

# Q3 2019

INTERIM REPORT AS AT SEPTEMBER 30, 2019

**CANCOM**

# Key figures

## CANCOM GRUPPE

in € million	9M 2019	9M 2018	Δ
Revenues	1,175.6	963.7	+22.0%
Gross profit	319.2	273.4	+16.8%
EBITDA (adjusted)	93.8	78.2	+19.9%
EBITDA margin (adjusted)	8.0%	8.1%	-0.1 Pp
EBITA (adjusted)	69.4	59.5	+16.6%
EBIT (adjusted)	59.0	49.4	+16.2%
	30.9.2019	31.12.2018	Δ
Balance sheet total	827.8	838.1	-1.2%
Equity	408.4	390.2	+4.7%
Equity ratio	49.3%	46.6%	+2.7 Pp
Employees	3,509	3,318	+5.8%

## CLOUD SOLUTIONS

in € million	9M 2019	9M 2018	Δ
Revenues	213.8	174.7	+22.4%
EBITDA (adjusted)	56.1	44.1	+27.2%
EBITDA margin (adjusted)	26.2%	25.3%	+0.9 Pp
Annual Recurring Revenue	156.6	125.0	+25.3%

## IT SOLUTIONS

in € million	9M 2019	9M 2018	Δ
Revenues	961.8	789.0	+21.9%
EBITDA (adjusted)	48.3	42.9	+12.6%
EBITDA margin (adjusted)	5.0%	5.4%	-0.4 Pp

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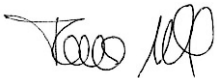
**Dear Shareholders,**

Following an extraordinarily high volume growth in the first half of the year, the results for the third quarter of 2019 have now also shown a corresponding increase in profitability. Over the next nine months, the CANCOM Group can thus report revenue growth of 22 percent and an improvement in adjusted EBITDA of 20 percent in the current financial year. We are thus fully on track to achieve our raised annual forecast for 2019.

With an adjusted EBITDA margin of over nine percent, the third quarter also showed that we have our medium-term goal of achieving a margin of 10 percent firmly in sight. The takeover of the Novosco Group in October will bring us another big step forward in this direction. Novosco is not only strengthening us overall by expanding our capacities and capabilities – especially in the area of managed services. The company significantly increases CANCOM Group's market presence in the United Kingdom once again and gives us direct access to the Irish market for the first time.

As our next financial report will only be published after the turn of the year, we would like to take this opportunity to thank you, our shareholders, for the trust you have placed in our joint company this year. Keep faith with us also in 2020! We are firmly convinced that it will be worth it.

Your CANCOM SE Executive Board



Thomas Volk  
CEO



Rudolf Hotter  
COO



Thomas Stark  
CFO

# Interim Group management report

for the period 1 January to 30 September 2019

## FUNDAMENTAL INFORMATION ABOUT THE GROUP

### Structure of the CANCOM Group

The CANCOM Group („CANCOM“) is one of the leading providers of IT infrastructure and IT services in Germany and Austria. The Group has subsidiaries in Germany, Austria, Switzerland, Great Britain, Belgium and the USA.

The parent company of the CANCOM Group is CANCOM SE, based in Munich, Germany. It assumes central financing and management functions for the Group companies, i.e. the investments it holds. In addition to the central management and financing functions, the operating units within the CANCOM Group are also supported in their day-to-day business operations by centralized departments for purchasing, warehousing and logistics, marketing/communications, legal, product management and human resources. In addition, there is an in-house specialized sales department („Competence Center“) available.

These central functions support the decentralized operational sales and service units in Germany and abroad in their operational business. This structure of customer-oriented decentralised operating units and centralised management and support functions ensures a high level of efficiency in the management and control of the Group and a high level of performance by the CANCOM Group in its cooperation with customers and partners.

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

The Group segment Cloud Solutions comprises the business with (Shared) Managed Services as well as those product and service businesses that can be directly allocated to Managed Services contracts. In addition, there are all business activities in connection with our own software product - the IT multicloud management software ‚AHP Enterprise Cloud‘.

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

In addition to the two operating Group segments, the segment reporting of the CANCOM Group includes the Other Companies segment. It represents the staff and management functions for central Group management, including the parent company CANCOM SE. Intra-group investments as well as expenses for company acquisitions or income from company sales are also included in this area.

Further information, including the allocation of the individual Group companies to the reporting segments, can be found in the Notes to the Consolidated Financial Statements in the Segment Information section.

### Business model and sales markets

CANCOM's range of products and services is designed to provide comprehensive consulting and support to corporate customers in adapting IT infrastructures and business processes to the requirements of digitization. CANCOM acts as a complete solution provider and sees itself as a „Leading Digital Transformation Partner“ for its customers.

The range of services extends from strategic consulting for digital business processes to the partial or complete operation of IT systems (managed services), system design and integration, IT support, delivery and turnkey implementation of hardware and software as well as 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 revenue both from its own capabilities and services (services business) and from fees and commissions for the sale of third-party IT products (goods sales). The business model is supplemented by the distribution of the in-house software ‚AHP Enterprise Cloud‘.

CANCOM thus combines the corporate activities of a managed services provider, a system house (value-added reseller) and a software manufacturer and can thus generate additional synergy effects between these complementary business areas.

Management is pursuing a medium-term course of strategic transformation for the CANCOM Group. The provision of IT services, in particular shared managed services, is expected to account for an increasing share of business activity in the future. Since 2018, the company has also been investing increasingly in the further development of its own software ‚AHP Enterprise Cloud‘ and the establishment of a specialised sales organisation - also via partners. This is intended to support marketing as a single product, in addition to the current distribution of the ‚AHP Enterprise Cloud‘ software as a solution within larger IT projects by CANCOM itself.

The clientele mainly includes commercial end users, ranging from small and medium-sized enterprises to large enterprises and corporations as well as public institutions. In geographical terms, the CANCOM Group is primarily active in Germany and Austria, but also in Great Britain, Belgium, Switzerland and the USA.

### Competitive position

According to the latest evaluation available from the Federal Statistical Office and the IT industry association bitkom, there are around 90,000 companies in Germany in the areas of IT hardware, software and IT services, although they differ greatly in terms of size and/or range of services. The total volume of the German IT market in 2018 is estimated by the industry association bitkom at 89.9 billion euros. Large companies with annual sales of more than EUR 250 million include 35 companies in the combined IT hardware/software and services business segment in the German market. CANCOM thus belongs to the small group of large companies in the German IT sector. However, with domestic annual sales of EUR 1,200.6 million in 2018, the CANCOM Group's market share in the overall market is still only around one percent. In addition to the very few other large companies, the market is mainly addressed by small and medium-sized or more regionally active IT manufacturers and IT service providers. These figures reflect the highly fragmented status of the German IT market and show the great remaining potential for CANCOM in its home market of Germany alone.

In the more narrowly defined competitive environment of system houses (Value Added Resellers), there are 21 companies on the basis of data from the latest system house ranking list of the industry medium ChannelPartner, which generated more than EUR 250 million in sales in the German market in 2018. Only five of these companies achieve a domestic turnover of more than one billion euros. According to this ranking, CANCOM is the fourth-largest company in Germany (previous year: 4th place). CANCOM is considered by ChannelPartner to be one of this narrower competitive environment of system houses, as CANCOM continues to cover the full range of products and services of a system house despite the expansion of its business model.

### Explanation of the control system used within the Group

In order to manage and monitor the development of the individual subsidiaries and the reporting segments, CANCOM SE analyses their sales, gross profit, operating expenses and operating result on a monthly basis and compares the actual figures with the budgeted figures.

The most important financial performance indicators are gross profit<sup>1</sup>, EBITDA<sup>2</sup> and EBITA<sup>3</sup>, i.e. operating profit before amortization of intangible assets. The latter offers a comprehensive view of the overall success of the company, because the corporate strategy with its significant activities in company acquisitions leads, purely in accounting terms, to the consolidation of newly acquired companies and thus to burdens on the operating result (EBIT<sup>4</sup>). EBITA therefore reflects the business performance of the CANCOM Group more adequately than EBIT. In addition, the new key figure Annual Recurring Revenue (ARR<sup>5</sup>) was included in the management system at the beginning of the 2019 financial year. The ARR is the key indicator for the success of the strategic transformation of the CANCOM Group, as it directly maps the volume of business with Managed Services and the ‚AHP Enterprise Cloud‘.

Significant deviations in the key figures identified make it necessary to prepare a forecast. In addition, external indicators such as inflation rates, interest rates, developments and forecasts for the general economy and the IT sector as well as findings and signals from the Group-wide risk early warning system are regularly taken into account for corporate management purposes. In this regard, we also refer to the comments in the opportunities and risks report.

Explanation of the alternative key performance indicators (APM) used in accordance with the APM guideline of the European Securities and Markets Authority (ESMA):

- 1) Gross profit = total output (sales revenues + other operating income + other own work capitalized) less cost of materials / cost of purchased services
- 2) EBITDA = profit for the period + taxes + at equity gain/loss + income from investments + financial result + depreciation on property, plant and equipment and intangible assets
- 3) EBITA = profit for the period + taxes + at equity gain/loss + income from investments + financial result + amortization of intangible assets
- 4) EBIT = profit for the period + taxes + at equity profit/loss + income from investments + financial result
- 5) ARR = Revenue from multi-year service contracts with service level agreement and from AHP Enterprise Cloud in base month (Monthly Recurring Revenue) x 12 months

**Research and development activities**

Innovations are of great importance for economic dynamism and growth. Since CANCOM primarily conducts service and trading business, no research activities are carried out. Development services focus, for example, on software solutions, applications or architectures in IT trend areas such as cloud computing, mobile solutions, Internet of Things and analytics, IT security and shared managed services. In addition, there are adaptations (customizing) for company software used by the company itself, which essentially relate to the SAP ERP system. Another focus of the development activities is the in-house product ‚AHP Enterprise Cloud‘.

However, in comparison to the CANCOM Group’s total consolidated revenues, development costs are not of any significant magnitude, nor are the resulting own work capitalised.

**ECONOMIC REPORT**

**Development of the overall economy and the IT market**

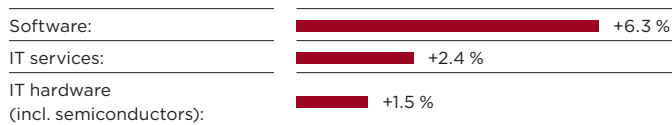
**Germany (German)**

The CANCOM Group generates the vast majority of its revenue in Germany. In its October 2019 monthly report, the Deutsche Bundesbank assumes that German economic output could have fallen slightly again in the third quarter of 2019. In the second quarter of 2019, gross domestic product fell by 0.1 percent. The Bundesbank justifies this assessment with the continued downturn in the export-oriented industry. At the same time, however, as the sectors more geared to the domestic economy probably continued to provide a boost, the Bundesbank continues to view the German economy as divided in two. The danger of a transfer of the downward trend of the industry to the domestic economy would increase, but a recession would not become apparent so far.

**ICT market**

In its most recent survey of July 2019, the German Association for the ICT Industry bitkom predicts that the market volume for information and communication technology (ICT) in Germany will grow by 2.0 percent to 170.3 billion euros in 2019. The positive development was driven by the largest submarket in terms of volume, information technology, which is particularly important for CANCOM. Here bitkom expects growth of 3.2 percent, which will be distributed among the individual market segments as follows:

**Outlook: Information Technology Market 2019, Germany\***  
(percentage change over previous year)



\* Source: bitkom/EITO, July 2019

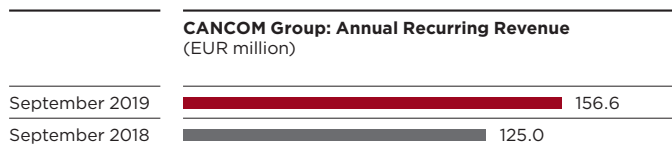
**Business performance in the first nine months**

The CANCOM Group’s business performance was extremely successful in the first nine months of 2019. In a generally weaker overall economic environment, CANCOM achieved growth rates of more than 20 percent in revenue and earnings in the reporting period. Sales for the period from January to September 2019 amounted to EUR 1,175.6 million, up 22.0 percent on the previous year (EUR 963.7 million). EBITDA (adjusted) amounted to EUR 93.8 million in the same period and thus also grew very significantly by 19.9 percent compared with the previous year (EUR 78.2 million).

Growth in the reporting period was driven by the continued very high demand for IT products, IT consulting and IT services in virtually all industries and also in the public sector. In addition, the trend towards outsourcing individual tasks in the operation of IT environments to specialist providers, i.e. using managed services, continued unabated. CANCOM benefited from this high-margin managed services business in particular in the third quarter of 2019, when the EBITDA margin (adjusted) rose to 9.1 percent (previous year: 8.3 percent). After CANCOM had achieved strong volume growth in the first half of the year, profitability improved significantly in the third quarter. Group profitability for the entire nine-month period 2019 was thus 8.0 percent (previous year: 8.1 percent).

The sale of the logistics and administration property in Jettingen-Scheppach in the third quarter was a major single event with a positive impact on the CANCOM Group’s earnings position. This led to a one-off profit of EUR 1.6 million, that influenced the IFRS earnings figures positively. On the contrary, this effect has been handled as an additional non-operating impact in all adjusted earnings figures and was thus part of the adjustment.

**Order situation - Annual Recurring Revenue**





Within the Cloud Solutions Group segment, CANCOM's activities include business with managed services and the company's own software AHP Enterprise Cloud. Managed services contracts and software sales lead to recurring monthly revenues over a fixed multi-year contract term. Recurring revenue allows a projection of expected future revenues over the next twelve months based on the last month of the respective reporting period. This Annual Recurring Revenue (ARR) amounted to EUR 156.6 million in the reporting period based on the month of September, which corresponds to an annual increase of 25.3 percent (September 2018: EUR 125.0 million). Growth was achieved entirely organically.

In the other areas of the Cloud Solutions Group segment and in large parts of the IT Solutions Group segment, information on the order situation as of the balance sheet date is not meaningful. This is due to the fact that contracts are often drawn up in the usual way. They often cover longer periods, but can change their volume within these periods (framework agreements). In addition, very short periods of time may elapse between order and revenue recognition, so that in this case order volume and revenue in the reporting period are approximately the same. For this reason, information on the order situation beyond the ARR is not published in the CANCOM Group's financial reports.

## Staff

As of 30 September 2019, the CANCOM Group employed 3,509 people (September 2018: 3,318). This corresponds to an increase of 5.8 percent compared with the previous year's reporting date.

The employees worked in the following areas:

### CANCOM Group: Employees

	30.9.2019	30.9.2018
Professional Services	2,148	2,043
Sales	764	714
Central Services	597	561
<b>Total</b>	<b>3,509</b>	<b>3,318</b>

## Net assets, financial position and results of operations of the CANCOM Group

### earnings performance

	CANCOM Group: Revenue (EUR million)
9M 2019	1,175.6
9M 2018	963.7

In the first nine months of fiscal 2019, the CANCOM Group generated consolidated revenues of EUR 1,175.6 million (previous year: EUR 963.7 million). This represents growth of 22.0 percent compared with the same period of the previous year. The organic sales growth included here, i.e. excluding the effects of acquisitions, amounted to 16.3 percent in the reporting period.

Geographically speaking, CANCOM achieved a 15.5 percent increase in sales in Germany to EUR 978.1 million in the reporting period (previous year: EUR 846.5 million). In international business, CANCOM achieved a 68.5 percent increase in sales to EUR 197.5 million (previous year: EUR 117.2 million).

In the Cloud Solutions Group segment, CANCOM achieved a 22.4 percent increase in revenue to EUR 213.8 million (previous year: EUR 174.7 million) in the first nine months of 2019 compared with the previous year. Organic sales growth amounted to 17.6 percent.

In the Group segment IT Solutions, CANCOM increased revenue in the reporting period by 21.9 percent year-on-year to EUR 961.8 million (previous year: EUR 789.0 million). Organic sales growth in the same period was 15.9 percent.

The figures for the third quarter of 2019 show an increase in consolidated revenue of 8.0 percent to EUR 383.7 million (previous year: EUR 355.2 million). In the Cloud Solutions segment, CANCOM increased revenue by 18.2 percent to EUR 76.8 million (previous year: EUR 65.0 million) and in the IT Solutions segment by 5.8 percent to EUR 306.9 million (previous year: EUR 290.2 million).

The CANCOM Group's total revenue amounted to EUR 1,183.4 million in the reporting period (previous year: EUR 968.8 million) and EUR 387.0 million in the third quarter (previous year: EUR 356.9 million).

	CANCOM Group: Gross profit (EUR million)
9M 2019	319.2
9M 2018	273.4



The CANCOM Group's gross profit rose by 16.8 percent year-on-year to EUR 319.2 million in the first nine months of 2019 (previous year: EUR 273.4 million). The gross profit margin was thus 27.2 percent (previous year: 28.4 percent).

In the Cloud Solutions Group segment, gross profit was EUR 105.8 million in the reporting period, 20.6 percent up on the previous year (EUR 87.7 million).

In the Group segment IT Solutions, CANCOM recorded an increase in gross profit of 14.0 percent to EUR 212.6 million (previous year: EUR 186.5 million) compared with the same period of the previous year.

The figures for the third quarter of 2019 show an 11.2 percent increase in consolidated gross profit to EUR 108.5 million (previous year: EUR 97.6 million). In the Cloud Solutions segment, CANCOM achieved a 13.4 percent increase in gross profit to EUR 36.4 million (previous year: EUR 32.1 million) over the same period, and in the IT Solutions segment a 7.5 percent increase in gross profit to EUR 70.6 million (previous year: EUR 65.7 million).

**CANCOM Group: Staff expenses**  
(EUR '000)

	9M 2019	9M 2018
Wages and salaries	165,825	143,224
Social security contributions	25,667	22,505
Expenses for retirement benefits	525	353
<b>Total</b>	<b>192,017</b>	<b>166,082</b>

At EUR 192.0 million, staff expenses between January and September 2019 were 15.6 percent higher than in the previous year (previous year: EUR 166.1 million).

In the third quarter of 2019 alone, personnel expenses rose by 8.3 percent to EUR 61.6 million (previous year: EUR 56.9 million).

Other operating expenses amounted to EUR 40.1 million in the reporting period, representing an increase of 9.3 percent (previous year: EUR 36.7 million).

In the third quarter, the figure of EUR 13.4 million was 4.3 percent down on the previous year (previous year: EUR 14.0 million).

**CANCOM Group: EBITDA (adjusted)**  
(EUR million)

9M 2019	93.8
9M 2018	78.2

In the period from January to September 2019, the CANCOM Group's EBITDA (adjusted)<sup>6</sup> amounted to EUR 93.8 million, an improvement of 19.9 percent over the previous year (EUR 78.2 million). Organic growth in EBITDA (adjusted) amounted to 13.7 percent.

The adjustment takes into account special investments in the strategic corporate transformation, costs for share-based payments and ancillary acquisition costs, as well as the one-off profit from the sale of the logistics and administration facility in Jettingen-Scheppach. It totaled EUR 6.6 million in the first nine months of fiscal 2019 (previous year: EUR 7.2 million).

With EBITDA (adjusted) of EUR 56.1 million in the first nine months of 2019, the Cloud Solutions Group segment contributed 27.2 percent to the increase in earnings (previous year: EUR 44.1 million). Organic EBITDA growth (adjusted) in the Cloud Solutions segment was 21.3 percent.

In the Group segment IT Solutions, CANCOM achieved EBITDA (adjusted) of EUR 48.3 million in the reporting period, representing an improvement of 12.6 percent compared with the same period of the previous year (EUR 42.9 million). Organic growth in EBITDA (adjusted) amounted to 6.8 percent.

The third quarter of 2019 showed an increase in EBITDA (adjusted) for the CANCOM Group of 18.0 percent to EUR 34.8 million (previous year: EUR 29.5 million). In the Cloud Solutions Group segment, the third quarter brought an increase in EBITDA (adjusted) of 24.4 percent to EUR 20.9 million (previous year: EUR 16.8 million). In the same period, the Group segment IT Solutions achieved an increase in EBITDA (adjusted) of 6.8 percent to EUR 17.3 million (previous year: EUR 16.2 million).

CANCOM Group EBITDA, i.e. excluding the adjustment, amounted to EUR 87.2 million in the nine-month period (previous year: EUR 71.0 million).

EBITDA in the Cloud Solutions segment amounted to EUR 50.7 million (previous year: EUR 41.0 million) and in the IT Solutions segment to EUR 47.6 million (previous year: EUR 41.4 million).

The figures for the third quarter of 2019 show EBITDA for the CANCOM Group of EUR 33.5 million (previous year: EUR 26.7 million), EBITDA for the Cloud Solutions segment of EUR 18.9 million (previous year: EUR 15.7 million) and EBITDA for the IT Solutions segment of EUR 17.1 million (previous year: EUR 16.1 million).

Explanation of the alternative key performance indicators (APM) used in accordance with the APM guideline of the European Securities and Markets Authority (ESMA):

6) EBITDA (adjusted) = profit for the period + taxes + at equity gains/losses + income from investments + financial result + depreciation of property, plant and equipment and intangible assets + special investments in strategic corporate transformation, costs of share-based payments and ancillary M&A costs - non-operating one-off profits

**CANCOM Group: EBITDA margin (adjusted)**

9M 2019		8.0 %
9M 2018		8.1 %

In the first nine months of 2019, the CANCOM Group achieved an EBITDA margin (adjusted) of 8.0 percent (previous year: 8.1 percent).

The EBITDA margin (adjusted) in the Cloud Solutions segment was 26.2 percent in the same period (previous year: 25.3 percent) and the EBITDA margin (adjusted) in the IT Solutions segment was 5.0 percent (previous year: 5.4 percent).

In the third quarter, the CANCOM Group achieved an EBITDA margin (adjusted) of 9.1 percent (previous year: 8.3 percent).

In the same period, the Group segment Cloud Solutions showed an EBITDA margin (adjusted) of 27.2 percent (previous year: 25.8 percent) and the segment IT Solutions an EBITDA margin (adjusted) of 5.6 percent (previous year: 5.6 percent).

**CANCOM Group: Depreciation and amortization**  
(EUR '000)

	9M 2019	9M 2018
Depreciation of property, plant and equipment	24,378	18,768
Amortization of intangible assets	12,049	10,054
<b>Total</b>	<b>36,427</b>	<b>28,822</b>

In the first nine months of fiscal 2019, CANCOM Group depreciation and amortization rose by 26.4 percent year-on-year to EUR 36.4 million (previous year: EUR 28.8 million).

At EUR 12.5 million, depreciation in the third quarter was 21.4 percent higher than in the previous year (EUR 10.3 million).

**CANCOM Group: EBITA (adjusted)**  
(EUR million)

9M 2019		69.4
9M 2018		59.5

In the first nine months of the current financial year, the CANCOM Group achieved an increase in EBITA (adjusted)<sup>7</sup> of 16.6 percent to EUR 69.4 million (previous year: EUR 59.5 million). In the Cloud Solutions Group segment, EBITA (adjusted) amounted to EUR 47.0 million in the same period (previous year: EUR 37.3 million). In the IT Solutions segment, EBITA (adjusted) amounted to EUR 33.3 million (previous year: EUR 31.2 million).

In the third quarter, the CANCOM Group's EBITA (adjusted) amounted to EUR 26.4 million, an increase of 15.8 percent over the previous year (EUR 22.8 million). In the Cloud Solutions Group segment, EBITA (adjusted) amounted to EUR 17.5 million in the third quarter (previous year: EUR 14.5 million). In the IT Solutions segment, EBITA (adjusted) amounted to EUR 12.4 million in the third quarter (previous year: EUR 11.7 million).

Excluding the adjustment, CANCOM Group EBITA for the nine-month period was EUR 62.8 million, up 20.1 percent on the previous year (EUR 52.3 million). In the Cloud Solutions Group segment, EBITA for the same period was EUR 41.6 million (previous year: EUR 34.5 million). In the IT Solutions segment, EBITA amounted to EUR 32.6 million (previous year: EUR 29.4 million).

In the third quarter, CANCOM Group's EBITA according to IFRS amounted to EUR 25.1 million, an increase of 25.5 percent over the previous year (EUR 20.0 million). In the Cloud Solutions Group segment, EBITA amounted to EUR 15.5 million in the third quarter (previous year: EUR 13.8 million). In the IT Solutions segment, EBITA in the third quarter amounted to EUR 12.2 million (previous year: EUR 11.7 million).

**CANCOM Group: EBIT (adjusted)**  
(EUR million)

9M 2019		57.4
9M 2018		49.4

The CANCOM Group's EBIT (adjusted)<sup>8</sup> amounted to EUR 57.4 million in the current nine-month period (previous year: EUR 49.4 million). CANCOM thus achieved an improvement of 16.2 percent over the previous year. In the Cloud Solutions segment, EBIT (adjusted) amounted to EUR 39.6 million in the reporting period (previous year: EUR 29.7 million). In the IT Solutions segment, EBIT (adjusted) amounted to EUR 28.6 million (previous year: EUR 28.8 million).

Explanation of the alternative key performance indicators (APM) used in accordance with the APM guideline of the European Securities and Markets Authority (ESMA):

7) EBITA (adjusted) = profit for the period + taxes + at equity gains/losses + income from investments + financial result + amortization of intangible assets + special investments in strategic corporate transformation, costs for share-based payments and ancillary M&A costs - non-operating one-off profits

8) EBIT (adjusted) = profit for the period + taxes + at equity profit/loss + income from investments + financial result + special investments in strategic corporate transformation, costs for share-based payments and ancillary M&A costs - non-operating one-off profits

In the third quarter, the CANCOM Group's EBIT (adjusted) amounted to EUR 22.3 million, an increase of 16.1 percent over the previous year (EUR 19.2 million). In the Cloud Solutions group segment, EBIT (adjusted) amounted to EUR 15.0 million in the third quarter (previous year: EUR 11.8 million) and in the IT Solutions segment to EUR 10.8 million (previous year: EUR 10.8 million).

Excluding the adjustment, CANCOM Group EBIT for the period from January to September 2019 was EUR 50.8 million (previous year: EUR 42.2 million), an increase of 20.4 percent.

In the Cloud Solutions Group segment, EBIT for the same period amounted to EUR 34.2 million (previous year: EUR 26.9 million). In the IT Solutions segment it amounted to EUR 27.9 million (previous year: EUR 27.0 million).

In the third quarter, CANCOM Group EBIT amounted to EUR 21.0 million, an increase of 22.0 percent over the previous year (EUR 16.4 million). In the Cloud Solutions Group segment, EBIT for the same period amounted to EUR 13.0 million (previous year: EUR 10.7 million). In the IT Solutions segment it amounted to EUR 10.6 million (previous year: EUR 10.9 million).

<b>CANCOM Group: Profit for the period</b> (EUR million)	
9M 2019	41.0
9M 2018	27.6

The CANCOM Group's profit for the period from January to September of the current financial year amounted to EUR 41.0 million (previous year: EUR 27.6 million). This corresponds to an increase of 48.6 percent.

In the third quarter of 2019, the CANCOM Group's net profit for the period amounted to EUR 19.1 million, an increase of 76.9 percent (previous year: EUR 10.8 million).

## Financial and asset position

### Principles and objectives of financial management

The CANCOM Group's financial management principles and objectives are described in the 2018 Annual Report and remain unchanged.

## Capital structure of the Group

CANCOM Group's total assets amounted to EUR 827.8 million as of 30 September 2019 (31 December 2018: EUR 838.1 million). Of this amount, EUR 408.4 million was attributable to equity and EUR 419.4 million to liabilities. The CANCOM Group's equity ratio rose to 49.3% at the end of the reporting period on 30 September 2019 (31 December 2018: 46.6%). Accordingly, the debt ratio was 50.7 percent (31.12.2018: 53.4 percent). The main driver of the higher equity ratio was an increase in the balance sheet profit booked and thus in equity, with a simultaneous decrease in the total of current and non-current liabilities.

Both non-current and current interest-bearing financial liabilities have a very low volume compared with total liabilities. They are covered many times over by cash and cash equivalents. At the end of the reporting period, the CANCOM Group thus had negative net financial debt and positive net cash and cash equivalents of EUR 82.7 million.

## Liabilities and equity

On the liabilities side of the balance sheet, current liabilities amounted to EUR 325.0 million at the end of the first nine months of fiscal 2019 (December 31, 2018: EUR 368.9 million). Reduced trade payables compared to year-end 2018, lower contract liabilities and lower other current liabilities formed the basis for the decrease in current liabilities.

At EUR 94.5 million as of 30 September 2019, non-current liabilities were significantly higher than at the end of the 2018 financial year (31 December 2018: EUR 79.0 million). The main reason for this change was an increase in other non-current financial liabilities.

Equity rose in the course of the first nine months of the 2019 financial year as a result of the balance sheet profit booked and reached a value of EUR 408.4 million as at 30 September 2019 (31 December 2018: EUR 390.2 million).

## Major financing measures

In the period under review, current business activities and necessary replacement investments were financed from cash and cash equivalents and operating cash flow.

## Assets

On the assets side of the balance sheet, current assets amounted to EUR 467.3 million at the end of the reporting period on 30 September 2019 (31 December 2018: EUR 470.6 million). This means that the value was not substantially different from the level at the end of 2018. Increases in other current financial assets and inventories were offset by lower cash and cash equivalents and trade receivables, which offset each other in total.

Non-current assets amounted to EUR 360.5 million as of September 30, 2019 (December 31, 2018: EUR 367.6 million). At the end of the first nine months of 2019, they, too, had hardly changed compared with the level at the end of the 2018 financial year.

## Cash flow and liquidity

The cash flow statement shows cash flow from ordinary activities for the period from January to September 2019 at EUR 7.7 million (previous year: EUR 3.4 million). In addition to increased depreciation and amortization, the change in trade receivables had a positive effect on operating cash flow. In addition, there was an effect from significantly lower income tax payments compared with the previous year. On the other hand, there was a significant change in trade payables, which prevented an even stronger increase in cash flow from operating activities. CANCOM was thus able to post a EUR 4.3 million improvement in cash flow from ordinary activities for the nine-month period compared with the previous year.

At EUR -23.1 million, cash flow from investing activities in the reporting period was significantly lower than in the previous year (EUR -63.9 million). The change was primarily the result of significantly lower payments for the acquisition of companies, as no acquisitions of comparable magnitude were made in the first nine months of the current financial year as in the same period of the previous year.

At EUR -29.8 million, cash flow from financing activities was only marginally changed compared with the previous year (EUR -27.6 million). The main factor influencing this figure in the current reporting period was the dividend payment, which was at the same level as in the previous year.

In the reporting period from January to September 2019, cash and cash equivalents changed by EUR -45.3 million to EUR 91.6 million (December 31, 2018: EUR 135.2 million) compared with cash and cash equivalents at the beginning of the fiscal year. The figure thus remained at a high level and exceeded the level at the same

time last year (30 September 2018: EUR 70.2 million). However, this figure does not include the payments for the acquisition of the Novosco Group as of 30 September 2019, as this took place after the end of the reporting period.

## OPPORTUNITIES AND RISKS OF FUTURE DEVELOPMENT

Since the beginning of the current fiscal year, there have been no significant changes in CANCOM's opportunities or risks with regard to future developments. A detailed list of these opportunities and risks can be found in the 2018 Annual Report.

## Events after the end of the reporting period

On 14 October 2019, representatives of the CANCOM Group and Novosco Group Limited signed a purchase agreement to acquire 100 percent of the shares in Novosco Group Limited. The acquisition of the parent company will make the entire Novosco Group, based in Belfast, United Kingdom, part of the CANCOM Group. The total volume of the transaction is approximately GBP 70 million. Of this amount, approximately GBP 60 million will be paid to the owners in cash. In addition, there are shares in the purchasing company CANCOM Ltd, which are issued to the sellers of the Novosco Group. The total amount of shares issued in CANCOM Ltd amounts to 7.5 percent and the sellers remain active in the operating business.

Novosco Group is an IT service provider based in Belfast, United Kingdom, with offices in Dublin, Republic of Ireland and Manchester, United Kingdom. The company supports customers in the UK and Ireland primarily with managed services and cloud-based services. In addition, there are IT consulting and support services. Prior to the transaction, Novosco Group planned to achieve revenues of approximately GBP 55 million and an EBITDA margin of approximately 17 percent in fiscal year 2019. The company has around 300 employees. Together with the companies in the United Kingdom acquired last year, CANCOM is further expanding its market presence there with this transaction and will also be directly active in the Irish IT market for the first time in the future.

As of 14 November 2019, the transaction reduced the CANCOM Group's cash and cash equivalents by around EUR 50 million compared with the end of the reporting period. Further payments in the amount of around EUR 20 million will follow in the course of the transaction in the coming months.

## FORECAST

The Executive Board of CANCOM SE does not see any significant changes in the economic environment or the industry environment for the CANCOM Group compared with the presentation made in the forecast report of the half-year financial report 2018, to which reference is made in this connection. Therefore, the Executive Board does not see any reason to change the statements made therein regarding the expected development of the CANCOM Group by the end of the reporting period of this quarterly report due to the business development or the development of the general conditions.

### Premises of the forecasts

The forecasts include all events known at the time this report was prepared that could have an impact on the CANCOM Group's business development. The outlook is based, among other things, on the expectations with regard to the economic development and the development of the IT market described in the 2018 Annual Report, in the release for the first quarter of 2019 and in this half-year financial report. In addition, it relates exclusively to organic business development. However, with regard to the entire CANCOM Group and the individual business units IT Solutions and Cloud Solutions, unforeseeable events could influence the development of the Group and the reporting segments expected from today's perspective. Such events include, for example, the consequences of short-term legal or regulatory changes. Such events are not taken into account in the forecasts.

### Forecast for the CANCOM Group


The Executive Board of CANCOM SE expects the CANCOM Group's economic development to be fundamentally positive in fiscal 2019, unchanged from the status of the 2019 half-year financial report, to which reference is made in this context. The Management Board therefore expects the growth trend, which has been sustained for several years, to continue.

Against the backdrop of the current business development, framework conditions and premises explained in this quarterly report, in the Half-Yearly Financial Report 2019 and in the Annual Report 2018, the Executive Board of CANCOM SE expects consolidated revenues to rise significantly in fiscal 2019. Group gross profit, Group EBITDA and Group EBITA are now also expected to increase very significantly compared with the previous year.

For the Group segment IT Solutions, the Executive Board expects a very significant increase in revenue, gross profit, EBITDA and EBITA.

For the Cloud Solutions Group segment, the Management Board also expects a very significant increase in revenue, gross profit, EBITDA and EBITA, whereby this increase is expected to remain above the level of the increase in the IT Solutions segment. In addition, a very significant increase in Annual Recurring Revenue (ARR) compared to December 2018 is expected.

Munich, November 2019



Thomas Volk



Rudolf Hotter



Thomas Stark

Executive Board of CANCOM SE

**Note on auditor's review**

This document was neither audited in accordance with § 317 HGB nor reviewed by an auditor.

**Note on rounding**

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

**Disclaimer forward-looking statements**

This document contains statements that relate to the future course of business and future financial performance as well as future events or developments affecting CANCOM and that may constitute forward-looking statements. These are based on current expectations, assumptions and estimates of the Executive Board and other information currently available to management, many of which are beyond CANCOM's control. These statements can be identified by wording and words such as „expect“, „want“, „assume“, „believe“, „aim“, „estimate“, „assume“, „anticipate“, „intend“, „could“, „plan“, „should“, „will“, „predict“ or similar expressions. All statements, other than statements of historical fact, are forward-looking statements. Such forward-looking statements include, among others: Expectations regarding the availability of products and services, the financial position and results of operations, the business strategy and plans of the Executive Board for future operating activities, economic developments and all statements regarding assumptions. Although these statements have been made with great care, CANCOM, represented by the Executive Board, cannot guarantee the accuracy of expectations, particularly in the forecast report. Various known and unknown risks, uncertainties and other factors could cause actual results to differ materially from those contained in the forward-looking statements. In this context, the following factors, among others, are of significance: external political influences, changes in the general economic and business situation, changes in the competitive position and situation, e.g. due to the 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 underlying expectations or assumptions prove incorrect, CANCOM's actual results, performance and achievements (both negative and positive) may differ materially from those expressed or implied in the forward-looking statement. No guarantee can be given for the adequacy, accuracy, completeness or correctness of the information or opinions in this document. CANCOM also assumes no obligation and does not intend to update these forward-looking statements or correct them in the event of developments that differ from those anticipated.

# Consolidated balance sheet (IFRS)

## ASSETS

(in € 000)	Notes	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
<b>Current assets</b>				
Cash and cash equivalents		91,636	135,247	70,248
Assets held for sale	B.1.	1,204	0	0
Trade accounts receivable		261,643	274,410	257,223
Other current financial assets	B.2.	43,600	16,295	16,042
Inventories		53,975	32,142	48,346
Contract assets	B.3.	5,773	5,874	10,857
Prepaid expenses and other current assets	B.4.	9,441	6,607	3,361
<b>Total current assets</b>		<b>467,272</b>	<b>470,575</b>	<b>406,077</b>
<b>Non-current assets</b>				
Property, plant and equipment (tangible assets)		55,096	79,196	78,732
Intangible assets		67,737	74,046	78,205
Assets from right of use		58,136	37,460	22,726
Goodwill		159,231	157,442	139,098
Long-term financial assets		4,005	4,000	4,237
Loans		0	1,206	1,321
Capitalized contract expenses		1,889	1,039	0
Other non-current financial assets	B.5.	6,772	7,745	6,589
Contract assets	B.3.	2,208	1,699	1,342
Deferred taxes arising from temporary differences	B.6.	4,349	3,189	9,956
Deferred taxes arising from tax loss carryforward	B.6.	632	298	78
Other assets		451	246	245
<b>Total non-current assets</b>		<b>360,506</b>	<b>367,566</b>	<b>342,529</b>
<b>Total assets</b>		<b>827,778</b>	<b>838,141</b>	<b>748,606</b>



**EQUITY AND LIABILITIES**

(in € 000)	Notes	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
<b>Current liabilities</b>				
Short-term loans and current portion of long-term loans		5,549	904	2,864
Subordinated loans - short-term portion		1,298	1,753	2,460
Trade accounts payable		239,543	271,478	238,895
Other current financial liabilities	B.7.	19,367	21,018	13,782
Provisions	B.8.	2,828	3,234	3,459
Deferred income		157	310	368
Contract liabilities	B.9.	15,646	22,922	15,133
Income tax liabilities		12,019	6,394	5,856
Other current liabilities	B.10.	28,305	40,884	27,831
Liabilities in connection with assets held for sale	B.1.	246	0	0
<b>Total current liabilities</b>		<b>324,958</b>	<b>368,897</b>	<b>310,648</b>
<b>Non-current liabilities</b>				
Long-term loans		1,759	2,050	2,230
Subordinated loans		350	1,338	1,649
Deferred income		13	115	170
Contract liabilities	B.9.	3,081	1,964	2,623
Deferred taxes arising from temporary differences	B.11.	14,776	15,602	23,170
Pension provisions		1,928	1,872	2,133
Other non-current financial liabilities	B.12.	69,870	52,831	22,848
Other non-current liabilities	B.8.	2,688	3,266	2,916
<b>Total non-current liabilities</b>		<b>94,465</b>	<b>79,038</b>	<b>57,739</b>
<b>Equity</b>				
Capital stock		35,044	35,044	35,044
Capital reserves		205,385	204,742	204,523
Net retained profit/net accumulated loss (incl. revenue reserves)		166,642	148,057	133,344
Equity capital difference due to currency translation and exchange rate differences		1,284	233	380
Non-controlling interests		0	2,130	6,928
<b>Total equity</b>		<b>408,355</b>	<b>390,206</b>	<b>380,219</b>
<b>Total equity and liabilities</b>		<b>827,778</b>	<b>838,141</b>	<b>748,606</b>

## CONSOLIDATED STATEMENT OF INCOME

(in € 000)	Notes	Q3		9 months	
		Jul. 1 - Sep. 30, 2019	Jul. 1 - Sep. 30, 2018	Jan. 1 - Sep. 30, 2019	Jan. 1 - Sep. 30, 2018
Sales revenues		383,717	355,167	1,175,559	963,680
Other operating income	D.1.	1,812	366	3,822	1,772
Other own work capitalized		1,228	1,352	3,138	3,337
Capitalized contract expenses	D.2.	252	0	908	0
<b>Total revenue</b>		<b>387,009</b>	<b>356,885</b>	<b>1,183,427</b>	<b>968,789</b>
Cost of purchased materials and services		-278,485	-259,312	-864,230	-695,426
<b>Gross profit</b>		<b>108,524</b>	<b>97,573</b>	<b>319,197</b>	<b>273,363</b>
Human resources expenses	D.3.	-61,642	-56,857	-192,017	-166,082
Amortization and write-downs of intangible assets, and depreciation and write-downs of tangible assets		-12,458	-10,302	-36,427	-28,822
Impairment expenses on financial assets including reversals of impairments		-8	-51	108	394
Other operating expenses	D.4.	-13,369	-13,965	-40,080	-36,651
<b>Operating result</b>		<b>21,047</b>	<b>16,398</b>	<b>50,781</b>	<b>42,202</b>
Interest and similar income		743	249	1,008	715
Interest and other expenses		-606	-389	-1,548	-1,486
Other financial result: income		2,188	0	2,188	1
Other financial result: expenses		0	0	-40	-194
Income from investments		0	0	0	27
Amortization and write-downs of financial investments		0	-5	0	-10
Currency translation gains/losses		151	11	596	50
<b>Earnings before taxes</b>		<b>23,523</b>	<b>16,264</b>	<b>52,985</b>	<b>41,305</b>
Income taxes	D.5.	-6,145	-5,411	-13,764	-13,593
<b>Earnings after taxes from continuing operations</b>		<b>17,378</b>	<b>10,853</b>	<b>39,221</b>	<b>27,712</b>
Earnings from discontinued operations		1,768	-30	1,776	-75
<b>Net income/(loss) for the period</b>		<b>19,146</b>	<b>10,823</b>	<b>40,997</b>	<b>27,637</b>
thereof attributable to the stockholders of the parent		19,146	10,867	40,944	27,791
thereof attributable to non-controlling interests	D.6.	0	-44	53	-154
Average number of shares outstanding (basic)		35,043,638	35,043,638	35,043,638	35,043,638
Average number of shares outstanding (diluted)		35,601,138	35,284,790	35,594,865	35,124,905
<b>Earnings per share from continuing operations (basic) in €</b>		<b>0.50</b>	<b>0.31</b>	<b>1.12</b>	<b>0.80</b>
<b>Earnings per share from continuing operations (diluted) in €</b>		<b>0.49</b>	<b>0.31</b>	<b>1.10</b>	<b>0.80</b>
<b>Earnings per share from discontinued operations (basic) in €</b>		<b>0.05</b>	<b>-0.00</b>	<b>0.05</b>	<b>-0.00</b>
<b>Earnings per share from discontinued operations (diluted) in €</b>		<b>0.05</b>	<b>-0.00</b>	<b>0.05</b>	<b>-0.00</b>
<b>Earnings per share attributable to stockholders of the parent from net income/loss for the period (basic) in €</b>		<b>0.55</b>	<b>0.31</b>	<b>1.17</b>	<b>0.79</b>
<b>Earnings per share attributable to stockholders of the parent from net income/loss for the period (diluted) in €</b>		<b>0.54</b>	<b>0.31</b>	<b>1.15</b>	<b>0.79</b>

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**


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(in € 000)	Q3		9 months	
	Jul. 1 - Sep. 30, 2019	Jul. 1 - Sep. 30, 2018	Jan. 1 - Sep. 30, 2019	Jan. 1 - Sep. 30, 2018
<b>Net income/loss for the period</b>	<b>19,146</b>	<b>10,823</b>	<b>40,997</b>	<b>27,637</b>
<b>Other comprehensive income</b>				
<b>Items possibly to be reclassified in profit or loss in subsequent periods</b>				
Currency translation difference	1,542	312	1,546	898
Income taxes	-494	-98	-495	-282
<b>Items not to be reclassified in profit or loss</b>				
Change in actuarial gains/losses from pensions	0	0	6	1
Deferred taxes from change in actuarial gains/losses from pensions	0	0	-2	0
<b>Other comprehensive income for the period (after taxes)</b>	<b>1,048</b>	<b>214</b>	<b>1,055</b>	<b>617</b>
<b>Comprehensive income for the period</b>	<b>20,194</b>	<b>11,037</b>	<b>42,052</b>	<b>28,254</b>
thereof attributable to stockholders of the parent	20,194	11,081	41,999	28,408
thereof attributable to non-controlling interests	0	-44	53	-154

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(in €'000)	Jan. 1 - Sep. 30, 2019	Jan. 1 - Sep. 30, 2018
<b>Cash flow from ordinary activities</b>		
Profit for the period before taxes and non-controlling interests	52,985	41,305
Adjustments		
+ Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets	36,427	28,822
+ Depreciations and write-downs on financial investments	0	10
+ Interest result and other financial result	-1,608	937
+/- Changes in long-term provisions	-559	-482
+/- Changes in short-term provisions	-416	338
+/- Result from the sale of intangible assets, tangible assets and financial assets	-2,034	-759
+/- Changes in inventories	-21,777	-24,019
+/- Changes in accounts receivable from purchases and services, as well as other receivables	11,300	-18,403
+/- Changes in accounts payable from purchases and services, as well as other payable	-55,566	-2,397
- Interest paid	-304	-326
+/- Income tax paid and refunded	-13,575	-21,760
+/- Non-cash expenses and income	-2	0
+/- Share-based compensation with share settlement	945	154
+/- Cash inflow/outflow from discontinued operations	1,857	-75
<b>Net cash from operating activities</b>	<b>7,673</b>	<b>3,345</b>
<b>Cash flow from investing activities</b>		
- Acquisition of subsidiaries and equity instruments of other companies	-6,508	-59,247
+ Cash from acquisitions	761	5,508
- Acquisition of long-term financial assets	-5	-14
- Payments for additions to intangible assets and tangible assets	-20,627	-24,471
+ Income from disposal of intangible assets, tangible assets and financial assets	2,693	2,305
+ Outflow of financial assets held-for-sale	0	12,000
+ Interest and dividends received	556	52
<b>Net cash used in investing activities</b>	<b>-23,130</b>	<b>-63,867</b>
<b>Cash flow from financing activities</b>		
+/- Costs from capital increase	0	-6
+ Taking on debt	220	0
- Repayment of long-term debt (incl. short-term portion)	-2,436	-2,021
+/- Changes in short-term financial liabilities	4,866	-1,063
- Interest paid	-139	-210
- Dividends paid	-17,522	-17,551
+/- Receipts and payments for finance lease	-7,768	-6,624
- Payments for purchasing non-controlling interests in controlling situation	-7,024	-146
<b>Net cash used in financing activities</b>	<b>-29,803</b>	<b>-27,621</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-45,260</b>	<b>-88,143</b>
+/- Changes in value resulting from foreign currency exchange	1,649	772
+/- Cash and cash equivalents at the beginning of the period	135,247	157,619
<b>Cash and cash equivalents at the end of the period</b>	<b>91,636</b>	<b>70,248</b>
<i>Structure:</i>		
<i>Cash</i>	<i>91,636</i>	<i>70,248</i>
<i>Cash from discontinued operations</i>	<i>0</i>	<i>0</i>
	<b>91,636</b>	<b>70,248</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Shares	Capital stock	Capital reserves	Revenue reserves	Currency translation reserves	Reserves for changes in actuarial gains/ losses from pensions	Revaluation reserve	Net retained profits	Total investors of parent company	Minority interests	Total equity
	units'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000
<b>December 31, 2017</b>	<b>17,522</b>	<b>17,522</b>	<b>221,943</b>	<b>73,240</b>	<b>-236</b>	<b>-302</b>	<b>-153</b>	<b>50,150</b>	<b>362,164</b>	<b>2,086</b>	<b>364,250</b>
Initial application IFRS 16				232					232		232
<b>January 1, 2018</b>	<b>17,522</b>	<b>17,522</b>	<b>221,943</b>	<b>73,472</b>	<b>-236</b>	<b>-302</b>	<b>-153</b>	<b>50,150</b>	<b>362,396</b>	<b>2,086</b>	<b>364,482</b>
Net income/(loss) for the period								42,516	42,516	128	42,644
Other comprehensive income					469	-12			457	0	457
Comprehensive income					469	-12		42,516	42,973	128	43,101
Capital increase	17,522	17,522	-17,522						0		0
Changes in reserves:											
Capital increase costs			-4						-4		-4
Transfer of net retained profit/ net accumulated loss/revenue reserves				20,512				-20,512	0		0
Recognition of share-based compensation			325						325		325
Distribution in fiscal year								-17,522	-17,522	-29	-17,551
Changes due to acquisition of non-controlling interests				-92					-92	-55	-147
<b>December 31, 2018</b>	<b>35,044</b>	<b>35,044</b>	<b>204,742</b>	<b>93,892</b>	<b>233</b>	<b>-314</b>	<b>-153</b>	<b>54,632</b>	<b>388,076</b>	<b>2,130</b>	<b>390,206</b>
Other comprehensive income								40,944	40,944	53	40,997
Comprehensive income					1,051	4			1,055	0	1,055
Capital increase					1,051	4		40,944	41,999	53	42,052
Changes in reserves:											
Reposting balance sheet profit/retained earnings				30,581				-30,581	0		0
Recognition of share-based compensation			643						643		643
Changes due to acquisition of non-controlling interests				-4,841					-4,841	-2,183	-7,024
<b>September 30, 2019</b>	<b>35,044</b>	<b>35,044</b>	<b>205,385</b>	<b>119,632</b>	<b>1,284</b>	<b>-310</b>	<b>-153</b>	<b>47,473</b>	<b>408,355</b>	<b>0</b>	<b>408,355</b>

# Segment information – IFRS

Segment information	Cloud solutions		IT solutions	
	Jan. 1 - Sep. 30, 2019 €'000	Jan. 1 - Sep. 30, 2018 €'000	Jan. 1 - Sep. 30, 2019 €'000	Jan. 1 - Sep. 30, 2018 €'000
<b>Sales revenues</b>				
- External sales	213,775	174,660	961,756	789,030
- Intersegment sales	7,188	5,866	7,656	5,197
- Total sales revenues	220,963	180,526	969,412	794,227
- Cost of purchased materials and services	-117,531	-94,055	-760,026	-611,738
- Human resources costs	-44,463	-36,711	-137,905	-122,072
- Other income and expenses	-8,226	-8,755	-23,918	-19,014
<b>EBITDA</b>	50,743	41,005	47,563	41,403
- Depreciation and amortization	-9,134	-6,476	-15,008	-12,013
- Amortizations	-7,431	-7,674	-4,618	-2,380
<b>Operating result (EBIT)</b>	34,178	26,855	27,937	27,010
- Interest income	184	338	821	372
- Interest expenses	-80	-257	-2,552	-2,232
- Other financial income	0	0	0	1
- Other financial expenses	0	0	-40	-194
- Income from investments	0	0	0	27
- Depreciations and write-downs on financial investments	0	0	0	-5
Result from ordinary activities	34,282	26,936	26,166	24,979
- Foreign currency exchange differences				
Earnings before taxes	34,282	26,936	26,166	24,979
- Income taxes				
- Discontinued operations	1,776	-69	0	-6
<b>Consolidated net income for the year</b>				
thereof attributable to stockholders of the parent				
thereof attributable to non-controlling interests				

Totals		Other companies		Reconciliation		Consolidated	
Jan. 1 - Sep. 30, 2019 €'000	Jan. 1 - Sep. 30, 2018 €'000	Jan. 1 - Sep. 30, 2019 €'000	Jan. 1 - Sep. 30, 2018 €'000	Jan. 1 - Sep. 30, 2019 €'000	Jan. 1 - Sep. 30, 2018 €'000	Jan. 1 - Sep. 30, 2019 €'000	Jan. 1 - Sep. 30, 2018 €'000
1,175,531	963,690	28	-10				
14,844	11,063	25	0	-14,869	-11,063		
1,190,375	974,753	53	-10	-14,869	-11,063	1,175,559	963,680
-877,557	-705,793	-54	0	13,381	10,367	-864,230	-695,426
-182,368	-158,783	-9,649	-7,299	0	0	-192,017	-166,082
-32,144	-27,769	-1,448	-4,075	1,488	696	-32,104	-31,148
98,306	82,408	-11,098	-11,384	0	0	87,208	71,024
-24,142	-18,489	-236	-279	0	0	-24,378	-18,768
-12,049	-10,054	0	0	0	0	-12,049	-10,054
62,115	53,865	-11,334	-11,663	0	0	50,781	42,202
1,005	710	3,176	1,780	-3,173	-1,775	1,008	715
-2,632	-2,489	-2,089	-772	3,173	1,775	-1,548	-1,486
0	1	2,188	0	0	0	2,188	1
-40	-194	0	0	0	0	-40	-194
0	27	0	0	0	0	0	27
0	-5	0	-5	0	0	0	-10
60,448	51,915	-8,059	-10,660	0	0	52,389	41,255
				596	50	596	50
60,448	51,915	-8,059	-10,660	596	50	52,985	41,305
				-13,764	-13,593	-13,764	-13,593
1,776	-75	0	0	0	0	1,776	-75
						<b>40,997</b>	<b>27,637</b>
						40,944	27,791
						53	-154



## A. Basic information on the consolidated financial statements

### 1. General information

The consolidated financial statements of CANCOM SE and its subsidiaries (hereinafter „CANCOM Group“, „CANCOM Group“ or „Group“) were prepared in accordance with International Financial Reporting Standards or International Accounting Standards (IFRS/IAS, as adopted by the EU) in fiscal year 2019.

The consolidated financial statements were prepared in euros. Unless otherwise stated, all amounts are stated in thousands of euros (T€). In individual cases, rounding may lead to values in this report not adding up exactly to the total stated and percentages not being derived exactly from the values shown.

These interim consolidated financial statements have been condensed and prepared in accordance with IAS 34, Interim Financial Reporting. They should be read in conjunction with the IFRS consolidated financial statements published for the 2018 financial year. This can be downloaded from the Internet at [www.cancom.de](http://www.cancom.de).

### 2. Scope of consolidation

In addition to CANCOM SE, the consolidated financial statements include all subsidiaries in which CANCOM SE directly or indirectly holds a majority interest or holds the majority of voting rights. These subsidiaries were fully consolidated.

#### Acquisitions in the period 01.01. - 30.09.2019

With the share purchase and assignment agreement dated 15 March 2019, CANCOM SE acquired 100% of the shares with a nominal value of € 140,000 in medocino Gesellschaft für vernetzte Systeme mbH, Aachen, Germany. The purchase price consists of a fixed purchase price paid in cash in the amount of € 1.8 million and a variable purchase price component (earn out) in the amount of € 600 thousand. This is a contingent purchase price based on the gross profit from software services and an employee component in fiscal years 2019 and 2020, with a maximum limit of € 600 thousand.

Incidental acquisition costs of € 37 thousand were incurred in the period 01.01. - 30.09.2019 and reported under other operating expenses in the income statement.

medocino Gesellschaft für vernetzte Systeme mbH is an IT system house. At the time of initial consolidation, the company employed 11 people and generated sales of around € 3.5 million in the 2018 financial year.

The date of initial consolidation was 01.03.2019.

Change in the scope of consolidation in 2019:

Name of entity	Entity seated in	Time of initial consolidation	Share of capital %	Share of voting rights %
medocino Gesellschaft für vernetzte Systeme mbH,	Aachen/Germany	01/03/2019	100	100

The preliminary effects of the change in the scope of consolidation on the consolidated financial statements of medocino Gesellschaft für vernetzte Systeme mbH as of the date of initial consolidation 01.03.2019 are as follows:

	Fair value €'000	Carrying amount €'000
Cash and cash equivalents	761	761
Trade accounts receivable	520	520
Inventories	23	23
Prepaid expenses and other current assets	25	25
<b>Current assets</b>	<b>1,329</b>	<b>1,329</b>
Property, plant and equipment (tangible assets)	91	91
Intangible assets	1,115	2
Assets from right of use	213	213
<b>Non-current assets</b>	<b>1,419</b>	<b>306</b>
<b>Total assets</b>	<b>2,748</b>	<b>1,635</b>
Trade accounts payable	94	94
Other current financial liabilities	81	81
Provisions	9	9
Contract liabilities	9	9
Income tax liabilities	117	117
Other current liabilities	243	243
<b>Current liabilities</b>	<b>553</b>	<b>553</b>
Deferred taxes	361	0
Other non-current financial liabilities	132	132
<b>Non-current liabilities</b>	<b>493</b>	<b>132</b>
<b>Total liabilities</b>	<b>1,046</b>	<b>685</b>
<b>Net assets acquired</b>	<b>1,702</b>	<b>950</b>

The acquisition resulted in goodwill of T€ 704 (provisional value), which is not tax-deductible. The main reasons leading to the acquisition itself, as well as to the recognition of goodwill, are the strengthening in the Aachen/West region and a better possible orientation towards the Benelux countries.

The sales of medocino Gesellschaft für vernetzte Systeme mbH included in consolidated sales since the acquisition date amount to T€ 1,894, the profit included in consolidated earnings amounts to T€ 377.

### **Mergers and Accumulation in the Period 01.01. - 30.09.2019**

medocino Gesellschaft für vernetzte Systeme mbH was merged into CANCOM GmbH by way of a merger agreement dated 2 May 2019. The merger was entered in the commercial register of CANCOM GmbH on 15 May 2019.

By merger agreement dated 27 June 2019, PIRONET NDH Beteiligungs GmbH was merged with CANCOM Managed Services GmbH (formerly Pironet AG). The merger was entered in the commercial register of CANCOM Managed Services GmbH on 11 July 2019.

This merger resulted in the accrual of CANCOM Pironet AG & Co KG to CANCOM Managed Services GmbH.

CANCOM Synaix GmbH was merged with CANCOM Managed Services GmbH by merger agreement dated 27 June 2019. The merger was entered in the commercial register of CANCOM Managed Services GmbH on 19 July 2019.

By merger agreement dated 27 June 2019, PIRONET Enterprise Solutions GmbH was merged with CANCOM GmbH. The merger was entered in the commercial register of CANCOM GmbH on 08.08.2019.

The „Managed Services“ division of CANCOM GmbH was transferred to CANCOM Managed Services GmbH by way of a spin-off agreement dated 18 July 2019. The spin-off was entered in the commercial register of CANCOM GmbH on 02.09.2019.

### **3. Accounting and valuation methods**

The interim consolidated financial statements have been prepared using the same accounting policies as those applied to the 2018 consolidated financial statements.

IFRS 16 „Leases“, IFRS 9 „Financial Instruments“ and IFRS 15 „Revenue from Contracts with Customers“ were applied for the first time as of January 1, 2018, and the corresponding disclosure is made by reference to the notes in the Annual Report as of December 31, 2018.

## **B. Notes to the consolidated balance sheet**

### **1. Assets held for sale**

Since the Management Board meeting on 16 September 2019, the intention has been to sell a plot of land and the property in connection with the redemption of the leasehold in the near future.

The land previously reported under property, plant and equipment and assets from rights of use was reclassified to the balance sheet item „Assets held for sale“. At the same time, the related liability was reclassified as held for sale.

### **2. Other current financial assets**

This item includes receivables from companies in which participations are held (€ 26,000 thousand), bonus receivables from suppliers (€ 9,007 thousand), purchase price receivables from leasing projects (€ 6,561 thousand), marketing revenues (€ 1,429 thousand), creditors with debit balances (€ 336 thousand) and receivables from employees (€ 267 thousand).

### **3. Contract assets**

The short-term contract assets amount to T€ 5,773 and the long-term contract assets to T€ 2,208.

This item mainly relates to term contracts prepaid to suppliers and orders in progress in connection with IT projects.

### **4. Prepaid expenses and other current assets**

This item mainly includes other current assets such as tax refunds (€ 5,198 thousand), commission income (€ 571 thousand), insurance refunds (€ 121 thousand) and receivables from social insurance carriers (€ 39 thousand).

Prepaid expenses and deferred charges (€ 3,452 thousand) mainly comprise accrued insurance premiums and prepaid expenses.

## 5. Other non-current financial assets

This item mainly includes long-term purchase price receivables from leasing projects (€ 6,554 thousand) and assets from employee benefits (€ 214 thousand).

## 6. Deferred tax assets

Deferred tax assets break down as follows:

Deferred tax from	temporary differences €'000	tax loss carry-forwards €'000
As at January 1, 2019	3,189	298
Disposal from actuarial loss on pension provisions recognized directly in equity*	4	0
Tax income from profit and loss calculation	1,309	311
Tax expenses from profit and loss statement, which is included in discounted operations	-81	0
Currency exchange gains/losses*	-72	23
<b>As at September 30, 2019</b>	<b>4,349</b>	<b>632</b>

\* directly recognised in equity

As of 30 September 2019, the CANCOM Group had corporate income tax loss carryforwards of € 2.3 million and trade tax loss carryforwards of € 0.0 million. The amount of unused losses for which no deferred tax asset was recognised in the balance sheet amounts to € 0.1 million. On the basis of the planned tax results, it is expected that the deferred tax assets from loss carryforwards will be realized.

Deferred taxes from temporary differences mainly result from differences in other financial liabilities (€ 1,245 thousand), intangible assets (€ 995 thousand), property, plant and equipment (€ 894 thousand), pension provisions (€ 448 thousand), other liabilities (€ 344 thousand), other provisions (€ 195 thousand) and related party liabilities (€ 157 thousand).

## 7. Other current financial liabilities

Other current financial liabilities include purchase price liabilities for leasing (€ 10,740 thousand), purchase price liabilities for the shares in the CANCOM UK Group (formerly OCSL Group) (€ 4,724 thousand), credit balances (€ 3,266 thousand), outstanding cost accounts (€ 400 thousand) and Supervisory Board remuneration (€ 237 thousand).

## 8. Other provisions

The provisions mainly comprise warranties (T€ 2,428), severance payments (T€ 834), anniversary provisions (T€ 667), provisions for personnel expenses (T€ 641), uncertain risks (T€ 302), acquisition costs (T€ 294), archiving costs (T€ 149) and litigation costs (T€ 117).

The total amount of provisions includes non-current provisions of €2,688 thousand, which are reported under other non-current liabilities. They mainly relate to warranties (€ 1,166 thousand), the anniversary provision (€ 667 thousand), the provision for personnel expenses (€ 641 thousand), archiving costs (€ 122 thousand) and the provision for severance payments prescribed in Austria (€ 76 thousand).

## 9. Contract liabilities

Current contractual liabilities amount to T€ 15,646 and non-current contractual liabilities to T€ 3,081. This item mainly relates to advance payments received from customers and prepaid term contracts in connection with IT projects.

## 10. Other current liabilities

Other current liabilities mainly comprise bonuses and employee bonuses (€ 9,971 thousand), VAT liabilities (€ 7,725 thousand), vacation and overtime (€ 4,716 thousand), wage and church taxes (€ 4,083 thousand), employers' liability insurance association (€ 581 thousand), wages and salaries (€ 555 thousand), social insurance (€ 248 thousand), severely handicapped levy (€ 165 thousand) and travel expense liabilities (€ 96 thousand).

## 11. Deferred tax liabilities

Deferred tax liabilities break down as follows:

	€'000
As at January 1, 2019	15,602
Income from neutral passivation due to initial consolidation	361
Tax income/expenses from profit and loss calculation	-1,605
Currency exchange gains/losses*	418
<b>As at September 30, 2019</b>	<b>14,776</b>

\* directly recognised in equity

Deferred tax liabilities were formed for deviations from the tax balance sheets. They result from the recognition and revaluation of intangible assets (€ 8,484 thousand), software development costs (€ 2,521 thousand), other financial assets (€ 1 thousand) and other financial assets (€ 1 thousand), goodwill (€ 771 thousand), loans to affiliated companies (€ 615 thousand), capitalized contract costs (€ 570 thousand), property, plant and equipment (€ 386 thousand), other provisions (€ 258 thousand), contract assets (€ 66 thousand), prepaid expenses (€ 42 thousand), trade receivables (€ 26 thousand) and other liabilities (€ 19 thousand).

They are measured at the respective tax rates of between 17 % (subsidiaries in Great Britain) and 32.46 % (subsidiaries domiciled in Cologne).

## 12. Other non-current financial liabilities

Other non-current financial liabilities include purchase price liabilities for leasing (€ 54,737 thousand), purchase price liabilities for the shares in the OCEAN Group (€ 12,841 thousand), purchase price liabilities for the shares in the CANCOM UK Group (formerly the OCSL Group) (€ 1,691 thousand) and purchase price liabilities for the interest in medocino Gesellschaft für vernetzte Systeme mbH (€ 601 thousand).

## C. Segment information

Segment information is provided in accordance with IFRS 8 „Operating Segments“. The segment information is based on the segmentation used for internal control purposes (management approach).

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

### Description of reportable segments

The Cloud Solutions segment includes CANCOM Managed Services GmbH (formerly Pironet AG), Ocean Intelligent Communications Ltd., Ocean Unified Communications Ltd., Ocean Network Services Ltd. CANCOM Slovakia s.r.o. plus the business of CANCOM GmbH, CANCOM on line GmbH and the CANCOM UK Group (formerly OCSL Group) to be allocated to the Cloud Solutions segment. This business segment comprises

the CANCOM Group's Cloud and Shared Managed Services business, including cloud hardware, software and service businesses allocated to projects. The range of services includes analysis, consulting, delivery, implementation and services and thus offers customers the necessary orientation and support for the transformation of their corporate IT into the cloud. As part of its range of services, the CANCOM Group is in a position to take over the complete or partial operation of IT for its customers with scalable cloud and managed services - in particular shared managed services. Selling expenses attributable to Cloud Distribution are included in this segment. The cloud business also benefits from synergies with general CANCOM sales and marketing, whose costs are allocated to the IT Solutions reporting segment.

The IT Solutions segment includes 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 B.V.B.A., CANCOM physical infrastructure GmbH, CANCOM Inc, HPM Incorporated, CANCOM UK TOG Limited (formerly The Organised Group Ltd. ), CANCOM UK Limited (formerly Organised Computer Systems Ltd. ), CANCOM UK Managed Services Ltd (formerly OCSL Managed Services Ltd. ), CANCOM UK Project Services Ltd (formerly OCSL Project Services Ltd. ), M.H.C. Consulting Services Ltd, OCSL Employee Services LLP, OCSL ITO Ltd, OCSL Property LLP less the operations of CANCOM GmbH, CANCOM on line GmbH and the CANCOM UK Group (formerly OCSL Group) to be allocated to the Cloud Solutions segment and the „other companies“ segment. With this business segment, the CANCOM Group offers comprehensive support for all aspects of IT infrastructure and applications. It includes IT strategy consulting, project planning and implementation, system integration, IT procurement via eProcurement Services or within the scope of projects as well as professional IT services and support.

Other companies“ includes CANCOM SE, CANCOM VVM GmbH, CANCOM Financial Services GmbH, CANCOM LTD, CANCOM OCEAN LTD, CANCOM UK Holdings Limited plus the CANCOM GmbH division allocated to the „Other companies“ segment. CANCOM SE and the division of CANCOM GmbH to be allocated to this segment include the staff or management function. As such, it provides a number of services to its subsidiaries. This area also includes the costs of central Group management and investments in internal Group projects.

## Reconciliations

The reconciliation item shows topics that are not directly related to the business segments and other companies. These include intra-segment sales and income tax expense.

Income tax expenses are not included in the results of the business segments. As the tax expense is allocated to the parent company in the case of tax unity, the allocation of income tax does not necessarily correspond to the structure of the segments.

## Information on geographical areas

	Sales revenue acc. to client location		Sales revenue acc. to entity location	
	01.01.- 30.09.2019 €'000	01.01.- 30.09.2018 €'000	01.01.- 30.09.2019 €'000	01.01.- 30.09.2018 €'000
Germany	939,257	798,031	978,088	846,503
Outside Germany	236,302	165,649	197,471	117,177
Group	1,175,559	963,680	1,175,559	963,680

	Non-current assets	
	30.09.2019 €'000	30.09.2018 €'000
Germany	255,292	247,856
Outside Germany	96,229	80,285
Group	351,521	328,141

Non-current assets include property, plant and equipment, intangible assets, goodwill and other non-current assets. Financial instruments and deferred tax assets are excluded.

## D. Notes to the consolidated income statement

### 1. Other operating income

Other operating income breaks down as follows:

	01.01.- 30.09.2019 €'000	01.01.- 30.09.2018 €'000
Rental income	22	0
In come not relating to the period	3,403	928
Government grants	267	427
Compensation for damages	40	394
Other operating income	90	23
<b>Total</b>	<b>3,822</b>	<b>1,772</b>

Income relating to other periods mainly includes income from the reversal of provisions for copyright levies in the amount of €1,015 thousand, income from the sale of non-current assets in the amount of €2,237 thousand thereof profits from the sale and lease back of the facility in Jettingen-Scheppach amounting to €1,617 thousand and sales revenues from the previous year in the amount of €141 thousand.

### 2. Capitalized contract costs

The capitalized contract costs relate to start-up costs for multi-year customer contracts in the amount of € 908 thousand and relate to personnel costs of the Group's own employees of € 531 thousand and externally procured subcontractor services of € 377 thousand.

### 3. Personnel expenditure

Personnel expenses break down as follows:

	01.01.- 30.09.2019 €'000	01.01.- 30.09.2018 €'000
Wages and salaries	165,825	143,224
Social security contributions	25,667	22,505
Pension expenses	525	353
<b>Total</b>	<b>192,017</b>	<b>166,082</b>

#### 4. Other operating expenses

Other operating expenses break down as follows:

	01.01.- 30.09.2019 €'000	01.01.- 30.09.2018 €'000
Premises costs	4,538	4,574
Insurance and other charges	1,389	1,218
Motor vehicle costs	2,427	2,253
Advertising costs	1,360	1,464
Stock exchange and entertainment costs	347	332
Hospitality and travelling expenses	6,519	6,084
Delivery costs	3,677	3,047
Third-party services	4,550	3,732
Repairs, maintenance, leasing	4,855	3,584
Communications and office costs	2,744	2,337
Professional development and training costs	2,154	1,840
Legal and consultancy costs	2,310	3,009
Fees and charges, costs of money transactions	461	689
Other operating expenses	2,749	2,488
<b>Total</b>	<b>40,080</b>	<b>36,651</b>

#### 5. Income taxes

The income tax rate for German companies amounts to 32.0 % (previous year: 31.4 %) and relates to corporation tax, trade tax and solidarity surcharge. The slight increase in the income tax rate is attributable to a slight increase in the average trade tax rate.

The differences between the reported tax expenses and the tax rate for CANCOM SE are as follows:

	01.01.- 30.09.2019 €'000	01.01.- 30.09.2018 €'000
<b>Earnings before tax</b>	<b>52,985</b>	<b>41,305</b>
<b>Expected tax expenses at rate for German companies (32.0 %; Vj. 31.4 %)</b>	<b>16,955</b>	<b>12,970</b>
- Difference from tax paid outside Germany	-497	119
- Changes from valuation allowance of deferred taxes on loss carry-forwards	4	153
- Tax-exempt income/non tax-relevant losses in disposals	73	2
- Actual income tax not relating to the period	-2,048	14
- Permanent differences	-319	7
- non-deductible operating expenses and additions and deductions	-45	395
- Effects from tax rate changes	-15	-85
- Miscellaneous	-344	18
<b>Total Group income tax expenses</b>	<b>13,764</b>	<b>13,593</b>

The current income taxes relating to other periods include tax income of € 1,742 thousand from the fact that the loss carryforward from 2009 of a subsidiary that was a restructuring case within the meaning of Section 8 c of the German Corporation Tax Act (Körperschaftsteuergesetz) was now retroactively recognised by the tax authorities.

The actual tax rate is as follows:

	01.01.- 30.09.2019 €'000	01.01.- 30.09.2018 €'000
Income before tax	52,985	41,305
Income tax	13,764	13,593
Actual tax expenses rate	25.98%	32.91%

Income taxes include income taxes paid or owed in the individual countries as well as deferred taxes:

	01.01.- 30.09.2019 €'000	01.01.- 30.09.2018 €'000
<b>Actual income tax expense</b>	<b>17,292</b>	<b>16,070</b>
<b>Deferred taxes:</b>		
Assets	-1,620	4,767
Liabilities	-1,605	-7,197
	-3,225	-2,430
<b>Actual income tax expense</b>	<b>-303</b>	<b>-47</b>
<b>Group income tax</b>	<b>13,764</b>	<b>13,593</b>

#### 6. Result from discontinued operations

The effect on the income statement from discontinued operations amounts to € 1,776 thousand (previous year: € -75 thousand).

Income less costs and income taxes in connection with the sale of Pirobase Imperia GmbH is reported under discontinued operations.

With the settlement agreement of September 2019, the legal dispute that had existed since 2014 was terminated. No further effects on P&L are to be expected from the case in the future.

#### 7. Non-controlling interests

Minority interests account for 4.91 % (beginning of year) - 0.00 % (10.04.2019) of the profit for the period of the former Pironet AG subgroup before restructuring (T€ 53).

## E. Other information

### 1. Affiliated and related companies and persons

CANCOM SE prepares these consolidated financial statements as the parent company. These consolidated financial statements are not included in any superordinate consolidated financial statements.

Within the meaning of IAS 24, Thomas Volk, Rudolf Hotter and Thomas Stark are considered related parties who, in their capacity as members of the CANCOM SE Executive Board, can exercise significant influence over the CANCOM Group. The members of the Supervisory Board are also related parties within the meaning of IAS 24. Other related parties within the meaning of IAS 24.9 b may be considered in the current reporting period:

- the Polecat Intelligence Ltd.,
- tyntec Group Ltd. and its subsidiaries,
- Unify Square and its subsidiaries
- ABCON Vermögensverwaltung GmbH and its subsidiaries,
- Inter-Connect Holding GmbH,
- DV Immobilien Management GmbH,
- SBF AG and its subsidiaries,
- the Elber GmbH,
- the Mutares AG,
- the Alfmeier SE,
- Athanor Gesellschaft für Beratung und Beteiligung mbH and its subsidiaries,
- Wild Consult LLC,
- Accelerate Commerce GmbH, Munich,
- the MediaMarktSaturn Retail Group and its subsidiaries,
- the Digital Business Incubator of the Ingolstadt Region GmbH,
- the Artificial Intelligence Network Ingolstadt GmbH,
- AL-KO Kober SE and
- Stemmer Imaging AG.

Transactions with related parties were settled net between 10 and 30 days at market prices and usual market conditions.

The following business volumes were realized in the area of deliveries and services to related parties in accordance with IAS 24 in the period 01.01. - 30.09.2019: The purchase of AL-KO Kober SE (a subsidiary of PRIMEPULSE SE) and its subsidiaries totaled € 1,866 thousand (gross), of which € 347 thousand was outstanding as of the balance sheet date. The purchase of Stemmer Imaging AG (a subsidiary of PRIMEPULSE SE) and its subsidiaries totaled € 172 thousand (gross), of which € 5 thousand was outstanding as of the balance sheet date. The purchase of Inter-Connect GmbH (a subsidiary of PRIMEPULSE SE) and its subsidiaries totaled € 58 thousand (gross), of which € 6 thousand was outstanding as of the balance sheet date. The purchase of Alfmeier SE amounted to € 45 thousand (gross), of which € 0 thousand was outstanding at the balance sheet date. The purchase of Abacon Holding GmbH amounted to T€ 2 (gross), of which T€ 0 were open as of the balance sheet date. The purchase of Alfmeier Präzisions SE amounted to € 1 thousand (gross), of which € 0 thousand was outstanding as of the balance sheet date.

No business volumes were realized in the area of trade receivables from related parties in accordance with IAS 24.

### 2. Interest in the Company within the meaning of Section 20 IV AktG

In the period from January 1 to September 30, 2019, no shareholder notified CANCOM SE in writing of a majority interest within the meaning of Section 20 of the German Stock Corporation Act (AktG).

### 3. Significant events after the balance sheet date

After the end of the reporting period, CANCOM SE acquired the shares in Novosco Group Limited, United Kingdom, via its subsidiary CANCOM LTD, by way of a purchase agreement dated 14 October 2019.



**CANCOM SE**

Investor Relations

Erika-Mann-Straße 69

80636 München

Germany

Phone +49 89 54054-5193

Fax +49 8225 996-45193

[ir@cancom.de](mailto:ir@cancom.de)

[www.cancom.de](http://www.cancom.de)