

Q3 2020

INTERIM STATEMENT AS AT SEPTEMBER 30, 2020

CANCOM

Key figures

CANCOM GROUP

in Mio. €	9M 2020	9M 2019*	Δ
Revenue	1,220.9	1,126.5	+8.4 %
Gross profit	338.5	319.4	+6.0 %
EBITDA	77.6	87.2	-11.0 %
EBITDA margin	6.4 %	7.7 %	-1.3 pp
EBITA	46.5	62.9	-26.1 %
EBIT	33.5	50.8	-34.0 %
	30.09.2020	30.09.2019*	Δ
Balance sheet total	1,078.5	833.0	+29.5 %
Equity	592.9	405.9	+ 46.1 %
Equity ratio	55.0 %	48.7 %	+ 6.2 pp
Cash and cash equivalents	226.2	91.6	+246.9 %
Employees	3,928	3,509	+11.9 %

CLOUD SOLUTIONS

in € million	9M 2020	9M 2019*	Δ
Turnover	258.4	207.4	+ 24.6 %
EBITDA	58.1	50.7	+ 14.5 %
EBITDA margin	22.5 %	24.4 %	- 1.9 pp
ARR	194.0	155.8	+ 24.5 %

IT SOLUTIONS

in € million	9M 2020	9M 2019*	Δ
Turnover	962.5	919.1	+4.7 %
EBITDA	36.2	47.6	-23.9 %
EBITDA margin	3.8 %	5.2 %	-1.4 pp

*Prior-year figures adjusted. Explanations in Section A.7 of the Notes to the Consolidated Financial Statements in the 2019 Annual Report

Table of contents

4	Fundamental information about the Group
5	Economic report
10	Forecast
13	Consolidated balance sheet
15	Consolidated statement of Income
17	Consolidated cash flow statement
18	Segment informationen

Interim Group Management Statement

for the period January 1 to September 30, 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 functions, the operating units are supported in their daily business operations within the CANCOM Group by centralized departments for purchasing, warehouse/logistics, marketing/communications, legal, product management and human resources. There is also an internal specialist sales department („Competence Center“).

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

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

The Group segment Cloud Solutions comprises the business with (shared) managed services and those product and service businesses that can be directly allocated to managed services contracts. It also includes all business activities relating to the Group's own software product - the IT multicloud management software „AHP Enterprise Cloud“.

The group segment IT Solutions comprises the business relating to comprehensive strategic and technical consulting services for projects in the field 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 area of IT procurement and eProcurement Services.

In addition to the two operating Group segments, the segment reporting of the CANCOM Group shows the Other Companies segment. This segment comprises the staff and management functions for central Group management, including the parent company CANCOM SE. This segment also includes intra-Group investments as well as expenses for company acquisitions or income from company disposals.

Business model and sales markets

CANCOM's range of products and services is designed to provide comprehensive advice 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 the „Leading Digital Transformation Partner“ for the customer.

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 distribution 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 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.

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 to account for an increasing share of business activity in the future. With the increase in cloud-based IT solutions and applications, hybrid IT infrastructures and their implementation will be a key issue for customers from CANCOM's point of view. CANCOM is therefore investing more heavily in the management of hybrid IT environments and in particular in the further development of its own software 'AHP Enterprise Cloud'.

The clientele includes primarily commercial end users, ranging from small and medium-sized enterprises to large corporations and groups 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.

ECONOMIC REPORT

Development of the overall economy and the IT market

Germany

The CANCOM Group generates the vast majority of its sales in Germany. The outbreak of the coronavirus (SARS-CoV-2) led to a fundamental change in business dynamics. Since mid-March, large parts of the economy as a whole have been repeatedly affected by measures to contain the coronavirus pandemic. The effects of these restrictions, which lasted until June, led to a significant cooling of GDP expectations for 2020. In June 2020, the German Federal Bank expected GDP to fall by 7.0 percent. As recently as December 2019, the German Bundesbank had forecast GDP growth in Germany of 0.6 percent for 2020.

Although the third quarter was still under the impact of the pandemic, it was initially characterized by a significant relaxation of measures to contain the pandemic due to the low level of infection. Overall, GDP rose by 8.2 percent in the third quarter compared with the previous quarter. Adjusted for price, seasonal and calendar effects, however, it was 4.2 percent below the GDP of the prior-year quarter. However, there were already signs of a renewed acceleration in the incidence of infection in mid-September. The ifo economic forecast issued in September predicts a decline in GDP of 5.2 percent. This means that Germany is expected to experience a severe recession in 2020. However, this does not take into account the effects of the decision taken by the federal and state governments at the end of October, which tightened the existing rules to contain the pandemic.

ITC Market

In its latest survey from June 2020, the German Association for the ITC industry bitkom forecasts a decline of 3.1 percent in the market volume for information and communication technology (ITC) in Germany in 2020. Overall, a sales volume of EUR 163.5 billion should be achieved by the end of the year.

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

software:	-4.0 %
IT services:	-5.4 %
IT hardware (including semiconductors):	-7.5 %

* Source: bitkom/EITO, June 2020

However, due to the time lag between the publication of this quarterly announcement and the current developments, this assessment is only of very limited value. In view of the tightening of measures to combat the Covid19 pandemic, which was decided at the end of October, the uncertainty surrounding the forecast for the development of the ITC market has increased once again.

Business performance in the first nine months of 2020

Business development in the first nine months of 2020 was significantly influenced by the status of the coronavirus pandemic from mid-March onwards. Business in the first quarter was characterized by very high sales growth. Driven by the broad overall demand for IT products, IT consulting and IT services in practically all industries, including the public sector, CANCOM thus continued the growth trend that has been in place for years.

In the second quarter, contact restrictions made it particularly difficult to provide services and consulting on site. Nevertheless, CANCOM was able to show growth of 8.2 percent in sales for the first half of the year. While the first easing of measures to contain the pandemic began to take effect at the end of the second quarter, the third quarter was characterized by a normalization of economic activity and catch-up effects.

For the nine-month period of 2020, CANCOM reports a significant year-on-year increase in sales of 8.4 percent to EUR 1,220.9 million (previous year: EUR 1,126.5 million). In addition to the large volume of sales of low-margin IT products, this was due in particular to negative one-off effects. The decline in travel and entertainment expenses in the first nine months of 2019 to EUR 3.6 million (previous year: from EUR 6.5 million) had a positive effect. In the same period, costs for the vehicle fleet fell

to EUR 1.7 million (previous year: EUR 2.4 million). On the other hand, costs for repairs, maintenance and rental leasing increased from EUR 4.9 million in the first three quarters of 2019 to EUR 7.8 million in the same period of 2020, mainly due to the introduction and support of software in the company.

Earnings before interest, taxes, depreciation and amortization (EBITDA) fell in the first three quarters by 11.0 percent year-on-year to EUR 77.6 million (previous year: EUR 87.2 million).

The CANCOM Group's EBITDA margin was 6.4 percent in the first nine months of 2020 (previous year: 7.7 percent).

Order situation - Annual Recurring Revenue

CANCOM Group: Annual Recurring Revenue (in EUR million)

September 2020		194.0
September 2019		155.8

Within the Group segment Cloud Solutions, CANCOM's business activities include managed services and the in-house software AHP Enterprise Cloud. Managed services contracts and software sales lead to recurring monthly revenues over a fixed contract period of several years. The recurring revenues allow a projection of 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 EUR 194.0 million in the reporting period based on the month of September, representing an annual growth rate of 24.5 percent (September 2019: EUR 155.8 million). Overall, 4.9 percent of the annual growth was achieved organically.

In the other areas of the Group segment Cloud Solutions and in large parts of the Group segment IT Solutions, information on the order situation is not meaningful as of the balance sheet date. This is due to the standard contractual structure of many orders. They often cover longer periods, but may change in volume within these periods (master agreements). In addition, very short periods of time can also elapse between the order and revenue recognition, so that in this case order volume and revenue in the reporting period are approximately the same. For this reason, no information on the order situation beyond the ARR is published in the CANCOM Group's financial reports.

Employees

As of September 30, 2020, the CANCOM Group employed 3,928 people (September 30, 2019: 3,509). This represents an increase of 11.9 percent compared to the previous year's reporting date.

The employees worked in the following areas:

CANCOM Group: Employees

	30.9.2020	30.9.2019
Professional services	2,407	2,148
Distribution	805	764
Central services	716	597
Total	3,928	3,509

Results of operations, financial position and net assets

Results of operations

CANCOM Group: Turnover (in EUR million)

9M 2020		1,220.9
9M 2019*		1,126.5

*Previous year's figures adjusted. Explanations in Section A.7 of the Notes to the Consolidated Financial Statements in the 2019 Annual Report

In the first nine months of fiscal 2020, the CANCOM Group generated consolidated sales of EUR 1,220.9 million (previous year: EUR 1,126.5 million). This represents growth of 8.4 percent compared with the same period of the previous year. The organic growth included in this figure, which does not take into account the effects of acquisitions, was 4.3 percent.

Geographically speaking, CANCOM achieved a 6.8 percent increase in sales in Germany in the first nine months of the reporting period, to EUR 960.5 million (previous year: EUR 899.8 million). In international business, CANCOM achieved a 14.8 percent increase in sales to EUR 260.4 million (previous year: EUR 226.8 million).

In the Group segment Cloud Solutions, CANCOM achieved a 24.6 percent year-on-year increase in sales in the first nine months of 2020 to EUR 258.4 million (previous year: EUR 207.4 million). Organic sales growth was 14.0 percent.

In the Group segment IT Solutions, CANCOM increased sales in the reporting period by 4.7 percent to EUR 962.5 million (previous year: EUR 919.1 million). Organic sales growth in the same period was 2.2 percent.

In the third quarter of 2020, the development of sales showed a year-on-year increase of 8.8 percent to EUR 395.0 million (previous year: EUR 363.0 million). Organic growth amounted to 5.5 percent.

In the Cloud Solutions segment, revenue in the third quarter amounted to EUR 89.8 million, an increase of 19.6 percent (previous year: EUR 75.0 million). In organic terms, revenue grew by 9.6 percent.

With sales of EUR 305.3 million in the third quarter, the IT Solutions segment recorded growth of 6.0 percent compared to the same period last year (previous year: EUR 288.0 million). This includes 4.4 percent organic growth.

The CANCOM Group's total operating performance in the first nine months of 2020 was EUR 1,227.1 million (previous year: EUR 1,134.3 million), an increase of 8.2 percent. In the third quarter, total operating performance was EUR 396.9 million, an increase of 8.4 percent over the comparable figure (previous year: EUR 366.3 million).

CANCOM Group: Gross profit (in EUR million)

9M 2020	338.5
9M 2019*	319.4

*Previous year's figures adjusted. Explanations in Section A.7 of the Notes to the Consolidated Financial Statements in the 2019 Annual Report

The CANCOM Group's gross profit in the first nine months of 2020 rose by 6.0 percent to EUR 338.5 million (previous year: EUR 319.4 million) compared with the first nine months of 2019. The gross profit margin was thus 27.6 percent (previous year: 28.2 percent). Compared to the first nine months of 2019, the cost of materials rose by 9.0 percent to EUR 888.6 million (previous year: EUR 815.0 million).

In the Group segment Cloud Solutions, CANCOM recorded a 23.5 percent increase in gross profit to EUR 124.6 million (previous year: EUR 100.9 million) compared with the same period of the previous year.

At EUR 206.2 million in the reporting period, gross profit in the Group segment IT Solutions grew by 0.2 percent on the previous year (previous year: EUR 205.7 million).

In the third quarter of 2020, consolidated gross profit rose by 3.0 percent to EUR 112.0 million (previous year: EUR 108.7 million). In the Cloud Solutions segment, gross profit growth in this period amounted to EUR 44.9 million, an increase of 17.6 percent year-on-year (previous year: EUR 38.2 million). Gross profit in the IT Solutions grew by 0.3 percent to EUR 67.1 million (previous year: EUR 66.9 million).

CANCOM Group: Personnel expenses (in EUR million)

9M 2020	212.9
9M 2019*	192.0

*Previous year's figures adjusted. Explanations in Section A.7 of the Notes to the Consolidated Financial Statements in the 2019 Annual Report

At EUR 212.9 million, personnel expenses for the period from January to the end of September 2020 were up 10.9 percent on the previous year (previous year: EUR 192.0 million). The higher personnel expenses were mainly due to the growth in the workforce. The personnel expenses ratio rose by 0.1 percentage points to 17.4 percent (previous year: 17.3 percent).

Other operating expenses amounted to EUR 47.5 million in the period under review, representing an increase of 18.1 percent (previous year: EUR 40.3 million). The figure for the third quarter was EUR 14.3 million, an increase of 6.5 percent (previous year: EUR 13.4 million).

CANCOM Group: EBITDA (in EUR million)

9M 2020	77.6
9M 2019*	87.2

*Previous year's figures adjusted. Explanations in Section A.7 of the Notes to the Consolidated Financial Statements in the 2019 Annual Report

In the period from January to September 2020, the CANCOM Group's EBITDA amounted to EUR 77.6 million, a decline of 11.0 percent compared with the previous year (previous year: EUR 87.2 million). In organic terms, the CANCOM Group's EBITDA fell by 22.0 percent.

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

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

In the first months of the year, the Group segment Cloud Solutions contributed to the increase in earnings with EBITDA of EUR 58.1 million, representing year-on-year growth of 14.5 percent (previous year: EUR 50.7 million). Organic EBITDA growth in the Cloud Solutions segment was 0.9 percent.

In the Group segment IT Solutions, CANCOM achieved an EBITDA of EUR 36.2 million in the first nine months of the year, which corresponds to a 23.9 percent decline compared to the same period of the previous year (previous year: EUR 47.6 million). Organic growth in EBITDA fell by 29.5 percent.

In the third quarter of 2020, the CANCOM Group's EBITDA was EUR 31.5 million, a decline of 6.2 percent (previous year: EUR 33.6 million). In organic terms, EBITDA fell by 16.6 percent between July and September 2020.

The Cloud Solutions segment posted EBITDA growth of 13.3 percent in the third quarter, rising to EUR 21.4 million (previous year EUR 18.9 million). 2.1 percent of this growth was organic. EBITDA in the IT Solutions segment fell by 17.9 percent in the third quarter to EUR 14.1 million (previous year: EUR 17.2 million). In organic terms, the decline compared with the same quarter of the previous year was 25.9 percent.

CANCOM Group: EBITDA margin

	9M 2020	9M 2019*
EBITDA margin	6.4 %	7.7 %

*Previous year's figures adjusted. Explanations in Section A.7 of the Notes to the Consolidated Financial Statements in the 2019 Annual Report

In the first three quarters of the year, the CANCOM Group achieved an EBITDA margin of 6.4 percent (previous year: 7.7 percent). In the same period, the EBITDA margin in the Cloud Solutions segment was 22.5 percent (previous year: 24.4 percent) and in the IT Solutions segment the EBITDA margin was 3.8 percent (previous year: 5.2 percent).

In the third quarter of 2020, the EBITDA margin for the CANCOM Group was 8.0 percent, a decline of 1.3 percentage points (previous year: 9.3 percent). In the Cloud Solutions segment, the EBITDA margin for the third quarter was also 1.3 percentage points lower at 23.9 percent (previous year: 25.2 percent), while in the IT Solutions segment the margin fell by 1.4 percentage points to 3.8 percent (previous year: 5.2 percent).

CANCOM Group: Depreciation (in EUR million)

	9M 2020	9M 2019*
Scheduled depreciation on property, plant and equipment	-15.2	-13.0
Scheduled amortization of software	-5.9	-4.0
Scheduled amortization of rights of use	-9.5	-7.3
Scheduled amortization on customer bases etc.	-13.4	-12.2
Total	-44.1	-36.4

*Previous year's figures adjusted. Explanations in Section A.7 of the Notes to the Consolidated Financial Statements in the 2019 Annual Report

The CANCOM Group's depreciation and amortization increased between January 1 and September 30 of the 2020 fiscal year by 21.2 percent year-on-year to EUR 44.1 million (previous year: EUR 36.4 million).

CANCOM Group: EBITA (in EUR million)

	9M 2020	9M 2019*
EBITA	46.5	62.9

*Previous year's figures adjusted. Explanations in Section A.7 of the Notes to the Consolidated Financial Statements in the 2019 Annual Report

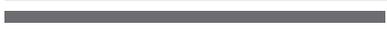
In the first nine months of the current financial year, the CANCOM Group recorded an EBITA of EUR 46.5 million (previous year: EUR 62.9 million). In the Group segment Cloud Solutions, EBITA in the same period was EUR 43.8 million (previous year: EUR 41.6 million). In the IT Solutions segment EBITA amounted to EUR 19.8 million (previous year: EUR 32.6 million).

Explanation of the alternative performance measures (APM) that have expired in accordance with the APM guidelines of the European Securities and Markets Authority (ESMA):

2) EBITA = net profit for the period + income taxes + foreign exchange gains/losses + amortization of financial assets + income from investments + other financial result + net interest income + amortization of customer contracts, orders on hand, brands and impairment of goodwill

In the third quarter, the CANCOM Group's EBITA was EUR 20.4 million, a decline of 19.1 percent (previous year: EUR 25.2 million). EBITA in the Group segment Cloud Solutions was 3.6 percent higher at EUR 16.2 million (previous year: EUR 15.6 million). EBITA in the IT Solutions segment fell by 30.5 percent to EUR 8.5 million (previous year: EUR 12.2 million).

CANCOM Group: EBIT
(in EUR million)

9M 2020		33.5
9M 2019*		50.8

*Previous year's figures adjusted. Explanations in Section A.7 of the Notes to the Consolidated Financial Statements in the 2019 Annual Report

In the first nine months of the year, the CANCOM Group's EBIT³ amounted to EUR 33.5 million, a decline of 34.0 percent (previous year: EUR 50.8 million).

EBIT in the Cloud Solutions segment amounted to EUR 35.1 million in the reporting period (previous year: EUR 34.2 million). EBIT in the IT Solutions segment was EUR 16.1 million (previous year: EUR 28.0 million).

In the third quarter, the CANCOM Group's EBIT amounted to EUR 16.5 million. This means that EBIT fell by 22.2 percent compared with the third quarter of 2019 (previous year: 21.2 percent). In the Group segment Cloud Solutions, EBIT rose by 4.5 percent to EUR 13.6 million (previous year: EUR 13.0 million). In the IT Solutions segment, EBIT amounted to EUR 7.3 million and thus fell by 31.3 percent (previous year: EUR 10.7 million).

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

9M 2020		41.5
9M 2019*		41.0

*Previous year's figures adjusted. Explanations in Section A.7 of the Notes to the Consolidated Financial Statements in the 2019 Annual Report

As a result of the first nine months of 2020, the CANCOM Group's net profit for the period amounted to EUR 41.5 million, representing an increase of 0.2 percent (previous year: EUR 41.0 million).

In the third quarter of 2020, the CANCOM Group's net profit for the period was EUR 25.2 million. The net profit for the period was thus 31.3 percent higher than in the previous year (previous year: EUR 19.2 million).

Net assets and financial position

Principles and objectives of financial management

The principles and objectives of the CANCOM Group's financial management are described in the 2019 annual report and remain unchanged.

Capital structure of the Group

The CANCOM Group's total assets amounted to EUR 1,078.5 million as of September 30, 2020 (September 30, 2019: EUR 833.0 million).

Of this amount, EUR 592.9 million was attributable to equity and EUR 485.6 million to debt capital on the liabilities side. The CANCOM Group's equity ratio was 55.0 percent at the end of the reporting period on September 30, 2020 (September 30, 2019: 48.7 percent). Accordingly, the debt ratio was 45.0 percent (September 30, 2019: 51.3 percent).

Both non-current and current interest-bearing financial liabilities have a very low volume compared to total liabilities. The amount of cash and cash equivalents exceeds these by a multiple. At the end of the reporting period, the CANCOM Group therefore had positive net cash and cash equivalents of EUR 226.2 million.

Liabilities and equity

On the liabilities side of the balance sheet after the first nine months of fiscal year 2020, current liabilities, i.e., liabilities with a remaining term of less than one year, amounted to EUR 376.7 million (September 30, 2019: EUR 327.5 million).

At EUR 108.9 million at September 30, 2020, non-current liabilities were higher than at the reporting date of the previous year (September 30, 2019: EUR 99.6 million). Compared to the end of fiscal year 2019 at December 31, 2019, the level decreased significantly (December 31, 2019: EUR 156.1 million). The main reason for the decrease was primarily the significantly lower level of other non-current financial liabilities.

Erläuterungen der verendeten Alternative Performance Measures (APM) entsprechend der APM-Leitlinien der European Securities and Markets Authority (ESMA):

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

Shareholders' equity increased during the first nine months of the fiscal year to EUR 592.9 million (December 31, 2019: EUR 577.3 million). This mainly reflects the increase in retained earnings compared to 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 cash flow from operating activities. The same applies to all other investments.

Assets

On the assets side of the balance sheet, current assets amounted to EUR 623.8 million at the end of the reporting period as at September 30, 2020 (December 31, 2019: EUR 733.9 million). Cash and cash equivalents at September 30, 2020, amounted to EUR 226.2 million (December 31, 2019: EUR 364.9 million), trade receivables increased to EUR 287.4 million (December 31, 2019: EUR 274.5 million). Furthermore, inventories reached EUR 53.2 million at the end of September (December 31, 2019: EUR 45.5 million).

Non-current assets amounted to EUR 454.8 million at September 30, 2020 (December 31, 2019: EUR 471.5 million) and thus decreased after the first nine months of 2020 compared to the end of fiscal year 2019.

Cash flow and liquidity

Cash flow from operating activities reached a value of EUR -42.6 million in the period from January to September 2020 (previous year: EUR 7.7 million).

The cash flow from investing activities in the reporting period amounted to EUR -70.3 million and showed an increased cash outflow than in the same period of the previous year (EUR -23.1 million). At EUR -24.0 million, cash flow from financing activities showed a positive change in the reporting months (previous year: EUR -29.8 million).

During the reporting period from January to September 2020, cash and cash equivalents changed by EUR 137.0 million to EUR 226.2 million compared to cash and cash equivalents at the beginning of the fiscal year. This figure was thus significantly higher than at the same time last year (September 30, 2019: EUR 91.6 million).

Opportunities and risks of future development

In the period under review there has been a significant change in the assessment of the opportunities and risks relating to the future development of the CANCOM Group compared with the assessment of the actual course of the coronavirus pandemic, which was already published in the 2019 Annual Report and the half-yearly report. The reassessment of the effects prompted the Executive Board to update the forecast on October 27, 2020, which is reproduced in the forecast report of this interim announcement. In all risk and opportunity assessments and forecasts for the 2020 fiscal year, the Board of Management has always pointed out the increased uncertainty of the forward-looking statements.

A detailed list of opportunities and risks can be found in the Annual Report 2019, which was published on April 30, 2020, and which therefore already discusses the impact of the first phase of the coronavirus pandemic on the opportunities and risks for the CANCOM Group's business development.

Events after the end of the reporting period

There were no events after the end of the reporting period that are significant for the CANCOM Group and that need to be mentioned here as part of a supplementary report.

FORECAST REPORT

On October 27, 2020, the Executive Board updated the forecast for the CANCOM Group with an ad-hoc announcement. At that time, the preliminary figures for the third quarter of 2020 showed for the first time reliably the extent of the catch-up effects of the past quarter. It also became apparent that a further lockdown in the fourth quarter would have an impact on economic life in Germany and thus also on the business development of the CANCOM Group.

Since the publication of the Annual Report for the year 2019, the Management Board had explicitly pointed out the increased uncertainty for the economic assumptions of the forecast, both in negative and positive terms. The changed economic conditions of the industry environment compared to the statements made in the Forecast Report of the Annual Report 2019 and the Half-Year Report 2020, to which reference is made in this context, made the forecast update necessary.

The Executive Board of CANCOM SE is thus changing the forecast for the development of the CANCOM Group and CANCOM SE last described in the 2019 Half-Year Report.

Premises of the forecasts

The updated forecasts for the CANCOM Group and CANCOM SE include all information known to the Executive Board at the time of preparation of this interim announcement that could have an impact on business development. The outlook is based, among other things, on the expectations regarding economic development and the development of the IT market, which are described in the Half-Year Report 2020 and in this interim announcement.

In view of the increasing number of corona cases and the emerging limitations in the provision of services to customers, the Management Board believes that the fourth quarter of 2020 will have an impact on earnings. CANCOM does see a high demand for solutions for mobile working. On the other hand, however, considerable restrictions are expected in the provision of services and the implementation of projects. Taking into account the development of business in the first nine months of 2020 and based on today's assessment of the impact of the Covid 19 pandemic on the course of business in the fourth quarter of 2020, the Executive Board has decided to update the forecast for the financial year 2020.

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, 2020 (consolidated companies). Any acquisitions made in the current 2020 financial year are not taken into account.

Outlook for the CANCOM Group

The Executive Board of CANCOM SE expects a significant increase in sales for the 2020 financial year compared to 2019. CANCOM expects a moderate increase in gross profit for the Group. For Group EBITDA, CANCOM forecasts moderate decline compared to the previous year's figure. CANCOM expects a very significant year-on-year decline in Group EBITA.

For the Group segment Cloud Solutions, the Management Board expects a significant increase in sales, gross profit, EBITDA and EBITA. With regard to Annual Recurring Revenues (ARR), the Management Board predicts a significant increase compared with the figure for December 2019.

The Management Board expects a significant increase in sales for the Group segment IT Solutions. Gross profit is to continue to grow moderately. CANCOM also anticipates a very significant decline in EBITDA and EBITA.

Munich, November 2020



Rudolf Hotter
CEO



Thomas Stark
CFO

Board of Directors of CANCOM SE

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€)	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2019 (adjusted*)
Current assets			
Cash and cash equivalents	226,189	364,853	91,636
Non-current assets and disposal groups held for sale	1,171	1,196	1,204
Trade accounts receivable	287,411	274,490	263,643
Other Current contract assets	2,237	1,565	1,128
Capitalized short-term contract costs	5,255	6,225	0
Inventories	53,237	45,535	53,816
Other current financial assets	28,888	21,305	42,171
Other current assets	19,359	18,727	14,954
Total current assets	623,747	733,896	468,552
Non-current assets			
Property, plant and equipment	58,775	66,029	55,096
Intangible assets (excluding goodwill)	82,331	89,089	67,737
Goodwill and other intangible assets	206,989	213,577	159,231
Assets from right of use	68,950	65,945	58,136
Financial assets and loans	4,005	4,005	4,005
Capitalized long-term contract costs	1,708	1,954	1,889
Deferred tax assets	8,423	7,835	7,541
Other non-current financial assets	20,894	19,468	6,772
Other non-current assets	2,723	3,614	4,055
Total non-current assets	454,798	471,516	364,462
Assets, total	1,078,545	1,205,412	833,014

*Prior-year figure adjusted. Explanations in section A.7 of the notes to the consolidated financial statements in the 2019 Annual Report.

Consolidated balance sheet

EQUITY AND LIABILITIES

(in T€)	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2019 (adjusted*)
Current liabilities			
Current liabilities to bank	528	7,182	6,847
Trade accounts payable	257,822	319,441	239,543
Other current financial liabilities	43,215	59,158	19,367
Short-term provisions	1,096	1,133	1,748
Current contract liabilities	26,661	32,989	19,145
Liabilities from income taxes	8,936	8,720	12,019
Other current liabilities	38,226	43,091	28,545
Liabilities in connection with non-current assets and disposal groups held for sale	242	245	246
Total current liabilities	376,726	471,959	327,460
Non-current liabilities			
Non-current liabilities to banks	129	218	2,109
Other non-current financial liabilities	84,089	126,185	69,870
Long-term pension provisions	1,802	1,969	1,928
Non-current other provisions	1,199	1,412	1,554
Non-current contractual liabilities	6,323	6,910	7,886
Deferred tax liabilities	15,353	19,443	16,282
Other non-current liabilities	0	1	13
Total non-current liabilities	108,895	156,138	99,642
Equity			
Capital stock	38,548	38,548	35,044
Additional paid-in capital	374,960	374,310	205,385
Retained earnings including profit/loss carried forward and profit/loss for the period	181,399	159,283	164,199
Other reserves	-2,321	5,174	1,284
Non-controlling interests	338	0	0
Total equity	592,924	577,315	405,912
Liabilities, total	1,078,545	1,205,412	833,014

*Prior-year figure adjusted. Explanations in section A.7 of the notes to the consolidated financial statements in the 2019 Annual Report.

Consolidated Statement of Income

(in T€)	Q3		9M	
	Jul. 1 - Sep. 30, 2020	Jul. 1 - Sep. 30, 2019 (adjusted*)	Jan. 1 - Sep. 30, 2020	Jan. 1 - Sep. 30, 2019 (adjusted*)
Revenue	395,006	363,037	1,220,860	1,126,534
Other operating income	141	1,813	1,385	3,822
Other own work capitalized	1,754	1,228	5,501	3,138
Capitalized contract costs	-33	215	-672	850
Total output	396,868	366,293	1,227,074	1,134,344
Cost of materials/expenses for purchased services	-284,915	-257,587	-888,570	-814,953
Gross profit	111,953	108,706	338,504	319,391
Personnel expenses	-66,114	-61,641	-212,865	-192,016
Depreciation of property, plant and equipment, intangible assets	-15,069	-12,458	-44,086	-36,427
Impairment losses on financial assets including reversals of impairment losses	-1	-9	-479	108
Other operating expenses	-14,318	-13,442	-47,532	-40,251
Operating result (EBIT)	16,451	21,156	33,542	50,805
Interest and similar income	188	743	704	1,008
Interest and similar expenses	-728	-603	-3,384	-1,538
Other financial result Income	14,865	2,188	19,557	2,188
Other financial result Expenses	-2	-1	-165	-40
Currency gains/losses	-728	152	2,265	596
Income before income taxes	30,046	23,635	52,519	53,019
Income taxes	-4,865	-6,178	-10,981	-13,773
Profit after tax from continuing operations	25,181	17,457	41,538	39,246
Result from discontinued operations	0	1,767	0	1,776
Result for the period	25,181	19,224	41,538	41,022
thereof attributable to shareholders of the parent company	25,124	19,224	41,481	40,969
thereof attributable to non-controlling shareholders	57	0	57	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	38,548,001	35,043,638	38,548,001	35,043,638
Earnings per share from continuing operations (basic) in €	0.65	0.50	1.08	1.12
Earnings per share from continuing operations (diluted) in €	0.65	0.50	1.08	1.12
Earnings per share from discontinued operations (basic) in €	0.00	0.05	0.00	0.05
Earnings per share from discontinued operations (diluted) in €	0.00	0.05	0.00	0.05
Earnings per share for profit for the period attributable to equity holders of the parent (basic) in €	0.65	0.55	1.08	1.17
Earnings per share from profit for the period attributable to equity holders of the parent (diluted) in €	0.65	0.55	1.08	1.17

*Prior-year figure adjusted. Explanations in section A.7 of the notes to the consolidated financial statements in the 2019 Annual Report.

Consolidated Statement of Income

(in T €)	Q3		9M	
	Jul. 1 - Sep. 30, 2020	Jul. 1 - Sep. 30, 2019 (adjusted*)	Jan. 1 - Sep. 30, 2020	Jan. 1 - Sep. 30, 2019 (adjusted*)
Result for the period	25,181	19,224	41,538	41,022
Other comprehensive income				
Items that are subsequently reclassified to profit or loss for the period				
Gains/losses from the currency translation of foreign operations	240	1,542	-10,878	1,546
Deferred taxes on items that are subsequently reclassified to profit or loss for the period	-75	-494	3,383	-495
Items that are not subsequently reclassified into profit or loss				
Gains/losses from the revaluation of defined benefit plans	0	0	0	6
Deferred taxes on items that are not reclassified to the result for the period	0	0	0	-2
Other comprehensive income for the period	165	1,048	-7,495	1,055
Total comprehensive income for the period	25,346	20,272	34,043	42,077
thereof attributable to shareholders of the parent company	25,289	20,272	33,986	42,024
thereof attributable to non-controlling shareholders	57	0	57	53

*Prior-year figure adjusted. Explanations in section A.7 of the notes to the consolidated financial statements in the 2019 Annual Report.

Consolidated Cash Flow Statement

(in T€)	Jan. 1 - Sep. 30, 2020	Jan. 1 - Sep. 30, 2019 (adjusted*)
Cash flow from operating activities		
Net income for the period	41,538	41,022
Corrections		
+ Depreciation and amortization of property, plant and equipment intangible assets	44,086	36,426
+ Net interest and other financial results	-16,712	-1,618
+ Income taxes	10,981	13,773
+/- Changes in long-term provisions	-1,366	-442
+/- Changes in short-term provisions	-29	-403
+/- Result from the sale of property, plant, intangible assets and equipment and financial assets	-319	-2,034
+/- Changes in inventories	-7,764	-21,642
+/- Changes in trade receivables, contract assets, capitalized contract costs and other assets	-20,839	11,128
+/- Changes in trade payables and other liabilities	-74,154	-55,601
- Payments from interest paid	-1,955	-304
+/- Income taxes paid and refunded	-14,279	-13,575
+/- Non-cash expenses and income	-2,697	-2
+ Equity-settled share-based payment transactions	881	945
Total cash flow from operating activities	-42,628	7,673
Cash flow from investing activities		
- Cash outflows from the acquisition of subsidiaries	-47,357	-6,508
+ Proceeds from cash and cash equivalents acquired in the acquisition of subsidiaries	0	761
- Payments from the acquisition of financial investments	0	-5
- Payments made for investments in intangible assets, property, plant and equipment and rights of use	-25,141	-20,627
+ Proceeds from disposals of intangible assets, property, plant and equipment and financial assets	1,226	2,693
+ Proceeds from interest and dividends received	926	556
Total cash flow from investing activities	-70,346	-23,130
Cashflow aus Finanzierungstätigkeit		
- Payments for capital increase costs	-7	0
+ Proceeds from non-current financial liabilities	0	220
- Payments for the repayment of non-current financial liabilities (including the portion reported as current)	-3,247	-2,436
- Payments from the repayment of leasing liabilities (lessee view)	-10,072	-7,461
+/- Cash inflow/outflow from borrowing/repayment of current financial liabilities	-3,391	4,866
+/- Cash inflows/outflows from financial liabilities to leasing companies	12,678	0
- Cash outflows from interest paid for long-term financial liabilities and leasing liabilities	-876	-446
- Payments from dividends paid	-19,274	-17,522
+ Proceeds from the sale of non-controlling interests	280	0
- Payments for the acquisition of non-controlling interests	-90	-7,024
Total cash flow from financing activities	-23,999	-29,803
Net increase/decrease in cash and cash equivalents	-136,973	-45,260
+/- Effect of exchange rate changes on cash and cash equivalents	-1,691	1,649
+/- Cash and cash equivalents at the beginning of the period	364,853	135,247
Cash and cash equivalents at the end of the period	226,189	91,636
thereof		
Cash and cash equivalents from continuing operations	226,189	91,636
Cash and cash equivalents from discontinued operations	0	0

*Prior-year figure adjusted. Explanations in section A.7 of the notes to the consolidated financial statements in the 2019 Annual Report.

Segment informationen

(in T€)	cloud solutions		IT solutions	
	Jan. 1 - Sep. 30, 2020	Jan. 1 - Sep. 30, 2019 (adjusted*)	Jan. 1 - Sep. 30, 2020	Jan. 1 - Sep. 30, 2019 (adjusted*)
Revenue				
Revenue from external customers	258,356	207,424	962,494	919,082
Inter-segment sales	6,729	7,188	5,435	7,656
Total income	265,085	214,612	967,929	926,738
Cost of materials/expenses for purchased services	-137,309	-111,150	-761,929	-717,130
Personnel expenses	-57,552	-44,463	-144,994	-137,905
Other income and expenses	-12,177	-8,284	-24,764	-24,088
EBITDA	58,047	50,715	36,242	47,615
Scheduled depreciation and amortization	-14,222	-9,134	-16,450	-15,008
Scheduled amortization	-8,720	-7,431	-3,654	-4,618
Operating result (EBIT)	35,105	34,150	16,138	27,989
Interest income	243	184	449	821
Interest expenses	-174	-80	-3,936	-2,542
Other financial result Income	0	0	-959	0
Other financial result Expenses	0	0	-163	-40
Currency gains/losses				
Income before income taxes	35,174	34,254	11,529	26,228
Income taxes				
Result from discontinued operations	0	1,776	0	0
Result for the period				
thereof attributable to shareholders of the parent company				
thereof attributable to non-controlling shareholders				

*Prior-year figure adjusted. Explanations in section A.7 of the notes to the consolidated financial statements in the 2019 Annual Report.

Total operating segments		Other companies		Reconciliation statement		Consolidated	
Jan. 1 - Sep. 30, 2020	Jan. 1 - Sep. 30, 2019 (adjusted*)	Jan. 1 - Sep. 30, 2020	Jan. 1 - Sep. 30, 2019 (adjusted*)	Jan. 1 - Sep. 30, 2020	Jan. 1 - Sep. 30, 2019 (adjusted*)	Jan. 1 - Sep. 30, 2020	Jan. 1 - Sep. 30, 2019 (adjusted*)
1,220,850	1,126,506	10	28				
12,164	14,844	183	25	-12,347	-14,869		
1,233,014	1,141,350	193	53	-12,347	-14,869	1,220,860	1,126,534
-899,238	-828,280	-48	-54	10,716	13,381	-888,570	-814,953
-202,546	-182,368	-10,319	-9,648	0	0	-212,865	-192,016
-36,941	-32,372	-6,487	-1,449	1,631	1,488	-41,797	-32,333
94,289	98,330	-16,661	-11,098	0	0	77,628	87,232
-30,672	-24,142	-490	-236	0	0	-31,162	-24,378
-12,374	-12,049	-550	0	0	0	-12,924	-12,049
51,243	62,139	-17,701	-11,334	0	0	33,542	50,805
692	1,005	5,226	3,176	-5,214	-3,173	704	1,008
-4,110	-2,622	-4,488	-2,089	5,214	3,173	-3,384	-1,538
-959	0	20,516	2,188	0	0	19,557	2,188
-163	-40	-2	0	0	0	-165	-40
				2,265	596	2,265	596
46,703	60,482	3,551	-8,059	2,265	596	52,519	53,019
				-10,981	-13,773	-10,981	-13,773
0	1,776	0	0	0	0	0	1,776
						41,538	41,022
						41,481	40,969
						57	53

*Prior-year figure adjusted. Explanations in section A.7 of the notes to the consolidated financial statements in the 2019 Annual Report.

This is a translation of CANCOM SE's interim report. Only the German version of the report is legally binding. No warranty is made as to the accuracy of the translation and the company assumes no liability with respect thereto. The company cannot be held responsible for any misunderstandings or misinterpretation arising from this translation.

CANCOM SE

Investor Relations

Erika-Mann-Straße 69

80636 München

Germany

Phone +49 89 54054-5511

Fax +49 8225 996-45193

ir@cancom.de

www.cancom.de