

Q1 2018

QUARTERLY STATEMENT AS AT MARCH 31, 2017

CANCOM

Key figures

CANCOM GROUP

in € million	Q1 AT A GLANCE		
	Q1 2018	Q1 2017	Δ
Sales revenues	307.9	257.3	+19.7%
Gross profit	86.4	75.4	+14.6%
EBITDA	20.2	16.8	+20.9%
EBITDA (adjusted)	21.3	16.8	+26.8%
EBITDA margin	6.6 %	6.5%	+0.1 Pp
EBITA	16.4	13.1	+24.7%
EBIT	13.2	11.6	+14.2%
Earnings per share from continuing operations (diluted)	0.54 €	0.44 €	+22.7%
	31.3.2018	31.12.2017	Δ
Balance sheet total	676.1	692.1	-2.3%
Equity	374.9	364.3	+2.9%
Equity ratio	55.5%	52.6%	+2.9 Pp
Employees	2,980	2,913	+2.3%

SEGMENTS

in € million	CLOUD SOLUTIONS		
	Q1 2018	Q1 2017	Δ
Sales revenues	52.3	37.5	+39.7%
EBITDA	12.1	8.3	+44.6%
EBITDA margin	23.0%	21.8%	+1.2 Pp
	IT SOLUTIONS		
in € million	Q1 2018	Q1 2017	Δ
Sales revenues	255.5	219.8	16.3%
EBITDA	11.5	10.6	+8.4%
EBITDA margin	4.5%	4.8%	-0.3 Pp

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Dear Shareholders,

Following a successful fiscal year 2017, in the first quarter of the new year our operating business continued to benefit from the positive demand for state-of-the-art IT systems and IT management solutions. This is evident from the figures showing growth rates of almost 20 percent in consolidated sales revenues and consolidated earnings before interest, tax, depreciation and amortization (EBITDA).

In the first quarter of 2018, as announced, we also progressed the gradual strategic expansion of our cloud and managed services business. Our takeover of around 82 percent of the shares of Ocean Intelligent Communications Ltd, based in the United Kingdom, will strengthen not only this cutting-edge and profitable business segment, but also our international business.

The Executive Board believes the CANCOM Group is on the right track to achieve a further increase in its sales revenues and profitability. Step by step, we are ensuring that CANCOM is even better prepared for the future and for an expansion of its international business. We are delighted to have the continued support of our investors and business partners as we move forward.

Sincerely yours

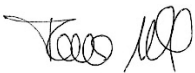
The Executive Board of CANCOM SE



Klaus Weinmann
CEO



Rudolf Hotter
COO



Thomas Volk
President & General Manager



Thomas Stark
CFO

Consolidated interim management report

for the period January 1 to March 31, 2018

1. FUNDAMENTAL INFORMATION ABOUT THE GROUP

The CANCOM Group is one of the leading providers of IT infrastructure and services in Germany and Austria. With its decentralized distribution and service structure, as well as central services in areas such as finance, purchasing, warehousing, logistics, marketing, product management and human resources, the Group is well placed for sustainable, profitable growth. The Group has locations in Germany, Austria, Switzerland, the United Kingdom and the U.S.A. in addition to a representative office in Brussels, Belgium.

Structure of the CANCOM Group

CANCOM SE, based in Munich, Germany, performs the central financial and management role for the long-term equity investments held by the CANCOM Group.

The structure of the CANCOM Group (also referred to as 'CANCOM') ensures that its control and management is highly efficient. It also provides effective support for operational units through central divisions, specialized distributors and competence centers.

Areas of business

The cloud solutions operating segment includes CANCOM Pironet AG & Co. KG (formerly PIRONET Datacenter AG & Co. KG, PIRONET Enterprise Solutions GmbH, Pironet AG, synaix Gesellschaft für angewandte Informations-Technologien mbH, synaix Service GmbH, in addition to the division of CANCOM GmbH allocated to the cloud solutions operating segment. This segment comprises the CANCOM Group's cloud and shared managed services business, including project-related cloud hardware, software and services business. The product and service portfolio comprises analysis, consulting, delivery, implementation and services, thus providing clients with the necessary orientation and support for their transition from corporate IT systems to cloud computing. As part of its range of services, the CANCOM Group can provide scalable cloud and managed services – in particular shared managed services – to run entire IT departments, or

parts of them, for its clients. Distribution costs allocated to cloud distribution are included in the segment. The cloud business also benefits from synergies with CANCOM's central sales and marketing activities, the costs of which are allocated to the IT solutions reportable segment.

The IT solutions operating segment includes CANCOM GmbH, CANCOM Computersysteme GmbH, CANCOM a+d IT solutions GmbH, CANCOM (Switzerland) AG, CANCOM ICT Service GmbH (formerly NSG ICT Service GmbH), CANCOM SCS GmbH, CANCOM ICP GmbH, CANCOM on line GmbH, Cancom on line B.V.B.A., c.a.r.u.s. Information Technology GmbH Hannover, CANCOM physical infrastructure GmbH, CANCOM Inc., HPM Incorporated with the exception of the divisions of CANCOM GmbH allocated to the cloud solutions and 'other companies' segments. This operating segment of the CANCOM Group offers comprehensive support for IT infrastructure and applications. The range of services offered includes IT strategy consulting, project planning and implementation, system integration, IT procurement via e-procurement services or as part of a project, in addition to professional IT services and support.

Focus of activities and sales markets

CANCOM is one of the largest independent integrated IT systems providers in Germany. It provides IT architecture, systems integration and managed services. As a provider of integrated services, it mainly focuses on IT services, in addition to distributing hardware and software. The IT services offered include IT consulting, the design of IT architectures and landscapes, and the design, integration and operation of IT infrastructure and systems. CANCOM can manage individual partial assignments or run a company's entire IT systems.

The CANCOM's client lists therefore mainly include commercial end-users, from small and medium sized enterprises to large enterprises and groups, as well as public-sector clients. Geographically, the CANCOM Group operates primarily in Germany and Austria as well as in the U.S.A.

The strategy includes focusing on major IT trends such as cloud computing, mobility, analytics, collaboration and security, in addition to profitable, high-growth market segments such as complete integrated IT solutions, consulting and managed services. In the managed services business, CANCOM focuses on standardizing and increasingly automating services in a one-to-many model - in other words, as a shared service. Ideally, services are provided remotely and using a joint platform. Selective acquisitions are also part of the Group's growth strategy.

Competitive position

According to the Federal Statistical Office of Germany, there are currently more than 90,000 information and communications technology (ICT) enterprises in Germany, although they vary in size and in the range of services they offer. Of these enterprises, approximately 85,600 provide IT hardware, software and IT services. There are around 178 businesses with more than 500 employees. Fifteen integrated systems providers (including CANCOM) generate sales revenue in excess of € 250 million in Germany.

According to the German Association of the Information Industry, Telecommunications and New Media (BITKOM), the total volume of the German IT market in 2017 was € 85.8 billion. This means that, with annual sales revenues in Germany of € 1,047.9 million, the CANCOM Group currently has a market share of around one percent. The five largest German integrated IT systems providers in the latest ChannelPartner/COMPUTERWOCHE ranking (CANCOM is ranked fifth) have a market share of around fifteen percent between them. The remaining market share is held among others by IT manufacturers as well as small and medium sized, mainly regional, enterprises. This reflects the very fragmented nature of the German IT market.

Explanation of the control system used within the Group

To control and monitor the performance of the individual subsidiaries and the reporting segments, CANCOM SE analyzes their monthly figures for, among other things, sales revenues, gross profit, operating expenditure and operating profit, and compares the actual figures with the targets.

The selection of financial key performance indicators (KPIs) used to manage the Group was altered at the start of the fiscal year 2018. The financial KPIs are now gross profit¹, earnings before interest, tax, depreciation and amortization (EBITDA)² and earnings before interest, tax and amortization (EBITA)³. The latter provides a broad view of the success of the enterprise as a whole, because acquisition of companies is one of the significant activities under the corporate strategy, but it causes a reduction in earnings before interest and tax (EBIT)⁴, purely in accounting terms, as a consequence of the inclusion of newly acquired companies in the consolidated financial statements. Earnings before interest, tax and amortization (EBITA) are therefore a better reflection of the entrepreneurial capability of the CANCOM Group.

Any significant deviations identified in the key figures call for the preparation of a forecast. For the purpose of management control, the company also regularly looks at external indicators such as inflation and interest rates, and IT sector and general economic performance and forecasts. It also takes into account any early warning data or indicators generated by the Group-wide risk management system. Further details can be found in the risks and opportunities report of the CANCOM Group's annual report for 2017.

Research and development activities

Innovation is very important for economic momentum and growth. As it is a service and trading enterprise, CANCOM does not conduct any research activities. Its development work focuses mainly on software solutions, applications or architecture in IT growth segments such as cloud computing, mobile solutions, IoT & analytics, IT security and shared managed services. Cloud computing benefits the entire enterprise, as it offers huge advantages for the IT departments, management and staff. Above all, users benefit from the central provision of applications and being able to access company data at all times, in any location and on any device. During the period under review, further development work was carried out on the Group's own IT architecture platform, CANCOM AHP Enterprise Cloud, in addition to customization of in-house software used by the company, mainly in connection with the Group-wide introduction of the enterprise resource planning (ERP) system of SAP.

Explanation of the alternative performance measures (APM) required by the guidelines on APMs issued by the European Securities and Markets Authority (ESMA):

1) Gross profit = gross revenue (sales revenues + other operating income + other own work capitalized) less cost of purchased materials and services

2) EBITDA = net income for the period + taxes + profit/loss accounted for using the equity method + income from long-term equity investments + financial result + depreciation of property, plant and equipment (tangible assets), and amortization of intangible assets

3) EBITA = net income for the period + taxes + profit/loss accounted for using the equity method + income from long-term equity investments + financial result + amortization of intangible assets

4) EBIT = net income for the period + taxes + profit/loss accounted for using the equity method + income from long-term equity investments + financial result

Environmental report

As an IT services and trading company, CANCOM aims to offer services and products of excellent quality, at an attractive price and as environmentally friendly as possible. It therefore places great importance on conserving the resources at its disposal. The corporation offers innovative solutions across its entire range of services and products in order to make a professional contribution to the environmentally-friendly and resource-conserving use of information technology over the whole life cycle of the equipment. For instance, CANCOM offers its clients the advantages of state-of-the-art, energy-efficient data centers, which bring not only ecological benefits, but also considerable savings on a company's energy and IT costs.

CANCOM's use of advanced, intelligent systems for communication and collaboration (for instance, video and web conferencing solutions) also enables resources to be conserved. The resulting reduction in travel needs by employees leads to lower CO2 emissions, in addition to benefits such as process optimization and considerable cost savings.

CANCOM SE is a member of the UN Global Compact, thereby supporting its principles, which cover human rights, labor standards and the combating of corruption in addition to environmental protection.

Further summarized information on environmental concerns - in addition to employer and social issues, the respecting of human rights and the combating of corruption and bribery - can be found in the combined non-financial report of the CANCOM Group and CANCOM SE.

2. ECONOMIC REPORT

The general economic situation and the performance of the IT sector

Deutsche Bundesbank predicts that the German economy is set to continue in its current boom phase. However, in an estimate published in April 2018, experts anticipate that the growth rate of the gross domestic product (GDP) in the first quarter of 2018 will be noticeably lower than in the previous quarters. The reason the Bundesbank gives for this is the decline in industrial production – partly due to strikes – in addition to the major flu epidemic.

The sector barometer of the German digital association, Bitkom – an index based on average expected sales revenues for the current quarter or half year in the German IT sector – is at a new historic high with an index value of 78.

Business performance in the first quarter

In the first quarter of the fiscal year 2018 the CANCOM Group saw growth of around 20 percent in its sales revenues, EBITDA and EBITA. The figures show that there is a consistently good demand for our products and services. Both Group segments contributed to this generally positive trend during the first quarter. The acquisition of about 82 percent of the shares of Ocean Intelligent Communications Ltd, based in London, UK, was one of the most noteworthy events within the period. The company is already fully included in these financial statements as a part of the CANCOM Group.

Employees

As at March 31, 2018, the CANCOM Group employed 2,980 people (December 31, 2017: 2,913). This represents an increase of 2.3 percent in the first quarter.

CANCOM Group: Employees

	31.3.2018	31.12.2017
Professional Services	1,862	1,841
Sales and distribution	633	600
Central Services	485	472
Total	2,980	2,913

Earnings, financial and assets position

Earnings position

The CANCOM Group generated consolidated sales revenues of € 307.9 million in the first quarter of the fiscal year 2018. This represented an increase of 19.7 percent compared with the same period of 2017. The growth was mainly driven by an increase in sales revenues in the managed services business and by the Group's own IT management platform AHP.

	CANCOM Group sales revenue (in € million)
Q1 2017	257.3
Q1 2018	307.9

In Germany, sales revenues were up by 21.2 percent to € 270.6 million in the first quarter of 2018 (previous year: € 223.2 million). In the international business, sales revenues rose by 9.6 percent to € 37.3 million (previous year: € 34.1 million).

In the cloud solutions segment sales revenues rose by 39.7 percent to € 52.3 million (previous year: € 37.5 million). In the IT solutions segment sales revenues were up by 16.3 percent to € 255.5 million compared to the same period of 2017 (previous year: € 219.8 million).

The consolidated gross profit of the CANCOM Group for the first three months of 2018 rose by 14.6 percent to € 86.4 million, corresponding to a gross profit margin of 28.1 percent in comparison to the year-on-year figure of 29.3 percent in 2017.

CANCOM Group gross profit (in € million)	
Q1 2017	75.4
Q1 2018	86.4

In the segment Cloud Solutions we booked a gross profit of € 27.0 million in the first quarter of 2018, improving this figure by 40.9 percent (previous year: € 19.2 million). In the IT Solutions segment gross profit was € 59.5 million representing an increase by 5.9 percent (previous year: € 56.2 million)

Staff expenses in the CANCOM Group in the first three months of the fiscal year 2018 were up 12.4 percent in comparison with the first quarter of 2017, at € 55.2 million compared with € 49.1 million. The dominant factors influencing this, as before, are the larger number of staff in general, and the recruitment of additional highly-qualified staff in the consulting and service business in particular.

In the first quarter of 2018 the CANCOM Group generated earnings before interest, tax, depreciation and amortization (EBITDA) of € 20.2 million. This was 20.9 percent higher than in the same period of 2017. The EBITDA margin with 6.6 percent was therefore almost unchanged compared with the previous year's at 6.5 percent.

The EBITDA adjusted by extraordinary investments in internationalisation and the strategic expansion of the cloud and managed services business was € 21.3 million (adjusted by, amongst others, € 450 thousand acquisition costs). Correspondingly, the adjusted EBITDA growth rate compared to previous year's figure was 26.8 percent.

CANCOM Group EBITDA (in € million)	
Q1 2017	16.8
Q1 2018	20.2

In the segment Cloud Solutions EBITDA was € 12.1 million and thus by 44.6 percent above previous year's figure (previous year: € 8.3 million). Correspondingly, the EBITDA margin rose from 21.8 percent in q1 2017 to 23.0 percent in q1 2018.

In the IT Solutions segment the EBITDA in the first quarter of the current financial year amounted to € 11.5 million (previous year: € 10.6 million). Compared to previous year's quarter this represented an improvement by 8.4 percent. But, the EBITDA margin decreased slightly compared to previous year's period to 4.5 percent (previous year: 4.8 percent).

At € 16.4 million, earnings before interest, tax and amortization (EBITA) were up 24.7 percent year on year, a higher rate of increase than that recorded in either sales revenues or EBITDA.

CANCOM Group EBITA (in € million)	
Q1 2017	13.1
Q1 2018	16.4

In the segment Cloud Solutions we achieved an EBITA of € 10.5 million in the first quarter of 2018 (previous year: € 7.4 million) and thus a plus of 42.4 percent. In the segment IT Solutions the figure was € 9.2 million (previous year: € 8.0 million), which represented an increase of 15.4 percent compared to the previous year.

Earnings before interest and tax (EBIT) amounted to € 12.9 million in the period under review, compared with € 11.6 million in the same period of 2017 and; this represents a year-on-year increase of 11.4 percent. This reflected the amortization of intangible assets from the consolidation and purchase price allocation of newly acquired companies.

The EBIT in the group segment Cloud Solutions was € 8.2 million, rising by 20.6 percent compared to previous year's figure (previous year: € 6.8 million). In the segment IT Solutions we achieved an EBIT of € 8.4 million in the first quarter of 2018 (previous year: € 7.1 million). This represented an increase of 19.5 percent.

The CANCOM Group's net income for the first quarter was € 8.6 million, which represents an increase of 14.2 percent compared with the same quarter of 2017. This resulted in earnings per share of € 0.49 for the first three months of the fiscal year 2018 (previous year: € 0.46).

Order position

In the cloud solutions segment and large parts of the IT solutions segment, orders are often placed over long periods. For this reason, the reporting date figures do not give a good indication of the order situation in this segment, and they are therefore not published. At the time this management report was written, capacity utilization among our consultants was good in both business segments.

Explanations of individual items on the statement of income

Further details on items in the statement of income are given in the notes to the consolidated statement of income.

Financial and assets position

Notes to the capital structure

The total assets of the CANCOM Group fell to € 676.1 million during the first quarter, compared with € 692.1 million on December 31, 2017.

On the assets side, the decline in total assets was mainly due to the significant fall in current assets – especially cash and cash equivalents, which fell from € 157.6 million as at December 31, 2017 to € 102.7 million.

However, non-current assets increased from € 254.1 million as at December 31, 2017 to € 286.9 million as at March 31, 2018. This increase was in part due to the rise in intangible assets from € 56.5 million to € 68.0 million at the end of the quarter, mainly owing to the takeover and consolidation of Ocean Intelligent Communications Ltd. The other main driver of the growth was the increase in goodwill in comparison with the end of the fiscal year 2017, from € 115.2 million to € 133.4 million.

On the liabilities side of the balance sheet, there was a fall in current assets in the first three months of the year from € 294.6 million to € 266.5 million. This was primarily caused by a decline in trade accounts payable, which fell from € 221.0 million as at December 31, 2017 to € 202.7 million, and in other current liabilities, which fell from € 32.6 million to € 25.6 million.

Non-current liabilities, consisting of debt with a residual term of at least one year, remained stable at € 34.7 million compared with € 33.3 million as at December 31, 2017.

The equity of the CANCOM Group increased from € 364.3 million to € 375.0 million in the first quarter of 2018, mainly owing to the higher net retained profit, which rose from € 122.9 million to € 131.6 million.

Further details of the individual balance sheet items can be found in the notes to the consolidated balance sheet.

Notes to the statement of cash flows

A negative cash flow from ordinary activities of € 31.4 million was recorded as at March 31, 2018. This is significantly higher than the negative cash flow of € 5.5 million in the first quarter of 2017. The main factor influencing this development was the change in the cash flow from trade accounts receivable, for which a positive figure of € 29.7 million was recorded in the first quarter of 2017, compared with a negative figure of 7.1 million for the first quarter of 2018.

There was a negative cash flow from investing activities of € 22.8 million in the first quarter of 2018, compared with a negative cash flow of € 11.8 million in the same quarter of 2017. The higher outflow of cash was mainly the result of the acquisition of the shares in Ocean. However, this was mitigated by the inflow of cash from maturing fixed-term deposits, which amounted to € 12.0 million.

The negative cash flow from financing activities in the first quarter 2018 was around the same level as in the first quarter of 2017, at € 0.6 million compared with € 0.4 million in the prior year.

Overall, this resulted in cash and cash equivalents of € 102.7 million at the end of the quarter (31.12.2017: € 157.6 million).

3. STOCK OWNERSHIP OF THE BOARDS

The stockholdings of members of the company’s management bodies at March 31, 2018 were as follows:

Total number of shares	17,521,819 <small>(total voting rights as per announcement on October 30, 2017)</small>	100%
Executive Board		
Klaus Weinmann	10,000	0.1%
Supervisory Board		
Dominik Eberle	10,000	0.1%

4. RISKS AND OPPORTUNITIES OF FUTURE DEVELOPMENT

There have been no major changes in the risks of future development at CANCOM since the start of the current fiscal year. Details of the risks can be found in the risks and opportunities report of the annual report for 2017.

5. FORECAST

The Executive Board of CANCOM SE does not see any significant changes for the CANCOM Group in the general economic conditions or in the environment within the IT sector as compared with the related comments in its forecast in the annual report for 2017. This also applies to the statements on the expected development of the CANCOM Group made in that report.

Assumptions of the forecasts

Our forecasts include all events known at the time of writing this report that could have an impact on the business performance of the CANCOM Group. The outlook is based, among other things, on the expectations described regarding the economic trend and the trend in the IT market. It also refers only to the organic development of the business. This forecast does not take into account the impact of any legal or regulatory issues.

Outlook for the CANCOM Group

As stated in the annual report for 2017, against the background of the Group’s successful performance in 2017 and in view of its favorable positioning in the IT market overall as well as in the growth markets connected to cloud computing and related trends, the Executive Board expects the Group to continue growing in 2018, provided that the demand for IT products and services remains steady. However, unforeseen events could influence the currently anticipated performance of both the Group as a whole and of the reportable segments, IT solutions and cloud solutions.

The Executive Board still expects a significant increase in the sales revenues and gross profit of the Group as a whole for fiscal 2018. The Executive Board also anticipates significant growth in consolidated EBITDA, consolidated EBITA and consolidated EBIT in 2018.

CANCOM anticipates a significant upturn in sales revenues, gross profit, EBITDA, EBITA and EBIT generated by the IT solutions operating segment. For the cloud solutions operating segment, the Executive Board also expects a significant increase in sales revenues, gross profit, EBITDA, EBITA and EBIT, with the increase being greater than the upturn in the IT solutions segment.

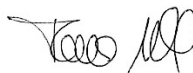
Munich, Germany, May 2018



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CANCOM SE

The Executive Board

Note

This document has not been audited.

Disclaimer regarding forward-looking statements

This document has not been audited. It contains statements relating to our future business and financial performance and to future events or developments affecting CANCOM that may constitute forward-looking statements. These statements are based on the current expectations, assumptions and estimates of the Executive Board and other information currently available to the management, of which many are beyond CANCOM's control. These statements can be identified by phrases and words such as ,expect', ,want', ,assume', ,believe', ,endeavor', ,estimate', ,presume', ,calculate', ,intend', ,could', ,plan', ,should', ,will', ,forecast' or similar words.

All statements with the exception of facts regarding the past are forward-looking statements. Such statements include expectations regarding the availability of products and services, the financial and earnings position, the business strategy and the Executive Board's plans for future operating activities, economic performance and all statements regarding assumptions. Although we take the greatest of care when making these statements, we cannot guarantee their correctness, especially in our forecast. Various known and unknown risks, uncertainties and other factors may lead to the actual events deviating significantly from those contained in the forward-looking statements. The following influencing factors are, among others, relevant in this respect: external political influences, changes in the general economic and business situation; changes in the competitive position and situation, for instance by the emergence of new competitors, new products and services or new technologies; changes in the investment behavior of target client groups etc. and changes to the business strategy.

If one or more of these risks or uncertainties should materialize, or if the underlying expectations are not fulfilled or assumptions prove incorrect, the actual results, performance or achievements of CANCOM may (either negatively or positively) deviate substantially from those described either explicitly or implicitly in the relevant forward-looking statement. CANCOM cannot guarantee the pertinence, accuracy, completeness or correctness of the information or opinions in this document.

CANCOM does not make any commitment to update its forward-looking statements, nor does it intend to update them or correct them if developments differ from those anticipated. Due to rounding, some of the numbers presented in this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures they refer to.

Consolidated balance sheet (IFRS)

ASSETS

(in € 000)	Notes	Mar. 31, 2018	Dec. 31, 2017	Mar. 31, 2017
Current assets				
Cash and cash equivalents		102,736	157,619	45,638
Assets held for sale		360	360	360
Trade accounts receivable		232,128	223,672	151,267
Other current financial assets	B.1.	13,590	25,294	98,343
Inventories		29,308	22,923	29,947
Contracts in progress		1,484	981	860
Prepaid expenses and other current assets	B.2.	9,589	7,139	5,747
Total current assets		389,195	437,988	332,162
Non-current assets				
Property, plant and equipment (tangible assets)		64,795	60,853	45,483
Intangible assets		68,040	56,471	28,351
Goodwill		133,424	115,219	73,031
Long-term financial assets		5,248	5,321	4,895
Loans		1,317	1,315	1,307
Other non-current financial assets	B.3.	7,185	8,312	10,719
Deferred taxes arising from temporary differences	B.4.	5,109	5,023	2,853
Deferred taxes arising from tax loss carryforward	B.4.	390	362	1,186
Other assets		1,406	1,266	1,289
Total non-current assets		286,914	254,142	169,695
Total assets		676,109	692,130	501,857

EQUITY AND LIABILITIES

(in € 000)	Notes	Mar. 31, 2018	Dec. 31, 2017	Mar. 31, 2017
Current liabilities				
Short-term loans and current portion of long-term loans		3,910	3,804	2,155
Subordinated loans - short-term portion		2,361	1,953	667
Trade accounts payable		202,734	220,956	91,208
Prepayments received		6,511	6,684	6,892
Other current financial liabilities	B.5.	7,446	7,979	6,823
Provisions	B.6.	3,459	3,575	3,843
Deferred income		9,356	5,143	4,645
Income tax liabilities		4,338	11,101	8,242
Other current liabilities	B.7.	25,577	32,619	21,439
Liabilities in connection with assets held for sale		769	770	771
Total current liabilities		266,461	294,584	146,685
Non-current liabilities				
Long-term loans		1,095	1,315	1,883
Convertible bonds		0	0	42,118
Subordinated loans		2,624	3,092	4,361
Deferred income		2,919	2,678	2,003
Deferred taxes arising from temporary differences	B.8.	16,873	15,911	6,921
Pension provisions		2,076	2,041	1,963
Other non-current financial liabilities	B.9.	5,796	5,230	771
Other non-current liabilities	B.6.	3,317	3,029	2,791
Total non-current liabilities		34,700	33,296	62,811
Equity				
Capital stock		17,522	17,522	16,368
Capital reserves		221,943	221,943	173,935
Net retained profit/net accumulated loss (incl. revenue reserves)		131,566	122,935	98,711
Equity capital difference due to currency translation and exchange rate differences		-337	-236	1,361
Non-controlling interests		4,254	2,086	1,986
Total equity		374,948	364,250	292,361
Total equity and liabilities		676,109	692,130	501,857

CONSOLIDATED STATEMENT OF INCOME

(in € 000)	Notes	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017
Sales revenues		307,887	257,266
Other operating income	D.1.	767	753
Other own work capitalized		732	477
Total revenue		309,386	258,496
Cost of purchased materials and services		-222,980	-183,121
Gross profit		86,406	75,375
Human resources expenses	D.2.	-53,850	-48,467
Amortization and write-downs of intangible assets, and depreciation and write-downs of tangible assets		-7,010	-5,163
Other operating expenses	D.3.	-12,312	-10,158
Operating result		13,234	11,587
Interest and similar income		222	158
Interest and other expenses		-558	-757
Other financial result: income		-194	55
Other financial result: expenses		0	-2
Income from investments		27	0
Share of profit/loss from associated companies accounted for using the equity method		0	81
Currency translation gains/losses		-14	56
Earnings before taxes		12,717	11,178
Income taxes	D.4.	-4,156	-3,685
Earnings after taxes from continuing operations		8,561	7,493
Earnings from discontinued operations		-6	-2
Net income/(loss) for the period		8,555	7,491
thereof attributable to the stockholders of the parent		8,631	7,447
thereof attributable to non-controlling interests	D.5.	-76	44
Average number of shares outstanding (basic)		17,521,819	16,367,531
Average number of shares outstanding (diluted)		17,521,819	17,423,041
Earnings per share from continuing operations (basic) in €		0.49	0.46
Earnings per share from continuing operations (diluted) in €		0.54	0.44
Earnings per share from discontinued operations (basic) in €		-0.00	-0.00
Earnings per share from discontinued operations (diluted) in €		-0.00	-0.00
Earnings per share attributable to stockholders of the parent from net income/loss for the period (basic) in €		0.49	0.46
Earnings per share attributable to stockholders of the parent from net income/loss for the period (diluted) in €		0.54	0.44

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € 000)	Jan. 1, - Mar. 31, 2018	Jan. 1, - Mar. 31, 2017
Net income/loss for the period	8,555	7,491
Other comprehensive income		
Items possibly to be reclassified in profit or loss in subsequent periods		
Currency translation difference	-147	-304
Income taxes	46	94
Items not to be reclassified in profit or loss		
Change in actuarial gains/losses from pensions	0	0
Deferred taxes from change in actuarial gains/losses from pensions	0	0
Other comprehensive income for the period (after taxes)	-101	-210
Comprehensive income for the period	8,454	7,281
thereof attributable to stockholders of the parent	8,530	7,237
thereof attributable to non-controlling interests	-76	44

STATEMENT OF CASH FLOWS

(in € 000)	Jan. 1 - Mar. 31, 2018	Jan. 1 - Mar. 31, 2017
Cash flow from ordinary activities		
Profit for the period before taxes and non-controlling interests	12,717	11,178
Adjustments		
+ Amortization and write-downs of intangible assets, and depreciation and write-downs of tangible assets	7,010	5,163
+ Interest result and other financial result	503	546
+/- Changes in long-term provisions	-105	53
+/- Changes in short-term provisions	-103	142
+/- Result from the sale of intangible assets, tangible assets and financial assets	-278	-116
+/- Changes in inventories	-6,412	-7,439
+/- Changes in accounts receivable from purchases and services, as well as other receivables	-7,133	29,671
+/- Changes in accounts payable for purchases and services, as well as other payables	-25,350	-38,870
- Interest paid	-101	-40
+/- Income tax paid and refunded	-12,179	-5,714
+/- Non-cash expenses and income	0	-81
+/- Cash inflow/outflow from discontinued operations	-6	-3
Net cash from operating activities	-31,437	-5,510
Cash flow from investing activities		
- Acquisition of subsidiaries and equity instruments of other companies	-29,421	-1,805
+ Cash from acquisitions	2,752	0
- Acquisition of long-term financial assets	-2	-4,101
- Payments for additions to intangible assets and tangible assets	-8,869	-6,882
+ Income from disposal of intangible assets, tangible assets and financial assets	696	1,023
+ Outflow of financial assets held-for-sale	12,000	0
+ Interest and dividends received	35	2
Net cash used in investing activities	-22,809	-11,763
Cash flow from financing activities		
- Repayment of long-term debt (incl. short-term portion)	-444	-409
+/- Changes in short-term financial liabilities	134	226
- Interest paid	-71	-480
+/- Receipts and payments for finance lease	-210	232
Net cash used in financing activities	-591	-431
Net increase/decrease in cash and cash equivalents	-54,837	-17,704
+/- Changes in value resulting from foreign currency exchange	-46	-248
+/- Cash and cash equivalents at the beginning of the period	157,619	63,590
Cash and cash equivalents at the end of the period	102,736	45,638
<i>Structure :</i>		
<i>Cash</i>	<i>102,736</i>	<i>45,638</i>
<i>Cash from discontinued operations</i>	<i>0</i>	<i>0</i>
	102,736	45,638

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Capital stock	Capital reserves	Other revenue reserves	Currency translation reserves	Exchange rate price difference reserves	Reserves for changes in actuarial gains/losses from pensions	Revaluation reserves (revenue reserves)	Net retained profit	Total investors of parent company	Non-controlling interests	Total equity
	units'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000
January 1, 2017	16,368	16,368	173,935	54,199	1,569	2	-346	-153	37,563	283,137	1,942	285,079
Net income/(loss) for the period									39,831	39,831	190	40,021
Other comprehensive income					-1,805	-2	44			-1,763	0	-1,763
Comprehensive income					-1,805	-2	44		39,831	38,068	190	38,258
Capital increase	1,154	1,154	48,045							49,199		49,199
Changes in reserves: Capital increase costs			-37							-37		-37
Transfer of net retained profit/net accumulated loss/revenue reserves				19,060					-19,060	0		0
Distribution in fiscal year									-8,184	-8,184	-30	-8,214
Changes due to acquisition of non-controlling interests				-19						-19	-16	-35
Dezember 31, 2017	17,522	17,522	221,943	73,240	-236	0	-302	-153	50,150	362,164	2,086	364,250
Net income/(loss) for the period									8,631	8,631	-76	8,555
Other comprehensive income					-101	0	0			-101	0	-101
Comprehensive income					-101	0	0		8,631	8,530	-76	8,454
Addition non-controlling interests										0	2,244	2,244
March 31, 2018	17,522	17,522	221,943	73,240	-337	0	-302	-153	58,781	370,694	4,254	374,948

Segment information – IFRS

Segment information	Cloud solutions		IT solutions	
	Jan. 1 - Mar. 31, 2018 €'000	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2018 €'000	Jan. 1 - Mar. 31, 2017 €'000
Sales revenues				
- External sales	52,345	37,463	255,542	219,773
- Intersegment sales	2,019	727	1,564	877
- Total sales revenues	54,364	38,190	257,106	220,650
- Cost of purchased materials and services	-27,741	-19,136	-198,637	-165,469
- Human resources costs	-11,516	-8,684	-40,033	-38,088
- Other income and expenses	-3,056	-2,038	-6,899	-6,451
EBITDA	12,051	8,332	11,537	10,642
- Depreciation and amortization	-3,840	-1,521	-3,106	-3,588
Operating result (EBIT)	8,211	6,811	8,431	7,054
- Interest income	165	67	47	89
- Interest expenses	-8	0	-708	-451
- Other financial income	0	0	-194	55
- Other financial expenses	0	0	0	0
- Income from investments	0	0	27	0
- Share in profit or loss of associated companies accounted for by using the equity method	0	81	0	0
Result from ordinary activities	8,368	6,959	7,603	6,747
- Foreign currency exchange differences				
Earnings before taxes	8,368	6,959	7,603	6,747
- Income taxes				
- Discontinued operations	0	-2	-6	0
Consolidated net income for the year				
thereof attributable to stockholders of the parent				
thereof attributable to non-controlling interests				

Totals		Other companies		Reconciliation		Consolidated	
Jan. 1 - Mar. 31, 2018 €'000	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2018 €'000	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2018 €'000	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2018 €'000	Jan. 1 - Mar. 31, 2017 €'000
307,887	257,236	0	30				
3,583	1,604	0	0	-3,583	-1,604		
311,470	258,840	0	30	-3,583	-1,604	307,887	257,266
-226,378	-184,605	0	0	3,398	1,484	-222,980	-183,121
-51,549	-46,772	-2,302	-1,695	1	0	-53,850	-48,467
-9,955	-8,489	-1,042	-559	184	120	-10,813	-8,928
23,588	18,974	-3,344	-2,224	0	0	20,244	16,750
-6,946	-5,109	-64	-54	0	0	-7,010	-5,163
16,642	13,865	-3,408	-2,278	0	0	13,234	11,587
212	156	283	245	-273	-243	222	158
-716	-451	-115	-549	273	243	-558	-757
-194	55	0	0	0	0	-194	55
0	0	0	-2	0	0	0	-2
27	0	0	0	0	0	27	0
0	81	0	0	0	0	0	81
15,971	13,706	-3,240	-2,584	0	0	12,731	11,122
				-14	56	-14	56
15,971	13,706	-3,240	-2,584	-14	56	12,717	11,178
				-4,156	-3,685	-4,156	-3,685
-6	-2	0	0	0	0	-6	-2
						8,555	7,491
						8,631	7,447
						-76	44

A. Principles adopted for the consolidated financial statements

1. General Information

The consolidated financial statements of CANCOM SE and its subsidiaries ('the CANCOM Group' or 'the Group') for the fiscal year 2017 were drawn up according to the International Financial Reporting Standards (IFRS) and/or the International Accounting Standards (IAS).

The consolidated financial statements were drawn up in euro. All amounts are shown in thousand euro (€ thousand) unless otherwise stated. Rounding of figures may result in apparent inconsistencies between totals and sums of constituent parts. For the same reason, percentage indications may not exactly match the aggregate values shown or total 100 percent.

This consolidated interim financial report is condensed and was drawn up in compliance with IAS 34 Interim Financial Reporting. It should be read in conjunction with the IFRS-compliant consolidated financial statements for the fiscal year 2016, which can be downloaded from www.cancom.de.

2. Reporting entity

The consolidated financial statements include CANCOM SE and all subsidiaries in which CANCOM SE has either a direct or an indirect majority stockholding, or in which it holds the majority of the voting rights. These subsidiaries are fully consolidated.

Acquisitions in the first quarter of 2018

CANCOM SE has acquired 82.07 percent of the shares (9,490 shares) of CANCOM OCEAN LTD, based in the United Kingdom, through its subsidiary CANCOM LTD. CANCOM OCEAN LTD has in turn acquired all the shares of Ocean Intelligent Communications Ltd, also based in the U.K. The acquisition is documented in a contract of sale dated March 12, 2018. The purchase price consists of a fixed price of € 28.1 million (£ 24.6 million) paid in cash, and a variable purchase price component (earn-out) of around € 840 thousand (£ 730 thousand) (preliminary figure). The variable purchase price is equal to 10 percent of the planned annual sales revenues from new contracts with a major client expected by June 30, 2019. Incidental acquisition costs of € 455 thousand were incurred in the period from January 1 to March 31, 2018. These are recognized under other operating expenses in the statement of income. Due to the complex transaction structure and the proximity zu the reporting date all figures shown (purchase price as well as acquired assets and liabilities) are preliminary

Ocean Intelligent Communications Ltd and its subsidiary (the Ocean group) and the CANCOM Group will in future operate in partnership in the IT market. Ocean is a fast-growing provider of cloud and managed services for unified communications and collaboration (UCC) systems, and network infrastructure. The Ocean group employed a staff of 54 at the date from which it is included in the consolidated financial statements, and it generated sales revenues of around £ 12 million in its fiscal year 2016/2017.

It is included in the consolidated financial statements with effect from March 1, 2018.

Change in the reporting entity in 2018:

Name of entity	Entity seated in	Time of initial consolidation	Share of capital %	Share of voting rights %
CANCOM OCEAN LTD as well as its subsidiaries	Guildford / UK	01.03.2018	82.07	82.07
• Ocean Intelligent Communications Ltd. as well as its subsidiaries	Thames Ditton / UK	01.03.2018	82.07	82.07
• Ocean Unified Communications Ltd.	Thames Ditton / UK	01.03.2018	82.07	82.07
• Ocean Network Services Ltd.	Thames Ditton / UK	01.03.2018	82.07	82.07

The preliminary figures in the table below show the impact on the consolidated financial statements of the change in the reporting entity as at March 1, 2018, the date from which the Ocean group was included in the consolidated financial statements:

	Fair value € '000	Carrying amount € '000
Cash and cash equivalents	2,752	2,752
Trad accounts receivables	2,486	2,486
Prepaid expenses and other current assets	992	992
Current assets	6,230	6,230
Property, plant and equipment/Tangible assets	474	474
Intangible assets	13,423	817
Deferred taxes from temporary differences	203	203
Deferred taxes from tax loss carry-forwards	203	203
Other assets	281	281
Non-current assets	14,584	1,978
Total assets	20,814	8,208
Accounts payable trade	1,219	1,219
Other current financial liabilities	82	82
Deferred income	3,087	3,087
Liabilities from taxes on profit	223	223
Other current liabilities	820	820
Current liabilities	5,431	5,431
Deferred income	368	368
Deferred taxes	2,282	139
Other non-current financial liabilities	19	19
Other non-current liabilities	202	202
Non-current liabilities	2,871	728
Total liabilities	8,302	6,159
Net assets acquired	12,512	2,049

The acquisition of the company resulted in goodwill of around € 18.4 million (preliminary figure), which is not tax-deductible. The main reason for the acquisition itself, and for recognizing goodwill, was to strengthen CANCOM's international business and its range of managed services solutions. The translation of the results and financial position of the foreign operation into the

presentation currency in line with IAS 21 resulted in an increase in the value of the goodwill of approximately € 0.1 million. The goodwill therefore amounted to € 18.5 million (preliminary figure) as at March 31, 2018.

The sales revenues of the Ocean group included in the consolidated sales revenues since the date of acquisition amount to € 1,328 thousand, and the loss included in the consolidated result amounts to € 45 thousand.

Mergers in the first quarter of 2018

c.a.r.u.s. Information Technology GmbH has been merged into CANCOM GmbH. The merger is documented in an agreement dated March 23, 2018. The merger was recorded in the commercial register of CANCOM GmbH on April 19, 2018.

3. Accounting and valuation policies

The consolidated interim financial report is compiled using basically the same accounting and valuation methods as those used for the consolidated financial statements for the fiscal year 2016.

B. Notes to the consolidated balance sheet

1. Other current financial assets

This item includes mainly bonuses due from suppliers (€ 5,704 thousand), claims to the payment of a purchase price relating to lease projects (€ 5,380 thousand), marketing revenue (€ 1,261 thousand), creditors with a debit balance (€ 873 thousand), claims to the payment of a purchase price from the disposal of companies (€ 200 thousand) as well as receivables from staff (€ 172 thousand).

2. Prepaid expenses and other current assets

This item mainly consists of other current assets such as tax refunds (€ 3,534 thousand), commission income (€ 382 thousand), insurance refunds (€ 118 thousand) and receivables from social insurance institutions (€ 129 thousand).

The prepaid expenses (€ 5,301 thousand) include deferred insurance premiums and expenses paid in advance.

3. Other non-current financial assets

This item mainly includes receivables from staff (€ 24 thousand), in addition to non-current claims for payment of purchase prices in connection with lease projects (€ 6,757 thousand) and disposals of companies (€ 400 thousand).

4. Deferred tax assets

The deferred tax assets are as follows:

Deferred tax from	temporary differences €'000	tax loss carry-forwards €'000
As at January 1, 2018	5,023	362
Income from neutral activation due to initial consolidation	203	204
Tax income/expenses from profit and loss calculation	-151	-176
Currency exchange gains/losses*	34	0
As at March 31, 2018	5,109	390

* directly recognised in equity

As at March 31, 2017, the CANCOM Group had tax loss carryovers of € 1.0 million and trade tax loss carryovers of € 1.2 million. On the basis of the planned tax results, it is expected that the capitalized deferred tax advantages from loss carryovers will be realized.

The deferred taxes from temporary differences are mainly the result of differences in prepaid expenses (€ 1,959 thousand), intangible assets (€ 777 thousand), property, plant and equipment/tangible assets (€ 734 thousand), pension provisions (€ 587 thousand), other financial liabilities (€ 462 thousand), other liabilities (€ 248 thousand) and other provisions (€ 247 thousand).

5. Other current financial liabilities

Other current financial liabilities includes debtors with a credit balance (€ 2,852 thousand), liabilities to former affiliated companies (€ 2,777 thousand), outstanding bills of charge (€ 602 thousand), purchase price liabilities for the shares of Synaix Gesellschaft für angewandte Informations-Technologien mbH (€ 400 thousand), leasing purchase price liabilities (€ 368 thousand), Supervisory Board remuneration (€ 281 thousand) and rent obligations (€ 166 thousand).

6. Other provisions

The provisions mainly include guarantees and warranties (€ 2,505 thousand), copyright fees (€ 1,075 thousand), interest expenses (€ 904 thousand), the variable component of the purchase price for shares in affiliated entities (€ 487 thousand), contingent risks (€ 364 thousand), anniversaries (€ 314 thousand), legal costs (€ 254 thousand), termination payments (€ 236 thousand), financial statement costs (€ 111 thousand), Rückbauverpflichtung (T€ 134) and archiving costs (€ 103 thousand).

Der Gesamtbetrag der Rückstellungen enthält langfristige Rückstellungen in Höhe von T€ 3.106, die unter sonstige langfristige Schulden ausgewiesen sind. Sie betreffen im Wesentlichen Gewährleistungen (T€ 1.345), Rückstellungen für Urheberrechtsabgabe (T€ 919), die Jubiläumsrückstellung (T€ 314), ungewisse Risiken (T€ 132), die in Österreich vorgeschriebene Rückstellung für Abfindungen (T€ 149), restoration liabilities (€ 134 thousand) und Archivierungskosten (T€ 80).

7. Other current liabilities

Other current liabilities mainly includes staff bonus payments (€ 10,119 thousand), holiday and overtime entitlements (€ 5,568 thousand), sales tax (€ 4,470 thousand), tax on salaries and church tax (€ 3,492), employers' liability insurance association (€ 852 thousand), wages and salaries (€ 516 thousand), social security contributions (€ 167 thousand), travel expenses (€ 103 thousand) and interest and bank fees (€ 102 thousand).

8. Deferred tax liabilities

The deferred tax liabilities are as follows:

	€'000
As at January 1, 2018	15,911
Income from neutral passivation due to initial consolidation	2,282
Tax income/expenses from profit and loss calculation	-1,361
Currency exchange gains/losses*	41
As at March 31, 2018	16,873

* directly recognised in equity

The deferred tax liabilities are created by deviations from the tax balance sheet. They are the result of the recognition and revaluation of intangible assets (€ 11,926 thousand), deferred income (€ 2,076 thousand), other financial assets (€ 957 thousand), software development costs (€ 834 thousand), tangible fixed assets (€ 464 thousand), goodwill (€ 339 thousand), loans to affiliated companies (€ 119 thousand), contracts in progress (€ 56 thousand), other financial liabilities (€ 45 thousand), other liabilities (€ 21 thousand), prepaid expenses (€ 20 thousand), pension provisions (€ 11 thousand), and other provisions (€ 5 thousand).

Recognition is based on an individual tax rate of between 17 percent (subsidiary in the United Kingdom) and 32.98 percent (subsidiaries based in Munich, Germany).

9. Other non-current financial liabilities

Other non-current financial liabilities comprises purchase price liabilities for the shares in synaix Gesellschaft für angewandte Informations-Technologien mbH (€ 3,967 thousand), purchase price liabilities for the shares in the Ocean group (€ 839 thousand), rent liabilities (€ 551 thousand), and purchase price liabilities connected with leases (€ 439 thousand).

C. Segment informationen

Segment information is disclosed according to IFRS 8 Operating Segments. The segment information is based on the segmentation used for internal control purposes (management approach). The Group reports on two operating segments: cloud solutions and IT solutions.

Description of the segments subject to mandatory reporting

The cloud solutions operating segment comprises CANCOM Pironet AG & Co. KG, PIRONET Enterprise Solutions GmbH, Pironet AG, Synaix Gesellschaft für angewandte Informations-Technologien mbH, synaix Service GmbH, Ocean Intelligent Communications Ltd., Ocean Communications Ltd., Ocean Network Services Ltd. and the divisions of CANCOM GmbH allocated to the cloud solutions segment. This operating segment comprises the CANCOM Group's cloud and shared managed services business, including project-related cloud hardware,

software and services business. The product and service portfolio comprises analysis, consulting, delivery, implementation and services, thus providing clients with the necessary orientation and support for transformation of their corporate IT systems to cloud computing.

As part of its range of services, the CANCOM Group is able to run parts of, or entire, IT departments for its clients, using scalable cloud and managed services – especially shared managed services. Distribution costs allocated to cloud distribution are included in the segment. The cloud business also benefits from synergies with CANCOM's general sales and marketing service, the costs of which are allocated to the IT solutions reportable segment.

The IT solutions operating segment comprises CANCOM GmbH, CANCOM Computersysteme GmbH, CANCOM a + d IT solutions GmbH, CANCOM (Switzerland) AG, CANCOM ICT Service GmbH, CANCOM SCS GmbH, CANCOM ICP GmbH, CANCOM on line GmbH, Cancom on line B.V.B.A., CANCOM physical infrastructure GmbH, CANCOM, Inc. and HPM Incorporated, with the exception of the division of CANCOM GmbH allocated to the cloud solutions and other companies segment. This operating segment of the CANCOM Group offers comprehensive support for IT infrastructure and applications. The range of services offered includes IT strategy consulting, project planning and implementation, system integration, IT procurement via e-procurement services or as part of a project, in addition to professional IT services and support.

The other companies are CANCOM SE, CANCOM VVM GmbH, CANCOM Financial Services GmbH, CANCOM LTD, CANCOM OCEAN LTD in addition to the divisions of CANCOM GmbH allocated to the other companies segment. CANCOM SE and the division of CANCOM GmbH allocated to this segment perform the staff and/or management functions for the Group. As such, they provide a range of services for the subsidiaries. The costs of central management of the Group and its investments in internal Group projects also fall within this segment.

Reconciliation

Reconciliation shows items not directly connected with the operating segments and the other companies. They include sales within the segments, and the income tax expense.

The income tax expense is not a component of the profit of the operating segments. Since the tax expense is allocated to the parent company where the parent company is the taxable entity, the allocation of the income tax does not exactly correspond to the structure of the segments.

Information on geographical regions

	Sales revenue acc. to client location		Sales revenue acc. to entity location	
	01.01.- 31.03.2018 €'000	01.01.- 31.03.2017 €'000	01.01.- 31.03.2018 €'000	01.01.- 31.03.2017 €'000
Germany	255,506	205,702	270,557	223,206
Outside Germany	52,381	51,564	37,330	34,060
Group	307,887	257,266	307,887	257,266

	Non-current assets	
	31.03.2018 €'000	31.03.2017 €'000
Germany	226,967	141,795
Outside Germany	47,958	18,860
Group	274,925	160,655

Non-current assets include property, plant and equipment (tangible assets), intangible assets, goodwill, and other non-current assets. Financial instruments and deferred tax claims are not included.

D. Notes to the consolidated statement of income

1. Other operating income

Other operating income is broken down as follows:

	01.01.- 31.03.2018 €'000	01.01.- 31.03.2017 €'000
In come not relating to the period	599	557
Government grants	151	159
Compensation for damages	8	6
Other operating income	9	31
Total	767	753

Out-of-period income mainly include income from the sale of tangible assets with an amount of € 323 thousand and income from the lowering of specific allowance on receivables € 272 thousand.

2. Human resources expenses

The human resources expenses consist of the following:

	01.01.- 31.03.2018 €'000	01.01.- 31.03.2017 €'000
Wages and salaries	46,626	41,694
Social security contributions	7,114	6,599
Pension expenses	110	174
Total	53,850	48,467

3. Other operating expenses

The other operating expenses consist of the following items:

	01.01.- 31.03.2018 €'000	01.01.- 31.03.2017 €'000
Premises costs	3,046	2,567
Insurance and other charges	431	329
Motor vehicle costs	665	891
Advertising costs	414	541
Stock exchange and entertainment costs	50	47
Hospitality and travelling expenses	1,812	1,412
Delivery costs	777	950
Third-party services	1,123	655
Repairs, maintenance, leasing	1,214	815
Communications and office costs	600	596
Professional development and training costs	480	361
Legal and consultancy costs	694	461
Fees and charges, costs of money transactions	294	86
Other operating expenses	712	447
Total	12,312	10,158

4. Income taxes

The rate of income tax for the German companies was 31.3 percent (2017: 30.9 percent). This is made up of corporate tax, trade tax and solidarity surcharge. The slight increase in the rate of income tax is due to a marginal increase in the average rate of trade tax.

The divergence between the tax expenses reported and those at the tax rate of CANCOM SE is shown below:

	01.01.- 31.03.18 €'000	01.01.- 31.03.17 €'000
Earnings before tax	12,717	11,178
Expected tax expenses at rate for German companies (31.3%; previous year: 30.9%)	3,980	3,454
- Difference from tax paid outside Germany	32	112
- Changes from valuation allowance of deferred taxes on loss carry-forwards	10	0
- Tax-exempt income/non tax-relevant losses in disposals	-1	38
- Actual income tax not relating to the period	-31	-1
- Permanent differences	0	-16
- Non-deductible operating expenses as well as additions and reductions in relation to trade tax	176	85
- Effects from tax rate changes	-10	13
Total group income tax expenses	4,156	3,685

The actual tax rate is calculated as follows:

	01.01.- 31.03.18 €'000	01.01.- 31.03.17 €'000
Income before tax	12,717	11,178
Income tax	4,156	3,685
Actual tax expenses rate	32.68%	32.97%

Income tax comprises the income tax paid or owed in the individual countries, and the deferred taxes:

	01.01.- 31.03.2018 €'000	01.01.- 31.03.2017 €'000
Actual income tax expense	5,190	3,995
Deferred taxes:		
Assets	327	230
Liabilities	-1,361	-540
	-1,034	-310
Group income tax	4,156	3,685

5. Non-controlling interests

Minority interests account for 5.04 percent of the net income for the period of Pironet AG subgroup (€ 24 thousand) and 17.93 percent of the net income for the period of Ocean Group (€ -100 thousand).

E. Other disclosures

1. Related party disclosures

For the purposes of IAS 24, Klaus Weinmann can be considered a related party who can exercise a significant influence on the CANCOM Group as an Executive Board member of CANCOM SE. In addition, the members of the Executive Board Mr Rudolf Hotter, Mr Thomas Volk and Mr Thomas Stark are related parties for the purposes of IAS 24 as are the members of the Supervisory Board. Other related persons under IAS 24.9 b are:

- PRIMEPULSE SE and its subsidiaries,
- Polecat Intelligence Ltd.,
- tyntec Group Ltd. and its subsidiaries,
- ABCON Holding GmbH and its subsidiaries,
- ABCON Vermögensverwaltung GmbH and its subsidiaries,
- DV Immobilien Management GmbH,
- Elber GmbH,
- Athanor Gesellschaft für Beratung und Beteiligungen mbH und deren Tochterunternehmen,
- Wild Consult LLC,
- Electronic Online Services GmbH,
- Accelerate Commerce GmbH (former Spacelab Invest GmbH),
- MediaMarktSaturn Retail Group and its subsidiaries,
- SBF AG and its subsidiaries as well as
- Digitales Gründerzentrum der Region Ingolstadt GmbH.

Transactions with related persons were settled in the same way as arm's length transactions, and the payment terms are net 10 to 30 days.

The transaction volumes of goods sold and services provided to related parties under IAS 24 in the period from January 1 to March 31, 2018 were as follows: AL-KO Kober SE (a subsidiary of PRIMEPULSE SE) and its subsidiaries purchased goods/services to the value of € 108 thousand (gross). At the reporting date the total outstanding amount was €182 thousand. Stemmer Imaging AG (also a subsidiary of PRIMEPULSE SE) and its subsidiaries purchased goods/services to the value of € 58 thousand (gross), of which € 8 thousand was still outstanding at the reporting date.

There were no transactions concerning goods and services purchased from related parties under IAS 24.

2. Shares held by members of the Executive and Supervisory Boards (at the balance sheet date)

A list of stockholdings can be found on page 10 of this interim report.

3. Stockholdings in the company as defined in Section 20 IV of the German Stock Corporation Act (Aktengesetz, AktG)

CANCOM SE did not receive written notice from any stockholder disclosing a majority stockholding as defined in the Section 20 of the above Act in the first quarter of 2018.

CANCOM SE

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