 degree of target achievement. Payment is made in cash after a vesting period of four years from the date on which the respective target was set; payment entitlements that have already been earned do not expire. The payout amount is determined by multiplying the performance shares to be paid by the average share price 30 trading days prior to the determination of target achievement plus the dividend equivalent.

The respective tranche is maintained depending on the length of service of the Executive Board member. This period of service extends for the duration of the respective financial year to which the tranche relates. Tranche 1 (LTI 2021), for example, was earned pro rata over the period from 1 January 2021 to 31 December 2021.

The expense for cash-settled share-based payment agreements from performance shares granted totalled T€ 505 in the reporting period (comparative period: income of T€ 18). The provision recognised for this amounted to T€ 535 at the end of the reporting period (comparative period: T€ 30). At the end of the reporting period, expenses and liabilities were recognised in relation to Tranche 1 (LTI 2021), Tranche 2 (LTI 2022), Tranche 3 (LTI 2023) and, pro rata temporis, Tranche 4 (LTI 2024) with a binding agreement, as the target setting and thus the determination of the financial performance criteria and the determination of the allocated performance shares had taken place for the tranches and the vesting period had begun. A provision of T€ 485 was recognised for tranche 3 (LTI 2023) in the reporting period. Tranche 2 (LTI 2022) was recognised at T€ 0, as in the comparative period, due to the fact that the target was not expected to be achieved, and a slightly lower provision was recognised for tranche 1 (LTI 2021) recognised in the 2021 financial year, as in the comparative period.

The fair value of the liability from promised 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 on the share over a specific period; the expected volatility used is based on historical volatility.

Exercise conditions that are not market conditions are not included in the estimate of the fair value of the liability from the performance shares granted. Instead, they are taken into account by adjusting the number of awards that are taken into account when measuring the liability associated with the remuneration. The target achievement conditions for tranche 1 (LTI 2021) – achievement of certain EBITA targets in the 2021, 2022 and 2023 financial years – are vesting conditions that are not market conditions. Similarly, the target achievement conditions for tranche 2 (LTI 2022) - achievement of certain EBITA targets in the 2022, 2023 and 2024 financial years - are exercise conditions that are not market conditions. This also applies with regard to the target achievement conditions for tranche 3 (LTI 2023) - achievement of certain EBITA targets in the 2023, 2024 and 2025 financial years.

For tranche 1 of Rüdiger Rath, the fair value per performance share was € 52.59 on the grant date (23 September 2021) and € 32.18 on the reporting date of the reporting period (comparative period: € 29.04). In addition, a share price of € 29.56 (comparative period: € 27.36), an expected volatility of 33.82 percent (comparative period: 43.90 percent), a maximum remuneration of € 165.917 (comparative period: € 165,917), an expected dividend of 2.33 percent (comparative period: 1.43 percent) and a risk-free interest rate (based on government bonds) of 2.97 percent (comparative period: 2.42 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 € 32.18, a number of 805 performance shares and a target achievement level of 76.7 percent were taken into account to determine the liability from the performance shares granted from tranche 1.

The performance shares from tranche 1 still outstanding at the end of the reporting period have a weighted average contractual term of 1.8 years (comparative period: 2.8 years).

For tranche 2 of Rüdiger Rath, the fair value per performance share was € 62.69 on the grant date (7 December 2021) and € 31.42 on the reporting date of the reporting period. In addition, a share price of € 29.56 (comparative period: € 27.36), an expected volatility of 35.62 percent (comparative period: 37.70 percent), a maximum remuneration of € 674.043 (comparative period: € 650,833), an expected dividend of 2.33 percent (comparative period: 1.43 percent) and a risk-free interest rate (based on government bonds) of 2.87 percent (comparative period: 2.58 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 € 31.42, a number of 2,850 performance shares and a target achievement level of 67.60 percent were taken into account to determine the liability from the promised performance shares from tranche 2, meaning that the target achievement 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 contractual term of 1.9 years.

For tranche 3 of Rüdiger Rath, the fair value per performance share was € 29.42 on the grant date (14 December 2022) and € 30.16 on the reporting date of the reporting period. In addition, a share price of € 29.56 (comparative period: € 27.36), an expected volatility of 40.07 percent (comparative period: 39.40 percent), a maximum remuneration of € 694.853 (comparative period: € 710,000), an expected dividend of 2.33 percent (comparative period: 1.43 percent) and a risk-free interest rate (based on government bonds) of 2.30 percent (comparative period: 2.54 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 € 30.16, a number of 7,340 performance shares and a target achievement level of 105.10 percent were taken into account 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 contractual term of 3.0 years.

For tranche 4 of Rüdiger Rath, the fair value per performance share was € 26.63 on the grant date (12 December 2023) and € 29.02 on the reporting date of the reporting period. Furthermore, a share price of € 29.56, an expected volatility of 36.86 percent, a maximum remuneration of € 694,853, an expected dividend of 2.33 percent and a risk-free interest rate (based on government bonds) of 2.02 percent were taken into account to determine the fair value of the share-based remuneration 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 € 29.02, a number of 7,895 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 4.

The performance shares from tranche 4 still outstanding at the end of the reporting period have a weighted average contractual term of 4.0 years.

For tranche 3 of Thomas Stark, the fair value per performance share was € 29.52 on the grant date (14 December 2022) and € 30.26 on the reporting date of the reporting period. Furthermore, a share price of € 29.56, an expected volatility of 40.07 percent, a maximum remuneration of € 547,114, an expected dividend of 2.33 percent and a risk-free interest rate (based on government bonds) of 2.30 percent were taken into account to determine the fair value of 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 € 30.26, a number of 5,418 performance shares and a target achievement level of 105.10 percent were taken into account 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 contractual term of 3.0 years.

For tranche 4 of Thomas Stark, the fair value per performance share was € 26.75 on the grant date (12 December 2023) and € 29.17 on the reporting date of the reporting period. In addition, a share price of € 29.56, an expected volatility of 36.86 percent, a maximum remuneration of € 547,114, an expected dividend of 2.33 percent and a risk-free interest rate (based on government bonds) of 2.02 percent were taken into account to determine the fair value of 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 T€ 29.17, a number of 5,827 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 4.

The performance shares from tranche 4 still outstanding at the end of the reporting period have a weighted average contractual term of 4.0 years.

For Jochen Borenich's tranche 3, the fair value per performance share was € 27.46 on the grant date (14 June 2023) and € 29.87 on the reporting date of the reporting period. In addition, a share price of € 29.56, an expected volatility of 40.07 percent, a maximum remuneration of € 209,995, an expected dividend of 2.33 percent and a risk-free interest rate (based on government bonds) of 2.30 percent were used to determine the fair value of 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 € 29.87, a number of 2,547 performance shares and a target achievement level of 105.10 percent were taken into account 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 contractual term of 3.5 years.

For Jochen Borenich's tranche 4, the fair value per performance share was € 26.20 on the grant date (12 December 2023) and € 28.52 on the reporting date of the reporting period. Furthermore, a share price of € 29.56, an expected volatility of 36.86 percent, a maximum remuneration of € 503,989, an expected dividend of 2.33 percent and a risk-free interest rate (based on government bonds) of 2.02 percent were taken into account to determine the fair value of 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 € 28.52, a number of 6,767 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 4.

The performance shares from tranche 4 still outstanding at the end of the reporting period have a weighted average contractual 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 in accordance with IFRS 9 and the fair values for the reporting period:

(in T€)	Carrying amount 31.12.2023	FA_AC[1] Amortised cost	FA_FVOCI[2] Fair value to be recognised	FA_FVPL/ FL_FVPL[3] Fair value to be recognised	FL_AC[4] Amortised cost	No category Accounting in accordance with IFRS 16 and IAS 19	Fair value 31.12.2023
Current assets							
Cash and cash equivalents	222,549	222,549					222,549
Receivables from goods and services	475,498	475,498					475,498
Other current financial assets	56,431	20,848		717		34,866	56,431
- Receivables from finance leases						34,866	34,866
- Derivative financial assets				717			717
- Other items		20,848					20,848
Non-current assets							
Financial assets and loans	1,926		1,926				1,926
Other non-current financial assets	51,306	3,216		83		48,007	48,122
- Receivables from finance leases						46,913	43,729
- Derivative financial assets				83			83
- Other items		3,216				1,094	4,310
Current liabilities							
Current liabilities to banks	9,415				9,415		9,415
Liabilities from deliveries and services	356,555				356,555		356,555
Other current financial liabilities	91,219			4,479	48,085	38,655	91,219
- Leasing liabilities						38,655	38,655
- Contingent consideration in accordance with IFRS 3				4,094			4,094
- Derivative financial liabilities				385			385
- Other items					48,085		48,085
Non-current liabilities							
Non-current liabilities to banks	1,311				1,311		1,180
Other non-current financial liabilities	154,105			9,541	29,498	115,066	/
- Leasing liabilities						115,066	/
- Contingent consideration in accordance with IFRS 3				9,533			9,533
- Derivative financial liabilities				8			8
- Other items					29,498		27,703
Total assets	**807,710**	**722,111**	**1,926**	**800**	**/**	**82,873**	**804,526**
Total liabilities	**612,605**	**/**	**/**	**14,020**	**444,864**	**153,721**	**/**

1) Measurement category "Financial assets measured at amortised cost".
2) Measurement category "Financial assets measured 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 in accordance with IFRS 9 and the fair values for the comparative period:

(in T€)	Carrying amount 31.12.2022	FA_AC[1] Amortised cost	FA_FVOCI[2] Fair value to be recognised	FA_FVPL/ FL_FVPL[3] Fair value to be recognised	FL_AC[4] Amortised cost	No category Accounting in accordance with IFRS 16 and IAS 19	Fair value 31.12.2022
Current assets							
Cash and cash equivalents	393,171	393,171					393,171
Receivables from goods 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
Non-current liabilities							
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
Total assets	**875,730**	**822,917**	**5**	**0**	**/**	**52,808**	**873,729**
Total liabilities	**489,009**	**/**	**/**	**7,323**	**358,098**	**123,588**	**/**

1) Measurement category "Financial assets measured at amortised cost".
2) Measurement category "Financial assets measured 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 (liquid funds) and 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 on the respective reporting dates.

Financial assets and financial liabilities are measured at fair value in accordance with 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 on active markets are directly observable. At the second level, measurement is based on valuation models that incorporate observable market parameters (e.g. interest rates, exchange rates). The third level provides for the use of valuation models that do not utilise 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 quoted price on the balance sheet date multiplied by the number of securities held (level 1).

The fair value of forward exchange contracts is determined using a discounted cash flow method. Future payments are estimated on the basis of forward exchange rates (observable rates on the reporting date) and the contracted forward exchange rates, discounted using 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 calculated as the present values of the payments expected from the assets and liabilities and on the basis of market interest rates for comparable financial instruments (Level 2).

The fair values of lease liabilities are not disclosed with reference to IFRS 7.29 (d).

The fair values determined for contingent consideration from company acquisitions are based on different valuation models. As, in addition to input factors observable on the market (e.g. risk-adjusted discount rates), company-specific input factors (and therefore not observable on the market) are also included in the respective valuation model, these are allocated to Level 3. In detail, this relates to the following circumstances:

- 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 2021 financial year;

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

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

- three contingent purchase price liabilities incurred by the CANCOM Group in connection with the acquisition of the KBC Group (now CANCOM Austria Group) in the reporting period;

- a contingent purchase price liability from the acquisition of a division of DextraData GmbH, which was recognised for the first time at the end of the reporting period.

The contingent consideration from the acquisition of the shares in Anders & Rodewyk Das Systemhaus für Computertechnologien GmbH is a performance-related 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€ 1,973 (fair value as at 1 December 2023).

The contingent considerations resulting from the acquisition of the shares in the S&L Group are also performance-related components (earn-outs); these are contingent payments depending on the EBIT of the acquired company for a total of four periods until 31 July 2025 in the amount of T€ 1,849 (fair value as at 31 December 2023).

The contingent considerations resulting from the acquisition of the shares in NWC Services GmbH are also performance-related components (earn-outs); these are contingent payments depending on the EBIT of the acquired company for a total of four periods until 30 September 2025 amounting to T€ 1,214 (fair value as at 31 December 2023).

The contingent considerations received by the CANCOM Group in connection with the acquisition of the KBC Group result from earlier acquisitions of K-Businesscom AG, St. Gallen and Belsoft Infortix AG, Zurich. Belsoft Infortix AG was merged into K-Businesscom AG in the reporting period; K-Businesscom AG was renamed CANCOM Switzerland AG, Zurich. The contingent considerations are also performance-related components (earn-outs); these are contingent payments depending on the EBIT of the acquired companies for a total of three periods until 31 December 2028 amounting to T€ 4,956 (fair value as at 31 December 2023).

The contingent consideration received in connection with the acquisition of a division of DextraData GmbH is a contingent payment of T€ 3,635 (fair value as of 31 December 2023) depending on EBIT for the period from 1 January to 31 December 2024, depending on the retention of key employees and other employees until the end of the 2024 financial year and depending on the fulfilment of key functions agreed as part of a service agreement between the buyer and seller.

The following table shows the development of contingent considerations allocated to level 3 of the fair value measurement hierarchy for the reporting period:

(in T€)	Contingent consideration
Status 1.1.2023	7,125
Change from derecognition/revaluation	1,485
Additions	12,192
Disposals/compensation	-7,175
Status 31.12.2023	**13,627**

In the reporting period, there was unrealised income from the revaluation of T€ 266 and expenses from the revaluation of T€ 1,781 (comparative period: expenses of T€ 828), which were recognised in the presentation of the result for the period in the items "other financial result income" and "other financial result expenses" (comparative period: "other financial result expenses").

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

(in T€)	2023	2022
Financial assets measured at amortised cost (FA_AC)	3,820	-3,121
Financial assets measured at fair value through other comprehensive income (FA_FVOCI)	23	0
Financial assets/liabilities at fair value through profit or loss (FA_FVPL/FL_FVPL)	-296	-4,082
Financial liabilities measured at amortised cost (FL_AC)	-275	7,633
Total	**3,272**	**430**

The net results by measurement category include interest expenses, interest income, bank charges, impairments and reversals of impairments as well as measurement results from financial instruments recognised at fair value through profit or loss. The measurement result of the "financial liabilities measured at amortised cost" measurement category also includes gains and losses from remeasurement.

The application of the effective interest method to measure financial liabilities measured at amortised cost results in interest expense of T€ 72 (comparative period: T€ 36), which is recognised in the presentation of the result for the period under "Interest and similar expenses" or "Result from discontinued operations".

D.6. Risk management

D.6.1. General information on risk management

The aim of CANCOM's risk policy is the early identification and responsible handling of risks that could jeopardise the company as a going concern or are material. To define and ensure adequate risk controlling, 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 evaluated according to the criteria of probability of occurrence and extent of damage, and thus assigned to a risk matrix. In this context, all risks are assigned to a responsible party. Where risks can be quantified, appropriately defined key figures are used to assess them. If no precisely definable metrics are available for risks, these are assessed by the persons responsible.

As part of the risk early warning system, early warning indicators are defined for risks that could jeopardise the company as a going concern, the changes and developments of which are continuously monitored and discussed in risk management meetings. The regular risk management meetings between the Executive Board and risk officers ensure that existing and future risks are controlled on an ongoing and timely basis.

D.6.2. Liquidity risks

Liquidity risk is the risk that the company will not be able to fulfil its payment obligations at a contractually agreed time.

CANCOM is only exposed to liquidity risk to a limited extent due to its good equity base and generally long-term financing structure.

For years, CANCOM has used 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 thanks to retained earnings and capital increases. Short-term liquidity is also guaranteed at all times through credit lines and factoring agreements. Long-term liquidity is secured through long-term bank financing and a corresponding equity base. Borrowings have been significantly reduced and are predominantly short-term as at the reporting date.

The liquidity risk is minimised by refinancing financial liabilities at an early stage. The following tables show the contractually agreed (undiscounted) interest and amortisation payments due from the end of the reporting period or from the end of the comparative period:

(in T€)	2024	2025	2026 to 2028	2029 and beyond
Liabilities from deliveries and services	356,555			
Financial liabilities to financial service providers	6,908			
Liabilities to banks	9,415	406	905	
Leasing liabilities	38,655	27,283	56,236	31,546
Financial liabilities to leasing companies	17,112	11,749	14,448	3,302
Derivative financial liabilities	385	8		
Derivative financial assets	-717	-83		
Liabilities from contingent considerations	4,094	5,708	3,825	
Other financial liabilities	24,065			
Interest payments to be made	3,090	2,317	2,932	2,296
Total	**459,562**	**47,388**	**78,346**	**37,144**

(in T€)	2023	2024	2025 to 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	
Derivative financial liabilities	198			
Liabilities from contingent considerations	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**

The CANCOM Group can utilise credit lines with banks. As of the reporting date of the reporting period, there were credit and guarantee lines totalling T€ 121,421 (comparative period: T€ 83,425). The total amount not yet utilised as at the reporting date of the reporting period was T€ 91,064 (comparative period: T€ 62,890). During the reporting period and the comparative period, there were no payment delays in the CANCOM Group with regard to interest and amortisation 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 functional currency of the company. As CANCOM's business activities are predominantly related to the eurozone and the companies mainly conduct 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. Group-internal financing or investments are preferably carried out in the respective functional currency or on a currency-hedged basis. Dedicated persons are permitted to enter into currency hedging transactions in amounts requiring authorisation. Authorisations to exceed these limits are granted by the Executive Board.

IFRS 7 requires a sensitivity analysis to categorise the significance of currency risks. Sensitivity analyses are used for this type of risk to determine the effects that a change in the aforementioned exchange rates as at the reporting date would have on the net income for the period and on the equity of the CANCOM Group. The effects are determined by applying the hypothetical changes in exchange rates by ten percent to the portfolio of relevant financial instruments in foreign currency as at the reporting date. It is assumed that the portfolio on the reporting date is representative of the reporting period. In the reporting period, sensitivity analyses were only carried out in relation to the US dollar; in the comparative period, sensitivity analyses were also carried out in relation to the Swiss franc, the British pound and the Norwegian krone. The US dollar, Swiss franc and Norwegian krone sensitivity analyses in relation to the result for the period included trade receivables and payables as well as forward exchange transactions where applicable. Financial liabilities arising in connection with company acquisitions in the United Kingdom as well as trade receivables and payables were included in the British pound sensitivity analyses in relation to the result for the period.

If the euro had been 10 percent stronger (weaker) against the US dollar at the end of the reporting period, the profit for the period would have been T€ 6,698 lower (T€ 7,135 higher).

If the euro had been 10 percent stronger (weaker) against the US dollar at the end of the comparative period, the 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 comparative 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 comparative 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 comparative period, the result for the period would have been T€ 20 lower (T€ 19 higher).

D.6.4. Interest rate risks

Due to its long-term financing, CANCOM is only affected by 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 predominantly 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 the optimisation of interest rate risks, consisting of ongoing monitoring of the market interest rate level and the Group's own interest rate conditions; in addition, there is constant contact with the banks. Credit line agreements provide for the possibility of adjusting interest rates. The conclusion of interest rate hedges is only envisaged in the event of strong interest rate fluctuations.

D.6.5. Default risks

Credit or default risk is the risk that business partners will not fulfil 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 transactions in compliance with predefined risk limits. Before accepting a new customer, the Group uses internal and external creditworthiness checks to assess the creditworthiness of potential customers and set their credit limits. The customer assessment and credit limits are reviewed at least once a year.

Default risks generally exist for financial assets. IFRS 9 contains impairment provisions for certain financial assets to account for default risks. The following table shows the financial assets to which the impairment provisions of 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 there were only default risks to be recognised in connection with financial assets in the CANCOM Group in relation to trade receivables.

	Carrying amount 31.12.2023 (in T€)	**Net impairment loss (income) 2023 (in T€)**	**Carrying amount 31.12.2022 (in T€)**	**Net impairment loss 2022 (in T€)**	**Type of examination**	**Impairment model, stage allocation**	**Expected credit losses recognised[2]**	**Check for increase in default risk**	**Failure definition (transition from level 2 to level 3)**	**Consideration of collateral**
Cash and cash equivalents	222,549	0	393,171	0	Individual examination	Standard model; level 1	12M_ECL	No (banks with investment grade rating)	/	No
Trade receivables, contract assets	507,869	-52	410,860	-769	Group and individual examination	Simplification model; level 2.3	L_ECL (value adjustment matrix)	Not applicable	Indications of inability to pay (e.g. insolvency)	No
Receivables from finance leases[1]	81,779	9	52,808	-9	Group examination	Simplification model; level 2	L_ECL (value adjustment matrix)	Not applicable	Not applicable	No
Receivables from suppliers[1]	12,158	/	12,345	/	None (waiver due to immateriality)	/	/	/	/	/

1) Recognised in the balance sheet under "Other current financial assets" or "Other non-current financial assets".
2) L_ECL = expected credit losses over the entire term; 12M_ECL = portion 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 deemed unlikely. An impairment due to creditworthiness exists in particular if CANCOM has indications of financial difficulties or even insolvency on the part of the debtor. The gross carrying amount of a financial asset is reduced immediately due to uncollectibility if CANCOM cannot reasonably assume that the item can be realised or recovered in full or in part.

For cash and cash equivalents, expected credit losses are determined on the basis of the default risk probabilities of the banks at which the balances are recognised. The default risk probabilities are determined on the basis of current prices for credit default risk insurance (credit default swaps). The default risk with regard to credit balances from the investment of cash and cash equivalents at banks is virtually eliminated through risk diversification (large number of banks) and the selection of creditworthy banks (investment grade rating). The expected credit losses determined in the reporting period and the comparative period were insignificant, meaning 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, impairment losses are recognised on the items throughout the Group. In addition, any change in creditworthiness between the granting of the payment term and the reporting date is taken into account. There is no significant concentration of credit risk, as the customer base is broad and there are only minor correlations. The loss ratios are based on historical values, adjusted for prospective expectations.

In principle, CANCOM recognises a default for a receivable on the respective 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 that 30 percent of these will not actually be settled or will 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, if there are objective indications of insolvency (i.e. when moving from stage 2 to stage 3, in particular if insolvency becomes known or if there are indications of imminent insolvency), trade receivables or contract assets with little or no expectation of payment are written down by 100 percent.

In the reporting period, expenses for value adjustments on trade receivables and contract assets amounting to T€ 52 (comparative period: T€ 543) were recognised.

The impairment matrix for the reporting period is as follows:

Impairment matrix as at 31.12.2023	**Loss rate (weighted average) in %**	**Gross carrying amount with VAT in T€**	**Gross carrying amount without VAT in T€**	**Impairment in T€**
Not yet overdue at the balance sheet date	0.07	393,559	309,114	216
1 to 120 days overdue as at the reporting date	0.32	100,660	85,986	275
121 to 365 days overdue at the reporting date	2.32	13,021	11,315	263
Overdue by more than 365 days at the reporting date	24.00	1,661	1,456	349
Objective indications of impairment as at the reporting date	100.00	858	787	787
Total		**509,759**	**408,658**	**1,890**

The impairment matrix for the comparative period is as follows:

Impairment matrix as at 31.12.2022	**Loss rate (weighted average) in %**	**Gross carrying amount with VAT in T€**	**Gross carrying amount without VAT in T€**	**Impairment in T€**
Not yet overdue on the balance sheet 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
121 to 365 days overdue 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 indications of impairment as at the reporting date	100.00	512	430	430
Total		**412,537**	**353,382**	**1,677**

In the reporting period and the comparative period, the impairment was calculated from the respective gross carrying amount excluding VAT multiplied by the corresponding loss rate. The change in the value adjustment item (31 December 2023: T€ 1,890; 31 December 2022: T€ 1,677; 31 December 2021: T€ 1.356) resulted in an amount of T€ 182 (comparative period: ‘T€ 327) recognised in the statement of comprehensive income under "Impairment losses on financial assets including reversals of impairment losses", of which T€ -96 (comparative period: T€ -591) was attributable to the revaluation of the impairment and T€ 278 (comparative period: T€ 264) to the derecognition due to the write-down of receivables. Due to changes in the scope of consolidation, the impairment item increased by T€ 395 (comparative period: reduction of T€ 6) with no effect on income. In addition, the item "Impairment losses on financial assets including reversals of impairment losses" includes losses from the derecognition/amortisation of trade receivables of T€ -366 (comparative period: T€ -447), gains due to incoming payments from trade receivables already derecognised/written off of T€ 130 (comparative period: T€ 5), impairments of T€ 5), impairment losses or reversals of impairment losses on contract assets of T€ 2 (comparative period: T€ 0) and impairment losses or reversals of impairment losses on receivables from finance leases of T€ 9 (comparative period: T€ -9). Please refer to section B.3 of the consolidated financial statements for information on the development of the impairment item in the reporting period.

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 on the customer receivable and because the lessor transaction is generally financed via a sale and leaseback transaction in which the corresponding lease liability no longer has to be serviced in the event of default on the customer receivable. The amounts recognised under "Receivables from finance leases" as at the respective reporting dates are future lease payments not yet due, which are recognised at present value (i.e. discounted). To determine the value adjustment, the respective carrying amount is multiplied by the loss rate for trade receivables not yet overdue as at the reporting date (reporting and comparative period: 0.07 percent). In the reporting period, impairment income of T€ 9 (comparative period: impairment expense of T€ 9) was recognised in the statement of comprehensive income under "Impairment losses on financial assets including reversals of impairment losses".

No expected credit losses are recognised in relation to receivables from suppliers for reasons of immateriality.

The theoretical maximum default risk of the items listed above is equal to the carrying amounts recognised. 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 valuable underlying transactions that are exposed to currency risks. Foreign currencies were hedged in the amount of T$ 62,034 (comparative period: T$ 53,205), TCHF 30 (comparative period: TCHF 0) and TNOK 0 (comparative period: TNOK 2,043) as at the reporting date. The financial market risk is limited to the exchange rate risk of the forward exchange transactions concluded by the company on the reporting date of the reporting period, which have a fair value of T€ 407 (comparative period: T€ -198).

Authorisations for the purchase and sale of structured products at the banks are restricted to the Executive Board. This is intended to prevent transactions in this area by inexperienced persons.

D.7. Contingencies, contingent liabilities and other financial obligations

The companies of the CANCOM Group had the following financial obligations from rental, leasing, telecommunications and licence agreements:

Due in the year	2024 (in T€)	2025 (in T€)	2026 (in T€)	2027 (in T€)	2028 (in T€)	after 2028 (in T€)	Total (in T€)
from rental agreements (incidental rental costs)	2,494	2,175	1,800	1,346	881	1,732	10,428
from leasing contracts	718	569	394	260	104	3	2,048
from telecom-munication contracts	1,622	208	65	30	30	30	1,986
from licence agreements	8,335	1,702	525	0	0	0	10,563
Total	**13,169**	**4,654**	**2,784**	**1,636**	**1,015**	**1,765**	**25,025**

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 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. Related parties of CANCOM are therefore the active members of the Executive Board and Supervisory Board of CANCOM SE and their close family members. The related parties of CANCOM in the reporting period and in the comparative period are the subsidiaries, joint ventures and associated companies of the CANCOM Group. For an overview of these companies, please refer to 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.

At the end of the reporting period, there were trade receivables from joint ventures totalling T€ 674 (comparative period: T€ 0) and from associates totalling T€ 4 (comparative period: T€ 0). The former are mainly due from CANCOM Rental Services GmbH (formerly K-Businesscom Rental Services GmbH). There is also a short-term loan to the associated company CANCOM Financial Services GmbH in the amount of T€ 2,000 (comparative period: T€ 0).

At the end of the reporting period, there were financial liabilities to joint ventures (to CANCOM Rental Services GmbH) totalling T€ 31,318 (comparative period: T€ 0). Furthermore, at the end of the reporting period, there were trade payables to joint ventures totalling T€ 157 (comparative period: T€ 0) and to associates totalling T€ 1,010 (comparative period: T€ 0). These are mainly due to CALPANA business consulting GmbH, Elmon GmbH and CANCOM Rental Services GmbH.

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 with a total value of less than T€ 100 (comparative period: less than T€ 100) to members of the Executive Board and Supervisory Board of CANCOM SE and their close family members in the reporting period. Of this amount, T€ 0 was outstanding as at the reporting date (comparative period: T€ 0).

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

All transactions with these related parties were concluded at arm's length and were settled net between ten and 30 days. None of the balances were secured. In the reporting and comparative periods, no expenses were recognised for bad or doubtful debts with regard to the amounts owed by related parties. No guarantees were granted or received. Transactions at the subsidiaries of the CANCOM Group were eliminated in the course of consolidation and therefore do not require further explanation.

Expenses for short-term benefits totalling T€ 1,547 (comparative period: T€ 1,839) were incurred in connection with the remuneration of the Executive Board in the reporting period. There were also termination benefits totalling T€ 375 (comparative period: T€ 75). A total expense of T€ 505 (comparative period: total income of T€ 186) was recognised for the share-based remuneration of the Executive Board in the reporting period.

No post-employment benefits or other long-term benefits were granted to active members of the Executive Board in the reporting and comparative periods.

In the reporting period, the members of the Executive Board were granted total remuneration in accordance with section 314 (1) no. 6 in conjunction with section 315e (1) HGB totalling € 2,320 (comparative period: T€ 2,234). The remuneration relates to short-term benefits totalling T€ 1,547 (comparative period: T€ 1,839). Executive Board member Rüdiger Rath was granted 7,895 (Tranche 4 at T€ 210) performance shares in the reporting period. Executive Board member Thomas Stark was granted 5,418 performance shares (Tranche 3 at T€ 160) and 5,827 performance shares (Tranche 4 at T€ 156) in the reporting period. In the reporting period, Executive Board member Jochen Borenich was granted 2,547 performance shares (Tranche 3 at T€ 70) and 6,767 performance shares (Tranche 4 at T€ 177). The performance shares are cash-settled share-based payments with a fair value totalling T€ 773 upon issue and are included in the total remuneration for the reporting period. In the comparative period, Executive Board member Rüdiger Rath was granted 2,850 (tranche 2 at T€ 179) and 7,340 (Tranche 3 at T€ 216) performance shares (2021 financial year: 805 performance shares from tranche 1) with cash settlement as share-based payments at fair value on issue totalling T€ 395 (2021 financial year: T€ 42), which are included in the total remuneration for the comparative period. Former members of the Executive Board were granted T€ 375 in the reporting period and T€ 75 in the comparative period.

The remuneration of the members of the Supervisory Board in the reporting period comprised basic remuneration and additional remuneration for committee activities and totalled T€ 474 in the reporting period, including attendance fees (comparative period: T€ 336).

Individualised information on the remuneration of the Executive Board and 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 Supervisory Board in the reporting period or in the comparative period.

D.9. Declaration on the Corporate Governance Code

The Executive Board and Supervisory Board have issued a joint declaration of compliance with the recommendations of the German Corporate Governance Code in accordance with section 161 (1) 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 including 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€)	2023	2022
Audit services	-943	-908
Other services	-10	0
Of which for the comparative period	-89	-164

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, this relates exclusively to fees from KPMG AG Wirtschaftsprüfungsgesellschaft, excluding fees from international alliances and networks. The auditing services include T€ 932 (comparative period: T€ 897) for the statutory audit of the consolidated financial statements and the annual financial statements of CANCOM SE and T€ 11 (comparative period: T€ 11) for the audit of the remuneration report. The other services in the reporting period relate to services for certifications.

D.11. Number of employees

The CANCOM Group employed an annual average of 5,225 people in the reporting period (comparative period: 3,771 employees) and 5,615 people at the end of the year (comparative period: 3,872 employees).

The average number of employees in the reporting period of 5,225 employees (comparative period: 3,771 employees) is distributed across the following functional areas: Professional Services 3,392 employees (comparative period: 2,267 employees), Sales 958 employees (comparative period: 836 employees) and Central Services 875 employees (comparative period: 668 employees).

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

As at 31 December 2023, the company had the following information on notifiable shareholdings in accordance with sections 33 et seq. WpHG were available:

The Goldman Sachs Group, Inc., Wilmington, DE, USA, notified CANCOM SE on 24 March 2020 that its share of the voting rights in CANCOM SE, held directly or indirectly, fell below the threshold of 5 percent on 20 March 2020 and on that day directly amounted to 1.80 percent (corresponding to 694,671 voting rights). Due to additional voting rights resulting from financial instruments, the total share of voting rights held on that day was 3.97 percent (corresponding to 1,531,921 voting rights).

Allianz Global Investors GmbH, Frankfurt, Germany, notified CANCOM SE on 26 May 2023 that its share of the voting rights in CANCOM SE, held directly or indirectly, fell below the threshold of 15 percent of the voting rights on 25 May 2023 and amounted to 14.99 percent (corresponding to 5,302,320 voting rights) on that date.

Dr Kari Kapsch notified CANCOM SE on 12 June 2023 that the share of voting rights in CANCOM SE held directly or indirectly by ALUK Privatstiftung, Vienna, Austria, which is controlled by him, exceeded the threshold of 5 percent on 7 June 2023 and amounted to 5.97 percent (corresponding to 2,321,530 voting rights) on that day.

PRIMEPULSE SE, Munich, Germany, notified CANCOM SE on 28 August 2023 that its share of voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 5 percent on 22 August 2023 and on that day amounted to 5.03 percent (corresponding to 1,956,604 voting rights).

SEO Management AG, Rapperswil-Jona, Switzerland, notified CANCOM SE on 28 August 2023 that its share of voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 5 percent on 23 August 2023 and amounted to 5.04 percent (corresponding to 1,960,474 voting rights) on that day.

UBS Group AG, Zurich, Switzerland, notified CANCOM SE on 30 August 2023 that its share of the voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 3 percent on 25 August 2023 and amounted to 3.78 percent (corresponding to 1,470,915 voting rights) on that day. Due to additional voting rights resulting from financial instruments, the total share of voting rights held on that day was 4.35 percent (corresponding to 1,689,421 voting rights).

D.13. Executive Board and Supervisory Board

The members of the Executive Board in the reporting period were

- Mr. Rüdiger Rath, graduate in business administration, Gelsenkirchen (Chairman);
- Mr. Thomas Stark, Dipl.-Wirtsch.-Ing., Wittislingen;
- Mr. Jochen Borenich, Mag., Vienna (since 1 August 2023).

All members of the Executive Board are authorised to represent the company together with another member of the Executive Board or together with an authorised signatory.

The following members of the Executive Board are members of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises:

Mr. Rüdiger Rath in:
- CANCOM ICT Service GmbH, Munich (Group mandate, Chairman of the Supervisory Board);
- CANCOM Austria Beteiligungs GmbH (formerly KBC Beteiligungs GmbH), Vienna (Group mandate, Chairman of the Supervisory Board, since 25 May 2023);
- CANCOM Austria AG (formerly K-Businesscom AG), Vienna (Group mandate, Deputy Chairman of the Supervisory Board, since 25 May 2023);
- CANCOM GmbH, Jettingen-Scheppach (Group mandate, Chairman of the Supervisory Board, since 1 September 2023).

Mr. Thomas Stark in:
- CANCOM Austria Beteiligungs GmbH (formerly KBC Beteiligungs GmbH), Vienna (Group mandate, Deputy Chairman of the Supervisory Board, since 25 May 2023);
- CANCOM Austria AG (formerly K-Businesscom AG), Vienna (Group mandate, Supervisory Board member, since 25 May 2023).

The members of the Supervisory Board were and/or are appointed in the reporting period:

- Mr. Klaus Weinmann, Chairman of the Administrative Board and Managing Director of PRIMEPULSE SE, Munich (member of the Supervisory Board since 25 October 2023, Chairman of the Supervisory Board since 12 December 2023);

- Mr. Stefan Kober, businessman, investor and Supervisory Board member of various companies (Chairman of the Supervisory Board until 12 December 2023, Deputy Chairman of the Supervisory Board since 12 December 2023);

- Dr. Lothar Koniarski, business graduate, Managing Director of Elber GmbH, Regensburg (Deputy Chairman of the Supervisory Board until 12 December 2023, member of the Supervisory Board since 12 December 2023 until 31 December 2023);

- Mr. Uwe Kemm, Chief Operation Officer of STEMMER IMAGING AG, Puchheim (until 31 August 2023);

- Mr. Martin Wild, Chief Executive Officer of Organic Garden AG, Ingolstadt (until 31 July 2023);

- Prof. Dr. Isabell Welpe, Professor and Chair of Strategy and Organisation at the Technical University of Munich, Munich;

- Dr. Swantje Schulze, Regional Vice President Sales Dataiku, Berlin (since 27 April 2023);

- Dr. Kari Kapsch, Managing Director of Kapsch Immobilien GmbH, Vienna (since 25 October 2023).

The Supervisory Board was appointed by the court after the reporting period:

- Dr. Ilias Läber, Chief Executive Officer of Spectrum Value Management and Managing Partner of Spectrum Entrepreneurial Ownership (on 1 January 2024).

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. Klaus Weinmann:
- STEMMER IMAGING AG, Puchheim (Chairman of the Supervisory Board);
- KATEK SE, Munich (Chairman of the Supervisory Board until 12 March 2024);
- glueckkanja AG, Offenbach (Deputy Chairman of the Supervisory Board).

Dr. Kari Kapsch:
- CANCOM Austria AG (formerly K-Businesscom AG), Vienna (Chairman of the Supervisory Board).

Mr. Stefan Kober:
- AL-KO Kober SE, Kötz (Chairman of the Supervisory Board until 25 August 2023);
- PRIMEPULSE SE, Munich (member of the Administrative Board since 21 December 2023).

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 (member of the Supervisory Board);
- Mutares Management SE, Munich (Deputy Chairman of the Supervisory Board).

Prof. Dr. Isabell Welpe:
- Deloitte Deutschland GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf (member of the Supervisory Board);
- CENIT AG, Stuttgart (Deputy Chairwoman of the Supervisory Board until 17 May 2023);
- Indus Holding AG, Bergisch Gladbach (Supervisory Board member since 17 May 2023);
- Stemmer Imaging AG, Puchheim (member of the Supervisory Board since 12 May 2023).

Mr. Martin Wild:
- BU HOLDING AG, Fürth (member of the Supervisory Board).

Dr. Ilias Läber (from 1 January 2024):
- Holcim LTD, Zug, Switzerland, Member of the Board of Directors;
- Quercis Pharma AG, Zug, Switzerland, Chairman of the Board of Directors;
- Swiss Automotive Group, Cham, Switzerland, Member of the Board of Directors.

The following resolution was passed on 29 June 2021:

- Stefan Kober (Deputy Chairman of the Supervisory Board) is an expert in auditing financial statements (in accordance with section 100 and section 107 of the German Stock Corporation Act);

- Dr Lothar Koniarski (Supervisory Board member) is an accounting expert (in accordance with section 100 and section 107 of the German Stock Corporation Act).

At the Supervisory Board meeting on 12 December 2023, it was decided that Mr. Klaus Weinmann would become an accounting expert following the departure of Dr. Lothar Koniarski. The Supervisory Board also decided that Dr. Ilias Läber should take over the role of Chairman of the Audit Committee immediately after his appointment by the court. Dr. Ilias Läber is also to take over the role of audit expert from Mr. Stefan Kober immediately after his appointment by the court. Following the court appointment of Dr. Ilias Läber on 1 January 2024, the following members of the Supervisory Board were appointed as experts:

- Dr. Ilias Läber (member of the Supervisory Board) is an expert for auditing financial statements (in accordance with section 100 and section 107 of the German Stock Corporation Act);

- Klaus Weinmann (Chairman of the Supervisory Board) is an accounting expert (in accordance with 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 CANCOM SE's earnings

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 € 36,686,808.00 (comparative period: € 35,371,850.00) determined in accordance with the provisions of German commercial law be used to distribute a dividend of € 1.00 (comparative period: € 1.00) per no-par value share carrying dividend rights. The total number of no-par value shares entitled to dividends and therefore the total amount of the distribution planned for the reporting period may change before the Annual General Meeting. The final total amount of the distribution planned for the reporting period depends on the number of no-par value shares entitled to dividends at the time of the resolution on the appropriation of net retained profits on the day of the Annual General Meeting. Any unappropriated surplus remaining after the distribution is to be transferred to other revenue reserves or carried forward to new account.

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

CANCOM GmbH, Jettingen-Scheppach, CANCOM ICT Service GmbH, Munich, CANCOM Managed Services GmbH, Munich, CANCOM Public GmbH, Berlin, and K-Businesscom GmbH, Neuss, make use of the simplification provisions of section 264 (3) HGB.

Munich, Germany, 26 March 2024

The Executive Board of CANCOM SE

Rüdiger Rath CEO	Jochen Borenich CSO	Thomas Stark CFO

List of shareholdings

Name of the company	Registered office of the company	Participation rate in %
Subsidiaries		
1. CANCOM GmbH	Jettingen-Scheppach	100.00
and its subsidiaries		
2. - VVM AG (formerly CANCOM (Switzerland) AG)	Dietlikon (formerly Caslano)/Switzerland	100.00
3. - CANCOM Computersysteme GmbH	Graz/Austria	100.00
and its subsidiaries		
4. - CANCOM a + d IT solutions GmbH	Brunn am Gebirge/Austria	100.00
5. CANCOM ICT Service GmbH	Munich	100.00
6. CANCOM Managed Services GmbH	Munich	100.00
7. CANCOM Public GmbH	Berlin	100.00
8. CANCOM Public BV	Brussels/Belgium	100.00
9. CANCOM physical infrastructure GmbH	Jettingen-Scheppach	80.00
10. CANCOM VVM II GmbH	Jettingen-Scheppach	100.00
11. CANCOM VVM GmbH	Munich	100.00
12. CANCOM Slovakia s.r.o.	Košice/Slovakia	100.00
13. CANCOM Austria Beteiligungs GmbH (formerly KBC Beteiligungs GmbH)	Vienna/Austria	100.00
and its subsidiaries		
14. - CANCOM Austria AG (formerly K-Businesscom AG)	Vienna/Austria	100.00
and its subsidiaries		
15. - CANCOM ROMANIA S.R.L. (formerly K-Businesscom s.r.l.)	Bucharest/Romania	100.00
16. - CANCOM Czech Republic s.r.o. (formerly K-Businesscom s.r.o.)	Prague/Czech Republic	100.00
17. - K-Businesscom GmbH	Neuss	100.00
18. - CANCOM Switzerland AG (formerly K-Businesscom AG)	Zurich (formerly St. Gallen)/Switzerland	100.00
19. - K-Businesscom Inc.	Georgia/USA	100.00
20. - CANCOM Converged Services GmbH (formerly K-Converged Services GmbH)	Vienna/Austria	100.00
21. - ITM Informationstransport und -management Gesellschaft m.b.H.	Vienna/Austria	100.00
22. - evolaris next level GmbH	Raaba-Grambach/Austria	100.00
23. - CANCOM Cashpooling and Hedging GmbH (formerly KBC Cashpooling and Hedging GmbH)	Vienna/Austria	100.00
and its subsidiaries		
24. - CANCOM Banking Services GmbH (formerly K-Businesscom Banking Services GmbH)	Vienna/Austria	97.00
25. - CANCOM Technology GmbH (formerly K-Businesscom Technology GmbH)	Vienna/Austria	100.00
26. - CloudXcelerate GmbH (formerly KBC Digital GmbH)	Vienna/Austria	100.00
27. - CANCOM Liegenschaft Management GmbH (formerly KBC Liegenschaft Management GmbH)	Vienna/Austria	100.00
Joint ventures/associated companies accounted for using the equity method		
28. CANCOM Financial Services GmbH	Schweinfurt	40.00
29. Sensor Network Services GmbH	Vienna/Austria	50.00
30. CANCOM Rental Services GmbH (formerly K-Businesscom Rental Services GmbH)	Vienna/Austria	49.00
31. CALPANA business consulting GmbH	Linz/Austria	40.00
32. Workheld GmbH	Vienna/Austria	39.90
33. Elmon GmbH	Wiener Neudorf/Austria	25.10
Non-consolidated structured entities and financial investments		
34. Duana Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Mainz	100.00 *
35. Human.technology Styria GmbH	Graz/Austria	8.00

*) Voting rights 10 percent.

Insurance of 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 is 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, Germany, 26 March 2024

The Executive Board of CANCOM SE

Rüdiger Rath
CEO

Jochen Borenich
CSO

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 2023, 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 2023, 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 2023.

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, 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 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, 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 nonaudit 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 2023. 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.

Acquisition of KBC Beteiligungs GmbH

Please refer to note A.3.31 in the notes to the consolidated financial statements for more information on the accounting policies applied. Disclosures on the acquisition of KBC Beteiligungs GmbH are presented under note A.2.2.1 of the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

With effect from 25 May 2023, CANCOM SE acquired 100% of the shares in KBC Beteiligungs GmbH with registered office in Vienna (Austria). The acquisition included KBC Beteiligungs GmbH and its affiliated companies and associates (hereinafter referred to as "KBC Group"). The total purchase price comprises purchase price components in the amount of EUR 58.2 million to be paid in cash and CANCOM nopar value shares transferred to the seller in the amount of EUR 100.0 million. Taking into account the acquired net assets of EUR 31.4 million, goodwill amounts to EUR 126.8 million.

The identifiable assets acquired and liabilities assumed at the acquisition date are generally recognised at fair value in accordance with IFRS 3. CANCOM SE engaged an external expert to identify and measure the assets acquired and the liabilities assumed.

The identification and measurement of assets acquired and liabilities assumed is complex and based on assumptions of the Executive Board that require judgement. The significant assumptions concern sales planning and development of margins of the acquired operation and the cost of capital.

There is the risk for the consolidated financial statements that the assets acquired and liabilities assumed are identified improperly or measured inaccurately. In addition, there is the risk that the disclosures in the notes to the consolidated financial statements are not complete and appropriate.

OUR AUDIT APPROACH

With the involvement of our valuation experts, we also assessed the appropriateness of significant assumptions as well as the identification and valuation methods used. To that end, we first gained an understanding of the acquisition by consulting employees of Finance and the external expert engaged by management as well as through an evaluation of the relevant agreements.

We reconciled the total purchase price at the acquisition date with the underlying purchase agreement, proof of payment as well as the fair value of the transferred shares.

We assessed the competence, professional skills and impartiality of the independent expert engaged by CANCOM SE. Furthermore, we assessed the procedure for the identification of the assets acquired and liabilities assumed in terms of conformity with the requirements of IFRS 3 using our knowledge of KBC Group's business model. We investigated the valuation methods used for their compliance with the accounting policies.

We discussed projected revenue and margin development with those responsible for planning. Furthermore, we reconciled this information with the budget prepared by management and approved by the Supervisory Board and assessed the consistency of the assumptions with external market assessments. We compared the assumptions and data underlying the cost of capital, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

To assess computational accuracy, we verified selected calculations based on risk criteria. Finally, we assessed whether the disclosures in the notes regarding the acquisition of the KBC Group were complete and accurate.

OUR OBSERVATIONS

The approach used for identifying and measuring the assets acquired and liabilities assumed is appropriate and in line with the accounting policies to be applied. The significant assumptions and data are plausible and are set within acceptable ranges with regard to the discount rate. They have been completely and properly presented in the notes to the consolidated financial statements.

Recoverability of goodwill

Please refer to Section A.3.11 in the notes to the consolidated financial statements for more information on the accounting policies applied and the assumptions used.

THE FINANCIAL STATEMENT RISK

Goodwill amounted to EUR 261.7 million as at 31 December 2023, and, at 36.1% of group equity, has a significant impact on the net assets. In financial year 2023, goodwill increased by EUR 126.8 million due to the acquisition of KBC Beteiligungs GmbH and its affiliated companies (hereinafter: KBC Group). The addition was allocated to the operating segment "Germany" in the amount of EUR 35.4 million and to the operating segment "International" in the amount of EUR 91.4 million.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgement. These include the expected business and earnings performance of the business areas for the next five years, the assumed long-term growth rates and the discount rate used, which were determined by an external expert.

There is the risk for the consolidated financial statements that an existing need to recognise impairment losses is not identified. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

With the involvement of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Company's valuation model. To this end, we discussed the expected business and earnings development as well as the assumed long-term growth rates with those responsible for planning. We also reconciled this information with the budget prepared by management and approved by the Supervisory Board. We additionally assessed the consistency of the assumptions with external market assessments.

We had the Company explain the allocation of goodwill from the acquisition of KBC Group and assessed it on the basis of the expected synergy effects.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and by analysing deviations. We compared the assumptions and data underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the valuation performed by the Company using our own calculations and analysed deviations.

In order to take forecast uncertainty into account, we examined the impact of potential changes in the discount rate, earnings performance and the long-term growth rate on the recoverable amount by calculating alternative scenarios and comparing these with the values stated by the Company (sensitivity analysis).

We assessed the competence, professional skills and impartiality of the independent expert engaged by CANCOM SE.

Finally, we assessed whether the disclosures in the notes regarding recoverability of goodwill are appropriate.

OUR OBSERVATIONS

The valuation model underlying the impairment test of goodwill is appropriate and consistent with the applicable accounting policies. The Company's assumptions and data underlying the measurement are appropriate. The related disclosures in the notes are appropriate.

Revenue recognition cutoff for service agreements

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 2023 report revenue of EUR 1,522.7 million. The main revenue contributors are the sale of hardware and software and the provision of services.

As a 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.

In accordance with IFRS 15, revenue was recognised using the 5-step model. In the CANCOM Group, agreements are analysed to determine whether they contain separate performance obligations or are to be recognised as a bundle of goods or services. In accordance with IFRS 15, indicators such as the potential benefit for the customer or the separability of other commitments within an agreement are used for this purpose.

CANCOM's management has presented the criteria for revenue recognition in a group-wide accounting policy and implemented processes for correct recognition and cut-off procedures.

The cut-off procedures of the separate performance obligations are subject to judgement.

In the area of services, different agreements are concluded with customers, some of which contain complex contractual provisions and, with regard to the identified performance obligations, it must be determined whether these are to be fulfilled over an agreed period of time or at a specific point in time.

Due to the use of various contractual agreements in the area of services and the judgements involved in assessing the criteria to evaluate the time at which control is transferred, there is the risk for the financial statements that revenue is incorrectly recognised as at the reporting date.

OUR AUDIT APPROACH

We gained an understanding of the process with respect to the design and establishment of the identified internal controls regarding the correct recognition of revenue at a point in time or over time, in particular for service agreements. In addition, we reviewed the presentation of revenue recognition in the group-wide accounting policy to ensure compliance with IFRS 15.

We verified the analysis of agreements by management and assessed in particular whether the requirements for revenue recognition are satisfied for the new agreements concluded in the financial year. In addition, we examined whether there were changes in the financial year to the contractual arrangements of agreements made in prior years, whose contractual fulfilment was still ongoing in the financial year. Based on a representative sample of recognised service revenue, we assessed the proper implementation of the accounting policy for this purpose and examined the correct period allocation based on performance records.

OUR OBSERVATIONS

CANCOM SE's approach to service revenue recognition cut-off is 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 combined non-financial report of the Company and the Group 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 management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. 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 consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU.

- 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 applied 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_2023-12-31_de.zip" (SHA256-Hashwert: ab3c51a5c58162c6042bc8231f999571df3f2d-2424dc67f333a499dcdf4b3fc8) 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 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 2023 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 QMS 1 (09.2022)).

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 consolidated 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 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 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 Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machinereadable 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 14 June 2023. We were engaged by the Supervisory Board on 12 December 2023. 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 entered in the German 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, 26 March 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

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

Balance sheet

ASSETS

(in €)	31.12.2023	31.12.2022
A. INVESTMENT ASSETS		
I. Intangible assets		
Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	78,852.00	87,342.00
II. Property, plant and equipment		
Other equipment, operating and office equipment	451,328.60	307,545.86
III. Financial assets		
1. Shares in affiliated companies	463,968,453.94	298,613,068.39
2. Loans to affiliated companies	2,790,000.00	16,423,530.60
3. Investments	141,668.60	0
	466,900,122.54	315,036,598.99
	467,430,303.14	315,431,486.85
B. CURRENT ASSETS		
I. Receivables and other assets		
1. Trade receivables	14,030.62	5,637.42
2. Receivables from affiliated companies	126,095,775.84	158,332,195.27
3. Receivables from companies with which a Participation relationship exists	2,005,847.40	0
4. Other assets	8,027,205.50	7,318,590.95
	136,142,859.36	165,656,423.64
II. Cash on hand and bank balances	140,862,041.66	288,238,631.82
	277,004,901.02	453,895,055.46
C. PREPAID EXPENSES AND DEFERRED CHARGES	287,28.,89	340,003.31
Total assets	**744,722,489.05**	**769,666,545.62**

EQUITY AND LIABILITIES

(in €)	31.12.2023	31.12.2022
A. EQUITY		
I. Subscribed capital	36,686,808.00	35,371,850.00
Own shares	-565,908.00	0.00
II. Capital reserve	480,206,025.32	381,560,983.32
III Retained earnings		
1. Legal reserve	6,665.71	6,665.71
2. Other revenue reserves	169,909,186.57	271,555,566.99
	169,915,852.28	271,562,232.70
IV. Retained earnings	36,686,808.00	35,371,850.00
	722,929,585.60	723,866,916.02
B. PROVISIONS		
1. Tax provisions	1,115,003.31	4,024,199.00
2. Other provisions	7,454,470.79	9,905,247.90
	8,569,474.10	13,929,446.90
C. LIABILITIES		
1. Trade accounts payable	644,799.58	1,012,074.19
2. Liabilities to affiliated companies	31,165.52	700,940.31
3. Other liabilities	11,624,000.25	29,639,798.20
	12,299,965.35	31,352,812.70
D. DEFERRED TAX LIABILITIES	923,464.00	517,370.00
Total liabilities	**744,722,489.05**	**769,666,545.62**

Profit and loss account

STATEMENT OF PROFIT AND LOSS
for the period from 1 January 2023 to 31 December 2023

(in €)	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022
1. Revenue	11,249,029.45	13,280,170.12
2. Other operating income	5,095,685.02	17,619,285.75
3. Personnel expenses		
a) Wages and salaries	-10,952,383.56	-10,274,407.23
b) Social security contributions and expenses for pensions and other employee benefits	-1,666,402.52	-1,538,929.36
of which for retirement benefits in the amount of € 14,412.97 (prior year: € 10,871.01)		
	-12,618,786.08	**-11,813,336.59**
4. Amortisation of intangible assets		
of fixed assets and property, plant and equipment	-150,400.27	-128,011.45
5. Other operating expenses	-8,199,835.41	-7,106,051.79
6. Income from investments	20,552,038.24	5,467,443.09
7. Profits received on the basis of a profit transfer agreement	17,856,336.70	14,157,971.76
8. Other interest and similar income	11,022,157.33	6,541,021.02
9. Amortisation of financial assets	-30,551,782.00	-17,059,185.90
10. Interest and similar expenses	-17,519.78	-1,175,384.40
11. Taxes on income and earnings	-8,308,801.00	-5,787,111.28
12. Earnings after taxes	**5,928,122.20**	**13,996,810.33**
13. Other taxes	-4,698.00	-3,668.00
14. Net income for the year	**5,923,424.20**	**13,993,142.33**
15. Profit carried forward from the prior year	0.00	3,176,151.00
16. Withdrawals from other revenue reserves	32,948,425.80	21,378,707.67
17. Allocation to the capital reserve	-2,185,042.00	-3,176,151.00
18. Retained earnings	**36,686,808.00**	**35,371,850.00**

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 (3) sentence 2 HGB in conjunction with section 264d HGB). The accounting and valuation are based on the provisions of the German Commercial Code on the accounting of corporations as well as the supplementary provisions of the German Stock Corporation Act and 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 prior year.

The annual financial statements were prepared in € or T€. In individual cases, rounding may mean that figures in this report do not add up exactly to the totals shown and that percentages do not add up exactly to the figures 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 amortisation (with a normal useful life of three years). Amortisation is carried out using the straight-line method.

B.2. Property, plant and equipment

Property, plant and equipment are recognised at cost less depreciation and any impairment losses. Depreciation is recognised using the straight-line method.

The useful lives of property, plant and equipment are between three and 14 years. Impairment losses are recognised if the impairment is expected to be permanent.

Low-value assets for which the acquisition or production costs do not exceed € 250.00 are recognised in full as an expense in the year of acquisition.

Assets with an acquisition cost of between € 250.00 and € 1,000.00 have been capitalised in a compound item since 1 January 2018. All assets in a given year are recognised in this collective item and depreciated over five years using the straight-line method.

B.3. Financial assets

Financial assets are recognised at the lower of cost or 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 are not made during the term.

B.4. Receivables and other assets

Receivables and other assets are recognised at the lower of nominal value or fair value.

B.5. Cash on hand and bank balances

Cash on hand and bank balances are recognised at nominal value. In the prior year, bank balances included a restricted bank balance of T€ 1,010.

B.6. Prepaid expenses and deferred charges

Prepaid expenses include expenses prior to the balance sheet date if they represent expenses for a specific period thereafter.

B.7. Equity capital

The subscribed capital is recognised at nominal value.

Purchased treasury shares are recognised as an adjustment item within equity. The arithmetical value of the treasury shares acquired (nominal value multiplied by the number of shares repurchased) is openly deducted from the subscribed capital. The remaining difference at acquisition cost is offset against other revenue reserves. Incidental acquisition costs are recognised in the income statement.

B.8. Provisions

Provisions are measured at the settlement amount required according to prudent business judgement and take into account all identifiable risks and contingent liabilities 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 on differences between the carrying amounts of assets, liabilities and prepaid expenses and their tax base if an overall tax burden is expected in future financial years. If an overall future tax relief is expected, the option under section 274 (1) sentence 2 HGB is exercised in such a way that no deferred tax assets are recognised. Loss carryforwards are recognised 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 recognised to the extent that future tax burdens and relief from the reversal of temporary differences at CANCOM SE as the controlling company can be assumed.

Deferred taxes are measured on the basis of the tax rates applicable in the subsequent financial year of the reversal of the temporary valuation differences, provided that the future tax rates are already known. The income tax rate amounts to 31.0 percent (prior year: 31.1 percent) and relates to corporation tax, trade tax and the solidarity surcharge.

B.11. Principles of currency conversion

Receivables and liabilities in foreign currencies are recognised at the exchange rate on the date they arise. Receivables and liabilities in foreign currencies within the Group are translated at the mean spot exchange rate on the reporting date in accordance with section 256a HGB.

Loans to affiliated companies in foreign currencies are recognised at the bank buying rate upon addition. As at the reporting date, they are translated at the mean 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 reporting date.

B.12. Share-based payment

The Annual General Meeting on 14 June 2018 resolved 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 to fulfil the rights in cash or from the Contingent Capital 2018/1 resolved by the Annual General Meeting. 585,000 share options were issued on 17 August 2018, 23,000 share options were issued on 2 July 2019 and 150,000 share options were issued on 6 May 2020. 30,000 share options expired in the 2018 financial year, 20,000 share options expired in the 2019 financial year, 228,000 share options expired in the 2020 financial year, 4,527 share options expired in the 2021 financial year and 77,133 share options expired in the prior year due to changes in the non-fulfilment of service conditions. In the reporting year, 39,116 share options expired. As at 31 December 2023, 359,224 options are actually outstanding, of which 284,224 are exercisable. It is currently assumed that the option rights will be serviced by equity instruments. They will therefore only be recognised in the balance sheet when the option rights are exercised.

B.13. Income from investments

Income from investments is generally recognised at the time at which 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 on the basis of a profit transfer agreement

Profits received or losses to be offset on the basis of a profit transfer agreement are recognised if the result to be transferred can be quantified beyond doubt, even if the annual financial statements of the subsidiary have not yet been adopted.

C. Notes and disclosures on individual balance sheet items

C.1. Fixed assets

The development of fixed assets is shown in the statement of changes in fixed assets.

Please refer to the list of shareholdings for the composition of financial assets and the respective annual results of the subsidiaries.

On 25 May 2023, CANCOM SE acquired 100 percent of the shares and 100 percent of the voting rights with a nominal value of T€ 35 in KBC Beteiligungs GmbH (now CANCOM Austria Beteiligungs GmbH), based in Vienna (Austria). The purchase agreement had already been concluded in April 2023. However, the acquisition was subject to various closing conditions, in particular antitrust clearance by the relevant antitrust authorities in Austria and Germany and an increase in the share capital of CANCOM SE by T€ 3,500 in return for the issue of 3,500,000 no-par value shares with the subsequent transfer of these no-par value shares to the sellers (contribution in kind of the shares contributed in return for a capital increase). The antitrust approval was granted by 25 May 2023; the transfer of the no-par value shares and thus the contribution in kind of the contributed shares in return for a capital increase became effective in June 2023. With the acquisition of KBC Beteiligungs GmbH (now CANCOM Austria Beteiligungs GmbH), CANCOM SE acquired a total of 21 affiliated companies. This increased the shares in affiliated companies by T€ 195,862 in the reporting year.

Shares in affiliated companies decreased by T€ 30,552 in the reporting year due to an impairment loss recognised on the investment in CANCOM Managed Services GmbH in accordance with section 253 (3) sentence 5 HGB as a result of a probable permanent impairment due to poorer earnings expectations.

The loan to CANCOM, Inc. reported under loans to affiliated companies in the prior year was written down by T€ 2,928 to T€ 9,573 as at 31 December 2020 in accordance with Section 253 (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 off in full in the amount of T€ 10,558 due to an expected permanent impairment in accordance with section 253 (3) sentence 5 HGB. As at 31 December 2022, the loan including capitalised interest in the amount of T€ 13,486 was written back in full to CANCOM, Inc. in accordance with section 253 (5) HGB due to the discontinuation of the reasons for impairment. The loan was repaid in full in the reporting year. CANCOM, Inc. was decommissioned with effect from 4 October 2023.

Loans to affiliated companies as at the reporting date relate to long-term loans to CANCOM physical infrastructure GmbH (T€ 2,790; prior year: T€ 2,150).

Development of fixed assets (statement of changes in fixed assets) in the reporting period

	ACQUISITION/PRODUCTION COSTS				
(in €)	Status 1.1.2023	Additions 2023	Disposals 2023	Reclassifications 2023	Status 31.12.2023
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	386,012.66	0.00	0.00	0.00	386,012.66
	386,012.66	0.00	0.00	0.00	386,012.66
II. property, plant and equipment					
1. technical equipment and machinery	0.00	0.00	0.00	0.00	0.00
2. other equipment, operating and office equipment	685,366.53	288,842.44	156,070.49	0.00	818,138.48
	685,366.53	288,842.44	156,070.49	0.00	818,138.48
III. financial assets					
1. shares in affiliated companies	316,056,249.37	196,550,259.40	17,984,604.23	-101,668.60	494,520,235.94
2. loans to affiliated companies	16,423,530.60	640,000.00	14,273,530.60		2,790,000.00
3. investments	0.00	40,000.00	0.00	101,668.60	141,668.60
	332,479,779.97	197,230,259.40	32,258,134.83	0.00	497,451,904.54
Total	**333,551,159.16**	**197,519,101.84**	**32,414,205.32**	**0.00**	**498,656,055.68**

DESCRIPTIONS					BOOK VALUES	
Status 1.1.2023	Additions 2023	Write-ups 2023	Disposals 2023	Status 31.12.2023	Status 31.12.2023	Status 31.12.2022
298,670.66	8,490.00	0.00	0.00	307,160.66	78,852.00	87,342.00
298,670.66	8,490.00	0.00	0.00	307,160.66	78,852.00	87,342.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
377,820.67	141,910.27	0.00	152,921.06	366,809.88	451,328.60	307,545.86
377,820.67	141,910.27	0.00	152,921.06	366,809.88	451,328.60	307,545.86
17,443,180.98	30,551,782.00	106,692.67	17,336,488.31	30,551,782.00	463,968,453.94	298,613,068.39
0.00	0.00	0.00	0.00	0.00	2,790,000.00	16,423,530.60
0.00	0.00	0.00	0.00	0.00	141,668.60	0.00
17,443,180.98	30,551,782.00	106,692.67	17,336,488.31	30,551,782.00	466,900,122.54	315,036,598.99
18,119,672.31	**30,702,182.27**	**106,692.67**	**17,489,409.37**	**31,225,752.54**	**467,430,303.14**	**315,431,486.85**

C.2. Receivables and other assets

Trade receivables and other assets have a remaining term of less than one year (prior year: remaining term of less than one year). Receivables from affiliated companies include loan receivables with a remaining term of more than one year totalling T€ 10,219 (prior year: remaining term of more than one year T€ 0).

Of the receivables from affiliated companies, T€ 17,856 (prior year: T€ 14,158) relate to profit receivables due to profit transfer agreements, T€ 1,219 (prior year: T€ 1,729) to trade receivables, T€ 96,540 (prior year: T€ 121,603) to receivables from loans and T€ 10,481 (prior year: T€ 20,842) to other receivables.

C.3. Subscribed capital

The Company's share capital was last reduced by 5.6 percent in November 2023 through the cancellation of 2,185,042 no-par value bearer shares. As at 31 December 2023, the share capital of CANCOM SE amounted to T€ 36,687 in accordance with the Articles of Association (comparative period: T€ 35,372) and was divided into 36,686,808 no-par value shares (shares with no par value and a notional value of € 1.00 per share) (comparative period: 35,371,850 no-par value shares).

C.3.1. Authorised and conditional capital

In the reporting period, the partially utilised authorisation to increase the company's share capital (Authorised Capital I/2018) expired on 13 June 2023. The Annual General Meeting on 14 June 2023 created new Authorised Capital I/2023. In accordance with the Articles of Association, the company's Authorised Capital I/2023 totalled T€ 7,074 as at 31 December 2023 (Authorised Capital I/2018 as at 31 December 2022: T€ 7,009) and is defined as follows

By resolution of the Annual General Meeting on 14 June 2023, the Executive Board is authorised, with the approval of the Supervisory Board, to increase the company's subscribed capital on one or more occasions in the period up to 13 June 2028 by up to a total of T€ 7,074 (comparative period: T€ 7,009) by issuing up to 7,074,370 (comparative period: 7,008,728) new no-par value bearer shares in return for cash and/or non-cash contributions (Authorised Capital I/2023). In principle, shareholders are to be granted subscription rights. However, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' statutory subscription rights in the following cases:

- for peak 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 market price (Section 186 (3) sentence 4 AktG); when exercising this authorisation with the exclusion of subscription rights in accordance with section 186 (3) sentence 4 AktG, the exclusion of subscription rights based on other authorisations in accordance with section 186 (3) sentence 4 AktG must be taken into account;

- in the case of capital increases in return for contributions in kind to grant new shares for the purpose of acquiring companies or equity interests in companies or parts of companies or for the purpose of acquiring receivables from the company.

The total shares issued on the basis of the above authorisation with the exclusion of subscription rights in the event of capital increases against cash and/or non-cash contributions may not exceed a pro rata amount of 10 percent of the share capital either at the time of the resolution or at the time this authorisation is exercised. This maximum limit of 10 percent of the share capital shall include the proportionate amount of the share capital (i) attributable to shares in the company that are issued during the term of the authorised capital with the exclusion of subscription rights in accordance with section 186 (3) sentence 4 AktG or against contributions in kind by the Executive Board or are sold as treasury shares and (ii) attributable to shares in the company, which are issued or are to be issued during the term of the authorised capital from conditional capital to service bonds with warrants or convertible bonds, which in turn are issued by the Executive Board during the term of the authorised capital with the exclusion of subscription rights in accordance with section 186 (3) sentence 4 AktG or against contributions in kind.

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

In 2023, the Executive Board increased the company's share capital by € 3,500,000.00 from € 35,371,850.00 to € 38,871,850.00 against contributions in kind through the partial utilisation of Authorised Capital I/2018 by issuing 3,500,000 new no-par value bearer shares with a pro rata amount of the share capital of € 1.00 per share ("new shares"). The remaining Authorised Capital I/2018 in the amount of T€ 3,509 expired on 13 June 2023.

The Executive Board did not make use of the authorisation of Authorised Capital I/2023 in the reporting period. As a result, the remaining Authorised Capital I/2023 as at 31 December 2023 amounted to T€ 7,074 in accordance with the Articles of Association. As at 31 December 2022, the remaining Authorised Capital I/2018 amounted to T€ 7,009 in accordance with the Articles of Association.

The share capital is conditionally increased by up to T€ 7,074 through the issue of up to 7,074,370 new no-par value shares (Conditional Capital 2023). The conditional capital increase will only be implemented to the extent that the holders of share options issued by the company in the period up to 13 June 2028 on the basis of the authorisation resolution of the Annual General Meeting on 14 June 2023 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 will participate in profits from the beginning of the financial year in which they are issued.

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

In the reporting period (2023) and in the comparative period (2022), no new shares were issued using Contingent Capital 2023 or Contingent Capital I/2018.

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

C.3.2. Share buyback programme

On 28 June 2022, 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 up to and including 27 June 2027. The limit of 10 percent is based on the share capital figure at the time the authorisation takes effect. If the share capital figure is lower at the time this authorisation is exercised, this lower figure is decisive. The shares are to be acquired via the stock exchange or via a public purchase offer 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 of 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 the assumption of an obligation to purchase. The buyback 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. Excluding shareholders' subscription rights, treasury shares may be transferred to third parties, in particular for the purpose of acquiring companies or participating interests in companies. Treasury shares may also be sold for cash provided that the purchase price is not significantly lower than the current market price at the time of 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 as part of the exercise of subscription rights. The Executive Board of CANCOM SE was also authorised to cancel treasury shares with the approval of the Supervisory Board without a further resolution by the Annual General Meeting.

As part of this share buyback programme, CANCOM SE repurchased a total of 2,750,950 treasury shares in the period from 3 July 2023 up to and including 29 December 2023. Based on the number of shares in the share capital at the time the authorisation came into effect (38,548,001 shares), this corresponds to 7.14 percent of the share capital. Based on the number of shares contained in the share capital as at 31 December 2023 (36,686,808 shares), this corresponds to 7.50 percent of the share capital.

As part of a previous share buyback programme, CANCOM SE repurchased a total of 3,176,151 treasury shares with a total market value of T€ 161,445 in the 2021 financial year and in the comparative period in 2022.

The treasury shares were acquired by a bank commissioned by CANCOM SE exclusively via the stock exchange in electronic trading on the Frankfurt Stock Exchange (XETRA) and in accordance with Article 5(1)(a) of Regulation (EU) No 596/2014 in conjunction with Article 2(1) of Delegated Regulation (EU) 2016/1052. In the reporting period, treasury shares were repurchased at a market value of T€ 71,449 (comparative period: T€ 113,682); this corresponded to an average share price of € 25.97 (volume-weighted; excluding transaction costs; comparative period: € 47.56). The amount paid was openly deducted from the subscribed capital in the amount of the total nominal value of the repurchased treasury shares that had not already reduced the subscribed capital as a result of the capital reduction; the remaining difference was recognised as a reduction in other revenue reserves. In addition, incidental acquisition costs from the purchase of treasury shares amounting to T€ 179 were recognised in the income statement in the reporting period and T€ 284 in the comparative period. The shares acquired in the reporting period were not transferred to third parties until 31 December 2023, were not sold for cash, were not used to fulfil conversion or option rights and were not used to pay a scrip dividend. Furthermore, no treasury shares were used in the reporting period to fulfil remuneration agreements or offered for sale to employees or members of the Executive Board as part of the exercise of subscription rights. By resolution of the Executive Board on 30 November 2023, the share capital was reduced by T€ 2,185,185 to € 36,686,808.00 through the cancellation of 2,185,042 no-par value shares. The announcement in accordance with section 49 para. 1 sentence 1 no. 2 WpHG regarding the cancellation of treasury shares for the purpose of reducing the share capital was published in the Federal Gazette on 5 December 2023. The shares were cancelled on 7 December 2023, the Articles of Association were amended on 8 December 2023 and the entry in the commercial register was published on 8 January 2024.

Further information on the share buyback programme is available on the company's website at www.investors.cancom.com under "Share buyback 2023".

The treasury shares acquired in the 2021 financial year and in the comparative period of 2022 were not transferred to third parties, sold for cash, used to fulfil conversion or option rights or used to pay a scrip dividend until 31 December 2022. Furthermore, no treasury shares were used in the comparative period to fulfil remuneration agreements or offered for sale to employees or members of the Executive Board as part of the exercise of subscription rights. Instead, the share capital was reduced by T€ 3,176,176 to € 35,371,850.00 in the comparative period by cancelling 3,176,151 no-par value shares with effect from 18 July 2022. The announcement in accordance with section 49 para. 1 sentence 1 no. 2 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 made up as follows:

(in T€)	2023	2022
Capital reserve 1.1.	381,561	378,385
Capital increase from the issue of shares (para. 272 sec. 2 no. 1 HGB)	96,460	0
Allocation to the capital reserve due to a capital reduction	2,185	3,176
Capital reserve 31.12.	**480,206**	**381,561**

In the 2023 financial year, a non-cash capital increase was carried out with the issue of 3,500,000 no-par value shares to the shareholders of KBC Beteiligungs GmbH (now CANCOM Austria Beteiligungs GmbH) based in Vienna (Austria). The issue amount exceeding the nominal capital of T€ 3,500 was transferred to the capital reserve in the amount of T€ 96,460. In addition, the cancellation of 2,185,042 no-par value shares as part of a capital reduction was transferred to the capital reserves in the amount of T€ 2,185.

In the 2022 financial year, an amount of T€ 3,176,151 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 retained earnings

The other revenue reserves are made up as follows:

(in T€)	2023	2022
Other revenue reserves 1.1.	271,556	159,718
Acquisition of treasury shares	-68,699	-111,292
Withdrawals from other revenue reserves	-32,948	-21,379
Allocation from retained earnings	0	244,509
Other revenue reserves 31.12.	**169,909**	**271,556**

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. Retained earnings

Retained earnings are made up as follows:

(in T€)	2023	2022
Lecture 1.1.	35,372	283,057
Dividend distribution	-35,372	-35,372
Withdrawals from other revenue reserves	32,948	21,379
Allocation to the capital reserve	-2,185	-3,176
Transfers to other revenue reserves	0	-244,509
Net income for the year	5,924	13,993
Retained earnings 31.12.	**36,687**	**35,372**

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€ 5,361; prior year: T€ 7.744), audit and closing costs (T€ 605; prior year: T€ 652), bonuses (T€ 309; prior year: T€ 565), variable salary components (T€ 250; prior year: T€ 245), severance payments (T€ 97; prior year: T€ 220), outstanding invoices (T€ 93; prior year: T€ 191), retention obligations (T€ 81; prior year: T€ 78), holiday (T€ 54; prior year: T€ 66), company audit costs (T€ 39; prior year: T€ 53), employers' liability insurance association contributions (T€ 2; prior year: T€ 35), share-based payments (T€ 535; prior year: T€ 30) and for anniversary payments (T€ 28; prior year: T€ 26).

C.8. Liabilities

With regard to the composition of liabilities, please refer to the table of liabilities below.

	Remaining term				Secured by liens or similar rights	
(in T€)	**up to 1 year**	**more than 1 year**	**more than 5 years**	**As at 31.12.2023**		**Type, shape**
1. trade accounts payable	645	0	0	645	0	cancelled
2. liabilities to affiliated companies	31	0	0	31	0	cancelled
3. other liabilities	11,371	241	12	11,624	0	cancelled
(thereof from taxes)	10,833	0	0	10,833		
Total	**12,047**	**241**	**12**	**12,300**	**0**	

	Remaining 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 accounts payable	1,012	0	0	1,012	0	cancelled
2. liabilities to affiliated companies	701	0	0	701	0	cancelled
3. other liabilities	29,522	71	47	29,640	0	cancelled
(thereof from taxes)	24,525	0	0	24,525		
Total	**31,235**	**71**	**47**	**31,353**	**0**	

The liabilities to affiliated companies in the 2023 financial year relate in full to trade payables (T€ 31; prior year: T€ 701).

C.9. Deferred taxes

Deferred taxes are shown in the following table:

(in T€)	Balance sheet values as at 31.12.2023			Deferred taxes as at 31.12.2023	Deferred taxes as at 31.12.2022	Change
	Commercial law	Tax law	Difference			
Deferred tax assets						
Receivables from goods and services	14	14	0	0	5	-5
Receivables from affiliated companies	126,096	126,096	0	0	4	-4
Other provisions	7,454	7,346	108	34	14	20
Deferred tax liabilities						
Shares in affiliated companies	463,968	371,036	-92,932	-1,440	-1,066	-374
Balance of deferred tax assets and liabilities			-92,824	-1,406	-1,043	-363
Deferred tax assets for tax group companies			4,355	1,350	1,266	84
Deferred tax liabilities for tax group companies			-3,930	-867	-740	-127
Balance of deferred tax assets and liabilities for tax group companies			425	483	526	-43
Deferred tax liabilities			**-92,399**	**-923**	**-517**	**-406**

As at 31 December 2023, there is a surplus of deferred tax liabilities; for this surplus, the option under section 274 (1) sentence 3 HGB is exercised in such a way that deferred tax assets and liabilities are netted.

Deferred tax liabilities as at 31 December 2023 before netting of T€ 1,440 (prior year: T€ 1,066) 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€ 4,647; prior year: T€ 3,429).

Deferred tax assets from tax group companies result primarily from other provisions and pension provisions. Deferred tax liabilities from tax group companies mainly result from investments.

D. Notes and disclosures on the income statement

The income statement was prepared using the nature of expense method.

Sales in the 2023 financial year mainly include income from the provision of management services (T€ 10,803; prior year: T€ 12,870). 94.1 percent (prior year: 94.4 percent) of sales in the 2023 financial year were generated in Germany (T€ 10,584; prior year: T€ 12,532) and 5.9 percent (prior year: 5.6 percent) abroad (T€ 665; prior year: T€ 748).

Other operating income primarily includes extraordinary income from the write-up of loans to affiliated companies in the amount of T€ 107 (prior year: T€ 13,486) and cost transfers within the Group in the amount of T€ 3,418 (prior year: T€ 3,698). The income from the reversal of impairment losses in the prior year relates to the reversal of impairment losses on the fully written-off loan to CANCOM, Inc. and the capitalised interest due to the discontinuation of the reasons for impairment pursuant to section 253 (5) HGB. In addition to income from the write-up of financial assets, income relating to other periods in the 2023 financial year includes income from the reversal of provisions (T€ 30; prior year: T€ 34) and income from the sale of fixed assets (T€ 7; prior year: T€ 2).

Other operating expenses include expenses from currency translation totalling T€ 19 (prior year: T€ 67). Extraordinary expenses in the reporting year relate to expenses from the acquisition of treasury shares (T€ 179; prior year: T€ 284), capital increase costs (T€ 80; prior year: T€ 0) and expenses for subsequent purchase price adjustments from the sale of subsidiaries (T€ 108; prior year: T€ 0).

Income from investments totalling T€ 20,552 (prior year: T€ 5,467) relates exclusively to affiliated companies.

The item "Profits received under a profit transfer agreement" includes the net profit for the year transferred to CANCOM SE by CANCOM GmbH (T€ 14,853; prior year: T€ 11,428) and CANCOM ICT Service GmbH (T€ 3,004; prior year: T€ 2,730).

Other interest and similar income mainly includes interest income from affiliated companies totalling T€ 7,475 (prior year: T€ 6,277).

In the 2023 reporting year, write-downs on financial assets include an impairment loss of T€ 30,552 due to a probable permanent impairment in accordance with section 253 (3) sentence 5 HGB of the investment in CANCOM Managed Services GmbH due to poorer earnings expectations.

In the comparative year 2022, write-downs on financial assets include an impairment loss of T€ 7,059 due to a probable permanent impairment of the investment in CANCOM, Inc. in accordance with section 253 (3) sentence 5 HGB.

Taxes on income include deferred tax expenses of T€ 880 (prior year: T€ 122).

The regulations on global minimum taxation (Pillar 2 model regulations), which may lead to additional actual tax expense (income) from the 2024 financial year onwards, are not expected to result in any significant burdens for CANCOM SE on the basis of current analyses.

E. Other information

E.1. Other financial obligations

The obligations from current rental, leasing and licence agreements amount to

Due in the year	2024 (in T€)	Total (in T€)
from rental agreements	155	155
from leasing contracts	58	162
from licence agreements	88	88
thereof affiliated companies	155	155

E.2. Contingent liabilities

As at the reporting date, there were guarantees for CANCOM a+d IT Solutions GmbH (T€ 40,000; prior year: T€ 40,000), CANCOM GmbH (T€ 6,600; prior year: T€ 6,600 and T$ 2,000; prior year: T$ 2,000), CANCOM ICT Service GmbH (T€ 1.500; prior year: T€ 1,500), CANCOM physical infrastructure GmbH (T€ 150; prior year: T€ 150) and a comprehensive guarantee (T€ 200; prior year: T€ 200) for the companies CANCOM GmbH, CANCOM physical infrastructure GmbH and CANCOM ICT Service GmbH.

In 2014, CANCOM SE issued a letter of comfort on behalf of CANCOM Managed Services GmbH for T€ 4,500 as part of a major customer project, and in 2019, CANCOM SE issued a letter of comfort on behalf of CANCOM Public BV for T€ 5,400 as part of a major customer project. 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 the letter of comfort to be utilised.

Contingent liabilities in the form of joint and several liability for guarantees and other loans totalled T€ 16,202 as at the reporting date (prior year: T€ 19,688). The guarantee credits and other loans were entered into in full in favour of affiliated companies.

CANCOM SE only enters into contingent liabilities after carefully weighing up the risks and only in connection with affiliated companies or companies whose business activities are linked to CANCOM SE or affiliated companies. In the course of utilising the exemption provision pursuant to section 264 (3) HGB, declarations of indemnity were issued for the subsidiaries CANCOM Managed Services GmbH, CANCOM Public GmbH, S&L Systemhaus GmbH and K-Businesscom GmbH, according to which CANCOM SE is liable for obligations entered into up to the reporting date in the following financial year. On the basis of a continuous evaluation of the risk situation of the contingent liabilities entered into and taking into account the knowledge gained up to the date of preparation, CANCOM SE currently assumes that the obligations underlying the contingent liabilities can be fulfilled by the respective principal debtors. CANCOM SE therefore assesses the risk of utilisation as unlikely for all contingent liabilities listed.

E.3. Executive Board and Supervisory Board

The members of the Executive Board in the reporting period were

- Mr. Rüdiger Rath, graduate business economist, Gelsenkirchen (Chairman);
- Mr. Thomas Stark, Dipl.-Wirtsch.-Ing., Wittislingen;
- Mr. Jochen Borenich, Mag., Vienna (since 1 August 2023).

All members of the Executive Board are authorised to represent the company together with another member of the Executive Board or together with an authorised signatory.

The following members of the Executive Board are members of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises:

Mr. Rüdiger Rath in:
- CANCOM ICT Service GmbH, Munich (Group mandate, Chairman of the Supervisory Board);
- CANCOM Austria Beteiligungs GmbH (formerly KBC Beteiligungs GmbH), Vienna (Group mandate, Chairman of the Supervisory Board, since 25 May 2023);
- CANCOM Austria AG (formerly K-Businesscom AG), Vienna (Group mandate, Deputy Chairman of the Supervisory Board, since 25 May 2023);
- CANCOM GmbH, Jettingen-Scheppach (Group mandate, Chairman of the Supervisory Board, since 1 September 2023).

Mr. Thomas Stark in:
- CANCOM Austria Beteiligungs GmbH (formerly KBC Beteiligungs GmbH), Vienna (Group mandate, Deputy Chairman of the Supervisory Board, since 25 May 2023);
- CANCOM Austria AG (formerly K-Businesscom AG), Vienna (Group mandate, Supervisory Board member, since 25 May 2023).

Members of the Supervisory Board were and/or are appointed in the reporting period:

- Mr. Klaus Weinmann, Chairman of the Administrative Board and Managing Director of PRIMEPULSE SE, Munich (member of the Supervisory Board since 25 October 2023, Chairman of the Supervisory Board since 12 December 2023);

- Mr. Stefan Kober, businessman, investor and Supervisory Board member of various companies (Chairman of the Supervisory Board until 12 December 2023, Deputy Chairman of the Supervisory Board since 12 December 2023);

- Dr. Lothar Koniarski, business graduate, Managing Director of Elber GmbH, Regensburg (Deputy Chairman of the Supervisory Board until 12 December 2023, member of the Supervisory Board since 12 December 2023 until 31 December 2023);

- Mr. Uwe Kemm, Chief Operation Officer of STEMMER IMAGING AG, Puchheim (until 31 August 2023);

- Mr. Martin Wild, Chief Executive Officer of Organic Garden AG, Ingolstadt (until 31 July 2023);

- Prof. Dr. Isabell Welpe, Professor and Chair of Strategy and Organisation at the Technical University of Munich, Munich;

- Dr. Swantje Schulze, Regional Vice President Sales Dataiku, Berlin (since 27 April 2023);

- Dr. Kari Kapsch, Managing Director of Kapsch Immobilien GmbH, Vienna (since 25 October 2023).

The Supervisory Board was appointed by the court after the reporting period:

- Dr. Ilias Läber, Chief Executive Officer of Spectrum Value Management and Managing Partner of Spectrum Entrepreneurial Ownership (on 1 January 2024).

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. Klaus Weinmann:
- STEMMER IMAGING AG, Puchheim (Chairman of the Supervisory Board);
- KATEK SE, Munich (Chairman of the Supervisory Board until 12 March 2024);
- glueckkanja AG, Offenbach (Deputy Chairman of the Supervisory Board).

Dr. Kari Kapsch:
- CANCOM Austria AG (formerly K-Businesscom AG), Vienna (Chairman of the Supervisory Board).

Mr. Stefan Kober:
- AL-KO Kober SE, Kötz (Chairman of the Supervisory Board until 25 August 2023);
- PRIMEPULSE SE, Munich (member of the Administrative Board since 21 December 2023).

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 (member of the Supervisory Board);
- Mutares Management SE, Munich (Deputy Chairman of the Supervisory Board).

Prof. Dr. Isabell Welpe:
- Deloitte Deutschland GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf (member of the Supervisory Board);
- CENIT AG, Stuttgart (Deputy Chairwoman of the Supervisory Board until 17 May 2023);
- Indus Holding AG, Bergisch Gladbach (Supervisory Board member since 17 May 2023);
- Stemmer Imaging AG, Puchheim (member of the Supervisory Board since 12 May 2023).

Mr. Martin Wild:
- BU HOLDING AG, Fürth (member of the Supervisory Board).

Dr. Ilias Läber (from 1 January 2024):
- Holcim LTD, Zug, Switzerland, Member of the Board of Directors;
- Quercis Pharma AG, Zug, Switzerland, Chairman of the Board of Directors;
- Swiss Automotive Group, Cham, Switzerland, Member of the Board of Directors.

The following resolution was passed on 29 June 2021:

- Stefan Kober (Deputy Chairman of the Supervisory Board) is an expert in auditing financial statements (in accordance with section 100 and section 107 of the German Stock Corporation Act);

- Dr. Lothar Koniarski (Supervisory Board member) is an accounting expert (in accordance with section 100 and section 107 of the German Stock Corporation Act).

At the Supervisory Board meeting on 12 December 2023, it was decided that Mr. Klaus Weinmann would become an accounting expert following the departure of Dr. Lothar Koniarski. The Supervisory Board also decided that Dr. Ilias Läber should take over the role of Chairman of the Audit Committee immediately after his appointment by the court. Dr. Ilias Läber is also to take over the role of audit expert from Mr. Stefan Kober immediately after his appointment by the court. Following the court appointment of Dr. Ilias Läber on 1 January 2024, the following members of the Supervisory Board were appointed as experts:

- Dr. Ilias Läber (member of the Supervisory Board) is an expert for auditing financial statements (in accordance with section 100 and section 107 of the German Stock Corporation Act);

- Klaus Weinmann (Chairman of the Supervisory Board) is an accounting expert (in accordance with section 100 and section 107 of the German Stock Corporation Act).

E.4. Number of employees

On average over the year, the company had 160 employees (prior year: 159) in the Central Services functional area, including part-time employees but excluding trainees, interns and Executive Board members. Of these, 12 (prior year: 10) salaried employees were employed in Executive Board support/holding functions, 11 (prior year: 11) in legal, 86 (prior year: 83) in finance and accounting and 51 (prior year: 55) in human resources.

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 Supervisory Board have issued a joint declaration of compliance with the recommendations of the German Corporate Governance Code in accordance with section 161 (1) AktG, which has been published. This is permanently available to the public on the company's website.

E.7. Total remuneration of the Executive Board and Supervisory Board

The total remuneration of the members of the Executive Board is divided into fixed and variable components. Payment of the variable components is linked to firmly defined performance targets.

Individual existing and former members of the Executive Board were granted share options in 2018 and 2020. In addition, existing members of the Executive Board were granted cash-settled performance shares as share-based remuneration in 2021, 2022 and 2023. In detail, the share-based remuneration of the members of the Executive Board is as follows

- Thomas Stark: 60,000 share options, fair value at issue on 17 August 2018: € 624,000.

- Rudolf Hotter: 150,000 share options, fair value at issue on 6 May 2020: € 2,170,500; 75,000 of these share options will expire in 2022.

- Rüdiger Rath: 805 performance shares, fair value at issue on 23 September 2021: € 42,335.

- Rüdiger Rath: 2,850 performance shares, fair value on issue on 7 December 2021: € 178,667.
- Rüdiger Rath: 7,340 performance shares, fair value on issue on 14 December 2022: € 215,943.
- Thomas Stark: 5,418 performance shares, fair value on issue on 14 December 2022: € 159,939.
- Rüdiger Rath: 7,895 performance shares, fair value on issue on 12 December 2023: € 210,244.
- Thomas Stark: 5,827 performance shares, fair value on issue on 12 December 2023: € 155,872.
- Jochen Borenich: 2,547 performance shares, fair value on issue on 14 June 2023: € 69,941.
- Jochen Borenich: 6,767 performance shares, fair value on issue on 12 December 2023: € 177,295.

The total remuneration of the Executive Board totalled T€ 2,320 in the reporting year (prior year: T€ 2,234), including all performance shares granted in the reporting year. Remuneration for former members of the Executive Board totalled T€ 375 in the reporting year (prior year: T€ 75).

The total remuneration of the Supervisory Board totalled T€ 474 in the reporting year (prior year: T€ 336).

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

As at 31 December 2023, the company had the following information on notifiable shareholdings in accordance with sections 33 et seq. WpHG were available:

The Goldman Sachs Group, Inc., Wilmington, DE, USA, notified CANCOM SE on 24 March 2020 that its share of the voting rights in CANCOM SE, held directly or indirectly, fell below the threshold of 5 percent on 20 March 2020 and on that day directly amounted to 1.80 percent (corresponding to 694,671 voting rights). Due to additional voting rights resulting from financial instruments, the total share of voting rights held on that day was 3.97 percent (corresponding to 1,531,921 voting rights).

Allianz Global Investors GmbH, Frankfurt, Germany, notified CANCOM SE on 26 May 2023 that its share of the voting rights in CANCOM SE, held directly or indirectly, fell below the threshold of 15 percent of the voting rights on 25 May 2023 and amounted to 14.99 percent (corresponding to 5,302,320 voting rights) on that date.

On 12 June 2023, Dr. Kari Kapsch notified CANCOM SE that the share of voting rights in CANCOM SE held directly or indirectly by ALUK Privatstiftung, Vienna, Austria, which is controlled by him, exceeded the threshold of 5 percent on 7 June 2023 and amounted to 5.97 percent (corresponding to 2,321,530 voting rights) on that date.

PRIMEPULSE SE, Munich, Germany, notified CANCOM SE on 28 August 2023 that its share of voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 5 percent on 22 August 2023 and on that day amounted to 5.03 percent (corresponding to 1,956,604 voting rights).

SEO Management AG, Rapperswil-Jona, Switzerland, notified CANCOM SE on 28 August 2023 that its share of voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 5 percent on 23 August 2023 and amounted to 5.04 percent (corresponding to 1,960,474 voting rights) on that day.

UBS Group AG, Zurich, Switzerland, notified CANCOM SE on 30 August 2023 that its share of the voting rights in CANCOM SE, held directly or indirectly, exceeded the threshold of 3 percent on 25 August 2023 and amounted to 3.78 percent (corresponding to 1,470,915 voting rights) on that day. Due to additional voting rights resulting from financial instruments, the total share of voting rights held on that day was 4.35 percent (corresponding to 1,689,421 voting rights).

E.9. Supplementary report

There were no significant events for CANCOM SE after the reporting period.

E.10. Proposal for the utilisation of the result

The Executive Board resolves to propose to the Supervisory Board and the Annual General Meeting that the net retained profits for the 2023 financial year in the amount of € 36,686,808.00 (prior year: € 35,371,850.00) be used to distribute a dividend of € 1.00 (prior year: € 1.00) per no-par value share carrying dividend rights. The total number of no-par value shares entitled to dividends and therefore the total amount of the distribution planned for the reporting period may change before the Annual General Meeting. The final total amount of the distribution planned for the reporting period depends on the number of no-par value shares entitled to dividends at the time of the resolution on the appropriation of net retained profits on the day of the Annual General Meeting. Any unappropriated surplus remaining after the distribution is to be transferred to other revenue reserves or carried forward to new account.

E.11. Parent company

CANCOM SE, Munich, is the company that prepares the consolidated financial statements. The consolidated financial statements of CANCOM SE are available on its website and can be viewed in the Federal Gazette and the company register.

Munich, Germany, 26 March 2024

The Executive Board of CANCOM SE

Rüdiger Rath CEO	Jochen Borenich CSO	Thomas Stark CFO

List of shareholdings

Name of the company, registered office of the company	Share of capital (in %)	Equity as at 31.12.2023 (in T€)*2	Annual result 2023 (in T€)*2
Investments over 20 %			
1. CANCOM GmbH, Jettingen-Scheppach	100.00	60,291	-1,185 *1
2. VVM AG (formerly CANCOM (Switzerland) AG), Dietlikon (formerly Caslano)/Switzerland	100.00 A)	0	0
3. CANCOM Computersysteme GmbH, Graz/Austria	100.00 A)	3,516	19
4. CANCOM a+d IT solutions GmbH, Brunn am Gebirge/Austria	100.00 B)	9,911	2,404
5. CANCOM ICT Service GmbH, Munich	100.00	3,603	-18 *1
6. CANCOM Managed Services GmbH, Munich	100.00	34,485	6,061
7. CANCOM Public GmbH, Berlin	100.00	16,451	5,276
8. CANCOM Public BV, Brussels/Belgium	100.00	12,935	3,780
9. CANCOM physical infrastructure GmbH, Jettingen-Scheppach	80.00	1,480	418
10. CANCOM VVM II GmbH, Jettingen-Scheppach	100.00	91	-1
11. CANCOM VVM GmbH, Munich	100.00	50	-1
12. CANCOM Slovakia s.r.o., Košice/Slovakia	100.00	1,028	680
13. CANCOM Austria Beteiligungs GmbH (formerly KBC Beteiligungs GmbH), Vienna/Austria	100.00	104,737	-362
14. CANCOM Austria AG (formerly K-Businesscom AG), Vienna/Austria	100.00 C)	71,442	4,041
15. CANCOM ROMANIA S.R.L. (formerly K-Businesscom s.r.l.), Bucharest/Romania	100.00 D)	4,506	545
16. CANCOM Czech Republic s.r.o. (formerly K-Businesscom s.r.o.), Prague/Czech Republic	100.00 D)	206	53
17. K-Businesscom GmbH, Neuss	100.00 D)	5,992	952
18. CANCOM Switzerland AG (formerly K-Businesscom AG), Zurich (formerly St. Gallen)/Switzerland	100.00 D)	11,333	1,157
19. K-Businesscom Inc., Georgia/USA	100.00 D)	0	0
20. CANCOM Converged Services GmbH (formerly K-Converged Services GmbH), Vienna/Austria	100.00 D)	4,138	1,464
21. ITM Informationstransport und -management Gesellschaft m.b.H., Vienna/Austria	100.00 D)	1,527	-15
22. evolaris next level GmbH, Raaba-Grambach/Austria	100.00 D)	21	-67
23. CANCOM Cashpooling and Hedging GmbH (formerly KBC Cashpooling and Hedging GmbH), Vienna/Austria	100.00 D)	119	-170
24. CANCOM Banking Services GmbH (K-Businesscom Banking Services GmbH), Vienna/Austria	97.00 E)	208	159
25. CANCOM Technology GmbH (formerly K-Businesscom Technology GmbH), Vienna/Austria	100.00 E)	23	-3
26. CloudXcelerate GmbH (formerly KBC Digital GmbH), Vienna/Austria	100.00 D)	29	-2
27. CANCOM Liegenschaft Management GmbH (formerly KBC Liegenschaft Management GmbH), Vienna/Austria	100.00 D)	4,381	-109
28. CANCOM Financial Services GmbH, Schweinfurt	40.00	-175	-259
29. Sensor Network Services GmbH, Vienna/Austria	50.00 D)	430	-105
30. CANCOM Rental Services GmbH (formerly K-Businesscom Rental Services GmbH), Vienna/Austria	49.00 D)	5,622	498
31. CALPANA business consulting GmbH, Linz/Austria	40.00 D)	296	572
32. Workheld GmbH, Vienna/Austria	39.90 D)	-97	-420
33. Elmon GmbH, Wiener Neudorf/Austria	25.10 D)	588	129 *3
34. Duana Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	100.00	0	2 *3

A) Indirect shareholding via CANCOM GmbH
B) Indirect shareholding via CANCOM Computersysteme GmbH
C) Indirect shareholding via CANCOM Austria Beteiligungs GmbH
D) Indirect shareholding via CANCOM Austria AG
E) Indirect shareholding via CANCOM Cashpooling and Hedging GmbH

*1 Profit and loss transfer agreement with CANCOM SE.
*2 Equity as at 31 December 2023 and the net profit for 2023 were determined in accordance with *1the individual IFRS financial statements included in the consolidated financial statements.
*3 No approved annual financial statements for 2023 are yet available. The equity as at 31 December 2022 and the annual result for 2022 from the approved annual financial statements for 2022.

Insurance of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual 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 is 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, Germany, 26 March 2024

The Executive Board of CANCOM SE

Rüdiger Rath CEO	Jochen Borenich CSO	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 2023, and the income statement for the financial year from 1 January to 31 December 2023, 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 2023.

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 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, in compliance 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 nonaudit 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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment testing of shares in affiliated companies

Please refer to note B.3 in the notes to the financial statements for more information on the accounting policies applied.

THE FINANCIAL STATEMENT RISK

Shares in affiliated companies in the amount of EUR 464 million were disclosed under financial assets in the annual financial statements of CANCOM SE as at 31 December 2023. Financial assets account for 91% of total assets and, thus, have a material effect on the Company's net assets.

Shares in affiliated companies are recognised at cost or, if they are expected to be permanently impaired, at their lower fair value. The Company calculates the fair value of the shares in affiliated companies using the discounted cash flow method.

The cash flows used for the discounted cash flow method are based on individual projections for each investment for the next five years, which are extrapolated based on assumptions regarding long-term growth rates. The respective risk-adjusted discount rate is determined with the involvement of an external expert. If the fair value is lower than the carrying amount, qualitative and quantitative criteria are used to examine whether the impairment is expected to be permanent.

The calculation of the fair value using the discounted cash flow method is complex and, with regard to the assumptions that are made, dependent to a great extent on the Company's estimates and assessments. This applies particularly to estimates of future cash flows and long-term growth rates, and the determination of discount rates.

The Company recognised EUR 30 million in writedowns of shares in affiliated companies in financial year 2023. There is a risk for the financial statements that the recognition of writedowns is insufficient and that the financial assets are therefore impaired.

OUR AUDIT APPROACH

Initially, on the basis of the information gained in our audit, we assessed for which shares in affiliated companies there were indications of impairment. With the involvement of our valuation experts, we then assessed the appropriateness of significant assumptions and the valuation method used by the Company. For this purpose, we discussed the expected cash flows and the assumed long-term growth rates with those responsible for planning. We also reconciled this information with the budget prepared by management and approved by the Supervisory Board. We additionally assessed the consistency of the assumptions with external market forecasts.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and by analysing deviations.

We assessed the competence, professional skills and impartiality of the independent expert engaged by CANCOM SE.

We compared the assumptions and data underlying the discount rate, especially the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data. In order to account for the existing forecast uncertainty, we also examined the effects of potential changes in the discount rate, expected cash flows and the long-term growth rate on fair value by calculating alternative scenarios and comparing these with the measurements of the Company (sensitivity analysis). To assess the methodically and mathematically correct implementation of the valuation method, we verified the valuation performed by the Company using our own calculations and analysed deviations.

OUR OBSERVATIONS

The approach used for impairment testing of shares in affiliated companies is appropriate and in line with the accounting policies. The Company's assumptions and data are 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 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,
- the combined corporate governance statement of the Company and the Group referred to in the management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the annual report, which is expected to be made available to us after the date of this independent auditor's report. 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 the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied 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 (3a) 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_2023-12-31_de.zip“ (SHA256-Hashwert: ab3c51a5c58162c6042bc8231f999571df3f-2d2424dc67f333a499dcdf4b3fc8) 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 2023, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in 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 audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The Company's management is responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the Annual General Meeting on 14 June 2023. We were engaged by the Supervisory Board on 12 December 2023. We have been the auditor of CANCOM SE without interruption since financial year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the examined ESEF documents. The annual financial statements and the management report converted into ESEF format – including the versions to be entered in the German 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.

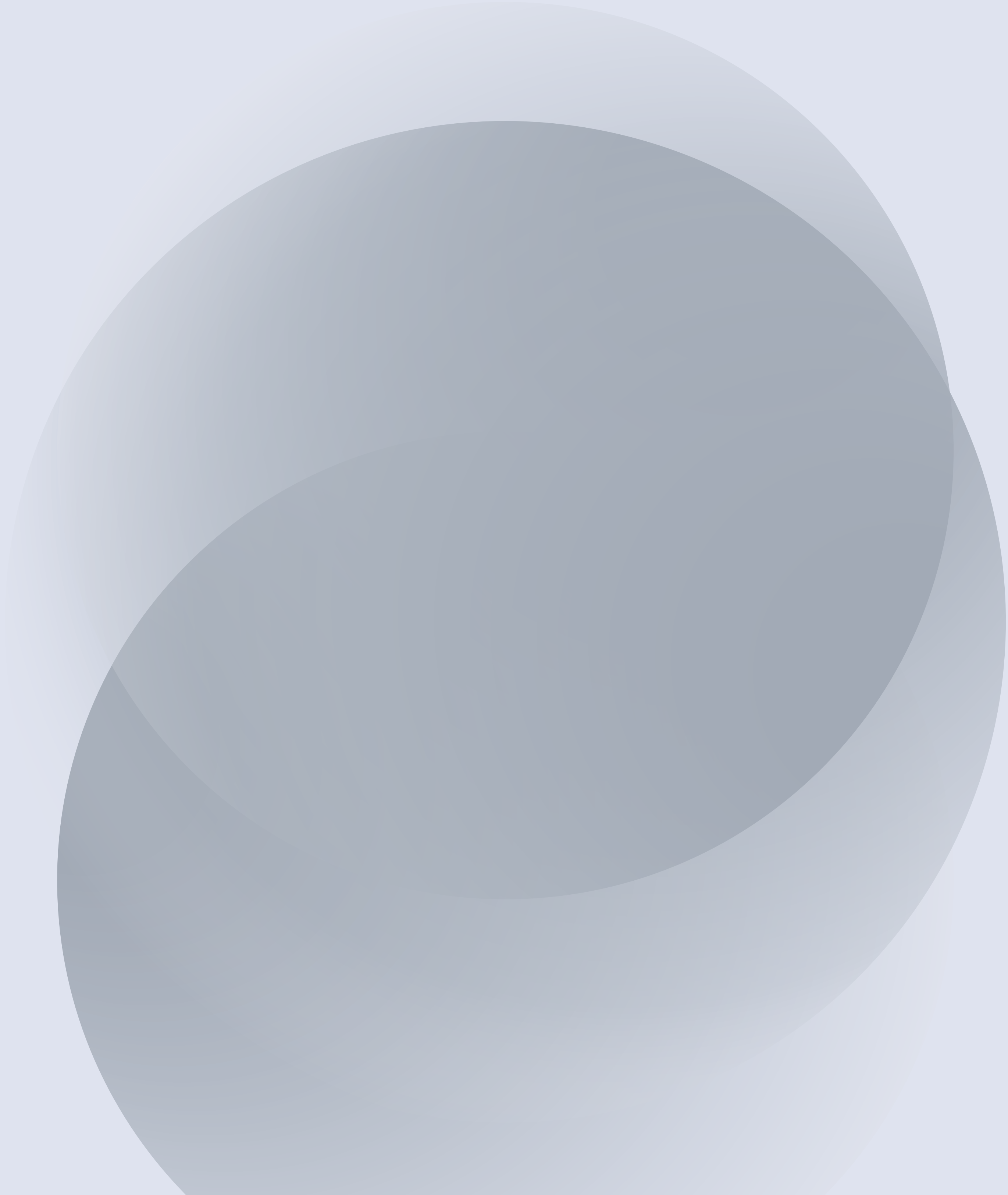
German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Johannes Hanshen.

Augsburg, 26 March 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

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



Financial calendar of CANCOM SE

2024

30 April 2024	Non-financial Group report
14 May 2024	Interim Statement as at 31 March 2024
5 June 2024	Annual General Meeting, Munich
13 August 2024	Half-year report as at 30 June 2024
12 November 2024	Interim Statement as at 30 September 2024
25 - 27 November 2024	Analyst conference as part of the German Equity Forum, Frankfurt/Main

Please note:
The Financial Calendar of CANCOM SE can be 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 publicized above.

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