Q2 2020

INTERIM REPORT AS AT JUNE 30, 2020

CANCOM

Key figures

CANCOM GROUP

in € million	H1 2020	H1 2019*	Δ
Revenue	825.9	763.5	+8.2 %
Gross profit	226.6	210.7	+7.5 %
EBITDA	46.1	53.6	-14.0 %
EBITDA margin	5.6 %	7.0 %	-1.4 pp
EBITA	26.1	37.6	-30.6 %
EBIT	17.1	29.6	-42.2 %

	30.6.2020	31.12.2019*	Δ
Balance sheet total	1,110.3	1,205.4	-7.9 %
Equity	586.3	577.3	+1.6 %
Equity ratio	52.8 %	47.9 %	+4.9 pp
Cash and cash equivalents	226.1	364.9	-38.0 %
Employees	3,871	3,820	+1.3 %

CLOUD SOLUTIONS

in € million	H1 2020	H1 2019*	Δ
Revenue	168.6	132.4	+27.3 %
EBITDA	36.6	31.8	+15.1 %
EBITDA margin	21.7 %	24.0 %	-2.3 pp
Annual Recurring Revenue	191.4	145.4	+31.6 %

IT SOLUTIONS

in € million	H1 2020	H1 2019*	Δ
Revenue	657.2	631.1	4.1 %
EBITDA	22.1	30.4	-27.3 %
EBITDA margin	3.4 %	4.8 %	-1.3 pp

* Prior-year figures adjusted. Explanations in section A.6 of the notes to the consolidated financial statements.

Content

Dear Shareholders,

The first half of 2020 was marked above all by the drastic restrictions on private and public life due to the corona pandemic. We are very pleased to report that CANCOM was fully operational during the peak phase of the corona protection measures from mid-March to the end of May. I would therefore like to take this opportunity to thank our employees for their great commitment and motivation.

Nevertheless, the course of business in the first half of 2020, especially in the second quarter, was strongly influenced by the measures taken to stem the spread of the coronavirus. Particularly during the period of the most severe restrictions, CANCOM employees were unable, or only to a very limited extent, to provide local support to customers. This had a negative effect on some ongoing IT projects and services, as well as on sales activities.

However, there were also positive effects, not only on sales of hardware and software for mobile working. The crisis has also made us all aware of how important a powerful IT infrastructure can be for a company and how it can help to secure its existence. On the basis of our AHP, we were able to achieve a homeworking rate of at times over 90 percent of our employees. We therefore still believe that this current crisis will develop into a very successful future for our business model in the medium term.

We are also so confident because we were able to achieve sales growth of 8.2 percent in the first half of 2020, even in the most severe recession in post-war history. Our profitability is currently burdened by a changed product mix in sales, growth effects and one-off special items. But CANCOM is active in the right markets with the right products - and the current order situation makes us cautiously optimistic that we will still be able to achieve our forecast for 2020 not only in terms of sales, but also in terms of key earnings figures, despite the difficult first half of the year.

We thank you for your trust and stay healthy.

Your Executive Board of CANCOM SE

Rudolf Hotter
CEO

Thomas Stark
CFO

Interim Group Management Report of CANCOM SE

for the period 1 January to 30 June 2020

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. In addition to its activities in its home market Germany, CANCOM has subsidiaries or branches in the United Kingdom, Austria, Ireland, Belgium, Switzerland, Slovakia and the USA.

Structure of the CANCOM Group

The parent company of the CANCOM Group is CANCOM SE, based in Munich, Germany. It performs central financing and management functions for the Group companies, i.e. the equity investments it holds. In addition to the central management and financing activities of the parent company, the operating units are supported in their day-to-day business operations by equally centralized departments for purchasing, internal IT, warehouse/logistics, finance, repair/service, vehicle and travel management and human resources („Central Services“), as well as marketing/communication and product management. In addition, the operating units have access to a cross-organizational internal specialized sales force („Competence Center“).

In addition to these centralized functions, CANCOM‘s operational units are primarily decentralized, and operate in units that are primarily organized by region. The organization comprises the regional units South, South West, Central, East, North and West, as well as operating units in the United Kingdom, Belgium and the USA. It also includes the eCom and Managed Services divisions.

In its financial reporting, the CANCOM Group, in addition to the overall view of the Group, uses two segments to report on operational business development: Cloud Solutions and IT Solutions.

Cloud solutions

The Group segment Cloud Solutions comprises the business with (shared) managed services as well as product and service businesses that can be directly allocated to managed services contracts. It also includes all business activities in connection with the Group‘s own software product - the IT multicloud management software ‚AHP Enterprise Cloud‘.

IT solutions

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

Other companies

In addition to the operating segments, the segment reporting of the CANCOM Group shows the Other Companies segment. This represents the staff and management functions for central Group management, including the parent company CANCOM SE. Internal Group investments and expenses for company acquisitions or sales are also included in this segment.

Changes during the reporting period

During the reporting period there were no significant changes in the basis of the Group or in the Group structure which affected the CANCOM Group‘s net assets, financial position and results of operations, and in particular no acquisitions or sales of companies.

Further information, including the distribution of the individual Group companies among the reporting segments and the scope of consolidation in the reporting period, can be found in sections A.2.3 and D.1.1 of the notes to the consolidated financial statements.

Business model and sales markets

CANCOM‘s range of products and services is aimed at advising and supporting corporate customers in adapting IT infrastructures and business processes to the requirements of digitization. CANCOM acts as a provider of complete solutions and sees itself as the „Leading Digital Transformation Partner“ for its customers.

The spectrum of services ranges from strategic consulting for digital business processes, partial or complete operation of IT systems (managed services), system design and integration, IT support, delivery and turnkey implementation of hardware and software, and e-procurement, to the sale of CANCOM‘s own software ‚AHP Enterprise Cloud‘.

This broad range of products and services enables the CANCOM Group to generate income both on the basis of its own capabilities and performance (service business) and from remuneration and commissions for the sale of third-party IT products (sale of goods). The business model is supplemented by the sale of the Group‘s own software ‚AHP Enterprise Cloud‘. CANCOM combines the corporate activities of a managed services provider, a system house (value-added reseller) and a software manufacturer, and can generate additional synergy effects between these complementary business areas.

The management is pursuing a medium-term course of strategic transformation of the CANCOM Group. The provision of IT services, especially shared managed services, is taking an increasing share of business activity. Since 2018, the company has also been investing more heavily in the further development of its own software, the ‚AHP Enterprise Cloud‘, and in the establishment of a specialized sales force, including through partners. This should enable marketing as a stand-alone product, in addition to the current distribution of the software ‚AHP Enterprise Cloud‘ as a solution within larger IT projects by CANCOM itself.

A major external factor influencing CANCOM‘s business development is the development of the IT market in the largest sales markets, Germany, the United Kingdom, Austria and Belgium. For the IT market as a whole – and thus also for CANCOM – the general trend towards digitalization, the increasing importance of IT processes in business and administration, and the constant development of devices, technologies and applications are major drivers. In addition, data protection regulations, the general threat in the area of cyber security, and the quality certifications required by customers, as well as environmental and social standards, are important external factors over which CANCOM has no control, and which can have a positive or negative effect on business development. As a provider of IT services and products, however, the CANCOM Group‘s business model is not subject to any special industry-specific legal regulations, approval requirements or official supervision, i.e. external regulatory or politically influenced factors which go beyond the legal framework generally applicable to all companies.

The CANCOM Group‘s clientele consists primarily of commercial end users, ranging from small and medium-sized enterprises to large corporations and groups, as well as public institutions. Geographically speaking, the CANCOM Group‘s business activities are mainly in Germany, but it also operates in Austria, the United Kingdom, Ireland, Belgium, Switzerland and the USA.

Competitive position

According to the latest available analysis by the Federal Statistical Office and the IT industry association Bitkom, there are more than 90,000 companies in Germany in the IT hardware, software and IT services sectors, although they differ greatly in terms of size and/or range of services. Among the large companies with annual sales of more than € 250 million are 46 companies in the combined business field of IT hardware/software and IT services.

On the basis of the data in the system house ranking list from July 2020 published by the industry medium ChannelPartner, there are only five companies in Germany that achieve domestic revenues of over one billion euros. According to this ranking, CANCOM is the fifth largest system house in Germany, based on revenues in the 2019 financial year (2018: 4th place). Compared with the total number of companies active in the market, the CANCOM Group is thus one of the very small group of large companies in the German IT sector. With annual sales in Germany in 2019 of € 1,294.8 million, the CANCOM Group‘s market share in the German IT market is around one percent.

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

Research and development activities

As CANCOM's main business in the IT market is in services and trading, it does not carry out any research activities.

The development services provided by CANCOM focus primarily on software solutions, applications or architectures in IT areas such as cloud computing, mobile solutions, Internet of Things, data analytics, IT security and shared managed services. In addition, there are adaptations (customizing) for business software used by CANCOM itself. Another focus of development activities is the inhouse product ‚AHP Enterprise Cloud'. Compared with the CANCOM Group's total revenues, however, the cost of development work is not significant, nor are the resulting own work capitalized. Development activities in the CANCOM Group are organized on a decentralized and project-based basis. Where necessary, they are supported by the use of services provided by third parties.

CANCOM Group: Research and development
(in € million)

	H1 2020	H1 2019
Total research and development expenses	**4.2**	**2.7**
of which own work capitalized	1.9	0.8
of which for third-party services	0.7	0.9

ECONOMIC REPORT

Development of the overall economy and the IT market

Germany is by far the most important sales market for the CANCOM Group, accounting for about 80 percent of its sales. Other important sales markets in terms of sales volume are the United Kingdom, Austria, Belgium, Switzerland and the USA. In addition to the general economic development in these national markets, the overall market for information and communication technology – especially in Germany – is also a key factor and basis of comparison for assessing CANCOM's economic development.

Germany
According to Deutsche Bank Research, gross domestic product (GDP) in Germany fell very significantly – depending on the forecast – by around 10 to 13 percent in the second quarter of 2020, mainly as a result of the measures taken to contain the spread of the coronavirus pandemic. Already in the first quarter, GDP in Germany fell by 2.2 per cent compared to the previous quarter after price, seasonal and calendar adjustments.

United Kingdom, Austria, Switzerland, Belgium and USA
According to the Office for National Statistics, economic development in the United Kingdom in the first quarter of 2020 will be characterized by a 2.2 percent decline in gross domestic product (GDP). Available data from April and May also indicate that in the second quarter, GDP in the United Kingdom may have fallen by about 20 per cent year-on-year.

According to estimates by the European statistics authority eurostat, GDP in Austria fell by 2.8 per cent in the first quarter and by 13.3 per cent in the second quarter compared with the respective figures for the previous year.

In Belgium, GDP was also below the respective prior-year figures at 2.4 per cent in the first quarter and 14.5 per cent in the second quarter.

For the first quarter of 2020, the Swiss economic research institute BAK Economics reported a 2.6 per cent decline in Swiss GDP compared with the previous quarter. For the second quarter, the BAK expects a further decline of around 10 per cent.

According to the U.S. Bureau of Economic Analysis, GDP in the United States fell by 5.0 percent in the first quarter of 2020 compared with the same quarter of the previous year, and in the second quarter the decline was 32.9 percent.

ITC market
The forecasts for the development of Germany, CANCOM's most important ITC market, made by the industry association bitkom, have deteriorated considerably compared with the situation in January 2020. bitkom now expects all market segments - hardware, software and IT services - to decline from the level of 2019 (see Forecast Report). The Executive Board of CANCOM SE therefore assumes that the actual market development in the first half of the year was also down on the previous year's figures, especially as the negative effects of the corona pandemic mainly affected the second quarter.

Business performance in the first half of 2020

In the reporting period from January 1 to June 30, 2020, the CANCOM Group generated sales of € 825.9 million. Despite the coronavirus pandemic and compared with the already very high comparative figures for the previous year, CANCOM thus achieved sales growth of 8.2 percent. The EBITDA for the first half of 2020 was € 46.1 million, although this was 14.0 percent lower than the very high figure for the previous year.

Despite the massive interventions in everyday and business life, the CANCOM Group was fully operational at all times during the first half of the year. Thanks to the digital workstation infrastructure based on the inhouse AHP platform, CANCOM was able at times to switch over 90 percent of its employees to working from home at very short notice. The logistics department, which is particularly dependent on the presence of employees, was switched to shift operation in order to minimize personal contact. In addition, CANCOM had already taken precautionary measures to respond to possible interruptions in the supply chain for IT products, and had increased inventories. As a result, it was also possible to ensure the ability to deliver in the first half of the year.

Nevertheless, the course of business in the first half of 2020, especially in the second quarter, was strongly influenced by the measures to contain the spread of the coronavirus (SARS-CoV-2). The regulation imposed by governments in all countries in which CANCOM is active to keep physical contact with other people to a minimum had a direct impact on business activities. From the end of March to May, CANCOM employees were unable to provide local support to customers, or only to a very limited extent. This affected both ongoing IT projects and services, and also sales activities. In the wake of the uncertain economic situation, customers postponed investment decisions or project schedules in individual cases, for example.

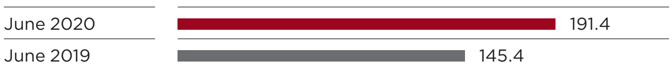
In contrast to the negative consequences on business development due to the coronavirus pandemic, demand for hardware and software, especially for mobile working, developed positively in the first half of the year. Management also observed a general increase in the importance of digitalization in all areas of public and economic life, which could provide an additional positive impetus for the future development of the CANCOM Group.

Overall, CANCOM achieved a very pleasing increase in sales in the first half of the year, given the exceptional circumstances and the strong figure for the previous year. Operating effects such as a higher proportion of sales of low-margin IT products and lower sales of services, but also higher personnel costs and depreciation, meant that earnings indicators fell short of the strong figures of the previous year. However, the 14 percent decline in EBITDA compared to the previous year was largely due to one-time special effects amounting to about five million €.

Order situation – Annual Recurring Revenue

Within the Group segment Cloud Solutions, CANCOM's business activities include managed services. Managed services contracts lead to recurring revenues over a fixed contract period of several years. The recurring revenues make it possible to project the expected future revenues in the next twelve months, starting from the last month of the respective reporting period. This Annual Recurring Revenue (ARR) amounted to € 191.4 million at the end of the reporting year on the basis of the month of June, which corresponds to a year-on-year increase of 31.6 percent (June 2019: € 145.4 million). The organic growth of the ARR amounted to 16.6 percent in the same period.

CANCOM Group: Annual Recurring Revenue[1]
(in € million)



In the other business segments, information on the order situation is not meaningful as of the reporting date. This is due to the frequently customary contractual arrangements for orders. They often cover longer periods of time, but can change their volume within these periods (framework agreements). However, very short periods of time can also elapse between the order and the realization of sales. Reporting on order volume is therefore not meaningful, except in the case of the ARR, and for this reason is not included in the CANCOM Group's financial reports.

Explanation of the Alternative Performance Measures (APM) used in accordance with the APM guidelines of the European Securities and Markets Authority (ESMA):
1) ARR = Revenue from multi-year service contracts and service level agreements and from AHP Enterprise Cloud in the base month (Monthly Recurring Revenue) x 12 months

Employees

As at June 30, 2020, the CANCOM Group employed 3,871 people (June 30, 2019: 3,442). This represents an increase of 12.5 percent over the same period last year.

The employees worked in the following areas:

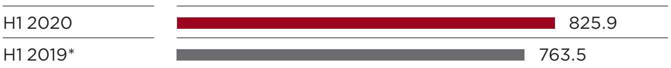
CANCOM Group: Employees

	June 30, 2020	June 30, 2019
Professional services	2,392	2,099
Distribution	783	761
Central services	696	582
Total	**3,871**	**3,442**

Earnings, financial position and net assets of the CANCOM Group

Earnings situation

CANCOM Group: Revenue
(in € million)



* Prior-year figures adjusted. Explanations in section A.6 of the notes to the consolidated financial statements.

In the first half of 2020, the CANCOM Group recorded growth of 8.2 percent in Group sales to € 825.9 million (previous year: € 763.5 million). CANCOM's organic sales growth, i.e. excluding the effects of acquisitions, was 3.8 percent in the reporting period. At Group level, CANCOM generated € 628.0 million (previous year: € 578.9 million) from the sale of goods, i.e. particularly hardware and software, and € 197.9 million (previous year: € 184.6 million) from the provision of services.

Geographically speaking, CANCOM achieved a 7.3 percent increase in sales in Germany during the reporting period, to € 677.9 million (previous year: € 631.9 million). In international business, CANCOM achieved sales of € 147.9 million, representing growth of 12.3 percent (previous year: € 131.6 million).

In the Group segment Cloud Solutions, CANCOM achieved a 27.4 percent increase in sales in the first half of 2020 compared with the previous year, to € 168.6 million (previous year: € 132.4 million). Organic sales growth was 16.5 percent.

In the Group segment IT Solutions, CANCOM increased sales in the months from January to June 2020 by 4.1 percent compared with the same period last year, to € 657.2 million (previous year: € 631.1 million). Organic sales growth in the same period was 1.1 percent.

At € 1.2 million, other operating income in the period under review was down on the previous year (previous year: € 2.0 million), but still at an insignificant level compared with sales.

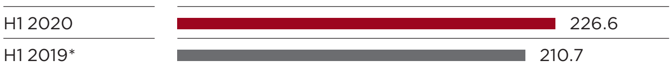
In the second quarter of 2020, revenue development compared to the previous year shows a decline of 8.6 percent to € 372.0 million (previous year: € 406.9 million). In organic terms, the decline in sales was 12.8 percent.

In the Cloud Solutions segment, revenue in the second quarter amounted to € 81.1 million, an increase of 20.1 percent (previous year: € 67.6 million). Organic revenue growth was 9.1 percent.

The IT Solutions segment recorded revenue of € 290.9 million in the second quarter, a decline of 14.3 percent compared with the same period of the previous year (previous year: € 339.3 million). In organic terms, the decline in revenue was 17.2 per cent.

The CANCOM Group's total operating performance in the first half of the year was € 830.2 million, an increase of 8.1 percent (previous year: € 768.1 million). In the second quarter, total operating performance fell to € 374.5 million, a drop of 8.6 percent compared with the same period last year (previous year: € 409.7 million).

CANCOM Group: Gross profit
(in € million)



* Prior-year figures adjusted. Explanations in section A.6 of the notes to the consolidated financial statements.

The CANCOM Group's gross profit[2] in the first half of 2020 rose by 7.5 percent to € 226.6 million (previous year: € 210.7 million) compared with the same period in the previous year. The gross profit margin was thus 27.4 percent (previous year: 27.6 percent).

In the Cloud Solutions group segment, gross profit rose by 25.3 percent to € 81.9 million in the reporting period (previous year: € 65.3 million). In the IT Solutions Group segment, CANCOM recorded a 0.2 percent increase in gross profit to € 139.1 million (previous year: € 138.8 million).

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 (sales revenues + other operating income + other own work capitalised + capitalised contract costs) less cost of materials/expenses for purchased services

The figures for the second quarter of 2020 showed an increase in consolidated gross profit of 0.4 percent to € 107.3 million (previous year: € 106.9 million). In the Cloud Solutions segment gross profit rose by 22.3 percent to € 40.4 million (previous year: € 33.0 million) and in the IT Solutions segment it fell by 9.8 percent to € 64.2 million (previous year: € 71.1 million).

CANCOM Group: Personnel expenses
(in € million)

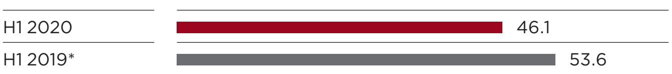
	H1 2020	H1 2019
Wages and salaries	-128.2	-111.4
Equity-settled share-based payment transactions	0.4	-1.1
Cash-settled share-based payments	0.2	-0.3
Ssocial security contributions	-18.3	-17.3
Expenditure for pension schemes	-0.7	-0.3
Total	**-146.8**	**-130.4**

Personnel expenses in the first half of 2020 amounted to € 146.8 million, up 12.6 percent on the same period of the previous year (previous year: € 130.4 million). The higher personnel expenses resulted in particular from the increase in staff. The personnel expenses ratio rose by 0.6 percentage points to 17.7 percent (previous year: 17.1 percent).

Other operating expenses amounted to € 33.2 million in the first half of 2020. They were thus 23.9 percent higher than in the previous year (previous year: € 26.8 million).

The figure for the second quarter was € 16.0 million (previous year: € 13.5 million), an increase of 18.5 percent.

CANCOM Group: EBITDA
(in € million)



* Prior-year figures adjusted. Explanations in section A.6 of the notes to the consolidated financial statements.

In the period from January to June 2020, the CANCOM Group achieved an EBITDA[3] of € 46.1 million (previous year: € 53.6 million), which represents a decline of 14.0 percent compared with the previous year. In organic terms, CANCOM recorded a 25.3 percent decline in EBITDA.

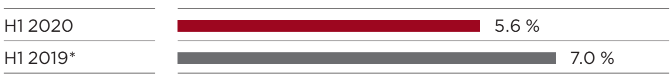
The group segment Cloud Solutions contributed to the development of EBITDA in the reporting period with an increase in EBITDA of 15.1 percent to € 36.6 million compared to the same period last year (previous year: € 31.8 million). The organic growth rate of EBITDA in the Cloud Solutions segment was 0.3 percent.

In the Group segment IT Solutions, CANCOM posted an EBITDA of € 22.1 million in the first half of 2020, which represents a decrease of 27.2 percent compared to the same period of the previous year (previous year: € 30.4 million). In organic terms, EBITDA in the IT Solutions segment was 31.6 percent below the level of the previous year.

EBITDA for the CANCOM Group in the second quarter was € 20.1 million, down 29.5 percent on the previous year (previous year: € 28.5 million). In organic terms, EBITDA fell by 40.3 percent in the second quarter.

In the Cloud Solutions segment, EBITDA in the second quarter rose by 11.2 percent year-on-year to € 17.7 million (previous year: € 16.0 million). In organic terms, EBITDA was exactly the same as in the previous year. In the IT Solutions segment EBITDA in the second quarter of 2020 fell by 51.7 percent year-on-year to € 8.0 million (previous year: € 16.6 million). In organic terms, EBITDA fell by 59.4 percent.

CANCOM Group: EBITDA margin



* Prior-year figures adjusted. Explanations in section A.6 of the notes to the consolidated financial statements

In the reporting period, the CANCOM Group's EBITDA margin was 5.6 percent (previous year: 7.0 percent). The EBITDA margin in the Cloud Solutions segment was therefore 21.7 percent (previous year: 24.0 percent). The EBITDA margin in the IT Solutions segment was 3.4 percent (previous year: 4.8 percent).

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

3) EBITDA = profit/loss for the period + income taxes + currency gains/losses + depreciation on financial assets + income from investments + other financial result + net interest income + depreciation on property, plant and equipment, intangible assets and rights of use

The second quarter of 2020 showed an EBITDA margin of 5.4 percent for the CANCOM Group (previous year: 7.0 percent). In the Cloud Solutions segment, the EBITDA margin for the second quarter was 21.9 percent (previous year: 23.7 percent) and in the IT Solutions segment 2.8 percent (previous year: 4.9 percent).

CANCOM Group: Depreciation and amortization
(in € million)

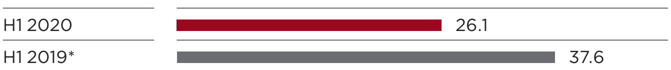
	H1 2020	H1 2019*
Scheduled depreciation on property, plant and equipment	-10.1	-8.6
Scheduled amortization of intangible assets	-12.7	-10.5
Scheduled depreciation on rights of use	-6.3	-4.8
Total	**-29.0**	**-24.0**

* Prior-year figures adjusted. Explanations in section A.6 of the notes to the consolidated financial statements.

Depreciation and amortization of property, plant and equipment, intangible assets and rights of use rose to € 29.0 million in the first half of 2020, an increase of 21.1 percent compared with the first half of 2019 (previous year: € 24.0 million). The acquisition of the Novosco Group had the greatest impact on this increase.

In the second quarter, depreciation and amortization rose by 20.3 percent to € 14.8 million (previous year: € 12.3 million).

CANCOM Group: EBITA
(in € million)



* Prior-year figures adjusted. Explanations in section A.6 of the notes to the consolidated financial statements.

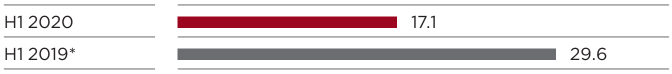
The CANCOM Group achieved EBITA[4] of € 26.1 million in the first six months of the current financial year, a decline of 30.7 percent compared with the same period last year (€ 37.6 million).

In the Cloud Solutions segment, EBITA in the reporting period was € 27.7 million, an increase of 6.4 percent (previous year: € 26.0 million). In the IT Solutions segment EBITA was 44.6 percent below the previous year's figure at € 11.3 million (previous year: € 20.4 million).

In the second quarter, the CANCOM Group achieved an EBITA of € 9.9 million, a decline of 51.3 percent (previous year: € 20.3 million).

In the Group segment Cloud Solutions, EBITA in the second quarter rose by 1.9 percent to € 13.0 million (previous year: € 12.8 million). In the IT Solutions segment EBITA declined by 77.0 percent to € 2.7 million (previous year: € 11.6 million).

CANCOM Group: EBIT
(in € million)



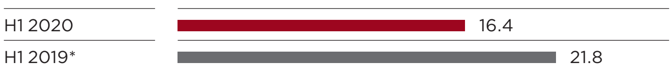
* Prior-year figures adjusted. Explanations in section A.6 of the notes to the consolidated financial statements.

The CANCOM Group's EBIT[5] in the first half of the current financial year was € 17.1 million, a decline of 42.4 percent (previous year: € 29.6 million).

EBIT in the Cloud Solutions segment amounted to € 21.5 million in the reporting period, up 1.7 percent on the previous year (previous year: € 21.1 million). In the IT Solutions segment, EBIT amounted to € 8.8 million, down 49.1 percent on the previous year (previous year: € 17.3 million).

In the second quarter, the CANCOM Group's EBIT amounted to € 5.3 million. This represents a 67.2 percent decline in EBIT compared with the second quarter of 2019 (previous year: € 16.1 million). In the Cloud Solutions Group segment, EBIT in the second quarter fell by 2.2 percent year-on-year to € 10.0 million (previous year: € 10.2 million). In the IT Solutions segment EBIT fell by 85.8 percent to € 1.5 million (previous year: € 10.1 million).

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



* Prior-year figures adjusted. Explanations in section A.6 of the notes to the consolidated financial statements.

As a result of the first six months of 2020, the CANCOM Group's net profit for the period was € 16.4million, a decline of 24.8 percent (previous year: € 21.8 million).

In the second quarter of 2020, the CANCOM Group's net profit for the period was € 7.7 million. This was 40.3 percent below the previous year's figure (previous year: € 12.9 million).

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

4) EBITA = profit for the period + income taxes + currency gains/losses + depreciation on financial assets + income from investments + other financial result + net interest income + amortization of customer bases, order backlogs, brands and impairment of goodwill

5) EBIT = net profit for the period + income taxes + foreign exchange gains/losses + depreciation on financial assets + income from investments + other financial result + net interest income

Financial and asset position

Principles and objectives of financial management

The core objective of CANCOM‘s financial management is to secure liquidity at all times to ensure day-to-day business operations. In addition, the aim is to optimize profitability and, in connection with this, to achieve the highest possible credit rating to ensure favorable refinancing. The financing structure is primarily geared to long-term stability and the maintenance of financial room for maneuver to take advantage of business and investment opportunities.

Capital structure of the Group

The CANCOM Group‘s total assets amounted to € 1,110.3 million at the balance sheet date of June 30, 2020 (December 31, 2019: € 1,205.4 million). Of this amount, € 586.3 million was attributable to equity and € 524.0 million to liabilities. The CANCOM Group‘s equity ratio was therefore 52.8 percent at the end of June, which is higher than at the end of the 2019 financial year (31 December 2019: 47.9 percent). The debt ratio fell accordingly to 47.2 percent (31 December 2019: 52.1 percent). The primary reason for this shift in the balance sheet structure towards a higher equity ratio was primarily the significantly lower level of borrowed capital as a result of lower trade payables with a simultaneous slight increase in retained earnings on the equity side.

Both long-term and short-term financial liabilities to banks have a very low volume compared with total liabilities, totaling € 5.7 million. The level of free cash and cash equivalents at the reporting date June 30, 2020 covers this level of interest-bearing financial liabilities. Consequently, there is no net financial debt of the Group or this ratio is negative („net cash“ situation).

Liabilities and equity

Current liabilities, i.e. liabilities with a remaining term of less than one year, amounted to € 382.2 million as of the balance sheet date for the first half of the year (December 31, 2019: € 472.0 million). The decrease in current liabilities resulted primarily from lower trade payables and lower other current financial liabilities.

At € 141.8 million as of June 30, 2020, non-current liabilities were down on the figure at the end of the 2019 financial year (December 31, 2019: € 156.1 million). This development was mainly due to lower other non-current financial liabilities.

Shareholders‘ equity rose to € 586.3 million in the first six months of the fiscal year (December 31, 2019: € 577.3 million). This reflects the increase in retained earnings compared with the 2019 balance sheet date.

Key financing measures

In the period under review, current business and necessary replacement investments were financed from cash and cash equivalents and operating cash flow. The same applies to all other investments.

Assets

The assets side of the balance sheet showed current assets of € 649.6 million as at June 30, 2020 (December 31, 2019: € 733.9 million). The decrease compared with the year-end figure for the previous year is mainly due to the lower level of cash and cash equivalents. The effect of the decline in cash and cash equivalents outweighed the likewise significant increases in trade receivables and inventories.

Non-current assets amounted to € 460.7 million as of June 30, 2020 (December 31, 2019: € 471.5 million). The decrease was primarily due to lower carrying amounts for property, plant and equipment, intangible assets and goodwill. This was offset by higher values for rights of use and other non-current financial assets, which, however, did not fully offset the aforementioned effects.

Cash flow and liquidity

The cash flow from operating activities for the period from January to June 2020 shows a value of € -94.2 million (previous year: € -6.8 million). The very large change was mainly the result of higher inventories, increased trade receivables and reduced trade payables.

The cash flow from investing activities amounted to € -40.1 million (previous year: € -18.2 million). The cash outflow for investments was thus significantly higher than in the previous year, with the figure being particularly affected by payments for the acquisition of subsidiaries due to the purchase of the Novosco Group.

Cash flow from financing activities amounted to € -2.8 million (previous year: € -9.9 million). It therefore only changed at a low level in connection with leasing transactions.

In the period under review, there was thus an overall sharp decrease in cash and cash equivalents of € 137.1 million compared with the cash and cash equivalents at the beginning of the financial year. The figure as at June 30, 2020 was € 226.1 million (December 31, 2019: € 364.9 million).

The CANCOM Group therefore has a high level of cash and cash equivalents, and, as additional security, has unused credit lines with financial institutions. This puts CANCOM in an extraordinarily strong position to meet its payment obligations at any time.

General statement on the CANCOM Group's profit, financial and asset position

In the first half of 2020, the CANCOM Group achieved an increase in sales of 8.2 percent under difficult conditions. However, EBITDA fell by 14.0 percent, partly due to one-off special effects. This year-on-year development should also be seen in the light of the fact that both key figures for the previous year had set high standards of comparison. The EBITDA margin for the CANCOM Group was 5.6 percent. Recurring revenues from managed services contracts (Annual Recurring Revenue) rose by 31.6 percent compared with the previous year. Overall, business development in the reporting period was achieved both organically and through the acquisition of new subsidiaries. In terms of the Group segments, Cloud Solutions in particular made a positive contribution to the CANCOM Group's economic development, with high growth rates in sales and EBITDA.

The general business development, which was strongly influenced by the consequences of the Corona pandemic, resulted in a strongly negative cash flow from operating activities of € -94.2 million. However, the CANCOM Group still has a very comfortable level of cash and cash equivalents, which far exceeds the very low level of liabilities to banks.

On the basis of these developments, the Executive Board assesses the performance of the CANCOM Group in the first half of the financial year 2020 as satisfactory overall under the difficult conditions.

RISKS AND OPPORTUNITIES OF FUTURE DEVELOPMENT

During the reporting period, there were no significant changes to the assessment of opportunities and risks relating to the future development of the CANCOM Group compared with the assessment already published in the 2019 annual report. A detailed list of these opportunities and risks can be found in the Annual Report 2019, which was published on April 30, 2020, and which therefore already contains the effects of the coronavirus pandemic on the opportunities and risks for the CANCOM Group's business development.

FORECAST REPORT

Development of the general economy and the IT market

General Economy

The development of the overall economic conditions in 2020 is characterized by a sharp decline in economic output in all the countries of importance to CANCOM. The estimates of Deutsche Bank Research, the Austrian National Bank and the National Bank of Belgium for gross domestic product in 2020 in the markets most important to CANCOM are shown in the following table.

Outlook: Gross Domestic Product 2020*
(change to previous year, in %)

Germany[1]	-9.0
United Kingdom[1]	-11.5
Austria[2]	-7.2
Switzerland[1]	-6.0
Belgium[3]	-9.0
USA[1]	-7.1

* Source:
1) Deutsche Bank Research, July 2020;
2) Austrian National Bank, June 2020;
3) Belgian National Bank, June 2020.

ITC market

The industry association bitkom expects the market volume in the ITC market in Germany to decline by 5.6 percent to € 88.2 billion in 2020. The estimates of the industry association bitkom for the individual sub-sectors of the ITC market in Germany are shown in the following table.

Outlook: Market for Information Technology (IT) 2020, Germany*
(change to previous year, in %)

Total IT market	-5.6
IT services including project business and IT consulting	-5.4
Hardware incl. semiconductor	-7.5
Software	-4.0

*Source: bitkom/EITO, June 2020

Assumptions of the forecasts

The forecasts for the CANCOM Group and CANCOM SE contain all the information known to the Executive Board at the time this interim report was prepared that could have an impact on the development of business. The outlook is based, among other things, on the expectations regarding economic development and the development of the IT market, which are described in this half-year report.

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

The forecast developments in the key performance indicators relate exclusively to the development of the CANCOM Group in its Group structure on the balance sheet date of December 31, 2019 (consolidated group). Possible acquisitions in the current financial year 2020 are not taken into account.

Outlook for the CANCOM Group

The Executive Board of CANCOM SE notes a deterioration in the general economic environment compared with the presentation in the Forecast Report of the Annual Report 2019 and the statements in the Communication on the first quarter of 2020, particularly with regard to the forecasts for gross domestic product in important markets and for the development of the IT market in Germany. Due to the CANCOM Group's performance in the first half of the year, the fact that the estimates in the 2019 annual report and in the interim announcement on the first quarter of 2020 already take into account the effects of the coronavirus pandemic, and based on the information available to date on developments in the third quarter of 2020, the Executive Board of CANCOM SE nevertheless confirms the forecast for the CANCOM Group's performance in the 2020 financial year last published in the interim announcement on the first quarter of 2020:

Against the background of the business development in the first half of 2020, the conditions and premises set out here, in the 2019 Annual Report and in the interim report for the first quarter of 2020, and assuming that economic activity returns to normal in the second half of 2020, the Executive Board of CANCOM SE forecasts a moderate increase in sales for the CANCOM Group. A moderate year-on-year increase is also expected for Group gross profit, Group EBITDA and Group EBITA.

For the group segment IT Solutions, the Management Board expects a moderate increase in sales, gross profit, EBITDA and EBITA.

For the group segment Cloud Solutions the Management Board expects a significant increase in sales, gross profit, EBITDA and EBITA. In addition, a significant increase in Annual Recurring Revenue (ARR) is expected compared to the figure for December 2019.

However, as in the 2019 annual report and the interim report for the first quarter of 2020, explicit reference is made once again to the increased uncertainty this year for the economic assumptions of this forecast, both in negative and positive terms.

Munich, August 2020

The Executive Board of CANCOM SE

Rudolf Hotter
CEO

Thomas Stark
CFO

Note on the audit review

This document was neither subject to an audit pursuant to Section 317 of the German Commercial Code (HGB) nor to a review by an auditor.

Note rounding

Due to rounding, individual figures in this document may not add up precisely to the totals provided and percentages presented may not precisely reflect the absolute figures to which they relate.

Disclaimer future-oriented statements

This document contains statements which may 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 by the Executive Board, and on other information currently available to management, many of which are outside CANCOM‘s sphere of influence. These statements can be recognized by formulations and words such as „expect“, „want“, „assume“, „believe“, „aim“, „estimate“, „assume“, „expect“, „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 and earnings position, business strategy and management‘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, especially in the forecast report. Various known and unknown risks, uncertainties and other factors may cause the actual results to differ significantly from those contained in the forward-looking statements. The following factors, among others, are of significance in this context: external political influences, changes in the general economic and business situation, changes in the competitive position and situation, e.g. due to the appearance of new competitors, new products and services, new technologies, changes in the investment behavior of customer target groups, etc., as well as changes in business strategy. Should one or more of these risks or uncertainties materialize, or should it turn out that the underlying expectations do not materialize or that the assumptions made were incorrect, CANCOM‘s actual results, performance and achievements (both negative and positive) may differ substantially from those explicitly or implicitly stated in the forward-looking statement. No guarantee can be given for the appropriateness, accuracy, completeness or correctness of the information or opinions in this document. Furthermore, CANCOM does not assume any obligation and does not intend to update these forward-looking statements or to correct them in the event of developments other than those expected.

Consolidated balance sheet*

ASSETS

(in T€)	Annex	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2019
Current assets				
Cash and cash equivalents	B.1	226,118	364,853	100,459
Non-current assets and disposal groups held for sale		1,180	1,196	0
Trade accounts receivable	B.2	303,442	274,490	288,169
Current contract assets	B.3	3,374	1,565	1,613
Capitalized short-term contract costs		5,482	6,225	0
Inventories	B.4	68,006	45,535	42,044
Other current financial assets	B.5	21,109	21,305	13,812
Other current assets		20,888	18,727	14,822
Total current assets		**649,599**	**733,896**	**460,919**
Non-current assets				
Property, plant and equipment	B.6	61,303	66,029	78,757
Intangible assets (excluding goodwill)	B.7	84,125	89,089	69,430
Goodwill and other intangible assets	B.8	206,981	213,577	158,133
Assets from right of use	B.9	69,255	65,945	44,785
Financial assets and loans		4,005	4,005	5,207
Capitalized long-term contract costs	B.3	1,704	1,954	1,674
Deferred tax assets		8,856	7,835	6,590
Other non-current financial assets	B.5	21,397	19,468	7,194
Other non-current assets		3,099	3,614	3,179
Total non-current assets		**460,725**	**471,516**	**374,949**
Assets, total		**1,110,324**	**1,205,412**	**835,868**

*) For the 2019 consolidated financial statements, some items in the consolidated balance sheet have been renamed or combined, see footnotes 1 to 19 below the consolidated balance sheet and section A.7.1 of the 2019 consolidated financial statements. Furthermore, corrections of errors were made at the end of the 2019 reporting period, see the explanations in section A.7.2 and section A.7.3 of the 2019 consolidated financial statements. The balance sheet presented in these consolidated half-year financial statements is based on this changed reporting structure. The balance sheet amounts as of June 30, 2019 published in the consolidated financial statements for the first half of 2019 (Q2 2019) were retrospectively amended in these consolidated financial statements due to the changed reporting structure and the correction of errors. See also the comments in section A.6 of these half-year consolidated financial statements.

Consolidated balance sheet*

EQITY AND LIABILITIES

(in T€)	Annex	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2019
Current liabilities				
Current liabilities to bank		5,603	7,182	6,332
Trade accounts payable	B.10	245,183	319,441	256,654
Other current financial liabilities	B.11	46,058	59,158	16,702
Short-term provisions		1,432	1,133	2,211
Current contract liabilities	B.3	35,609	32,989	20,668
Liabilities from income taxes		8,086	8,720	8,281
Other current liabilities		40,010	43,091	32,882
Liabilities in connection with non-current assets and disposal groups held for sale		243	245	0
Total current liabilities		**382,224**	**471,959**	**343,730**
Non-current liabilities				
Long-term liabilities to banks		137	218	2,382
Other non-current financial liabilities	B.11	116,884	126,185	60,325
Long-term pension provisions		1,793	1,969	1,910
Non-current other provisions		1,203	1,412	1,422
Non-current contractual liabilities	B.3	5,094	6,910	6,507
Deferred tax liabilities		16,675	19,443	16,608
Other non-current liabilities		0	1	36
Non-current liabilities, total		**141,786**	**156,138**	**89,190**
Equity	B.12			
Capital stock		38,548	38,548	35,044
Additional paid-in capital		374,612	374,310	205,170
Retained earnings including profit carried forward and profit for the period		175,640	159,283	162,498
Other reserves		-2,486	5,174	236
Total equity		**586,314**	**577,315**	**402,948**
Liabilities, total		**1,110,324**	**1,205,412**	**835,868**

*) For the 2019 consolidated financial statements, some items in the consolidated balance sheet have been renamed or combined, see footnotes 1 to 19 below the consolidated balance sheet and section A.7.1 of the 2019 consolidated financial statements. Furthermore, corrections of errors were made at the end of the 2019 reporting period, see the explanations in section A.7.2 and section A.7.3 of the 2019 consolidated financial statements. The balance sheet presented in these consolidated half-year financial statements is based on this changed reporting structure. The balance sheet amounts as of June 30, 2019 published in the consolidated financial statements for the first half of 2019 (Q2 2019) were retrospectively amended in these consolidated financial statements due to the changed reporting structure and the correction of errors. See also the comments in section A.6 of these half-year consoli-dated financial statements.

Consolidated statement of comprehensive income*

		Q2		1st half year	
(in T€)	**Annex**	**Apr. 1 - Jun. 30, 2020**	**Apr. 1 - Jun. 30, 2019**	**Jan. 1 - Jun. 30, 2020**	**Jan. 1 - Jun. 30, 2019**
Revenue	C.1	372,025	406,857	825,854	763,497
Other operating income		862	1,599	1,244	2,009
Other own work capitalized		1,873	787	3,747	1,910
Capitalized contract costs	C.2	-256	418	-639	635
Total output		**374,504**	**409,661**	**830,206**	**768,051**
Cost of materials/expenses for purchased services	C.3	-267,198	-302,800	-603,655	-557,366
Gross profit		**107,306**	**106,861**	**226,551**	**210,685**
Personnel expenses	C.4	-70,711	-65,039	-146,751	-130,375
Depreciation of property, plant and equipment, intangible assets and rights of use	C.5	-14,800	-12,348	-29,017	-23,969
Impairment losses on financial assets including reversals of impairment losses		-506	191	-478	117
Other operating expenses	C.6	-15,998	-13,531	-33,214	-26,809
Operating result (EBIT)		**5,291**	**16,134**	**17,091**	**29,649**
Interest and similar income		179	94	516	265
Interest and similar expenses		-843	-474	-2,656	-935
Other financial result income		4,030	0	4,692	0
Other financial result expenses		0	0	-163	-39
Currency gains/losses		1,031	111	2,993	444
Income before income taxes		**9,688**	**15,865**	**22,473**	**29,384**
Income taxes		-2,005	-3,013	-6,116	-7,595
Profit after tax from continuing operations		**7,683**	**12,852**	**16,357**	**21,789**
Profit from discontinued operations		0	9	0	9
Profit for the period		**7,683**	**12,861**	**16,357**	**21,789**
thereof attributable to shareholders of the parent company		7,683	12,861	16,357	21,745
thereof attributable to non-controlling shareholders		0	0	0	53
Weighted average shares outstanding (units) undiluted		38,548,001	35,043,638	38,548,001	35,043,638
Weighted average shares outstanding (units) diluted[1]		38,586,422	35,043,638	38,586,422	35,043,638

Consolidated statement of comprehensive income*

(in T€)	Annex	Q2 Apr. 1 - Jun. 30, 2020	Q2 Apr. 1 - Jun. 30, 2019	1st half year Jan. 1 - Jun. 30, 2020	1st half year Jan. 1 - Jun. 30, 2019
Earnings per share from continuing operations (basic) in €		**0.20**	**0.37**	**0.42**	**0.62**
Earnings per share from continuing operations (diluted) in €[2]		**0.20**	**0.37**	**0.42**	**0.62**
Earnings per share from discontinued operations (basic) in €		**0.00**	**0.00**	**0.00**	**0.00**
Earnings per share from discontinued operations (diluted) in €		**0.00**	**0.00**	**0.00**	**0.00**
Earnings per share for profit for the period attributable to equity holders of the parent (basic) in €		**0.20**	**0.37**	**0.42**	**0.62**
Diluted earnings per share for profit for the period attributable to equity holders of the parent in €[2]		**0.20**	**0.37**	**0.42**	**0.62**

*) Corrections of errors were made in the consolidated financial statements for 2019 at the end of the reporting period, see the explanations in section A.7.2 and in section A.7.3 of the consolidated financial statements for 2019. Accordingly, the income and expenses published in the consolidated half-year financial statements for 2019 (Q2 2019) for the presentation of the result for the period from April 1, 2019 to June 30, 2019 and for the period from January 1, 2019 to June 30, 2019 in these consolidated half-year financial statements have been retrospectively amended. Please also refer to the explanations in section A.6.2 and section A.6.3 of these half-year consolidated financial statements.

1) In the consolidated half-year financial statements 2019 (Q2 2019), 35,584,792 shares were reported for the period April 1, 2019 to June 30, 2019 and 35,591,677 shares for the period January 1, 2019 to June 30, 2019. See also the explanations in section A.6.2 of these consolidated half-year financial statements.

2) In the consolidated interim financial statements for 2019 (Q2 2019), earnings per share from continuing operations (diluted) and earnings per share from profit for the period attributable to shareholders of the parent company (diluted) of € 0.36 were reported for the period from April 1, 2019 to June 30, 2019. For the period January 1, 2019 to June 30, 2019, earnings per share from continuing operations (diluted) and earnings per share from profit for the period attributable to shareholders of the parent company (diluted) were € 0.61. See also the explanations in section A.6.2 of these consolidated interim financial statements.

Consolidated statement of comprehensive income*

	Q2		1st half year	
(in T€)	**Apr. 1 - Jun. 30, 2020**	**Apr. 1 - Jun. 30, 2019**	**Jan. 1 - Jun. 30, 2020**	**Jan. 1 - Jun. 30, 2019**
Result for the period	**7,683**	**12,861**	**16,357**	**21,798**
Other comprehensive income				
Items that are subsequently reclassified to profit or loss for the period				
Gains/losses from the currency translation of foreign operations	-5,202	-2,597	-11,118	4
Deferred taxes on items that are subsequently reclassified into the result for the period	0	816	3,458	-1
Items that are not subsequently reclassified into profit or loss				
Gains/losses from the revaluation of defined benefit plans	0	6	0	6
Deferred taxes on items that are not reclassified to the result for the period	0	-2	0	-2
Other comprehensive income for the period	**-5,202**	**-1,777**	**-7,660**	**7**
Total comprehensive income for the period	**2,481**	**11,084**	**8,697**	**21,805**
thereof attributable to shareholders of the parent company	2,481	11,084	8,697	21,752
thereof attributable to non-controlling shareholders	0	0	0	53

Consolidated cash flow statement*

(in T€)	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019
Cash flow from operating activities		
Net income for the period	16,357	21,798
Corrections		
+ Depreciation and amortization of property, plant and equipment intangible assets and rights of use	29,017	23,969
+ Net interest and other financial results	-2,389	709
+ Income taxes	6,116	7,595
+/- Changes in long-term provisions	-403	-575
+/- Changes in short-term provisions	306	61
+/- Results from the sale of property, plant, intangible assets and equipment and financial assets	-296	-468
+/- Changes in inventories	-22,543	-9,901
+/- Changes in trade receivables, contract assets, capitalized contract costs and other assets	-34,680	-12,028
+/- Changes in trade payables and other liabilities	-72,010	-29,695
- Payments from interest paid	-1,551	-233
+/- Income taxes paid and refunded	-9,736	-8,630
+/- Non-cash expenses and income	-2,911	-2
+ Equity-settled share-based payment transactions	533	630
Total cash flow from operating activities	**-94,190**	**-6,770**
Cash flow from investment activities		
- Cash outflows from the acquisition of subsidiaries	-24,540	-6,512
+ Proceeds from cash and cash equivalents acquired in the acquisition of subsidiaries	0	761
- Payments made for investments in property, plant and equipment, intangible assets and rights of use	-17,336	-13,755
+ Proceeds from disposals of property, plant and equipment, intangible assets and rights of use	891	1,314
+ Proceeds from interest and dividends received	916	37
Total cash flow from investing activities	**-40,069**	**-18,155**
Cash flow from financing activities		
- Payments for capital increase costs	-7	0
- Payments for the repayment of non-current financial liabilities (including the portion reported as current)	-2,760	-860
- Payments from the repayment of leasing liabilities (lessee view)	-6,253	-5,205
+/- Cash inflow/outflow from borrowing/repayment of current financial liabilities	1,372	3,434
+/- Cash inflows/outflows from financial liabilities to leasing companies	5,414	0
- Cash outflows from interest paid for long-term financial liabilities and leasing liabilities	-595	-291
- Payments for the acquisition of non-controlling interests	0	-7,024
Total cash flow from financing activities	**-2,829**	**-9,946**
Net increase/decrease in cash and cash equivalents	**-137,088**	**-34,871**
+/- Effect of exchange rate changes on cash and cash equivalents	-1,647	83
+/- Cash and cash equivalents at the beginning of the period	364,853	135,247
Cash and cash equivalents at the end of the period	**226,118**	**100,459**
thereof		
Cash and cash equivalents from continuing operations	*226,118*	*100,459*
Cash and cash equivalents from discontinued operations	*0*	*0*

*) For the consolidated financial statements 2019, the derivation of the cash flow from operating activities has been changed). The cash flow from operating activities presented in these half-year consolidated financial statements is based on this amended derivation; the comparative period from January 1, 2019 to June 30, 2019 was adjusted accordingly. For further information, see also the explanations in section A.6.1 of this interim consolidated financial statement.

Consolidated Statement of Changes in Equity*

	Shares	Subscribed capital	Additional paidin capital	Retained earnings including profit carried forward and profit for the period			Other reserves	Total owners of parent company	Non-controlling interests	Total equity
				Retained earning	Net income for the period including profit/ loss carried forward	Revaluation of defined benefit pension plans	Currency translation of foreign operations			
	T pieces	**in T€**	**in T€**	**in T€**	**in T€**	**in T€**	**in T€**	**in T€**	**in T€**	**in T€**
January 1, 2019	**35,044**	**35,044**	**204,742**	**93,739**	**52,165**	**-313**	**233**	**385,610**	**2,130**	**387,740**
Result for the period					21,745			21,745	53	21,798
Other comprehensive income						3	3	6	0	6
Overall result					21,745	3	3	21,751	53	21,804
Transfer of net income/retained earnings				30,581	-30,581			0		0
Recognition of share-based payments			428					428		428
Change due to the acquisition of non-controlling interests				-4,841				-4,841	-2,183	-7,024
June 30, 2019	**35,044**	**35,044**	**205,170**	**119,479**	**43,329**	**-310**	**236**	**402,948**	**0**	**402,948**
January 1, 2020	**38,548**	**38,548**	**374,310**	**119,261**	**40,640**	**-618**	**5,174**	**577,315**	**0**	**577,315**
Result for the period					16,357			16,357	0	16,357
Other comprehensive income							-7,660	-7,660	0	-7,660
Overall result					**16,357**	**0**	**-7,660**	**8,697**	**0**	**8,697**
Costs of the capital increase			-5					-5		-5
Transfer of net income/retained earnings				53,624	-53,624			0		0
Recognition of share-based payments			307					307		307
June 30, 2020	**38,548**	**38,548**	**374,612**	**172,885**	**3,373**	**-618**	**-2,486**	**586,314**	**0**	**586,314**

*) The structure of the consolidated statement of changes in equity was changed for the consolidated financial statements for 2019 annual report. The consolidated statement of changes in equity presented in these consolidated half-year financial statements is based on this changed structure. In addition, errors were corrected in the consolidated financial statements for 2019 at the end of the reporting period, see the explanations in section A.7.2 and section A.7.3 of the consolidated financial statements for 2019. Accordingly, the amounts presented in the consolidated statement of changes in equity for the period from December 31, 2018 (January 1, 2019) to June 30, 2019 in the consolidated half-year financial statements for 2019 (Q2 2019) have been changed retrospectively. See also the explanations in section A.6 of this interim consolidated financial statement.

Notes to the consolidated financial statements

A. General information

A.1. Basics

The consolidated financial statements of CANCOM SE and its subsidiaries (hereinafter: „CANCOM Group“, „CANCOM Gruppe“ or „Group“) were prepared in the reporting period (first half of the 2020 financial year) in accordance with the International Financial Reporting Standards or the International Accounting Standards (IFRS/IAS, as applicable in the EU).

The object of CANCOM SE and its consolidated subsidiaries is the design of IT architectures, system integration and the provision of managed services. As a provider of complete solutions, its business activities focus on the sale of hardware and software from wellknown manufacturers and, above all, on the provision of IT services. The range of IT services includes the design of IT architectures and IT landscapes, the conception and integration of IT systems and the operation of the systems.

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

The reporting period covers the period from January 1, 2020 to June 30, 2020 (comparative period: January 1, 2019 to June 30, 2019). 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 half-year financial statements have been prepared in accordance with IAS 34; they are condensed financial statements. They were neither audited nor reviewed by an auditor. These consolidated half-year financial statements should be read in the context of the IFRS consolidated financial statements published for the 2019 financial year. They are available on the Internet at www.cancom.de.

A.2. Consolidation and company acquisitions

A.2.1. Principles of consolidation

For explanations of the consolidation principles, we refer to the section in the IFRS consolidated financial statements 2019, which in turn is part of the CANCOM SE Annual Report 2019.

A.2.2. Acquisitions and investments

No companies were acquired within the CANCOM Group in the first half of the financial year 2020.

A.2.3. Consolidated companies

There were no significant changes in the CANCOM Group‘s scope of consolidation in the first half of the 2020 financial year.

A.3. Explanation of the recognition and measurement methods

The consolidated interim financial statements for the first half of 2020 were prepared using the same recognition and measurement methods as those applied in preparing the consolidated financial statements for the 2019 financial year. The recognition and measurement methods can be found in the 2019 Annual Report in section A.3 of the consolidated financial statements.

A.4 Discretionary decisions and estimation uncertainties

The information on discretionary decisions and estimation uncertainties contained in section A.4 of the consolidated financial statements for the 2019 financial year also applies in principle to the present consolidated half-year financial statements for 2020.

It should be noted that discretionary decisions and estimates are subject to increased uncertainty due to the currently unforeseeable global consequences of the COVID-19 pandemic. As a result, the actual amounts may differ substantially from the estimates of CANCOM‘s management. Such deviations in estimates may have a significant impact on future financial statements of the CANCOM Group.

Determining the impact of the COVID-19 pandemic on the accounting of certain facts is extremely difficult, particularly because of its dynamic development. The CANCOM management has made the estimates and assumptions on the basis of existing knowledge and the best available information. It was assumed that the COVID-19 pandemic will not continue in the long term. The economic recovery observed in the second quarter of the 2020 business year supports this assumption.

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 or IFRS IC for the first time in the reporting period (from January 1, 2020 to June 30, 2020)

- Amendments to various standards (title of the amendment: "Amendments to references to the Framework in IFRS Standards");
- Amendment to IFRS 3 „Business Combinations" (title of the amendment: „Definition of „Business Operations");
- Amendment to IAS 1 „Presentation of financial statements" and IAS 8 „Accounting policies, changes in accounting estimates and errors" (title of the amendment: „Definition of material");
- Amendment to IFRS 9 „Financial Instruments" and IFRS 7 „Financial Instruments: Disclosures" (title of the amendment: „Reform of Reference Interest Rates").

The IASB's extensively revised framework was published in March 2018. It came into force immediately upon publication. The framework is not subject to the EU endorsement process. In this context, adjustments were also made to the crossreferences in the IFRS to the Framework and to reproductions from the Framework. This may have an impact on previously applied recognition and measurement methods developed within the framework of IAS 8.

The amendment to IFRS 3 is intended to assist companies in determining whether a transaction is to be accounted for as a business combination or as an acquisition of assets. They clarify the minimum requirements for a business operation (existence of inputs and a substantive process that significantly permits outputs to be generated). The previously required assessment of whether market participants are able to replace missing elements in this process is no longer necessary. Additional guidelines should help to assess whether an acquired process is substantial. In addition, the definitions of a business operation and output have been narrowed down to the effect that these must be services to customers.

As a result of the amendments to IAS 1 and IAS 8, information is material if the omission, misstatement or obfuscation of that information could reasonably influence the decision of the primary users. The new definition of materiality includes for the first time the concealment of information as a measure of materiality in the area of disclosures. It is aimed at the primary users of financial statements as defined in the Framework since 2010. Furthermore, information must be reasonably likely to influence decisions in order to be material.

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

None of the above changes in rules has any significant effect on the CANCOM Group's net assets, financial position, results of operations or cash flows.

A.6. Changes to the reporting structure and error correction

A.6.1. Changes to the reporting structure

At the end of the reporting period of the consolidated financial statements 2019, some items in the consolidated balance sheet and the consolidated statement of comprehensive income were renamed or combined. The structure of the consolidated statement of changes in equity was also changed. The presentation changes were made to improve the readability and understanding of the consolidated financial statements, taking into account materiality aspects. The present consolidated financial statements for the first half of 2020 are also based on these changes in presentation; the figures for the comparative periods have been changed accordingly.

In addition, the derivation of the cash flow from operating activities within the cash flow statement was changed at the end of the reporting period of the 2019 consolidated financial statements (see section A.7.1 of the 2019 consolidated financial statements). The cash flow statement in the consolidated financial statements for the first half of 2020 is also based on this modified derivation for the reporting period and the comparative period.

A.6.2. Correction of immaterial errors

At the end of the reporting period of the 2019 consolidated financial statements, reclassifications were made within balance sheet items (see section A.7.2 of the 2019 consolidated financial statements for further details). The present consolidated financial statements for the first half of 2020 are also based on these reclassified balance sheet items; the figures for the comparative periods have been changed accordingly.

In determining diluted earnings per share, the number of shares used was adjusted at the end of the reporting period of the 2019 consolidated financial statements (see section A.7.2 of the 2019 consolidated financial statements). This adjustment was also made for the comparative periods of these consolidated financial statements for the first half of 2020.

With regard to equity-settled share-based payment transactions, at the end of the reporting period of the 2019 consolidated financial statements, a transition was made from a linear to a non-linear distribution (so-called „graded vesting“) for determining the personnel expenses to be recorded up to this point in time. This non-linear distribution was also assumed for the comparative periods of these consolidated financial statements for the first half of 2020 when determining personnel expenses.

A.6.3. Correction of substantial errors

In addition, an error correction was made in the 2019 consolidated financial statements which is material within the meaning of IAS 8 and could therefore individually or collectively influence the economic decisions of the users made on the basis of the financial statements. This correction was made with regard to the application of the regulations of IFRS 15 on revenue recognition; specifically, these are adjustments regarding the accounting treatment of warranty and maintenance contracts and certain warranties and cover the following topics:

- Corrections in the assessment of whether CANCOM should be classified as principal or agent in the sale of these services.

- Corrections in the assessment of whether performance obligations are fulfilled over a certain period of time or at a certain point in time (step 5 in the revenue recognition model).

Please refer to section A.7.3 of the consolidated financial statements 2019 for further explanations.

These consolidated financial statements for the first half of 2020 are also based on the reassessments of certain facts and regulations and the associated changes in accounting policies. The figures for the comparative periods were adjusted accordingly.

A.7. Significant events and business transactions

The following events or transactions occurred during the reporting period that could have a material impact on the CANCOM Group‘s net assets, financial position and results of operations:

- In the second quarter of the 2020 fiscal year, an increased need for impairment for expected credit losses on trade receivables was identified due to the ongoing COVID 19 pandemic; see section B.2 of the consolidated interim financial statements.

- In the second quarter of financial year 2020, Rudolf Hotter, member of the Executive Board and, since February 1, 2020, CEO of CANCOM SE, was granted 150,000 stock options, see section D.2 of the consolidated interim financial statements.

- In the second quarter of fiscal year 2020, the put/call agreement entered into upon acquisition of the Ocean Group was exercised, resulting in a reduction of the corresponding purchase price liability; see section D.3 of the consolidated interim financial statements.

B. Notes to the consolidated balance sheet

B.1. Cash and cash equivalents

Cash and cash equivalents exclusively comprise bank balances due at any time and cash on hand.

B.2. Accounts receivable trade

Trade receivables are composed as follows:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Gross book value (before value adjustments)	304,232	274,915
Value adjustments	-790	-425
Trade receivables, balance sheet presentation	**303,442**	**274,490**

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

The value adjustments for trade receivables developed as follows:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Status as at Jan. 1	425	123
Changes in the scope of consolidation	0	0
Impairment losses (including impairment income)	365	302
Balance of value adjustments as of June 30, 2020 and December 31, 2019	**790**	**425**

The amount of T€ -478 (prior year: T€ -478) recognized in the statement of comprehensive income in the item „Impairment losses on financial assets including reversals of impairment losses“ in the period under review: T€ 117) is composed of the impairment losses (including impairment income) of T€ -365 (comparative period: T€ 1) included in the previous table for the reporting period, losses of T€ -128 (comparative period: T€ -3) on receivables already derecognized and gains of T€ 15 (comparative period: T€ 119) on receivables already derecognized. For trade receivables, impairments and reversals of impairments for expected credit losses are determined using an impairment matrix. In this regard, we refer to the information on default risks in section D.6.5 of the consolidated financial statements for the 2019 financial year.

B.3. Contract assets, contract liabilities and capitalized contract costs

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

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Current contract assets	3,374	1,565
Contract assets, balance sheet disclosure	**3,374**	**1,565**

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

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

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Capitalized short-term contract costs	35,609	32,989
Capitalized long-term contract costs	5,094	6,910
Capitalized contract costs, balance sheet disclosure	**40,703**	**39,899**

Contract liabilities mainly relate to advance payments received from customers and prepaid term contracts in connection with IT projects and support services.

The following table shows the contract costs capitalized:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Capitalized short-term contract costs	5,482	6,225
Capitalized long-term contract costs	1,704	1,954
Capitalized contract costs, balance sheet disclosure	**7,186**	**8,179**

In the reporting period, contract costs of T€ 121 (comparative period: T€ 656) were capitalized as contract initiation costs. The capitalized contract preparation costs mainly relate to one project (comparative period: two projects) that is allocated to the Cloud Solutions segment. In the reporting period, scheduled amortization of capitalized contract preparation costs of T€ 371 (prior year: T€ 21) and contract fulfillment costs of T€ 389 (prior year: T€ 0) were recognized.

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

B.4. Inventories

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

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Finished goods, merchandise and raw materials and supplies	68,006	45,331
Advance payments made	0	204
Inventories, balance sheet disclosure	**68,006**	**45,535**

The cost of finished goods, merchandise and raw materials and supplies in the period under review amounted to T€ 549,062 (comparative period: T€ 498,326).

In the reporting period, inventories of finished goods were written down by T€ 245 (previous year: T€ 223) due to overages, obsolescence, reduced marketability or subsequent costs.

B.5. Other financial assets

The other current financial assets are as follows:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Receivables from finance leases	12,838	10,274
Bonus claims on suppliers	7,571	10,039
Creditors with debit balances	551	447
Claims on employees	149	125
Receivables from landlords	0	256
Assets from derivative financial instruments	0	164
Other current financial assets, as reported in the balance sheet	**21,109**	**21,305**

Other non-current financial assets are composed as follows:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Receivables from finance leases	15,693	13,689
Receivables from non-controlling shareholders	5,151	5,524
Receivables from companies with which a participation relationship exists	417	124
Assets from employee benefits	131	128
Claims on employees	5	3
Other non-current financial assets, as reported in the balance sheet	**21,397**	**19,468**

B.6. Property, plant and equipment

Property, plant and equipment are as follows:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
IT computing centers	17,508	19,021
Motor vehicles	10,953	13,635
Land and buildings	7,234	7,421
UCC Communication Systems	394	456
Operating equipment for the logistics center	271	103
Other operating and office equipment	24,943	25,393
Property, plant and equipment, balance sheet disclosure	**61,303**	**66,029**

B.7. Intangible assets (excluding goodwill)

Intangible assets (excluding goodwill) break down as follows:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Customer bases	29,749	37,612
Purchased software	27,818	24,044
Orders on hand	13,130	16,195
Self-produced software	12,603	11,113
Brand and other intangible assets	825	125
Intangible assets (excluding goodwill), as reported in the balance sheet	**84,125**	**89,089**

The customer bases, order backlog, brand and other intangible assets are mainly based on company acquisitions made in previous periods. The items are amortized on a scheduled basis over their respective expected useful lives. The customer bases have an average remaining useful life of 4.5 years, the order backlog has an average remaining useful life of 2.5 years.

The item „software acquired for a consideration“ includes in particular ERP systems and a cloud-based agility platform. They are amortized on schedule and have an average remaining useful life of 5.5 years.

The item „Internally developed software“ mainly includes the AHP Private Cloud Platform amounting to T€ 9,614 (December 31, 2019: T€ 7,643), which is amortized over its expected useful life. The average remaining useful life is four years.

B.8. Goodwill and other intangible assets

Goodwill breaks down as follows:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Novosco Group	62,688	66,327
CANCOM Managed Services GmbH	58,159	58,159
CANCOM GmbH	34,030	34,030
- thereof IT Solutions	28,873	28,873
- thereof Cloud Solutions	5,157	5,157
Ocean Group	29,926	32,094
CANCOM UK Group (formerly OCSL Group)	10,890	11,679
CANCOM on line GmbH	7,049	7,049
CANCOM ICT Service GmbH	2,522	2,522
CANCOM a + d IT solutions GmbH	1,717	1,717
HPM Incorporated	0	0
Goodwill, as reported in the balance sheet	**206,981**	**213,577**

From the translation of the goodwill of the Ocean Group, the CANCOM UK Group and the Novosco Group (functional currency mainly £) into the reporting currency € in accordance with IAS 21 in conjunction with IFRS 3, there was a change in goodwill of T€ -6,596 in the reporting period (comparative period: T€ -13).

B.9. Rights of use

The rights of of the three classes applied within the CANCOM Group are divided as follows:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Rights of use for land and buildings	59,412	59,722
Rights of use for operating and office equipment	4,904	2,549
Rights of use for motor vehicles	4,939	3,674
Rights of use, as reported in the balance sheet	**69,255**	**65,945**

B.10. Accounts payable for goods and services

Trade payables are mainly composed of liabilities for goods delivered and liabilities for services purchased.

B.11. Other financial liabilities

Other current financial liabilities are as follows:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Financial liabilities to financial service providers	17,702	14,563
Leasing liabilities	13,130	11,491
Financial liabilities to leasing companies	7,551	4,923
Accounts receivable with creditors	3,991	5,243
Purchase price liabilities for the acquisition of shares in CANCOM LTD (Novosco Group Limited)	1,635	21,171
Outstanding cost invoices	679	437
Purchase price liabilities for the acquisition of shares in CANCOM UK Holdings Limited (CANCOM UK TOG Limited)	613	414
Purchase price liabilities for the acquisition of shares in medocino Gesellschaft für vernetzte Systeme mbH	600	600
Remuneration of the Supervisory Board	157	316
Other current financial liabilities, as reported in the balance sheet	**46,058**	**59,158**

Other non-current financial liabilities are composed as follows:

(in T€)	Jun. 30, 2020	Dec. 31, 2019
Leasing liabilities	63,151	61,829
Purchase price liabilities for the acquisition of shares in CANCOM LTD (Novosco Group Limited)	27,127	28,857
Financial liabilities to leasing companies	13,233	10,446
Purchase price liabilities for the acquisition of shares in CANCOM LTD (CANCOM UK TOG Limited)	11,265	11,983
Purchase price liabilities for the acquisition of shares in CANCOM LTD	2,108	2,252
Purchase price liabilities for the acquisition of shares in CANCOM Ocean Ltd (Ocean Intelligent Communications Ltd)	0	10,818
Other non-current financial liabilities, as reported in the balance sheet	**116,884**	**126,185**

B.12. Equity

The changes and components of equity in the reporting and comparative periods are presented in the consolidated statement of changes in equity.

C. Notes to the consolidated statement of comprehensive income

C.1. Revenue

The sales revenues for the reporting period and the comparison period are broken down as follows:

(in T€)	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019
from the sale of goods	627,997	578,901
from the provision of services	197,857	184,596
Total	**825,854**	**763,497**
thereof from the sale of goods		
attributable to the Cloud Solutions segment	69,496	49,957
attributable to the IT Solutions segment	558,501	528,944
thereof from the provision of services		
attributable to the Cloud Solutions segment	99,113	82,430
attributable to the IT Solutions segment	98,744	102,166

(in T€)	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019
Revenue from contracts with customers	814,744	756,896
Leasing proceeds	11,110	6,601
Total	**825,854**	**763,497**

The following table shows how revenue from contracts with customers in the reporting period and the comparison period is broken down according to the two options provided under IFRS 15 for the timing of revenue recognition of contracts with customers. The table also shows to which segment the revenues from contracts with customers are attributable.

(in T€)	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019
Date of revenue recognition		
Products transferred at one time	616,887	572,300
Products and services transferred over a period of time	197,857	184,596
Total	**814,744**	**756,896**
thereof		
attributable to the Cloud Solutions segment	166,476	132,316
attributable to the IT Solutions segment	648,268	624,580

C.2. Capitalized contract costs

In the reporting period, a net amount of T€ -250 (comparative period: T€ 635) was recorded as contract preparation costs in the capitalized contract costs. Thus, expenses for personnel costs for the Group's own employees of T€ 121 (previous year: T€ 321) and for externally procured subcontractor services of T€ 0 (previous year: T€ 335) were capitalized. In addition, the net amount recognized includes reversals of contract preparation costs of T€ -371 (prior year: T€ -21) capitalized in previous periods.

In the reporting period, an amount of T€ -389 (prior year: T€ 0) of capitalized contract costs was recognized as contract performance costs. The amount of T€ -389 recorded in the reporting period resulted from the reversal of contract performance costs capitalized in previous periods.

C.3. Cost of materials/expenses for purchased services

The cost of materials/costs of purchased services in the reporting period comprise the cost of raw materials, consumables and supplies and of purchased merchandise amounting to T€ 549,062 (prior year's period: T€ 498,326) and the cost of purchased services from the core business amounting to T€ 54,593 (prior year's period: T€ 59,040).

C.4. Personnel expenses

The personnel expenses for the reporting period and the comparative period are composed as follows:

(in T€)	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019
Wages and salaries	-128,183	-111,444
Social security contributions	-18,349	-17,253
Expenditure for pension schemes	-741	-349
Equity-settled share-based payment transactions	361	-1,067
Cash-settled share-based payments	161	-262
Total	**-146,751**	**-130,375**

C.5. Depreciation

Depreciation and amortization for the reporting period and the comparative period are as follows:

(in T€)	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019
Scheduled depreciation on property, plant and equipment	-10,073	-8,634
Impairment of property, plant and equipment	0	0
Scheduled amortization of intangible assets	-12,674	-10,541
Impairment of intangible assets (excluding goodwill)	0	0
Scheduled depreciation on rights of use	-6,270	-4,794
Impairment of rights of use	0	0
Impairment of goodwill	0	0
Total	**-29,017**	**-23,969**

C.6. Other operating expenses

Other operating expenses for the reporting period and the comparative period are composed as follows:

(in T€)	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019
External services	-5,952	-2,912
Repairs, maintenance, rental leasing	-5,108	-2,966
Room costs	-3,324	-3,164
Entertainment and travel expenses	-2,733	-4,414
Costs of the delivery of goods	-2,551	-2,638
Legal and consulting fees	-2,411	-1,651
Communication and office costs	-1,835	-1,744
Training costs	-1,269	-1,522
Vehicle costs	-1,256	-1,662
Advertising costs	-1,166	-1,018
Insurance and other charges	-1,016	-907
Fees, costs of monetary transactions	-362	-320
Stock exchange and representation expenses	-164	-271
Other operating expenses	-4,067	-1,620
Total	**-33,214**	**-26,809**

D. Other information

D.1. Segment reporting

Segment information is provided in accordance with the provisions of IFRS 8. The segment information is based on the segmentation used for internal management purposes.

The Group reports two business segments - Cloud Solutions and IT Solutions.

Management controls the CANCOM Group on the basis of the services, goods and software offered in these two business segments. The Cloud Solutions segment differs from the IT Solutions segment in its field of activity and in its trading and service processes. In addition, the two business segments differ in terms of the growth strategy pursued in each case and in terms of their general strategic importance.

The CANCOM Group does not optionally combine business segments for reporting purposes.

Segment information

Segment information	Cloud Solutions		IT Solutions	
(in T€)	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019*	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019*
Revenue				
Revenue from external customers	168,609	132,386	657,243	631,083
Inter-segment sales	4,545	4,571	4,131	3,319
Total income	173,154	136,957	661,374	634,402
Cost of materials/expenses for purchased services	-89,238	-69,385	-522,130	-494,941
Personnel expenses	-39,289	-30,040	-99,909	-93,797
Other income and expenses	-8,019	-5,734	-17,204	-15,244
EBITDA	36,608	31,798	22,131	30,420
Scheduled depreciation and amortization	-8,928	-5,795	-10,839	-10,037
Scheduled amortization and impairment losses	-6,196	-4,888	-2,502	-3,097
Operating result (EBIT)	21,484	21,115	8,790	17,286
Interest income	159	43	349	212
Interest expenses	-96	-40	-2,565	-1,531
Other financial result Income	0	0	0	0
Other financial result Expenses	0	0	-163	-39
Currency gains/losses				
Income before income taxes	21,547	21,118	6,411	15,928
Income taxes				
Result from discontinued operations	0	9	0	0
Result for the period				
thereof attributable to shareholders of the parent company				
thereof attributable to non-controlling shareholders				

Total operating segments		Other companies		Reconciliation statement		Consolidated	
Jan. 1, 2020 to Jun. 30, 2020	**Jan. 1, 2019 to Jun. 30, 2019***	**Jan. 1, 2020 to Jun. 30, 2020**	**Jan. 1, 2019 to Jun. 30, 2019***	**Jan. 1, 2020 to Jun. 30, 2020**	**Jan. 1, 2019 to Jun. 30, 2019***	**Jan. 1, 2020 to Jun. 30, 2020**	**Jan. 1, 2019 to Jun. 30, 2019***
825,852	763,469	2	28				
8,676	7,890	121	3	-8,797	-7,893		
834,528	771,359	123	31	-8,797	-7,893	825,854	763,497
-611,368	-564,326	-43	-34	7,756	6,994	-603,655	-557,366
-139,198	-123,837	-7,553	-6,538	0	0	-146,751	-130,375
-25,223	-20,978	-5,158	-2,059	1,041	899	-29,340	-22,138
58,739	62,218	-12,631	-8,600	0	0	46,108	53,618
-19,767	-15,832	-277	-152	0	0	-20,044	-15,984
-8,698	-7,985	-275	0	0	0	-8,973	-7,985
30,274	38,401	-13,183	-8,752	0	0	17,091	29,649
508	255	3,070	2,075	-3,062	-2,065	516	265
-2,661	-1,571	-3,057	-1,429	3,062	2,065	-2,656	-935
0	0	4,692	0	0	0	4,692	0
-163	-39	0	0	0	0	-163	-39
				2,993	444	2,993	444
27,958	37,046	-8,478	-8,106	2,993	444	22,473	29,384
				-6,116	-7,595	-6,116	-7,595
0	9	0	0	0	0	0	9
						16,357	**21,798**
						16,357	21,745
						0	53

*) Corrections of errors were made in the consolidated financial statements for 2019 at the end of the reporting period, see the explanations in section A.7.2 and section A.7.3 of the consolidated financial statements for 2019. accordingly, the segment information published in the consolidated half-year financial statements for 2019 (Q2 2019) for the period January 1, 2019 to June 30, 2019 has been retrospectively amended in these consolidated half-year financial statements. See also the comments in section A.6.2 and section A.6.3 of these half-year consolidated financial statements.

D.1.1. Description of the reportable segments

The Cloud Solutions operating segment comprises CANCOM Managed Services GmbH, Ocean Intelligent Communications Ltd, CANCOM Communication & Collaboration Ltd (formerly Ocean Unified Communications Ltd), Ocean Network Services Ltd, CANCOM Slovakia s.r.o. plus the business units of CANCOM GmbH, CANCOM on line GmbH, CANCOM UK Managed Services Limited, CANCOM Managed Services Ltd (formerly Novosco Ltd) and Novosco Limited, which are allocated to the „Cloud Solutions“ segment. This business segment includes the CANCOM Group‘s cloud and shared managed services business, including the cloud hardware, software and service businesses allocated to the projects. The range of services includes analysis, consulting, delivery, implementation and services, thus providing customers with the necessary orientation and support for the transformation of their corporate IT into the cloud. As part of its range of services, the CANCOM Group is able to take over the complete or partial operation of IT for customers with scalable cloud and managed services - especially shared managed services. Selling expenses attributable to cloud sales are included in the segment. The cloud business also benefits from synergies with general CANCOM sales and marketing, the costs of which are allocated to the IT Solutions reporting segment. There are asymmetrical allocations here; with symmetrical allocations, the personnel expenses allocated to the Cloud Solutions reporting segment would be correspondingly higher and the key performance indicator EBITDA correspondingly lower. In the reporting period and in the prior-year period, this had no effect on the allocation of resources by management to the reporting segments.

The IT Solutions business segment includes the companies CANCOM GmbH, CANCOM Computersysteme GmbH, CANCOM a + d IT solutions GmbH, CANCOM (Switzerland) AG, CANCOM ICT Service GmbH, CANCOM on line GmbH, Cancom on line BV (formerly Cancom on line B.V.B.A), CANCOM physical infrastructure GmbH, CANCOM, Inc, HPM Incorporated, CANCOM UK TOG Limited, CANCOM UK Limited, CANCOM UK Managed Services Limited, CANCOM UK Professional Services Limited, M.H.C. Consulting Services Ltd, OCSL Employee Services LLP, OCSL Property LLP, Novosco Group Limited, CANCOM Managed Services Ltd (formerly Novosco Ltd) and Novosco Limited minus the area of CANCOM GmbH, CANCOM on line GmbH, CANCOM UK Managed Services Limited, CANCOM Managed Services Ltd (formerly Novosco Ltd) and Novosco Limited attributable to the „Cloud Solutions“ segment and the „Other Companies“ segment. With this business segment, the CANCOM Group offers comprehensive support for all aspects of IT infrastructure and applications. It includes IT strategy consulting, project planning and implementation, system integration, IT procurement via e-procurement services or within the framework of projects, as well as professional IT services and support.

„Other companies“ includes CANCOM SE, CANCOM VVM GmbH, CANCOM VVM II GmbH (formerly CANCOM Financial Services GmbH), CANCOM LTD, CANCOM Ocean Ltd, CANCOM UK Holdings Limited, plus the area of CANCOM GmbH allocated to the „Other companies“ segment. CANCOM SE and the area of CANCOM GmbH allocated to this segment include staff or management functions. As such, it provides a range of services to its subsidiaries. This area also includes the costs of central Group management and investments in internal Group projects.

D.1.2. Basis of valuation for the result of the segments

The accounting policies used in internal reporting on the segment are the same as those described in section A.3 of the consolidated financial statements for the 2019 financial year. With the exception described in section D.1.1 of the interim consolidated financial statements for the 2019 financial year, there are no asymmetrical allocations of assets and liabilities or income and expenses to reportable segments.

Internal revenues are recorded either on a cost basis or on the basis of current market prices, depending on the type of service.

There is no presentation of segment assets, segment liabilities and investments, as internal reporting is based exclusively on key earnings figures by segment for the purposes of Group management.

D.1.3 Reconciliations

The item Reconciliation shows issues that are not directly related to the business segments and other companies. These include sales within the segments and income tax expenses.

Income tax expense is not included in the results of the operating segments. Since the tax expense is allocated to the controlling company in the case of a fiscal unity, the allocation of income tax does not necessarily correspond to the structure of the segments.

D.1.4. Information on geographical areas and products and services

(in T€)	Sales by location of customer		Revenues by location of companies	
	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019	Jan. 1, 2020 to Jun. 30, 2020	Jan. 1, 2019 to Jun. 30, 2019
Germany	634,402	605,428	677,908	631,920
Foreign countries	191,452	158,069	147,946	131,577
Total Group	**825,854**	**763,497**	**825,854**	**763,497**

(in T€)	Non-current assets	
	Jun. 30, 2020	Dec. 31, 2019
Germany	279,618	277,649
Foreign countries	168,251	182,032
Total Group	**447,869**	**459,681**

Non-current assets include all non-current assets with the exception of deferred tax assets and securities allocated to the balance sheet item „Financial assets and loans“.

Information on sales revenues from external customers for each product and service or for each group of comparable products and services is not provided because the information is not available and the cost of collection would be excessive.

D.2. Share-based payment

The following comments relate to equity-settled share-based payments. On May 6, 2020 - in addition to the stock options issued in previous periods (Tranche 1 and Tranche 2; see section D.4.1 of the consolidated financial statements in the 2019 Annual Report) - a further 150,000 stock options were issued (Tranche 3). The stock options were granted to Rudolf Hotter, member of the Executive Board and CEO of CANCOM SE since February 1, 2020; they are assigned to Group 1 (members of the Executive Board). The fair value per share option on the grant date was €14.47. To determine the fair value for the share-based payment, 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.

Income of T€ 361 (prior year: expense of T€ 1,067) was recognized in the reporting period for equity-settled share-based payments. Expenses of T€ 82 were recognized in the reporting period for Tranche 3 issued in May 2020.

D.3. Further information 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 at the end of the reporting period (30 June 2020):

(in T€)	Carrying amount Jun. 30, 2020	FA_AC[1]	FA_FVOCI[2]	FA_FVPL/ FL_FVPL[3]	FL_AC[4]	No category	Fair value Jun. 30, 2020
		Amortized cost	Fair value	Fair value	Amortized cost	Accounting in accordance with IFRS 16	
Current assets							
Cash and cash equivalents	226,118	226,118					226,118
Accounts receivable trade	303,442	303,442					303,442
Other current financial assets	21,109	8,271				12,838	21,109
- Receivables from finance leases						12,838	12,838
- Other items		8,271					8,271
Non-current assets							
Financial assets and loans	4,005		4,005				4,005
Other non-current financial assets	21,397	5,704				15,693	21,397
- Receivables from finance leases						15,693	13,934
- Other items		5,704					5,241
Current liabilities							
Current liabilities to banks	5,603				5,603		5,603
Accounts payable for goods and services	245,183				245,183		245,183
Other current financial liabilities	46,058			2,235	30,693	13,130	46,058
- Leasing liabilities						13,130	13,130
- Contingent consideration pursuant to IFRS 3				2,235	613		2,848
- Other items					30,080		30,080
Non-current liabilities							
Long-term liabilities to banks	137				137		132
Other non-current financial liabilities	116,884				53,732	63,152	/
- Leasing liabilities						63,152	/
- Synthetic liabilities according to IAS 32.23					40,500		40,500
- Other items					13,232		12,271
Assets, total	**576,071**	**543,535**	**4,005**	**0**	**/**	**28,531**	**576,071**
Liabilities, total	**413,865**	**/**	**/**	**2,235**	**335,348**	**76,282**	**/**

1) Measurement category „financial assets measured at amortized cost".

2) Measurement category „financial assets at fair value through profit or loss in 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 amortized 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 as of December 31, 2019:

(in T€)	Carrying amount Dec. 31, 2019	FA_AC[1] Amortized cost	FA_FVOCI[2] Fair value	FA_FVPL/ FL_FVPL[3] Fair value	FL_AC[4] Amortized cost	No category Accounting in accordance with IFRS 16	Fair value Dec. 31, 2019
Current assets							
Cash and cash equivalents	364,853	364,853					364,853
Accounts receivable trade	274,490	274,490					274,490
Other current financial assets	21,305	10,868		163		10,274	21,305
- Receivables from finance leases						10,274	10,274
- Forward exchange transactions				163			163
- Other items		10,868					10,868
Non-current assets							
Financial assets and loans	4,005		4,005				4,005
Other non-current financial assets	19,468	5,779				13,689	19,468
- Receivables from finance leases						13,689	14,015
- Forward exchange transactions							
- Other items		5,779					5,201
Current liabilities							
Current liabilities to banks	7,182				7,182		7,182
Accounts payable for goods and services	319,441				319,441		319,441
Other current financial liabilities	59,158			21,772	25,895	11,491	59,158
- Leasing liabilities						11,491	11,491
- Contingent consideration pursuant to IFRS 3				21,772	414		22,186
- Other items					25,481		25,481
Non-current liabilities							
Long-term liabilities to banks	218				218		207
Other non-current financial liabilities	126,185				64,356	61,829	/
- Leasing liabilities						61,829	/
- Forward exchange transactions							
- Contingent consideration pursuant to IFRS 3							
- Synthetic liabilities according to IAS 32.23					53,910		53,910
- Other items					10,446		10,209
Assets, total	**684,121**	**655,990**	**4,005**	**163**	**/**	**23,963**	**684,121**
Liabilities, total	**512,184**	**/**	**/**	**21,772**	**417,092**	**73,320**	**/**

1) Measurement category „financial assets measured at amortized cost".

2) Measurement category „financial assets at fair value through profit or loss in 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 amortized cost".

The fair values of cash and cash equivalents (cash and cash equivalents) and other current financial instruments, i.e. trade receivables, other current financial assets, current liabilities to banks, trade payables and other current financial liabilities, correspond to the carrying amounts recognized on the respective balance sheet dates.

Financial assets and financial liabilities are measured at fair value according to the availability of relevant information on the basis of the three levels of the measurement hierarchy listed in IFRS 13. For the first level, quoted market prices for identical assets and liabilities in active markets are directly observable. At the second level, measurement is based on measurement 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 use input factors observable on the market.

For the securities included in the balance sheet item „Financial assets and loans“, the fair value corresponds to the price quotation on the balance sheet date multiplied by the number of units in the portfolio (level 1).

The fair value of forward exchange contracts is determined using a discounted cash flow method. Future payments are estimated on the basis of forward exchange rates (observable rates at the balance sheet date) and the contracted forward exchange rates, discounted at a rate that reflects 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 and non-current liabilities to banks are determined as the present values of the payments expected to be made with the assets and liabilities and on the basis of market interest rates for comparable financial instruments (level 2).

With reference to IFRS 7.29 (d), the fair values of leasing liabilities are not disclosed.

The fair values determined for contingent consideration from company acquisitions are based on different valuation models. Since the respective measurement model includes both input factors observable on the market (e.g. riskadjusted discount rates) and company-specific (and thus not market observable) input factors, these are allocated to level 3. In detail, the following issues are involved - as at the end of the reporting period:

- two conditional purchase price liabilities from the acquisition of the shares in medocino Gesellschaft für vernetzte Systeme mbH, which were recognized for the first time in the first half of the 2019 financial year

- two conditional purchase price liabilities from the acquisition of the shares in Novosco Group Limited (Novosco Group), which were recognized for the first time in the second half of the 2019 fiscal year

The contingent consideration from the acquisition of the shares in medocino Gesellschaft für vernetzte Systeme mbH comprises an employee termination component and a software component. If a certain number of key employees have not given notice of termination of their service or employment relationship themselves by the end of 31 December 2020, a one-off lump-sum payment of €200,000 is due (employee notice component). This results in either T€ 0 or T€ 200 in contingent consideration. At the acquisition date, the contingent consideration was measured at T€ 200 based on the most probable amount payable. If the actual software service revenue of certain software developers exceeds a certain amount by the end of December 31, 2020, a one-time lumpsum payment of T€ 400 is due (software component). Accordingly, the consideration to be paid is either T€ 0 or T€ 400. At the acquisition date, the contingent consideration was measured at T€ 400 on the basis of the most probable amount to be paid. The amounts determined for the contingent consideration were not discounted as of the balance sheet date of financial year 2019 and the reporting period, as the payments were due in the short term on these dates. At the end of the reporting period, liabilities of €600 thousand were recognized for the contingent consideration.

The expected payments on the contingent consideration from the acquisition of the shares in the Novosco Group relate - as at the end of the reporting period - to two contingent consideration items: a grant component of up to a maximum of T£792 (T €868) (whether and to what extent grants will be received which are to be paid out to the sellers) and an income tax component of up to T£700 (T €767) (whether tax relief will result from the exercise of share options which are to be paid out to the sellers). The grant component is contingent upon the creation of jobs in the Northern Ireland region and the achievement of a profit target for the Novosco Group for the financial year 2019. The grant component is subject to a range of consideration to be paid from T£0 (T€0) up to a maximum of T£792 (T€868). The grant component was valued at T£ 792 (T€ 900) at the time of acquisition. The profit target for the financial year 2019 had already been achieved as of 31 December 2019; payment is expected to be made in 2021. At the end of the reporting period, the liability recognized for the grant components amounted to T£ 792 (T€ 868). For the income tax component, the consideration to be paid ranges from T£ 0 (T€ 0) to a maximum of T£ 1,360 (T€ 1,491). The income tax component was valued at the time of acquisition at T£ 1,360 (T€ 1,546). The condition for the income tax component will be met with tax assessment for the year 2019/20. At the end of the reporting period, the liability recognized for the income tax component was T£ 700 (T€ 767), as part of the liability was settled in the reporting period.

The put/call agreements recognized as synthetic liabilities in accordance with IAS 32.23 as part of company acquisitions are measured at amortized cost. However, the respective balance sheet value corresponds almost exactly to the fair value, since a revaluation is carried out on each balance sheet date taking into account the current estimated values. Differences to the fair value therefore only arise because the original (credit risk-adjusted) interest rate for borrowed capital is used to determine the balance sheet value, whereas this interest rate would have to be determined on a current basis to determine the fair value. Due to the company-specific input factors included in the valuation model, these would - if they were measured at fair value - be allocated to Level 3. In detail, the following circumstances apply as of the end of the reporting period:

- a put/call agreement in connection with the acquisition of the shares in Novosco Group Limited and the Novosco Group, which was recognized for the first time in the second half of fiscal year 2019;

- a put/call agreement in connection with the acquisition of the shares in CANCOM UK TOG Limited (formerly The Organised Group Ltd) and the CANCOM UK Group (formerly OCSL Group), which was recognized for the first time in the 2018 financial year.

The expected payments for the synthetic liabilities from the acquisition of the shares in the Novosco Group and from the acquisition of the shares in the CANCOM UK Group were calculated on the basis of the forecast EBIT figures of the CANCOM LTD Group for the period 2020 to 2026. An average EBIT margin of 11 percent is assumed. The discount rate was 1.65 percent.

The synthetic liability still recognized as at 31 December 2019 due to a put/call agreement in connection with the acquisition of the shares in Ocean Intelligent Communications Ltd and the Ocean Group, which was recognized for the first time in the 2018 financial year, was derecognized in the second quarter of the 2020 financial year. The reason for the derecognition was that the shareholders of the shares not yet transferred to the CANCOM Group (non-controlling interests) exercised their right to tender their shares to the CANCOM Group (use of the put option).
The derecognition resulted in a profit of T€ 4,692 , which was recognized under „Other financial result, income“ in the presentation of the result for the period. The payment in connection with the derecognition of the liability of T€ 5,645 was allocated to cash flow from investing activities (item „Payments for the acquisition of subsidiaries“) in the cash flow statement.

The estimated fair values for the synthetic liabilities would increase (decrease) if:

- the sellers would sell their shares later (earlier) than expected, i.e. putt

- the EBIT margin or EBITDA margin would be higher (lower) or

- the risk-adjusted discount rate would be lower (higher)

The following table shows the development of contingent consideration allocated to level 3 of the fair value measurement hierarchy and synthetic liabilities for the reporting period

(in T€)	Contingent considera-tion	Synthetic liabilities
Status Jan. 1, 2020	22,185	53,909
Change from revaluation	227	-4,724
Access	0	368
Disposals/Compensations	-18,106	-5,412
Exchange rate differences	-1,458	-3,641
As of Jun. 30, 2020	**2,848**	**40,500**

Neither in the reporting period nor in the comparison period did unrealized income or expenses result from the revaluation.

D.4. Significant events after the reporting period

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

Responsibility statement by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the half-year consolidated financial statements of CANCOM SE give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the interim 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, August 2020

The Executive Board of CANCOM SE

Rudolf Hotter	Thomas Stark
CEO	CFO

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