

QUARTERLY STATEMENT

Q3 2023

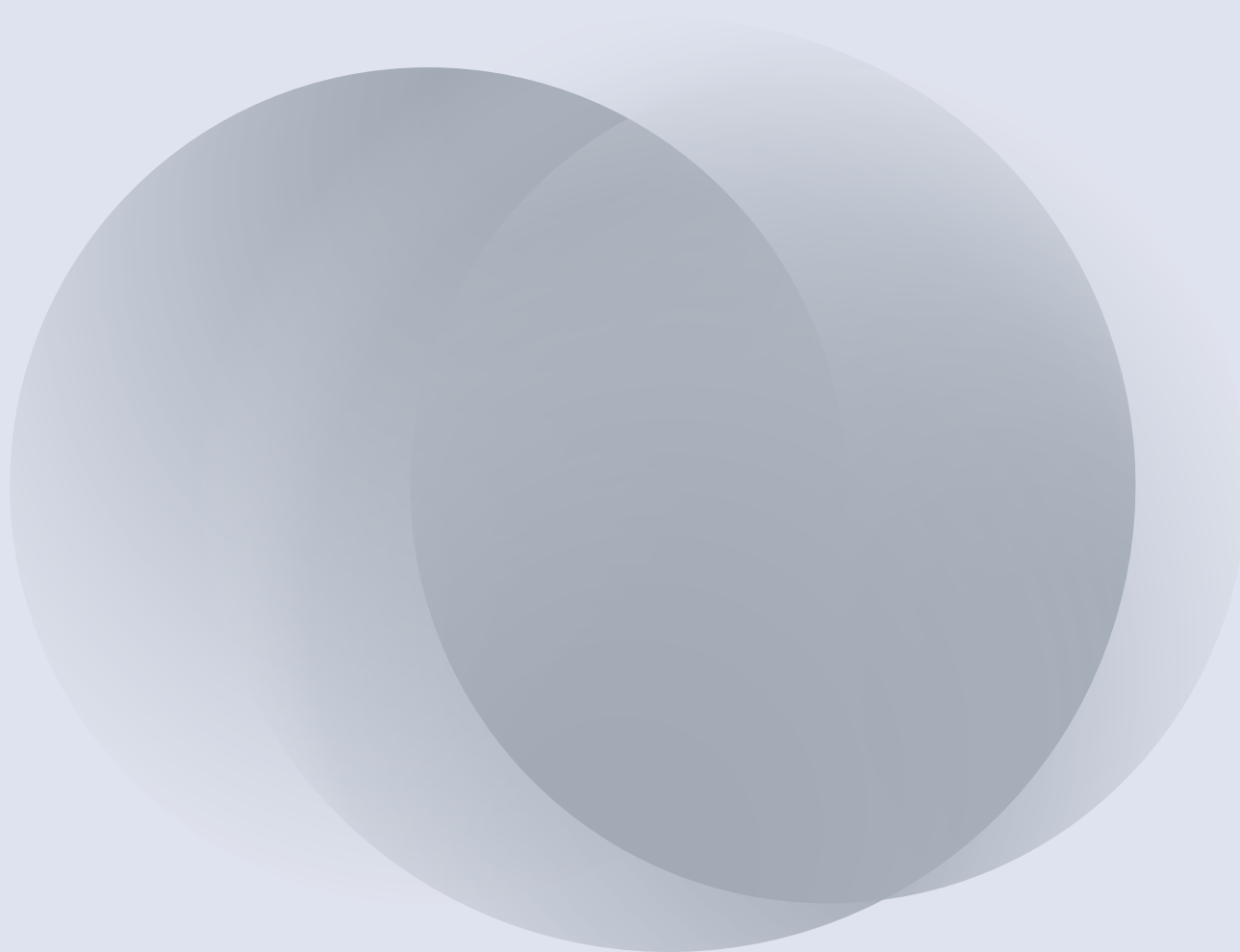


Table of key figures

CANCOM GROUP

in € million	9M 2023	9M 2022	Δ
Revenue	1,062.9	925.1	+ 14.9 %
Business volume	1,377.3	1,214.8	+ 13.4 %
Gross profit	406.9	321.0	+ 26.8 %
EBITDA	76.6	80.0	- 4.3 %
EBITDA margin	7.2 %	8.6 %	- 1.4 pp
EBITA	39.3	46.0	- 14.6 %
EBIT	33.3	42.7	- 22.0 %
Employees (average)	5,055	3,739	+ 35.2 %

in € million	30.09.2023	31.12.2022	Δ
Balance sheet total	1,508.8	1,305.1	+ 15.6 %
Equity	744.6	694.8	+ 7.2 %
Equity ratio	49.4 %	53.2 %	- 3.8 pp
Cash and cash equivalents	180.4	393.2	- 54.1 %

GERMANY

in € million	9M 2023	9M 2022	Δ
Revenue	829.3	843.4	- 1.7 %
EBITDA	53.0	68.9	- 23.1 %
EBITDA margin	6.4 %	8.2 %	- 1.8 pp

INTERNATIONAL

in € million	9M 2023	9M 2022	Δ
Revenue	233.5	81.6	+ 186.1 %
EBITDA	23.6	11.1	+ 113.0 %
EBITDA margin	10.1 %	13.6 %	- 3.5 pp

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Interim Group Report

For the period from 1 January to 30 September 2023

FUNDAMENTALS OF THE GROUP

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

Structure of the CANCOM Group

The parent company of the CANCOM Group is CANCOM SE, based in Munich, Germany. It performs centralised financing and management functions for the Group companies, i.e. the investments it holds. In addition to the central management and financing activities of the parent company, the operating units are also supported in their daily business operations by centralised departments for purchasing, internal IT, warehousing/logistics, finance, vehicle and travel management, repair/service and human resources („Central Services“) as well as marketing/communication and product management. In addition, the operating units have access to an internal, specialised sales department („Competence Center“) across the entire organisation.

In addition to these centralised functions, CANCOM's operating units are primarily decentralised and operate in units that are primarily structured by region. The organisation comprises the regional units South, Southwest, Central, East, North and West as well as locations in Slovakia, Austria and Belgium. In addition, there are the supra-regional business units Managed Services, Public and eCommerce.

KBC Beteiligungs GmbH, based in Vienna, has been a wholly owned subsidiary of CANCOM SE since 7 June 2023. The subsidiary continues to fulfil the central financing and management functions for the subsidiaries of K-Businesscom AG. The company has branches in Austria and subsidiaries in the Czech Republic, Romania, Switzerland, the USA and Germany.

In its financial reporting, the CANCOM Group uses two segments in addition to the Group as a whole to report on its operating business performance: „Germany“ and „International“.

Reportable segments

The companies of the CANCOM Group with their registered office in Germany form the operating segment „Germany“. Accordingly, all companies of the CANCOM Group based outside Germany are summarised in the „International“ segment. The companies allocated to each segment based on their company head office can be found in the list of shareholdings published in the notes to the consolidated interim report of the CANCOM Group as at 30 June 2023.

Business model and sales markets

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

The range of services extends from strategic consulting for digital (business) processes to the partial or complete operation of IT systems (primarily by means of managed services and standardised as-a-service offerings), through to system design and integration, IT support, delivery and turnkey implementation of hardware and software, e-procurement and logistics services.

This broad-based product and service offering enables the CANCOM Group to generate revenue both on the basis of the Company's own capabilities and services (service business) and from remuneration and commissions for the sale of third-party IT products (sale of goods). Within this business model, management is pursuing a course of strategic transformation of the CANCOM Group into a hybrid IT service provider, in which the provision of IT services is to account for an increasing proportion of business activities.

In geographical terms, the CANCOM Group is primarily active in Germany and Austria. It also has market access in Switzerland, Romania, the USA and Belgium. CANCOM Group subsidiaries are active in Slovakia and the Czech Republic, providing services in the areas of service and support centres and software customisation and development.

A key external factor influencing CANCOM's business development is therefore the development of the IT market in the largest markets of Germany and Austria. For these markets as a whole - and therefore also for CANCOM - the general trend towards digitalisation is a key driver of development. The importance of IT processes in business, education, healthcare and administration is increasing. New applications for IT-supported solutions and investments to improve existing infrastructures are contributing to market development.

Important external factors beyond CANCOM's control that can have a positive or negative impact on business development include, in particular, data protection regulations, the general threat situation in the area of cyber security and the quality certifications required by customers, as well as environmental and social standards. As a provider of IT services and products, the CANCOM Group's business model is not subject to any particular industry-specific legal provisions, authorisation requirements or official supervision, i.e. external regulatory or politically influenced factors that go beyond the statutory regulations that generally apply to all companies. In addition, the availability of IT hardware and software on the global market is an external factor that cannot be influenced.

The CANCOM Group's customer base primarily comprises commercial end users, ranging from small and medium-sized enterprises to large companies and corporations, as well as public institutions.

ECONOMIC REPORT

Germany is the most important market for the CANCOM Group, accounting for over 75 percent of revenue. The most important foreign market is Austria. In addition to the general economic development in these national markets, the overall market for information and communication technology (ICT) - especially in Germany - also forms an important framework and basis for comparison when assessing CANCOM's economic development.

Germany

The Federal Statistical Office assumes that gross domestic product (GDP) in Germany fell by 0.1 percent in the third quarter of 2023 compared to the previous quarter. Growth of 0.1 percent was recorded in the second quarter of 2023. In the first quarter, economic development measured by GDP stagnated at +/- 0.0 percent compared to the previous quarter. Continued high inflation, a lower propensity to consume on the part of private households and falling spending by the public sector weighed

on economic development. Shortly after the end of the reporting period, the International Monetary Fund (IMF) adjusted its annual GDP forecast for Germany and now expects GDP to fall by 0.5 percent in 2023 compared to the prior year.

Austria

In Austria, CANCOM's most important foreign market, GDP in the third quarter was 0.6 percent lower than in the second quarter, according to the European statistics authority Eurostat. A decline of 0.8 percent was also recorded in the second quarter. Growth was only recorded in the first quarter of the year.

Gross domestic product (GDP) 2023*

(change compared to previous quarter in %)

	Q1 2023	Q2 2023	Q3 2023
Deutschland	+/- 0.0	+ 0.1	- 0.1
Österreich	+ 0.1	- 0.8	- 0.6

*) Source: Eurostat, October 2023.

ITC market

The expectations of the industry association Bitkom for the development of the ICT market in Germany, the CANCOM Group's most important market, weakened over the course of the first half of 2023. Nevertheless, Bitkom expects growth of 3.0 percent for the information technology market segment, which is particularly important for the CANCOM Group. The software and IT services submarkets are also expected to develop positively over the course of the year. Here, Bitkom expects growth of 9.6 percent and 5.3 percent respectively. Expectations in the IT hardware market segment are much gloomier. Here, Bitkom expects a decline of 3.6 percent over the year as a whole. The survey from July is only of limited value due to the time lag between this quarterly statement and the developments since the summer. Most recently, general economic data such as GDP development was slightly more positive than expected in the summer.

Outlook: Market for information technology (IT) 2023, Germany*

(change compared to prior year in %)

Software	+9.6
IT services	+5.3
IT hardware (incl. semiconductors)	- 3.6

*) Source: Bitkom/IDC, July 2023.

According to the UBIT Radar published by KMU Forschung Austria, companies in the IT sector in Austria expected the information technology market to develop positively at the beginning of 2023. 65.0 percent of companies expected business performance in the 2023 financial year to be good or better than in the same period of the prior year. The average expectation for revenue growth in the current financial year was 10.8 percent. The informative value of the figures for the business expectations of the Austrian market has also decreased due to the time lag between the publication of this quarterly statement and the publication of this quarterly statement. Nevertheless, the forecast high growth rates mean that the market can be expected to develop positively overall.

Business performance in the first nine months of 2023

In the reporting period from 1 January to 30 September 2023, the CANCOM Group generated revenue of € 1,062.9 million (prior year: € 925.1 million). A significant part of this very positive development was the acquisition of the KBC Group, which was included in the scope of consolidation as at 1 June 2023. The Germany segment generated revenue of € 829.3 million in the reporting period (prior year: € 843.4 million). Revenue in the International segment, which also includes the majority of the KBC Group's contribution, totalled € 233.5 million (prior year: € 81.6 million).

Revenue growth at Group level amounted to 14.9 percent. In Germany, the CANCOM Group's core market, demand weakened in the first nine months, particularly in the areas of e-commerce and workplace infrastructure. By contrast, business in the CANCOM Group's Consulting, Support Services and Managed Services / XaaS segments developed positively.

The CANCOM Group's EBITDA was negatively impacted by one-off effects and totalled € 76.6 million after the first nine months of 2023 (prior year: € 80.0 million). Higher costs due to inflation led to a decline in profitability. Non-recurring effects in connection with the efficiency and profitability programme and expenses in connection with the acquisition of K-Businesscom had an impact of around € 10.2 million on EBITDA.

Order situation

At the beginning of the first quarter of 2023, the order backlog was well above the historical level. The main reason for this development was the continued limited availability of IT hardware, which caused the order backlog to rise sharply. The

order backlog fell at the end of the first quarter and over the course of the second quarter, as the availability of IT hardware improved significantly on the one hand and customers became increasingly cautious, particularly in the area of IT hardware, on the other. At the end of the second quarter, the CANCOM Group had an order backlog in the trading sector that was at a normal level for the CANCOM Group.

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

Employees of the CANCOM Group

As at 30 September 2023, the CANCOM Group employed 5,532 people (30 September 2022: 3,826). This corresponds to an increase of 44.6 percent compared to the prior year's reporting date.

The employees worked in the following areas:

CANCOM Group: Employees		
	30.09.2023	30.09.2022
Professional Services	3,667	2,314
Sales	948	838
Central services	917	674
Total	5,532	3,826


The average number of employees in the first nine months of 2023 was 5,055 (prior year period: 3,738 employees).

The very significant growth on the reporting date can be explained by the acquisition of the KBC Group. As at the reporting date of 30 September 2023, the KBC Group employed 1,657 people. 1,213 of them work in Professional Services, 172 in Sales and 272 in Central Services.

Earnings situation, financial position and net assets of the CANCOM Group

Earnings situation

CANCOM Group: Revenue (in € million)

9M 2023		1,062.9
9M 2022		925.1

In the first nine months of the financial year, the CANCOM Group generated consolidated revenue of € 1,062.9 million (prior year: € 925.1 million). In organic terms¹, i.e. excluding the contribution of companies consolidated for less than 12 months, revenue totalled € 876.8 million. In the reporting period, CANCOM generated € 697.8 million (prior year: € 651.9 million) from the sale of goods, in particular hardware and software, and € 365.1 million (prior year: € 273.1 million) from the provision of services.

In the Germany segment, which covers the business activities of all companies in the CANCOM Group based in Germany, revenue in the reporting period totalled € 829.3 million (prior year: € 843.4 million). Organic revenue totalled € 808.4 million. In the International segment, which comprises the companies of the CANCOM Group that are not based in Germany, revenue rose to € 233.5 million (prior year: € 81.6 million). Organic sales in the segment totalled € 60.5 million.

In the third quarter of 2023, the CANCOM Group generated revenue of € 415.8 million (prior year: € 329.6 million). The Germany segment generated revenue of € 264.8 million (prior year: € 299.8 million). Sales in the International segment rose to € 151.0 million in the third quarter (prior year: € 29.8 million).

The CANCOM Group's business volume², i.e. before the application of IFRS 15 with transactions categorised as principal (gross disclosure) or agent (net disclosure), amounted to € 1,377.3 million in the first nine months (prior year: € 1,214.8 million). In the third quarter, the business volume totalled € 506.4 million (prior year: € 410.4 million).

The CANCOM Group's other operating income fell to € 8.0 million in the first nine months of 2023 (prior year: € 11.4 million). In the third quarter, other operating income totalled € 4.6 million (prior year: € 4.8 million).

The CANCOM Group's total operating performance totalled € 1,072.7 million in the first three quarters (prior year: € 941.6 million). In the third quarter, total operating performance totalled € 421.1 million (prior year: € 335.8 million).

CANCOM Group: Cost of materials (in € million)

	9M 2023	9M 2022
Cost of materials/expenses for purchased services	-665.8	-620.5

The cost of materials totalled € 665.8 million in the first nine months (prior year: € 620.5 million). In the third quarter, the cost of materials totalled € 259.4 million (prior year: € 226.8 million).

CANCOM Group: Gross profit (in € million)

9M 2023		406.9
9M 2022		321.0

The CANCOM Group's gross profit³ increased by 26.7 percent year-on-year to € 406.9 million in the first three quarters of 2023 (prior year: € 321.0 million). Organic gross profit totalled € 323.2 million. The gross profit margin rose to 38.3 percent in the reporting period (prior year: 34.7 percent). In the Group segment Germany, gross profit rose by 7.6 percent to € 317.2 million in the reporting period (prior year: € 294.7 million). Gross profit, which was generated organically, totalled € 305.6 million. In the International Group segment, CANCOM recorded gross profit of € 99.3 million (prior year: € 27.7 million). € 26.8 million of the gross profit was generated organically.

The third quarter of 2023 generated consolidated gross profit of € 161.7 million (prior year: € 109.1 million). Gross profit in the Germany segment rose to € 103.2 million in the third quarter (prior year: € 99.4 million). Gross profit in the International segment totalled € 61.8 million in the third quarter (prior year: € 10.1 million).

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

1 **Organic share of key financial figures** = respective key financial figure (GAAP or non-GAAP) - contributions from companies that have been part of the scope of consolidation for less than 12 months

2 **Business volume** = Revenue before adjustment according to IFRS 15 (principal/agent classification); corresponds to accounting before 2020

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

CANCOM Group: Personnel expenses
(in € million)

	9M 2023	9M 2022
Wages and salaries	-226.4	-169.8
Social security contributions	-44.3	-30.3
Equity-settled share-based payments	0	0.1
Expenses for retirement benefits	-1.4	-0.3
Share-based payments with cash settlement	-0.3	-0.1
Total	-272.4	-200.4

Personnel expenses totalled € 272.4 million in the first nine months of 2023 and were therefore higher than in the same period of the prior year (prior year: € 200.4 million). The personnel expenses ratio was 25.6 percent (prior year: 21.7 percent).

In the third quarter of 2023, personnel expenses amounted to € 106.1 million (prior year: € 64.8 million) and the personnel expense ratio was 25.5 percent (prior year: 19.7 percent).

Other operating expenses totalled € 58.2 million in the first three quarters of 2023 (prior year: € 39.8 million). For the third quarter, other operating expenses totalled € 20.7 million (prior year: € 14.8 million).

CANCOM Group: EBITDA
(in € million)

	9M 2023	9M 2022
9M 2023	76.6	
9M 2022		80.0

After the first three quarters of 2023, the CANCOM Group's EBITDA⁴ totalled € 76.6 million (prior year: € 80.0 million). Organic EBITDA totalled € 56.6 million.

EBITDA in the Germany segment totalled € 53.0 million after nine months (prior year: € 68.9 million). Organic EBITDA totalled € 49.6 million. In the International segment, EBITDA totalled € 23.6 million (prior year: € 11.1 million) and organic EBITDA amounted to € 7.0 million.

In the third quarter of 2023, the CANCOM Group's EBITDA totalled € 35.0 million (prior year: € 28.9 million).

EBITDA in the Group's Germany segment totalled € 20.6 million in the third quarter (prior year: € 24.4 million). EBITDA in the International segment totalled € 14.4 million in the third quarter (prior year: € 4.5 million).

CANCOM Group: EBITDA margin
(in %)

	9M 2023	9M 2022
9M 2023	7.2	
9M 2022		8.6

In the reporting period from January to September 2023, the CANCOM Group's EBITDA margin was 7.2 percent (prior year: 8.6 percent).

The EBITDA margin in the Germany segment was 6.4 percent in the reporting period (prior year: 8.2 percent). The EBITDA margin in the International segment was 10.1 percent (prior year: 13.6 percent).

In the third quarter of 2023, the EBITDA margin of the CANCOM Group was 8.4 percent (prior year: 8.8 percent). In the Germany segment, the EBITDA margin for the third quarter was 7.8 percent (prior year: 8.1 percent) and in the International segment it was 9.5 percent (prior year: 15.1 percent).

CANCOM Group: Depreciation and amortisation
(in € million)

	9M 2023	9M 2022
Scheduled depreciation of property, plant and equipment	9.9	10.3
Scheduled amortisation of software	13.1	13.3
Scheduled amortisation of right-of-use assets	14.2	10.4
Scheduled amortisation on customer bases etc.	6.0	3.3
Impairment of goodwill	0.0	0.0
Total	43.2	37.2

Depreciation and amortisation rose to € 43.2 million in the reporting period (prior year: € 37.2 million). In the third quarter, depreciation and amortisation reached € 20.7 million (prior year: € 15.0 million).

CANCOM Group: EBITA
(in € million)

	9M 2023	9M 2022
9M 2023	39.3	
9M 2022		46.0

The CANCOM Group's EBITA⁵ totalled € 39.3 million in the first nine months of the current financial year (prior year: € 46.0 million).



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

- 4 **EBITDA** = Profit/loss for the period + income taxes + currency gains/losses + depreciation/amortisation of financial assets + income from investments + other financial result + interest result + depreciation/amortisation of property, plant and equipment, intangible assets and right-of-use assets
- 5 **EBITA** = profit for the period + income taxes + currency gains/losses + amortisation of financial assets + income from investments + other financial result + net interest income + amortisation of intangible assets resulting from company acquisitions (in particular customer bases, order backlogs)

EBITA in the Germany segment totalled € 21.1 million in the reporting period (prior year: € 35.8 million). In the International segment, on the other hand, EBITA totalled € 18.3 million (prior year: € 10.2 million).

In the third quarter, the CANCOM Group achieved EBITA of € 20.5 million (prior year: € 15.1 million). In the Group segment Germany, EBITA totalled € 9.7 million (prior year: € 10.9 million) and in the International segment € 10.7 million (prior year: € 4.2 million).

CANCOM Group: EBIT
(in € million)

9M 2023	 33.3
9M 2022	 42.7

The CANCOM Group's EBIT⁶ totalled € 33.3 million in the first three quarters of the current financial year (prior year: € 42.7 million).

EBIT in the Germany segment totalled € 18.5 million in the reporting period (prior year: € 32.5 million) and EBIT in the International segment was € 14.8 million (prior year: € 10.2 million).

The CANCOM Group's EBIT for the third quarter of 2023 totalled € 16.9 million (prior year: € 13.9 million). EBIT in the Germany segment totalled € 8.7 million (prior year: € 9.7 million). By contrast, EBIT in the International segment totalled € 8.2 million (prior year: € 4.2 million).

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

9M 2023	 24.9
9M 2022	 27.3

As a result of the first nine months of 2023, the CANCOM Group's net profit for the period totalled € 24.9 million (prior year: € 27.3 million).

In the third quarter of 2023, the CANCOM Group's net profit for the period totalled € 10.4 million (prior year: € 7.2 million).

Financial position and net assets

Principles and objectives of financial management

The core objective of CANCOM's financial management is to ensure liquidity at all times in order to guarantee day-to-day business operations. In addition, the aim is to optimise profitability and thus achieve the highest possible credit rating in order to secure favourable refinancing. The financing structure is primarily geared towards long-term stability and maintaining financial room for manoeuvre in order to exploit business and investment opportunities.

Capital structure of the Group

The CANCOM Group's total assets amounted to € 1,508.8 million as at the reporting date of 30 September 2023 (31 December 2022: € 1,305.1 million). Of this amount, € 744.6 million was attributable to equity and € 610.3 million to liabilities. The equity ratio of the CANCOM Group was therefore 49.3 percent at the end of September and thus below the level at the end of the 2022 financial year (31 December 2022: 53.2 percent). The debt ratio rose accordingly to 50.7 percent (31 December 2022: 46.8 percent). The shift in the balance sheet structure compared to December 2022 resulted primarily from the consolidation of K-Businesscom. As at 31 December 2022, there were no non-current liabilities to banks. Current financial liabilities to banks increased due to the assumption of liabilities from K-Businesscom and decreased in the reporting period. As at 30 September 2023, current liabilities to banks amounted to € 17.6 million (31 December 2022: € 0 million). Cash and cash equivalents as at the reporting date of 30 September 2023 cover this level of interest-bearing financial liabilities. As a result, the Group has no net financial debt and this key figure is negative („net cash“ situation).

Debt and equity

Current liabilities, i.e. liabilities with a remaining term of less than one year, totalled € 544.4 million as at the reporting date of 30 September 2023 (31 December 2022: € 479.8 million). The change compared to December 2022 is due to the increase in current liabilities to banks to € 17.6 million (31 December 2022: € 0 million), other current financial liabilities, which rose to € 83.2 million (31 December 2022: € 60.0 million), and current contract liabilities, which increased to € 53.2 million (31 December 2022: € 28.6 million). Trade payables decreased and amounted to € 315.4 million as at 30 September 2023 (31 December 2022: € 326.0 million).

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

6 **EBIT** = profit for the period + income taxes + currency gains/losses + amortisation of financial assets + income from investments + other financial result + interest result

At € 219.8 million as at the reporting date, non-current liabilities were significantly higher than the level on 31 December 2022 (31 December 2022: € 130.5 million). The main factor here was an increase in other non-current financial liabilities, which amounted to € 154.1 million as at the reporting date of the third quarter (31 December 2022: € 103.0 million). Non-current pension provisions and similar provisions increased to € 22.4 million (31 December 2022: € 1.1 million), also in connection with the acquisition of K-Businesscom, and deferred tax liabilities reached € 20.8 million (31 December 2022: € 11.7 million).

At € 744.6 million, equity was higher than the comparative figure as at the reporting date (31 December 2022: € 694.8 million). The increase is due to the higher capital reserve, which amounted to € 471.9 million on 30 September 2023 (31 December 2022: € 380.0 million). At € 235.6 million, retained earnings including profit carried forward and profit for the period were below the year-end figure (31 December 2022: € 279.6 million).

Significant financing measures

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

Assets

The assets side of the balance sheet showed current assets of € 890.7 million as at 30 September 2023 (31 December 2022: € 958.7 million). Cash and cash equivalents fell to € 180.4 million in the first nine months of 2023 (31 December 2022: € 393.2 million). The change in cash and cash equivalents was mainly influenced by the payment in connection with the acquisition of K-Businesscom. Trade receivables increased only slightly in the first nine months to € 414.2 million (31 December 2022: € 409.2 million). Current contract assets increased significantly to € 70.2 million (31 December 2022: € 1.7 million). Inventories also grew to € 115.0 million as at 30 September 2023 (31 December 2022: € 83.0 million).

Non-current assets amounted to € 618.1 million as at 30 September 2023 (31 December 2022: € 346.4 million). Changes occurred primarily in intangible assets, which amounted to € 89.0 million at the end of the third quarter (31 December 2022: € 57.4 million). Goodwill increased significantly to € 256.6 million as at 30 September 2023 (31 December 2022: € 125.2 million) due to the acquisition of K-Businesscom. Investments in companies accounted for using the equity method totalled € 15.1 million.

Cash flow and liquidity

Based on a result for the period of € 24.9 million (prior year: € 27.3 million), the cash flow from operating activities for the reporting period from January to September 2023 amounted to € -9.9 million (prior year: € -169.7 million). This significant improvement is due to the reduction in trade receivables, contract assets, capitalised contract costs and other assets in the amount of € 72.1 million (prior year: € -120.2 million). The lower increase in inventories of € -25.8 million (prior year: € -71.3 million) continued to have a positive effect. In contrast, the lower trade payables and other liabilities in the reporting period of € -111.1 million (prior year: € -39.0 million) had a negative impact.

Cash flow from investing activities in the first nine months of 2023 totalled € -101.8 million (prior year: € -33.4 million). The main influencing factor was the payments for the acquisition of subsidiaries, primarily in connection with the acquisition of KBC Beteiligungs GmbH and its subsidiaries. The corporate transaction led to payments of € -95.7 million less cash and cash equivalents acquired totalling € 12.1 million. The purchase price share of € 95.5 million from the non-cash capital increase was non-cash. Payments for investments in property, plant and equipment, intangible assets and right-of-use assets totalled € -18.1 million in the reporting period (prior year: € -23.2 million).

At € -100.6 million, cash flow from financing activities in the reporting period was below the figure for the same period of the prior year (prior year: € -164.9 million). In the comparative period, the figure was significantly influenced by the payment of € -117.4 million for the buyback of treasury shares as part of CANCOM SE's 2021/22 share buyback programme. In the reporting period, € -33.7 million was spent on the buyback of treasury shares as part of the 2023/2024 share buyback programme.

In the first nine months, there was therefore a decrease in cash and cash equivalents of € 212.4 million compared to cash and cash equivalents at the beginning of the financial year. Cash and cash equivalents amounted to € 180.4 million as at 30 September 2023 (31 December 2022: € 393.2 million).

As a result, the CANCOM Group had a positive balance of cash and cash equivalents at the balance sheet date and was able to draw on unused credit lines with financial institutions at the balance sheet date of this interim report. The CANCOM Group is therefore in an exceptionally strong position to meet its payment obligations at all times.

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

In the first three quarters of 2023, the CANCOM Group generated revenue of € 1,062.9 million and EBITDA of € 76.6 million. An EBITDA margin of 7.2 percent was therefore achieved. The development of the CANCOM Group was significantly accelerated by the very positive contribution of the KBC Group.

The CANCOM Group's earnings, financial and asset situation remains good. However, the Executive Board's aim is to achieve profitable growth for the CANCOM Group as a whole; accordingly, the Executive Board is not entirely satisfied with the CANCOM Group's performance in the first nine months of the financial year.

Events after the end of the reporting period

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

Risks and opportunities of future development

In the reporting period, there were no significant changes to the published assessment of the opportunities and risks relating to the future development of the CANCOM Group. This is particularly the case as the effects of current geopolitical developments and the risks of weaker economic development were already assessed as „high“ in the risk report of the 2022 Annual Report under the risk item „Economic and (geo)political risks“.

Following the acquisition of the KBC Group in June 2023, the KBC Group's risk and opportunity inventory was analysed and consolidated during the reporting period. Minor adjustments were required to the risk items „Project and business-related risks“, „Strategic risks“ and the risk item „Economic, regulatory, market and sector-related risks“.

The adjustments led to individual changes in loss potentials and probabilities of occurrence. Only the risk cluster „project risks“, which falls into the risk category „project and business-related risks“, resulted in an overall risk adjustment from „low“ to „medium“.

The CANCOM Group's existing risk inventory was also reviewed for plausibility and consistency during the reporting period. In future, the risk of SAP implementation will be considered in the area of internal risks due to current developments and progress and will no longer be managed as a separate risk cluster. The overall assessment of internal risks remains unaffected by this, but the damage potential increases to a „medium“ rating.

The CANCOM Group's risks are limited, both individually and in interaction with other risks, and do not currently jeopardise the continued existence of the company in any way.

FORECAST REPORT

Premises of the forecast

The forecasts for the CANCOM Group and CANCOM SE include all information known to the Executive Board at the time this report was prepared that could have an impact on business development. The outlook is based, among other things, on the expectations described below with regard to economic development and the development of the IT market.

With regard to the CANCOM Group as a whole and the individual markets represented in the Group segments, unforeseeable events could influence the expected development of the company or individual Group segments 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 forecast.

The forecast developments in the key financial performance indicators relate to the development of the CANCOM Group in its Group structure as at the reporting date of 31 December 2022 (scope of consolidation), taking into account the integration of the business activities of the KBC Group as at 1 June 2023.

Development of the overall economy and the IT market

Overall economy

With a revenue share of around 75 percent, Germany is the most important market for the CANCOM Group. The most important foreign market is Austria. GDP is currently expected to decline in both markets in 2023.

Outlook for gross domestic product 2023*

(change from prior year in %)

Germany	- 0.5
Austria	- 0.2

*) Source: Deutsche Bank Research, October 2023

The economic outlook for both national markets deteriorated over the course of the third quarter. In Germany, the decline for the year as a whole is now more pronounced than had been expected in the summer. The forecast for Austria has also been revised and now assumes a decline in GDP for the year as a whole.

In addition to the general economic development in these national markets, the overall market for information and communication technology - especially in Germany and Austria - also forms an important framework and basis for comparison when assessing the economic development of the CANCOM Group.

Germany

Both Deutsche Bank and the IMF have recently lowered their forecasts for economic growth in Germany. Both institutes now expect Germany's GDP to decline in 2023. For the ICT market in particular, the Bitkom-ifo Digital Index in its latest survey points to a significant deterioration in the outlook. The index, which expresses the business situation and business assessment, fell significantly from 11.9 to 5.9 points over the course of the third quarter.

Austria

The Austrian Institute of Economic Research is forecasting GDP growth of -0.8 percent for 2023.

ITC market

According to the latest figures from Bitkom, the industry association for the ICT sector, the market volume for information technology (IT) in Germany will grow by 3.0 percent to € 143.6 billion in 2023. In the IT services submarket, which is particularly relevant for CANCOM, Bitkom expects growth of 5.3 percent to a total volume of € 49.4 billion. The market for software is expected to grow by 9.6 percent to € 41.5 billion. In contrast, the market for IT hardware is expected to decline by 3.6 percent to € 52.6 billion over the course of the year.

Outlook: Market for information technology (IT) 2023, Germany*

(change compared to prior year in %)

Software	+9.6
IT services	+5.3
IT hardware (incl. semiconductors)	-3.6

*) Source: Bitkom/IDC, July 2023.

Based on the course of business in the first nine months and the currently foreseeable developments, the Executive Board assumes that demand from CANCOM Group customers will remain at the level forecast by Bitkom.

General conditions of the forecast

The forecasts of market observers such as the International Monetary Fund (IMF) for the general economic development of the country markets in which the CANCOM Group is primarily active have deteriorated over the course of the first nine months of the financial year. The IMF's outlook for the eurozone is GDP growth of 0.7 percent, which is slightly below the April forecast.

The industry association Bitkom expects a positive development in the IT services sub-market, which is particularly important for the CANCOM Group. Bitkom also expects demand for software to remain strong. In contrast, demand for IT hardware is expected to be weaker than in the prior year.

Forecast for the CANCOM Group

The Executive Board expects the CANCOM Group to perform well in the fourth quarter and expects a seasonal upturn in the hardware business and continued good demand in the service environment. The Executive Board believes that the trend towards digitalisation and the associated demand for IT infrastructure, software and IT services remains intact in all IT markets relevant to CANCOM. Digitalisation in companies and organisations, in the healthcare and education sectors and in administration will remain a key topic, even if investments, particularly in IT hardware, are being postponed in the current economic environment.

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

In the view of the Executive Board, the CANCOM Group's Managed Services offering, in combination with the company's established system integration services, is well positioned in the market. Through the acquisition of K-Businesscom, the CANCOM Group gains access to new markets and also benefits from K-Businesscom's expertise and capabilities in the areas of cyber security and software development and customisation. The CANCOM Group's offering is well positioned in the market in all areas, as confirmed by external industry observers.

The Executive Board has also been implementing an efficiency and profitability programme since the end of the first quarter of 2023. The programme is intended to counter inflation-related price increases and improve the profitability of the CANCOM Group. To this end, the Executive Board has taken various measures to improve the profitability of the CANCOM Group through targeted streamlining of the portfolio and adjustments to the employee structure.

Based on the external analyses, the Executive Board assesses the outlook as largely positive. However, the Executive Board would also like to point out that the framework conditions and premises of this forecast are subject to an increased degree of uncertainty in the current economic environment. The extension of IT utilisation cycles and the postponement of investments as well as falling expenditure on IT services under increasing cost pressure continue to pose a risk to the forecast. An abrupt intensification of current geopolitical crises could also have a significant impact on the general conditions.

Nevertheless, the Executive Board continues to expect an overall positive development of the CANCOM Group for the current financial year, also due to the first-time consolidation of K-Businesscom. The Executive Board confirms the current forecast and assumes the following development of the CANCOM Group in the 2023 financial year:

Performance indicators (in € million)	Forecast 2023	2022
Revenue	1,520 to 1,580	1,292.9
Gross profit	560 to 610	437.9
EBITDA	116 to 126	104.9
EBITA	67 to 75	54.3

Munich, Germany, September 2023

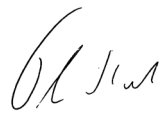
The Executive Board of CANCOM SE



Rüdiger Rath
CEO



Jochen Borenich
CSO



Thomas Stark
CFO

Note on the audit review

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

Note rounding

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

Disclaimer future-oriented statements

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

Consolidated balance sheet

ASSETS

(in T€)	30.9.2023	31.12.2022	30.9.2022
Current assets			
Cash and cash equivalents	180,419	393,171	284,983
Trade receivables	414,189	409,176	405,543
Current contract assets	70,213	1,684	1,687
Capitalised current contract costs	469	937	937
Inventories	115,025	82,975	143,132
Other current financial assets	60,901	45,443	42,327
Other current non-financial assets	49,449	25,283	21,112
Total current assets	890,665	958,669	899,721
Non-current assets			
Property, plant and equipment	52,253	37,109	39,138
Intangible assets (other than goodwill)	89,019	57,405	64,623
Goodwill	256,563	125,185	121,963
Right-of-use assets	119,867	84,138	82,692
Financial assets and loans	33	5	5
Shares in companies accounted for using the equity method	15,077	0	0
Capitalised non-current contract costs	0	234	469
Deferred tax assets	10,769	7,828	7,838
Other non-current financial assets	52,465	27,935	26,573
Other non-current non-financial assets	22,079	6,598	4,450
Total non-current assets	618,125	346,437	347,751
Total assets	1,508,790	1,305,106	1,247,472

Consolidated balance sheet

LIABILITIES AND EQUITY

(in T€)	30.9.2023	31.12.2022	30.9.2022
Current liabilities			
Current liabilities to banks	17,614	0	2,546
Trade liabilities	315,445	326,002	306,128
Other current financial liabilities	83,192	59,972	58,394
Current pension provisions and similar provisions	788	47	41
Current other provisions	8,404	2,034	958
Current contract liabilities	53,237	28,581	22,753
Income tax liabilities	5,843	9,471	12,952
Other current non-financial liabilities	59,880	53,657	26,358
Total current liabilities	544,403	479,764	430,130
Non-current liabilities			
Other non-current financial liabilities	154,133	103,035	100,823
Non-current pension provisions and similar provisions	22,406	1,204	1,632
Non-current other provisions	5,386	1,355	1,708
Non-current contract liabilities	17,106	13,178	10,602
Deferred tax liabilities	20,771	11,747	11,515
Other non-current non-financial liabilities	6	2	3
Total non-current liabilities	219,808	130,521	126,283
Equity			
Issued capital	38,872	35,372	35,372
Capital reserves	471,922	379,990	379,934
Retained earnings including carryforwards and profit after taxes	235,614	279,620	273,706
Other reserves	-2,044	-471	1,723
Non-controlling interests	215	310	324
Total equity	744,579	694,821	691,059
Total liabilities and equity	1,508,790	1,305,106	1,247,472

Consolidated Statement of Comprehensive Income

	Q3		9M	
(in T€)	1.7.2023 - 30.9.2023	1.7.2022 - 30.9.2022	1.1.2023 - 30.9.2023	1.1.2022 - 30.9.2022
Revenues	415,828	329,552	1,062,861	925,074
Other operating income	4,632	4,760	8,034	11,399
Work performed by the entity and capitalised	915	1,769	2,521	5,798
Capitalised contract costs	-235	-235	-703	-703
Total output	421,140	335,846	1,072,713	941,568
Material expenses/cost of purchased services	-259,436	-226,785	-665,841	-620,538
Gross profit	161,704	109,061	406,872	321,030
Personnel expenses	-106,069	-64,814	-272,372	-200,389
Depreciation, amortisation, impairment of tangible assets, intangible assets and right-of-use assets	-18,131	-14,968	-43,241	-37,235
Impairment losses for financial assets including reversals of impairment losses	16	-540	226	-830
Other operating expenses	-20,651	-14,794	-58,176	-39,846
Operating profit (EBIT)	16,869	13,945	33,309	42,730
Interest and similar income	1,496	347	5,515	1,269
Interest and similar expenses	-1,681	-786	-3,469	-2,810
Other financial income	192	43	1,107	582
Other financial expenses	-1,741	-52	-1,790	-55
Result from companies accounted for using the equity method	24	0	17	0
Foreign currency gains/losses	4	-10	124	-16
Profit before income taxes	15,163	13,487	34,813	41,700
Income taxes	-4,690	-4,035	-10,880	-12,620
Profit after taxes from continuing operations	10,473	9,452	23,933	29,080
Profit after taxes from discontinued operations	-114	-2,287	1,015	-1,829
Profit after taxes	10,359	7,165	24,948	27,251
of which: attributable to owners of the parent	10,365	7,108	25,028	27,278
of which: attributable to non-controlling interests	-6	57	-80	-27
Weighted average shares outstanding (units) undiluted	38,233,609	35,371,850	36,631,124	36,074,595
Weighted average shares outstanding (units) diluted	38,233,609	35,371,850	36,631,124	36,074,595

Consolidated Statement of Comprehensive Income

	Q3		9M	
(in T€)	1.7.2023 - 30.9.2023	1.7.2022 - 30.9.2022	1.1.2023 - 30.9.2023	1.1.2022 - 30.9.2022
Earnings per share from continuing operations (undiluted) in €	0.27	0.27	0.66	0.81
Earnings per share from continuing operations (diluted) in €	0.27	0.27	0.66	0.81
Earnings per share from discontinued operations (undiluted) in €	0.00	-0.06	0.03	-0.05
Earnings per share from discontinued operations (diluted) in €	0.00	-0.06	0.03	-0.05
Earnings per share for profit after taxes attributable to the owners of the parent (undiluted) in €	0.27	0.20	0.68	0.76
Earnings per share for profit after taxes attributable to the owners of the parent (diluted) in €	0.27	0.20	0.68	0.76

	Q3		9M	
(in T€)	1.7.2023 - 30.9.2023	1.7.2022 - 30.9.2022	1.1.2023 - 30.9.2023	1.1.2022 - 30.9.2022
Profit after taxes	10,359	7,165	24,948	27,251
Other comprehensive income				
Items subsequently reclassified to profit after taxes (recycled)				
Gains/losses from the currency translation of foreign operations	107	19	-1,573	223
Items not subsequently reclassified to profit after taxes (not recycled)				
Gains/losses from the remeasurement of defined benefit plans	0	-1	0	-1
Other comprehensive income for the period	107	18	-1,573	222
Total comprehensive income for the period	10,466	7,183	23,375	27,473
of which: attributable to owners of the parent	10,472	7,126	23,455	27,500
of which: attributable to non-controlling interests	-6	57	-80	-27

Consolidated Cash Flow Statement

(in T€)	1.1.2023 - 30.9.2023	1.1.2022 - 30.9.2022
Cash flow from operating activities		
Profit after taxes	24,948	27,251
Adjustments		
+ Depreciation, amortisation, impairment of tangible assets, intangible assets and right-of-use assets	43,241	37,470
+ Interest income and other financial income	-1,584	1,018
+ Income taxes	11,265	12,626
+/- Changes in non-current provisions	487	64
+/- Changes in current provisions	3,980	-1,078
+/- Gain/loss from disposal of non-current assets/liabilities	-391	-255
+/- Changes in inventories	-25,793	-71,325
+/- Changes in trade receivables, in contract assets, in capitalised contract costs and other assets	72,134	-120,150
+/- Changes in trade payables and other liabilities	-111,086	-38,961
- Interest paid	-1,677	-1,963
+/- Income taxes paid/received	-24,214	-16,649
+/- Other non-cash income and expenses	-1,239	0
+/- Equity-settled share-based payment transactions	7	-89
+/- Profit from the sale of a discontinued operation	-18	2,320
Total cash flow from operating activities	-9,940	-169,721
Cash flow from investing activities		
- Payments from acquisition of subsidiaries	-101,310	-10,266
+ Proceeds from cash acquired in the acquisition of subsidiaries	12,088	997
+ Proceeds from the disposal of a discontinued operation	610	403
- Cash outflow from the disposal of a discontinued operation	0	-1,043
- Payments from the acquisition of financial investments	-115	0
- Purchases of current financial assets	0	-1,010
- Payments for investments in tangible and intangible assets as well as right-of-use assets	-18,073	-23,200
+ Sales proceeds for tangible and intangible assets as well as for financial investments	584	494
+ Interest and dividends received	4,404	238
+ Proceeds from dividends from associated companies	50	0
Total cash flows from investing activities	-101,762	-33,387
Cash flow from financing activities		
- Payments due to the repurchase of own shares	-33,689	-117,362
- Proceeds from non-current financial liabilities	-80	0
- Payments for the repayment of non-current financial liabilities (including the portion presented as current)	0	-4
- Payments for the repayment of lease liabilities (perspective of the lessee)	-34,433	-19,630
+/- Payments/proceeds resulting from issuing/repayment of current financial liabilities	801	555
+/- Payments/proceeds resulting from financial liabilities and lease liabilities to leasing companies	4,262	7,765
- Payments for interest on non-current financial liabilities and lease liabilities	-2,118	-836
- Dividends paid	-35,392	-35,372
- Payments for the acquisition of non-controlling interests	0	-19
Total cash flow from financing activities	-100,649	-164,903
Net increase (decrease) in cash and cash equivalents	-212,351	-368,011
+/- Effect of exchange rate changes on cash and cash equivalents	-401	29
+/- Cash and cash equivalents, at the beginning of the period	393,171	652,965
Cash and cash equivalents, at the end of the period	180,419	284,983
thereof		
Changes in cash and cash equivalents from continuing operations	180,419	284,983
Changes in cash and cash equivalents from discontinued operations	0	0

Segment information

(in T€)	Germany		International	
	1.1.2023 - 30.9.2023	1.1.2022 - 30.9.2022	1.1.2023 - 30.9.2023	1.1.2022 - 30.9.2022
Revenue				
Revenue from external customers	829,331	843,447	233,530	81,627
Revenue between the segments	5,811	5,524	14,679	11,028
Total income	835,142	848,971	248,209	92,655
Cost of materials/expenses for purchased services	-526,457	-570,699	-150,536	-64,998
Personnel expenses	-208,077	-187,143	-64,295	-13,246
Other income and expenses	-47,629	-22,228	-9,807	-3,347
EBITDA	52,979	68,901	23,571	11,064
Depreciation of property, plant and equipment, software and rights of use	-31,889	-33,125	-5,319	-827
Scheduled amortisation on customer bases etc.	-2,628	-3,283	-3,405	0
Operating result (EBIT)	18,462	32,493	14,847	10,237
Interest income	5,582	1,919	567	18
Interest expenses	-2,269	-2,751	-1,834	-727
Other financial result (not affecting EBIT)	-576	2,862	34	-2,351
Result before income taxes	21,199	34,523	13,614	7,177
Income taxes	-7,448	-10,785	-3,432	-1,835
Result from discontinued operations	762	-20	253	-1,809
Profit for the period	14,513	23,718	10,435	3,533

Total business segments		Reconciliation		Consolidated	
1.1.2023 b- 30.9.2023	1.1.2022 - 30.9.2022	1.1.2023 - 30.9.2023	1.1.2022 - 30.9.2022	1.1.2023 - 30.9.2023	1.1.2022 - 30.9.2022
1,062,861	925,074				
20,490	16,552	-20,490	-16,552		
1,083,351	941,626	-20,490	-16,552	1,062,861	925,074
-676,993	-635,697	11,152	15,159	-665,841	-620,538
-272,372	-200,389	0	0	-272,372	-200,389
-57,436	-25,575	9,338	1,393	-48,098	-24,182
76,550	79,965	0	0	76,550	79,965
-37,208	-33,952	0	0	-37,208	-33,952
-6,033	-3,283	0	0	-6,033	-3,283
33,309	42,730	0	0	33,309	42,730
6,149	1,937	-634	-668	5,515	1,269
-4,103	-3,478	634	668	-3,469	-2,810
-542	511	0	0	-542	511
34,813	41,700	0	0	34,813	41,700
-10,880	-12,620	0	0	-10,880	-12,620
1,015	-1,829	0	0	1,015	-1,829
24,948	27,251	0	0	24,948	27,251

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.

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