

# Q3 2017

QUARTERLY STATEMENT AS AT SEPTEMBER 30, 2017

**CANCOM**

## Group key figures

### Q3 AT A GLANCE

| in € million       | Jul. 1 - Sep. 30, 2017 | Jul. 1 - Sep. 30, 2016 | Changes |
|--------------------|------------------------|------------------------|---------|
| Sales revenues     | 273.1                  | 225.5                  | 21.1%   |
| Gross profit       | 78.0                   | 69.9                   | 11.6%   |
| EBITDA             | 20.1                   | 17.2                   | 16.9%   |
| EBITDA margin in % | 7.4%                   | 7.6%                   | -0.2%   |
| EBITA              | 16.5                   | 13.8                   | 19.6%   |
| EBIT               | 13.7                   | 11.7                   | 17.1%   |

### 9 MONATE

| in € million                                | Jan. 1 - Sep. 30, 2017 | Jan. 1 - Sep. 30, 2016 | Changes |
|---|------------------------|------------------------|---------|
| Sales revenues                              | 809.0                  | 717.7                  | 12.7%   |
| Gross profit                                | 228.4                  | 212.7                  | 7.4%    |
| EBITDA                                      | 55.5                   | 50.2                   | 10.6%   |
| EBITDA margin in %                          | 6.9%                   | 7.0%                   | -0.1%   |
| EBITA                                       | 44.6                   | 40.4                   | 10.4%   |
| EBIT  | 38.8                   | 34.3                   | 13.1%   |
| EBT   | 36.9                   | 33.2                   | 11.1%   |
| Earnings per share (basic) in €             | 1.49                   | 1.42                   | 4.9%    |
| Average number of shares (in 1,000) (basic) | 16,443                 | 16,025                 | 2.6%    |
| Employees as at Sep 30                      | 2,905                  | 2,825                  | 2.8%    |

| in € million      | Sept. 30, 2017 | Dec. 31, 2016 | Changes |
|-------------------|----------------|---------------|---------|
| Balance sheet     | 570.1          | 537.8         | 6.0%    |
| Equity            | 338.9          | 285.1         | 18.9%   |
| Equity ratio in % | 59.4%          | 53.0%         | 6.4%    |

#### Revenue CANCOM Group

Jan. 1 - Sep. 30, 2016 and Jan. 1 - Sep. 30, 2017 (in € million)

|      |       |
|------|-------|
| 2016 | 717.7 |
| 2017 | 809.0 |

#### Gross profit CANCOM Group

Jan. 1 - Sep. 30, 2016 and Jan. 1 - Sep. 30, 2017 (in € million)

|      |       |
|------|-------|
| 2016 | 212.7 |
| 2017 | 228.4 |

#### EBITDA CANCOM Group

Jan. 1 - Sep. 30, 2016 and Jan. 1 - Sep. 30, 2017 (in € million)

|      |      |
|------|------|
| 2016 | 50.2 |
| 2017 | 55.5 |

#### Earnings per share CANCOM Group

Jan. 1 - Sep. 30, 2016 and Jan. 1 - Sep. 30, 2017 (in Euro)

|      |      |
|------|------|
| 2016 | 1.42 |
| 2017 | 1.49 |

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**Dear Stockholders:**

CANCOM is approaching the end of 2017 with great strides. We are already looking ahead eagerly to the numerous challenges that lie before us, not only in the coming year. Digital transformation is bringing with it great changes in all fields and sectors. I am optimistic that we will face these with an ambitious approach and with the right structure in the Group, and be able to accelerate our growth.

The right structure involves, first of all, our comprehensive portfolio – both in the integrated IT systems business and in the cloud and managed services environment. We intend to expand the latter in a consistent, focused way, as enterprises are increasingly showing a preference for ‘IT as a service’ models, and this business guarantees CANCOM recurring, more sustainable revenue in areas of business with high market growth. Nevertheless, in our view there is still a high demand for innovative IT infrastructure solutions – for instance in the data center business – especially in a networked, digitized world. We therefore see great potential for growth and income in both our IT solutions segment and our cloud solutions segment.

Second, by its recent appointment of Executive Vice Presidents to the extended Executive Committee and the addition of two further Executive Board members, CANCOM has created a strong structure in order to pursue rigorously the ambitious growth targets set for the coming years, and progress the transformation of its business model towards cloud and managed services. In addition to the appointments at senior management level, we have gained a number of highly qualified new staff members, some of whom came to CANCOM through company acquisitions.

Finally, therefore, another element of the Group’s well-functioning structure mentioned above is that we have the right setting for staff retention. This includes making CANCOM attractive to specialist staff or high potentials by applying modern workplace concepts and working models, or providing high-performance systems and facilities for our future growth by the introduction of SAP and the extension of our Service Factory. This is why we have invested in these areas and will continue to do so where necessary.

We are happy to have the support of our stockholders and investors on CANCOM’s continuing journey, and appreciate your confidence in us.

Sincerely yours



Klaus Weinmann  
CEO

# Consolidated interim management report

## 1. Overview of the Group

The CANCOM Group is one of the leading providers of information technology (IT) infrastructure and services in Germany and Austria. With its decentralized distribution and services 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 and the U.S.A. in addition to a representative office in Brussels, Belgium.

### Structure of the CANCOM Group

CANCOM SE (also referred to as CANCOM), based in Munich, Germany, performs the central financial and management role for the equity investments held by the CANCOM Group.

### Areas of business

The IT solutions 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 cloud solutions operating segment comprises the CANCOM Group's cloud and shared managed services business, including sales revenues from cloud hardware, software and services allocated to the projects. The service offer includes analysis, advice, delivery, implementation and services, thus offering clients the necessary orientation and support for their conversion 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 department, the costs of which are allocated to the IT solutions reportable segment.

Some items in the segments were reclassified as at the reporting date of December 31, 2016. The merger of two Group companies during the year necessitated structural adjustments and reorganization in terms of the companies and regions included in the segments. This resulted in changes in the areas of responsibility and the splitting of entire departments, which required a reallocation of the new structure to the segments. The interim figures for the fiscal year 2016 were adjusted to reflect these changes.

### 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 base therefore mainly includes commercial end-users, from small and medium sized enterprises to large companies 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.

### **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 key performance indicators are gross profit, EBITDA and operating profit (EBIT). The latter offers a detailed picture of the performance of the enterprise as a whole, as it enables management to draw conclusions about the operational business performance and make transparent comparisons, particularly over a period of time. 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.

### **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, mobility, collaboration, IT security and governance, IoT and analytics, and shared managed services. Development work is limited in scope and is mainly used for the Group's own purposes. 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.

## **2. Economic report**

### **The general economic situation and the performance of the IT sector**

The Deutsche Bundesbank believes the German economy is capable of a strong third quarter. According to its monthly report, published on October 23, the economy is still in a phase of strong growth, and in the third quarter of 2017 it may have sustained the fast pace of expansion seen in the first half of the year. The growth is probably driven by industry, which benefited from the strong international demand for goods with the 'Made in Germany' label. The German IT market is also likely to have benefited from this positive development. According to the August sector barometer from BITKOM, Germany's digital association, four out of five companies expect sales revenues in the second half of the year to be higher than in the second half of 2016.

### **Impact on the CANCOM Group's business performance**

On the back of continued strong demand from its clients, CANCOM SE's figures for the first nine months of the current fiscal year are positive. The growth extends to all areas and is thus visible in the Group as a whole as well as in both operating segments.

### **Significant events in the third quarter and after the end of the reporting period**

On September 5, 2017, CANCOM SE notified bondholders of its irrevocable decision to redeem early all outstanding convertible bonds (issued in March 2014) in accordance with section 5 (b) of the issuing conditions. Every holder of a convertible bond who had not exercised the conversion right in accordance with section 8 of the issuing conditions by September 29, 2017 was repaid the specified nominal amount in addition to all interest accrued up to (but not including) October 6, 2017 (the call redemption date).

In order to rigorously pursue its ambitious growth targets for the next few years, and to progress the transformation of its business model towards cloud and managed services, CANCOM is adding to its top management. From November 1, 2017, Thomas Volk will join the Executive Board of CANCOM SE as President and General Manager. The current Chief Financial Officer, Thomas Stark, will also officially become a member of the Executive Board.

**Employees**

As at September 30, 2017, the CANCOM Group employed 2,905 people (2016: 2,825).

**The employees worked in the following areas**  
(as at September 30):

|                        |       |
|------------------------|-------|
| Professional services  | 1,851 |
| Sales and distribution | 600   |
| Central services       | 454   |

**The staff expenses for the first nine months were as follows (in € '000):**

|                               | Jan. 1.-Sep. 30,<br>2017<br>€'000 | Jan. 1.-Sep. 30,<br>2016<br>€'000 |
|-------------------------------|-----------------------------------|-----------------------------------|
| Wages and salaries            | 121,445                           | 113,773                           |
| Social security contributions | 19,485                            | 18,450                            |
| Pension provisions            | 327                               | 253                               |
| <b>Total</b>                  | <b>141,257</b>                    | <b>132,476</b>                    |

**3. Earnings, financial and assets position of the CANCOM Group**

**a) Earnings position**

The CANCOM Group recorded a growth in its sales revenues and profits in the first nine months of 2017 in comparison with the same period of 2016. Consolidated sales revenues were up 12.7 percent, from € 717.7 million to € 809.0 million.

**CANCOM Group sales revenues**  
year-on-year comparison of figures  
for the first nine months of the year (in € million)

|      |       |
|------|-------|
| 2016 | 717.7 |
| 2017 | 809.0 |

In Germany, sales revenues were up by 12.6 percent, from € 640.6 million to € 721.1 million. In international business, the Group's sales revenues increased by 14.0 percent, from € 77.1 million to € 87.9 million.

In the IT solutions segment, sales revenues were up by 13.4 percent, from 603.4 million in the previous year to € 684.1 million in 2017. In the cloud solutions segment, sales revenues also charted growth of 9.3 percent, from € 114.2 million to € 124.8 million.

The gross profit of the CANCOM Group for the first nine months of 2017 was 7.4 percent higher than in the same period of the previous year. It rose from € 212.7 million to € 228.4 million. The gross profit margin was 28.2 percent in comparison with 29.6 percent in the same period of 2016.

**CANCOM Group gross profit:**  
year-on-year comparison of figures  
for the first nine months of the year (in € million)

|      |       |
|------|-------|
| 2016 | 212.7 |
| 2017 | 228.4 |

Staff expenses increased from € 132.5 million at the end of the first nine months of 2016 to € 141.3 million as at September 30, 2017. This reflects the stepping-up of Group activities in the areas of high-level consulting and services.

At € 55.5 million, consolidated EBITDA for the first nine months of the fiscal year 2017 was up on the figure recorded for the same period of the previous year (€ 50.2 million). This resulted in an EBITDA margin of 6.9 percent compared to 7.0 percent in the first nine months of 2016.

**CANCOM Group EBITDA**  
year-on-year comparison of figures  
for the first nine months of the year (in € million)

|      |      |
|------|------|
| 2016 | 50.2 |
| 2017 | 55.5 |

Consolidated earnings before interest and tax (EBIT) increased by 13.1 percent from € 34.3 million in the first nine months of 2016 to € 38.8 million in the period under review.

**CANCOM Group EBIT**  
year-on-year comparison of figures  
for the first nine months of the year (in € million)

|      |      |
|------|------|
| 2016 | 34.3 |
| 2017 | 38.8 |

The profit of the first three quarters after taxes and deduction of minority interests was € 24.6 million, up from € 22.8 million at the end of the first nine months of 2016. Earnings per share for the period January to September 2017 therefore amounted to € 1.49, compared to € 1.42 in the same period of 2016.

### 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, 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.

## b) Financial and assets position

### Objectives of financial management

The core objective of the financial management of the CANCOM Group is to safeguard its liquidity at all times in such a way that day-to-day business activities can be continued. In addition, the Group aims to achieve optimum profitability as well as a high credit status to ensure favorable refinancing rates.

### Notes to the capital structure

On the assets side of the balance sheet, there was a decrease in current assets from € 370.8 million to € 325.6 million between December 31, 2016 and September 30, 2017. Cash and cash equivalents rose from € 63.6 million to € 67.7 million in the same period. Trade accounts receivable increased from € 182.4 million to € 200.0 million. Inventories rose from € 22.5 million to € 34.8 million.

At € 244.6 million as at September 30, 2017, non-current assets increased in comparison with € 167.0 million as at December 31, 2016. Property plant and equipment (tangible assets) went up from € 44.1 million to € 56.8 million on account of the structural expansions to the logistics and services factory at the company's location in Jettingen-Scheppach, Germany.

On the liabilities side of the balance sheet, there was an increase in current liabilities from € 188.5 million as at December 31, 2016 to € 198.3 million at the end of the first nine months of 2017. Trade accounts payable were up from € 127.0 million to € 132.1 million. Furthermore the current portion of the convertible bond issue stood at € 14.2 million.

Non-current liabilities, consisting of debt with a residual term of at least one year, also decreased. They fell from € 64.2 million as at December 31, 2016 to € 32.9 million as at September 30, 2017 due to the partly conversion of convertible bonds.

Nominal equity increased to € 338.9 million, compared to € 285.1 million as at December 31, 2016. The equity ratio stood at 59.4 percent as at September 30, 2017 (December, 31, 2016: 53.0 percent). Total assets were € 570.1 million as at the end of the first nine months of the current year and € 537.8 million as at December 31, 2016.

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 positive cash flow from ordinary activities of € 14.0 million was recorded as at September 30, 2017, mainly owing to a change in working capital. The cash flow recorded in the same period of the previous year stood at € 8.5 million.

There was a positive cash flow of € 2.8 million from investing activities, in comparison with a negative cash flow of € 96.8 million in the same period of 2016.

As at September 30, 2017, a negative cash flow of € 10.8 million was recorded from financing activities. At the end of the first nine months of 2016, there was a positive cash flow of € 55.2 million.

In total, this resulted in cash and cash equivalents of € 67.7 million in the first nine months of the year, compared to € 52.5 million in the same period of the year before.



**4. Stock ownership of the Boards as at September 30, 2017**

|  |                   |                    |
|--|-------------------|--------------------|
| <b>Total number of shares</b><br><small>(Total of voting rights announced on September 29, 2017)</small> | <b>17,264,318</b> | <b>100 percent</b> |
| <b>Executive Board</b>   |                   |                    |
| Klaus Weinmann   | 10,000            | 0.1 percent        |
| <b>Supervisory Board</b>   |                   |                    |
| Dominik Eberle   | 10,000            | 0.1 percent        |

**5. Risks 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 annual report for 2016, starting on page 30. The annual report can be downloaded from <https://www.cancom.com/investors/reports/> or obtained in printed form, free of charge, from the company.

**6. Opportunities for future development**

There have been no major changes in the opportunities for future development at CANCOM since the start of the current fiscal year. Details of the opportunities can be found in the annual report for 2016, starting on page 39. The annual report can be downloaded from <https://www.cancom.com/investors/reports/> or obtained free of charge from the company.

**7. Forecast**

The German economy is continuing to grow, according to the Federal Ministry of Economics. Presenting the federal government’s latest estimate of economic growth on October 11, the Minister for Economics said that Germany is in a steady and broad-based recovery, which is underpinned by high-spending consumers and higher investments by enterprises. The forecast for the year 2017 was accordingly raised from 1.5 to 2.0 percent.

The IT market will continue to be shaped by strong growth and innovation. The complexity and variety of solutions, and thus also the demands placed on company IT departments, will continue to increase – driven, among other things, by changed work and usage patterns.

The digitization of nearly all sectors and the resulting comprehensive networking – along with the Internet of Things – are increasingly driving the development of business models, production processes and products, across all sizes of organization and in all areas of the economy. Against this background, a rise in the demand for innovative and intelligent IT solutions can be expected.

This is also reflected in the BITKOM forecast for 2017, which the digital association last updated in October this year. Accordingly the German IT market should grow by 3.4 percent to around € 86.0 billion in 2017. With 6.3 percent the software segment should see the strongest growth. Sales revenues from IT hardware are expected to increase by 2.6 percent. IT services revenues should rise by 2.3 percent.

**Anticipated performance of the CANCOM Group**

Thanks to its proven expertise and outstanding market position in the IT growth areas referred to above – cloud computing, big data & analytics, mobility, security and shared managed services – CANCOM aims to continue growing its two operating segments, both organically and through acquisitions, at a faster rate than the German IT market, so continuously expanding its market share. To achieve this objective, CANCOM decided at an early stage to gear its business policy to the IT growth areas, designing its sales and services structure around them while focusing on the expansion of the higher-end services and consulting business. With its integrated portfolio of services across all areas of IT, and its flexibility in providing individually tailored packages for its clients, CANCOM has major client advantages to enable it to penetrate the market even further and more comprehensively. In addition, the increasing complexity of IT is stretching smaller integrated systems providers to the limits of their capabilities and as such could result in the CANCOM Group gaining new clients and orders – with positive impacts on the IT solutions and cloud solutions business.

In the past year, the Executive Board set the course for further growth and good performance in the future. CANCOM focuses on profitable business in the traditional IT environment and withdraws without hesitation from low-growth, declining areas or those that the Executive Board considers not to be sustainable. The IT solutions and cloud solutions operating segments benefit from each other's business, due to the interactions between the CANCOM units across the Group and the fact that the provision of integrated solutions for clients usually requires input from both areas.

CANCOM has significantly expanded its market presence and improved its client proximity in the German-speaking area. The Group is represented all over Germany and Austria by its many service and consulting locations. It also has subsidiaries in Switzerland and the U.S.A. as well as a representative office in Brussels, Belgium. CANCOM intends to continue strengthening its market position, partly through selective acquisitions, while taking advantage of market and cost synergies. The highly fragmented service provider landscape, particularly in the IT environment in the German-speaking area, continues to offer favorable conditions for CANCOM to act as a market consolidator.

The CANCOM is planning to implement the SAP ERP system throughout the Group. Owing to the complexity and scale of the project, there may be delays in implementing the project. Additionally, the changeover to the new system may have a negative impact on business performance in the short term if, for instance, business organization and governance are affected, processes do not take place correctly, resources are misused or sales activities are held in check. To avoid negative impacts, particularly on the traditionally strong year-end business, the system changeover planned for 2017 has been postponed until the fiscal year 2018.

In the fiscal year 2017, significant investments will be made in the construction of extensions to the logistics and services factory at the company's location in Jettingen-Scheppach, Germany.

Against the background of the Group's positive performance in fiscal 2016 and in view of its favorable positioning in the growing markets of cloud computing and associated trends in the IT market as a whole, the Executive Board expects further growth and an improvement in sales revenues and profits if the demand for IT products remains steady.

Currently unforeseen events could influence the anticipated performance of both the Group as a whole and of the reportable segments, IT solutions and cloud solutions. Even foreseeable events such as the Group-wide implementation of the SAP ERP system and the connected system migrations could have negative impacts.

The Executive Board currently expects a further increase in the sales revenues and gross profit of the Group as a whole in the fiscal year 2017. The growth of the CANCOM Group should continue to exceed the growth of the German IT market. The Executive Board expects the CANCOM Group's EBITDA to increase further in the fiscal year 2017, in line with the organic growth. For information concerning the anticipated performance of the Group and its operating segments in 2017, please see the forecast section of the annual report for 2016, starting on page 50.

Munich, Germany, November 2017

CANCOM SE

The Executive Board

**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 | Sep. 30, 2017  | Dec. 31, 2016  | Sep. 30, 2016  |
|---|-------|----------------|----------------|----------------|
| <b>Current assets</b>                             |       |                |                |                |
| Cash and cash equivalents                         |       | 67,736         | 63,590         | 52,461         |
| Assets held for sale                              |       | 360            | 360            | 0              |
| Trade accounts receivable                         |       | 199,957        | 182,433        | 142,771        |
| Other current financial assets                    | B.1.  | 15,396         | 96,062         | 78,254         |
| Inventories                                       |       | 34,787         | 22,524         | 28,102         |
| Contracts in progress                             |       | 904            | 417            | 833            |
| Prepaid expenses and other current assets         | B.2.  | 6,420          | 5,377          | 5,748          |
| <b>Total current assets</b>                       |       | <b>325,560</b> | <b>370,763</b> | <b>308,169</b> |
| <b>Non-current assets</b>                         |       |                |                |                |
| Property, plant and equipment (tangible assets)   |       | 56,805         | 44,147         | 42,313         |
| Intangible assets                                 |       | 55,388         | 28,307         | 27,547         |
| Goodwill  |       | 113,915        | 73,230         | 72,443         |
| Long-term financial assets                        |       | 5,385          | 795            | 165            |
| Investments accounted for using the equity method |       | 589            | 501            | 523            |
| Loans   |       | 1,309          | 1,912          | 2,306          |
| Other non-current financial assets                |       | 6,505          | 12,716         | 6,279          |
| Deferred taxes arising from temporary differences | B.3.  | 2,663          | 2,665          | 2,138          |
| Deferred taxes arising from tax loss carryforward | B.3.  | 655            | 1,605          | 1,995          |
| Other assets                                      |       | 1,372          | 1,157          | 1,256          |
| <b>Total non-current assets</b>                   |       | <b>244,586</b> | <b>167,035</b> | <b>156,965</b> |
| <b>Total assets</b>                               |       | <b>570,146</b> | <b>537,798</b> | <b>465,134</b> |

**EQUITY AND LIABILITIES**

| (in € 000)  | Notes | Sep. 30, 2017  | Dec. 31, 2016  | Sep. 30, 2016  |
|---|-------|----------------|----------------|----------------|
| <b>Current liabilities</b>  |       |                |                |                |
| Short-term loans and current portion of long-term loans                             |       | 1,038          | 1,922          | 2,449          |
| Convertible bonds   | B.7.  | 14,180         | 0              | 0              |
| Profit-participation capital and subordinated loans - short-term portion            |       | 1,557          | 633            | 619            |
| Trade accounts payable  |       | 132,115        | 127,047        | 76,685         |
| Prepayments received  |       | 4,729          | 5,349          | 4,332          |
| Other current financial liabilities   | B.4.  | 6,328          | 6,425          | 6,712          |
| Provisions  | B.5.  | 3,248          | 4,883          | 5,720          |
| Deferred income   |       | 4,400          | 3,946          | 3,006          |
| Income tax liabilities  |       | 8,715          | 10,244         | 6,950          |
| Other current liabilities   | B.6.  | 21,233         | 27,294         | 20,627         |
| Liabilities in connection with assets held for sale                                 |       | 770            | 772            | 0              |
| <b>Total current liabilities</b>  |       | <b>198,313</b> | <b>188,515</b> | <b>127,100</b> |
| <b>Non-current liabilities</b>  |       |                |                |                |
| Long-term loans   |       | 1,533          | 2,081          | 2,279          |
| Convertible bonds   | B.7.  | 0              | 41,778         | 41,438         |
| Profit-participation rights and subordinated loans                                  |       | 3,548          | 4,457          | 4,534          |
| Deferred income   |       | 2,518          | 2,316          | 3,000          |
| Deferred taxes arising from temporary differences                                   | B.8.  | 13,676         | 7,550          | 7,063          |
| Pension provisions  |       | 2,012          | 1,942          | 1,807          |
| Other non-current financial liabilities   | B.9.  | 664            | 629            | 732            |
| Other non-current liabilities   | B.5.  | 8,968          | 3,451          | 3,258          |
| <b>Total non-current liabilities</b>  |       | <b>32,919</b>  | <b>64,204</b>  | <b>64,111</b>  |
| <b>Equity</b>   |       |                |                |                |
| Capital stock   |       | 17,264         | 16,368         | 16,368         |
| Capital reserves  |       | 212,052        | 173,935        | 173,936        |
| Net retained profit/net accumulated loss (incl. revenue reserves)                   |       | 107,611        | 91,263         | 80,804         |
| Equity capital difference due to currency translation and exchange rate differences |       | -42            | 1,571          | 882            |
| Non-controlling interests   |       | 2,029          | 1,942          | 1,933          |
| <b>Total equity</b>   |       | <b>338,914</b> | <b>285,079</b> | <b>273,923</b> |
| <b>Total equity and liabilities</b>   |       | <b>570,146</b> | <b>537,798</b> | <b>465,134</b> |

## CONSOLIDATED STATEMENT OF INCOME

| (in € 000)  | Notes | Q3                     |                        | 9 months               |                        |
|---|-------|------------------------|------------------------|------------------------|------------------------|
|   |       | Jul. 1 - Sep. 30, 2017 | Jul. 1 - Sep. 30, 2016 | Jan. 1 - Sep. 30, 2017 | Jan. 1 - Sep. 30, 2016 |
| Sales revenues  |       | 273,059                | 225,530                | 808,978                | 717,715                |
| Other operating income  | D.1.  | 463                    | 1,220                  | 1,492                  | 2,263                  |
| Other own work capitalized  |       | 678                    | 446                    | 1,532                  | 1,483                  |
| <b>Total revenue</b>  |       | <b>274,200</b>         | <b>227,196</b>         | <b>812,002</b>         | <b>721,461</b>         |
| Cost of purchased materials and services  |       | -196,163               | -157,332               | -583,623               | -508,730               |
| <b>Gross profit</b>   |       | <b>78,037</b>          | <b>69,864</b>          | <b>228,379</b>         | <b>212,731</b>         |
| Human resources expenses  | D.2.  | -46,845                | -42,924                | -141,257               | -132,476               |
| Amortization and write-downs of intangible assets, and depreciation and write-downs of tangible assets                  |       | -6,427                 | -5,453                 | -16,680                | -15,986                |
| Other operating expenses  | D.3.  | -11,100                | -9,786                 | -31,615                | -30,013                |
| <b>Operating result</b>   |       | <b>13,665</b>          | <b>11,701</b>          | <b>38,827</b>          | <b>34,256</b>          |
| Interest and similar income   |       | 94                     | 141                    | 472                    | 456                    |
| Interest and other expenses   |       | -611                   | -872                   | -2,147                 | -2,504                 |
| Other financial result: income  |       | -2                     | 1,343                  | 52                     | 1,343                  |
| Other financial result: expenses  |       | -371                   | -1                     | -373                   | -232                   |
| Share of profit/loss from associated companies accounted for using the equity method                                    |       | 0                      | -5                     | 98                     | 72                     |
| Currency translation gains/losses   |       | -8                     | -16                    | -9                     | -170                   |
| <b>Earnings before taxes</b>  |       | <b>12,767</b>          | <b>12,291</b>          | <b>36,920</b>          | <b>33,221</b>          |
| Income taxes  | D.4.  | -4,681                 | -3,322                 | -12,234                | -10,160                |
| <b>Earnings after taxes from continuing operations</b>  |       | <b>8,086</b>           | <b>8,969</b>           | <b>24,686</b>          | <b>23,061</b>          |
| Earnings from discontinued operations   |       | 0                      | -7                     | -3                     | -7                     |
| <b>Net income/(loss) for the period</b>   |       | <b>8,086</b>           | <b>8,962</b>           | <b>24,683</b>          | <b>23,054</b>          |
| thereof attributable to the stockholders of the parent  |       | 8,070                  | 8,911                  | 24,550                 | 22,794                 |
| thereof attributable to non-controlling interests   | D.5.  | 16                     | 51                     | 133                    | 260                    |
| Average number of shares outstanding (basic)  |       | 16,480,224             | 16,367,531             | 16,443,072             | 16,025,410             |
| Average number of shares outstanding (diluted)  |       | 17,492,049             | 17,423,041             | 17,469,299             | 17,080,920             |
| <b>Earnings per share from continuing operations (basic) in €</b>   |       | <b>0.49</b>            | <b>0.54</b>            | <b>1.49</b>            | <b>1.42</b>            |
| <b>Earnings per share from continuing operations (diluted) in €</b>   |       | <b>0.49</b>            | <b>0.51</b>            | <b>1.47</b>            | <b>1.33</b>            |
| <b>Earnings per share from discontinued operations (basic) in €</b>   |       | <b>0.00</b>            | <b>-0.00</b>           | <b>-0.00</b>           | <b>-0.00</b>           |
| <b>Earnings per share from discontinued operations (diluted) in €</b>   |       | <b>0.00</b>            | <b>-0.00</b>           | <b>-0.00</b>           | <b>-0.00</b>           |
| <b>Earnings per share attributable to stockholders of the parent from net income/loss for the period (basic) in €</b>   |       | <b>0.49</b>            | <b>0.54</b>            | <b>1.49</b>            | <b>1.42</b>            |
| <b>Earnings per share attributable to stockholders of the parent from net income/loss for the period (diluted) in €</b> |       | <b>0.49</b>            | <b>0.51</b>            | <b>1.47</b>            | <b>1.33</b>            |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| (in € 000)   | Q3                        |                           | 9 months                  |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | Jul. 1 - Sep. 30,<br>2017 | Jul. 1 - Sep. 30,<br>2016 | Jan. 1 - Sep. 30,<br>2017 | Jan. 1 - Sep. 30,<br>2016 |
| <b>Net income/loss for the period</b>  | <b>8,086</b>              | <b>8,962</b>              | <b>24,683</b>             | <b>23,054</b>             |
| <b>Other comprehensive income</b>  |                           |                           |                           |                           |
| <b>Items possibly to be reclassified in profit or loss in subsequent periods</b> |                           |                           |                           |                           |
| Currency translation difference  | -656                      | -75                       | -2,340                    | -304                      |
| Exchange price differences - securities  | 0                         | 0                         | 0                         | 0                         |
| Income taxes   | 203                       | 23                        | 727                       | 94                        |
| <b>Items not to be reclassified in profit or loss</b>                            |                           |                           |                           |                           |
| Change in actuarial gains/losses from pensions                                   | -2                        | 0                         | 1                         | 0                         |
| Deferred taxes from change in actuarial gains/losses from pensions               | 1                         | 0                         | 0                         | 0                         |
| <b>Other comprehensive income for the period (after taxes)</b>                   | <b>-454</b>               | <b>-52</b>                | <b>-1,612</b>             | <b>-210</b>               |
| <b>Comprehensive income for the period</b>                                       | <b>7,632</b>              | <b>8,910</b>              | <b>23,071</b>             | <b>22,844</b>             |
| thereof attributable to stockholders of the parent                               | 7,616                     | 8,859                     | 22,938                    | 22,584                    |
| thereof attributable to non-controlling interests                                | 16                        | 51                        | 133                       | 260                       |

**CONSOLIDATED CASH FLOW STATEMENT**

| (in € 000)   | Jan. 1 - Sep. 30,<br>2017 | Jan. 1 - Sep. 30,<br>2016 |
|--|---------------------------|---------------------------|
| <b>Cash flow from ordinary activities</b>  |                           |                           |
| Profit for the year before tax and minority interest   | 36,920                    | 33,221                    |
| Adjustments  |                           |                           |
| + Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets | 16,680                    | 15,986                    |
| + Interest result and other financial result   | 1,996                     | 937                       |
| +/- Changes in long-term provisions  | 365                       | 139                       |
| +/- Changes in short-term provisions   | -108                      | -462                      |
| +/- Result from the sale of intangible assets, tangible assets and financial assets                                  | -249                      | -748                      |
| +/- Changes in inventories   | -11,762                   | -168                      |
| +/- Changes in accounts receivable from purchases and services, as well as other receivables                         | -9,741                    | 4,764                     |
| +/- Changes in accounts payable from purchases and services, as well as other payable                                | -4,884                    | -39,309                   |
| - Interest paid  | -189                      | -132                      |
| +/- Income tax paid and refunded   | -14,895                   | -5,106                    |
| +/- Non-cash expenses and income   | -98                       | -664                      |
| +/- Cash inflow/outflow from discontinued operations   | -3                        | -8                        |
| <b>Net cash from operating activities</b>  | <b>14,032</b>             | <b>8,450</b>              |
| <b>Cash flow from investing activities</b>   |                           |                           |
| +/- Acquisition of subsidiaries and equity instruments of other companies  | -52,604                   | -11,782                   |
| +/- Cash from acquisitions   | 3,591                     | 0                         |
| - Acquisition of long-term financial assets  | -4,519                    | -101                      |
| - Purchase of available-for-sale current financial assets  | 0                         | -70,000                   |
| - Payments for additions to intangible assets and tangible assets  | -29,345                   | -16,826                   |
| + Income from disposal of intangible assets, tangible assets and financial assets                                    | 1,619                     | 1,893                     |
| + Disposal of available-for-sale financial assets  | 84,000                    | 0                         |
| + Interest received  | 57                        | 45                        |
| + Dividends from companies accounted for using the equity method   | 10                        | 0                         |
| <b>Net cash used in investing activities</b>   | <b>2,809</b>              | <b>-96,771</b>            |
| <b>Cash flow from financing activities</b>   |                           |                           |
| +/- Income from the issue of subscribed capital  | 0                         | 66,214                    |
| +/- Capital increase costs   | -43                       | -1,429                    |
| - Repayment of long-term debt (incl. short-term portion)   | -819                      | -631                      |
| +/- Changes in short-term financial liabilities  | -1,118                    | 1,065                     |
| - Interest paid  | -646                      | -726                      |
| - Dividends paid   | -8,213                    | -8,274                    |
| +/- Receipts and payments for finance lease  | 88                        | -980                      |
| <b>Net cash used in financing activities</b>   | <b>-10,751</b>            | <b>55,239</b>             |
| <b>Net increase/decrease in cash and cash equivalents</b>  | <b>6,090</b>              | <b>-33,082</b>            |
| +/- Changes in value resulting from foreign currency exchange  | -1,944                    | -259                      |
| +/- Cash and cash equivalents at the beginning of the period   | 63,590                    | 85,802                    |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>67,736</b>             | <b>52,461</b>             |
| <i>Structure:</i>  |                           |                           |
| Cash   | 67,736                    | 52,461                    |
| Cash from discontinued operations  | 0                         | 0                         |
|  | <b>67,736</b>             | <b>52,461</b>             |



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|   | Shares        | Capital stock | Capital reserves | Revenue reserves | Currency translation reserves | Exchange rate price difference reserves | Reserves for changes in actuarial gains/<br>losses from pensions | Revaluation reserve | Net retained profits | Total investors of parent company | Minority interests | Total equity   |
|---|---------------|---------------|------------------|------------------|-------------------------------|---|--|---------------------|----------------------|-----------------------------------|--------------------|----------------|
|   | units'000     | in €'000      | in €'000         | in €'000         | in €'000                      | in €'000                                | in €'000   | in €'000            | in €'000             | in €'000                          | in €'000           | in €'000       |
| <b>January 1, 2016</b>  | <b>14,880</b> | <b>14,880</b> | <b>110,197</b>   | <b>38,067</b>    | <b>1,090</b>                  | <b>2</b>                                | <b>-217</b>  | <b>-153</b>         | <b>34,837</b>        | <b>198,703</b>                    | <b>5,584</b>       | <b>204,287</b> |
| Net income/(loss) for the period                                      |               |               |                  |                  |                               |   |  |                     | 33,365               | 33,365                            | 286                | 33,651         |
| Other comprehensive income  |               |               |                  |                  | 479                           | 0                                       | -129   |                     |                      | 350                               | 0                  | 350            |
| Comprehensive income  |               |               |                  |                  | 479                           | 0                                       | -129   |                     | 33,365               | 33,715                            | 286                | 34,001         |
| Capital increase  | 1,488         | 1,488         | 64,726           |                  |                               |   |  |                     |                      | 66,214                            |                    | 66,214         |
| Changes in reserves:<br>Capital increase costs                        |               |               | -988             |                  |                               |   |  |                     |                      | -988                              |                    | -988           |
| Transfer of net retained profit/net accumulated loss/revenue reserves |               |               |                  | 22,455           |                               |   |  |                     | -22,455              | 0                                 |                    | 0              |
| Distribution in fiscal year   |               |               |                  |                  |                               |   |  |                     | -8,184               | -8,184                            | -90                | -8,274         |
| Changes due to acquisition of non-controlling interests               |               |               |                  | -6,323           |                               |   |  |                     |                      | -6,323                            | -3,838             | -10,161        |
| <b>December 31, 2016</b>  | <b>16,368</b> | <b>16,368</b> | <b>173,935</b>   | <b>54,199</b>    | <b>1,569</b>                  | <b>2</b>                                | <b>-346</b>  | <b>-153</b>         | <b>37,563</b>        | <b>283,137</b>                    | <b>1,942</b>       | <b>285,079</b> |
| Other comprehensive income  |               |               |                  |                  |                               |   |  |                     | 24,550               | 24,550                            | 133                | 24,683         |
| Comprehensive income  |               |               |                  |                  | -1,613                        | 0                                       | 1  |                     |                      | -1,612                            | 0                  | -1,612         |
| Capital increase  |               |               |                  |                  | -1,613                        | 0                                       | 1  |                     | 24,550               | 22,938                            | 133                | 23,071         |
| Capital increase  | 896           | 896           | 38,147           |                  |                               |   |  |                     |                      | 39,043                            |                    | 39,043         |
| Changes in reserves:<br>Capital increase costs                        |               |               | -30              |                  |                               |   |  |                     |                      | -30                               |                    | -30            |
| 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            |
| <b>September 30, 2017</b>   | <b>17,264</b> | <b>17,264</b> | <b>212,052</b>   | <b>73,240</b>    | <b>-44</b>                    | <b>2</b>                                | <b>-345</b>  | <b>-153</b>         | <b>34,869</b>        | <b>336,885</b>                    | <b>2,029</b>       | <b>338,914</b> |

# Segment information – IFRS

| Segment information  | Cloud Solutions                    |                                    | IT Solutions                       |                                    |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|  | Jan. 1 - Sep. 30,<br>2017<br>€'000 | Jan. 1 - Sep. 30,<br>2016<br>€'000 | Jan. 1 - Sep. 30,<br>2017<br>€'000 | Jan. 1 - Sep. 30,<br>2016<br>€'000 |
| <b>Sales revenues</b>  |                                    |                                    |                                    |                                    |
| - External sales   | 124,819                            | 114,249                            | 684,101                            | 603,429                            |
| - Intersegment sales   | 2,292                              | 873                                | 4,117                              | 3,454                              |
| - Total sales revenues   | 127,111                            | 115,122                            | 688,218                            | 606,883                            |
|  |                                    |                                    |                                    |                                    |
| - Cost of purchased materials and services   | -63,957                            | -63,634                            | -525,680                           | -448,902                           |
| - Human resources costs  | -27,562                            | -24,569                            | -108,218                           | -102,497                           |
| - Other income and expenses  | -7,372                             | -5,349                             | -19,887                            | -20,156                            |
|  |                                    |                                    |                                    |                                    |
| <b>EBITDA</b>  | 28,220                             | 21,570                             | 34,433                             | 35,328                             |
|  |                                    |                                    |                                    |                                    |
| - Depreciation and amortization  | -6,156                             | -4,716                             | -10,355                            | -11,059                            |
|  |                                    |                                    |                                    |                                    |
| <b>Operating result (EBIT)</b>   | 22,064                             | 16,854                             | 24,078                             | 24,269                             |
|  |                                    |                                    |                                    |                                    |
| - Interest income  | 236                                | 212                                | 211                                | 231                                |
| - Interest expenses  | -37                                | -2                                 | -2,091                             | -1,749                             |
| - Other financial income   | 0                                  | 0                                  | 52                                 | 1,343                              |
| - Other financial expenses   | 0                                  | 0                                  | 0                                  | -227                               |
| - Share in profit or loss of associated companies accounted for by using the equity method | 98                                 | 72                                 | 0                                  | 0                                  |
|  |                                    |                                    |                                    |                                    |
| Result from ordinary activities  | 22,361                             | 17,136                             | 22,250                             | 23,867                             |
|  |                                    |                                    |                                    |                                    |
| - Foreign currency exchange differences  |                                    |                                    |                                    |                                    |
|  |                                    |                                    |                                    |                                    |
| Earnings before taxes  | 22,361                             | 17,136                             | 22,250                             | 23,867                             |
|  |                                    |                                    |                                    |                                    |
| - Income taxes   |                                    |                                    |                                    |                                    |
| - Discontinued operations  | -3                                 | -7                                 | 0                                  | 0                                  |
|  |                                    |                                    |                                    |                                    |
| <b>Consolidated net income for the year</b>  |                                    |                                    |                                    |                                    |
|  |                                    |                                    |                                    |                                    |
| thereof attributable to stockholders of the parent   |                                    |                                    |                                    |                                    |
| thereof attributable to non-controlling interests  |                                    |                                    |                                    |                                    |

| Totals                             |                                    | Other entities                     |                                    | Reconciliation                     |                                    | Consolidated                       |                                    |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Jan. 1 - Sep. 30,<br>2017<br>€'000 | Jan. 1 - Sep. 30,<br>2016<br>€'000 | Jan. 1 - Sep. 30,<br>2017<br>€'000 | Jan. 1 - Sep. 30,<br>2016<br>€'000 | Jan. 1 - Sep. 30,<br>2017<br>€'000 | Jan. 1 - Sep. 30,<br>2016<br>€'000 | Jan. 1 - Sep. 30,<br>2017<br>€'000 | Jan. 1 - Sep. 30,<br>2016<br>€'000 |
| 808,920                            | 717,678                            | 58                                 | 37                                 |                                    |                                    |                                    |                                    |
| 6,409                              | 4,327                              | 0                                  | 1                                  | -6,409                             | -4,328                             |                                    |                                    |
| 815,329                            | 722,005                            | 58                                 | 38                                 | -6,409                             | -4,328                             | 808,978                            | 717,715                            |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| -589,637                           | -512,536                           | 0                                  | 0                                  | 6,014                              | 3,806                              | -583,623                           | -508,730                           |
| -135,780                           | -127,066                           | -5,477                             | -5,410                             | 0                                  | 0                                  | -141,257                           | -132,476                           |
| -27,259                            | -25,505                            | -1,727                             | -1,284                             | 395                                | 522                                | -28,591                            | -26,267                            |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| 62,653                             | 56,898                             | -7,146                             | -6,656                             | 0                                  | 0                                  | 55,507                             | 50,242                             |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| -16,511                            | -15,775                            | -169                               | -211                               | 0                                  | 0                                  | -16,680                            | -15,986                            |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| 46,142                             | 41,123                             | -7,315                             | -6,867                             | 0                                  | 0                                  | 38,827                             | 34,256                             |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| 447                                | 443                                | 1,498                              | 935                                | -1,473                             | -922                               | 472                                | 456                                |
| -2,128                             | -1,751                             | -1,492                             | -1,675                             | 1,473                              | 922                                | -2,147                             | -2,504                             |
| 52                                 | 1,343                              | 0                                  | 0                                  | 0                                  | 0                                  | 52                                 | 1,343                              |
| 0                                  | -227                               | -373                               | -5                                 | 0                                  | 0                                  | -373                               | -232                               |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| 98                                 | 72                                 | 0                                  | 0                                  | 0                                  | 0                                  | 98                                 | 72                                 |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| 44,611                             | 41,003                             | -7,682                             | -7,612                             | 0                                  | 0                                  | 36,929                             | 33,391                             |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
|                                    |                                    |                                    |                                    | -9                                 | -170                               | -9                                 | -170                               |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| 44,611                             | 41,003                             | -7,682                             | -7,612                             | -9                                 | -170                               | 36,920                             | 33,221                             |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
|                                    |                                    |                                    |                                    | -12,234                            | -10,160                            | -12,234                            | -10,160                            |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| -3                                 | -7                                 | 0                                  | 0                                  | 0                                  | 0                                  | -3                                 | -7                                 |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
|                                    |                                    |                                    |                                    |                                    |                                    | <b>24,683</b>                      | <b>23,054</b>                      |
|                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
|                                    |                                    |                                    |                                    |                                    |                                    | 24,550                             | 22,794                             |
|                                    |                                    |                                    |                                    |                                    |                                    | 133                                | 260                                |

## 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') were drawn up according to the International Financial Reporting Standards (IFRS) and/or the International Accounting Standards (IAS) in the fiscal year 2017.

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 presented in a condensed form 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 our website ([www.cancom.de](http://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 period January 1 to September 30, 2017

With a contract for purchase and transfer of shares dated May 30, 2017, CANCOM SE acquired the entirety of shares (10,000) of Antauris-Aktiengesellschaft with registered office in Hamburg, Germany. The nominal value of the shares amounted to € 500,000 and the purchase price was € 6,000,000. Incidental acquisition costs of € 136 thousand were incurred in the first nine months of the current year and recognized under other operating expenses in the statement of income.

Antauris-Aktiengesellschaft operates Germany-wide as an integrated IT service provider and consulting company, service partner and vendor of system-level enterprise applications in the area of data center solutions. This company possesses specialized know and has many years of experience in such areas as IT security, managed services, storage and network management, as well as data center structures and virtualization. The company has 100 staff members and achieved revenues of approximately € 38 million in 2016.

The company was first included in the consolidated financial statements on July 1, 2017.

Change in reporting entity in 2017:

| Name and registered office of company         | Date from which first included in the consolidated financial statements | Stock-holding (in percent) | Voting rights (in percent) |
|---|---|----------------------------|----------------------------|
| Antauris-Aktiengesellschaft, Hamburg, Germany | July 1, 2017  | 100                        | 100                        |

The preliminary figures in the table below show the impact on the consolidated financial statements of the change in the reporting entity as at July 1, 2017, the date from which Antauris-Aktiengesellschaft was included in the consolidated financial statements.

|   | Fair value<br>€'000 | Carrying amount<br>€'000 |
|---|---------------------|--------------------------|
| Cash and cash equivalents                               | 510                 | 510                      |
| Trade accounts receivable                               | 3,850               | 3,850                    |
| Other current financial assets                          | 303                 | 303                      |
| Inventories   | 546                 | 546                      |
| Contracts in progress                                   | 160                 | 160                      |
| Prepaid expenses and other current assets               | 378                 | 378                      |
| <b>Current assets</b>                                   | <b>5,747</b>        | <b>5,747</b>             |
| Property, plant and equipment (tangible assets)         | 171                 | 171                      |
| Intangible assets                                       | 2,031               | 20                       |
| Long-term financial assets                              | 73                  | 73                       |
| Other financial assets                                  | 21                  | 21                       |
| Deferred taxes arising from temporary differences       | 91                  | 0                        |
| Other assets  | 71                  | 71                       |
| <b>Non-current assets</b>                               | <b>2,458</b>        | <b>356</b>               |
| <b>Total assets</b>                                     | <b>8,205</b>        | <b>6,103</b>             |
| Short-term loans and current portion of long-term loans | 19                  | 19                       |
| Trade accounts payable                                  | 3,773               | 3,773                    |
| Prepayments received                                    | 404                 | 404                      |
| Other current financial liabilities                     | 22                  | 22                       |
| Deferred income   | 663                 | 663                      |
| Income tax liabilities                                  | 21                  | 21                       |
| Other current liabilities                               | 414                 | 414                      |
| <b>Current liabilities</b>                              | <b>5,316</b>        | <b>5,316</b>             |
| Long-term loans   | 52                  | 52                       |
| Deferred taxes  | 646                 | 0                        |
| Pension provisions                                      | 3                   | 3                        |
| Other non-current liabilities                           | 7                   | 7                        |
| <b>Non-current liabilities</b>                          | <b>708</b>          | <b>62</b>                |
| <b>Total liabilities</b>                                | <b>6,024</b>        | <b>5,378</b>             |
| <b>Net assets acquired</b>                              | <b>2,181</b>        | <b>725</b>               |

The acquisition of the company resulted in goodwill of € 3,820 thousand (preliminary figure), which is not tax-deductible.

The main reasons for the acquisition itself and the recognition of goodwill derive from the expansion of business activities in northern Germany.

The sales revenues of Antauris-Aktiengesellschaft included in the consolidated sales revenues since the date of acquisition amount to € 7,351 thousand, and the loss included in the consolidated profit amounts to € 148 thousand.

With a contract for purchase and transfer of shares dated June 22, 2017, CANCOM SE acquired 81.47 percent of the shares of Synaix Gesellschaft für angewandte Informations-Technologien mbH, nominally valued at € 407,350, and all shares in synaix Service GmbH, nominally valued at € 25 thousand. The companies have their registered offices in Aachen, Germany. The acquisition price for synaix Service GmbH is € 34 thousand, and the consideration due for Synaix Gesellschaft für angewandte Informations-Technologien mbH comprises a fixed cash price component of € 43,966 thousand and a variable earn-out component of € 5,991 thousand (preliminary fair value figure).

With a contract for contribution and assignment dated June 22, 2017, CANCOM SE acquired 18.53 percent of the shares of Synaix Gesellschaft für angewandte Informations-Technologien mbH based in Aachen. The nominal value of the shares amounts to € 92,650. The purchase price of € 10,000 thousand is paid by issuing new no-par value shares to the seller as a contribution in kind from the authorized capital of CANCOM SE. The new shares are admitted to trading at the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse, FWB). A total of 185,714 no-par value shares at a price of € 53,846 each will be issued. Incidental acquisition costs of € 202 thousand were incurred in the first nine months of the year and recognized under other operating expenses in the statement of income.

The Synaix Group is an IT service provider with an integrated portfolio of solutions for digital transformation services. In the service areas of standard IT, managed IT and digital process hosting, the Synaix Group operates the digital core processes of clients in a variety of industries, based on the 'as a service' model, and performs IT services in its own or external data centers. The Synaix Group currently employs 80 persons, and, in fiscal 2016, the Group generated sales revenues of € 13.7 million and a profit margin in the mid double digits.

The company was first included in the consolidated financial statements on July 21, 2017.

Change in the reporting entity in 2017:

| Name and registered office of company                                    | Date from which first included in the consolidated financial statements | Stock-holding (in percent) | Voting rights (in percent) |
|--|---|----------------------------|----------------------------|
| Synaix Gesellschaft für angewandte Informations-Technologien mbH, Aachen | July 21, 2017   | 100                        | 100                        |
| synaix Service GmbH, Aachen  | July 21, 2017   | 100                        | 100                        |

The preliminary figures in the table below show the impact on the consolidated financial statements of the change in the reporting entity as at July 21, 2017, the date from which the Synaix group was included in the consolidated financial statements.

|   | Fair value<br>€'000 | Carrying amount<br>€'000 |
|---|---------------------|--------------------------|
| Cash and cash equivalents                       | 3,081               | 3,081                    |
| Trade accounts receivable                       | 2,607               | 2,607                    |
| Other current financial assets                  | 4                   | 4                        |
| Prepaid expenses and other current assets       | 226                 | 226                      |
| <b>Current assets</b>                           | <b>5,918</b>        | <b>5,918</b>             |
| Property, plant and equipment (tangible assets) | 628                 | 628                      |
| Intangible assets                               | 25,134              | 31                       |
| Other financial assets                          | 5                   | 5                        |
| Other assets                                    | 54                  | 54                       |
| <b>Non-current assets</b>                       | <b>25,821</b>       | <b>718</b>               |
| <b>Total assets</b>                             | <b>31,739</b>       | <b>6,636</b>             |
| Trade accounts payable                          | 268                 | 268                      |
| Other current financial liabilities             | 86                  | 86                       |
| Provisions                                      | 152                 | 152                      |
| Deferred income                                 | 17                  | 17                       |
| Income tax liabilities                          | 618                 | 618                      |
| Other current liabilities                       | 644                 | 644                      |
| <b>Current liabilities</b>                      | <b>1,785</b>        | <b>1,785</b>             |
| Deferred taxes                                  | 8,148               | 0                        |
| <b>Non-current liabilities</b>                  | <b>8,148</b>        | <b>0</b>                 |
| <b>Total liabilities</b>                        | <b>9,933</b>        | <b>1,785</b>             |
| <b>Net assets acquired</b>                      | <b>21,806</b>       | <b>4,851</b>             |

The acquisition of the company resulted in goodwill of 38,185 thousand (preliminary figure), which is not tax-deductible. The main reasons for the acquisition itself and the recognition of a goodwill value derive from a broader client base in connection with the 'IT as a service' business along with cloud and managed services as well as further expansion of our positioning as a digital transformation partner.

The sales revenues of the Synaix group included in the consolidated sales revenues since the date of acquisition amount to € 2,568 thousand, and the profit included in the consolidated profit amounts to € 206 thousand.

CANCOM SE has taken over selected portions of the company assets (the client list, orders in hand, and property, plant and equipment/tangible assets) as well as the staff of forwerths GmbH through its subsidiary CANCOM GmbH. The takeover is documented in a contract of sale dated July 31, 2017, and became effective on August 8, 2017. A purchase price of € 330 thousand was agreed.

Incidental acquisition costs of € 11 thousand were incurred in connection with the asset deal. These are disclosed under other operating expenses.

The following assets were acquired under the asset deal (taking into account deferred taxes):

|   | <b>Fair value<br/>€'000</b> |
|---|-----------------------------|
| Property, plant and equipment (tangible assets)     | 23                          |
| Intangible assets                                   | 104                         |
| Deferred taxes resulting from temporary differences | 34                          |
| <b>Non-current assets</b>                           | <b>161</b>                  |
| <b>Total assets</b>                                 | <b>161</b>                  |
| Deferred taxes                                      | 30                          |
| <b>Non-current liabilities</b>                      | <b>30</b>                   |
| <b>Total liabilities</b>                            | <b>30</b>                   |
| <b>Net assets acquired</b>                          | <b>131</b>                  |

The acquisition gave rise to goodwill of € 199 thousand. The main reason for the acquisition itself, and for recognizing goodwill, was to strengthen CANCOM's expertise in the digitization of business processes – especially in the Microsoft environment – in the area of Stuttgart and entire southwestern region of Germany.

Mergers in the period from January 1 to September 30, 2017

Verioplan GmbH has been merged into CANCOM VVM GmbH. The merger is documented in a contract dated April 26, 2017. The merger was recorded in the commercial register of CANCOM VVM GmbH on May 2, 2017.

Antauris-Aktiengesellschaft has been merged into CANCOM GmbH. The merger is documented in a contract dated August 7, 2017. The merger was recorded in the commercial register of CANCOM GmbH on September 1, 2017.

### 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 mainly includes bonuses due from suppliers (€ 5,294 thousand), claims to the payment of a purchase price relating to lease projects (€ 4,590 thousand), receivables from banks (€ 4,000 thousand), marketing revenue (€ 934 thousand), creditors with a debit balance (€ 225 thousand), claims to the payment of a purchase price from the disposal of companies (€ 200 thousand), and receivables from staff (€ 151 thousand).

### 2. Prepaid expenses and other current assets

This item mainly consists of other current assets such as tax refunds (€ 1,012 thousand), commission income (€ 270 thousand), insurance refunds (€ 215 thousand) and receivables from social insurance institutions (€ 114 thousand).

Prepaid expenses (€ 4,644 thousand) include deferred insurance premiums and expenses paid in advance.

### 3. Deferred tax assets

Deferred tax assets are as follows:

| Deferred taxes from  | temporary differences<br>€'000 | tax losses carryforwards<br>€'000 |
|--|--------------------------------|-----------------------------------|
| As at January 1, 2017  | 2,665                          | 1,605                             |
| Addition owing to recognition due to initial consolidation                                     | 34                             | 91                                |
| Addition owing to recognition of actuarial losses from pension provisions, directly in equity* | 1                              | 0                                 |
| Tax income/expense acc. to profit and loss statement   | -18                            | -1,041                            |
| Currency exchange gains/losses *   | -19                            | 0                                 |
| <b>As at September 30, 2017</b>  | <b>2,663</b>                   | <b>655</b>                        |

\* directly recognized in equity

As at September 30, 2017, the CANCOM Group had tax loss carryovers of € 1.3 million and trade tax loss carryovers of € 2.7 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 divergences in intangible assets (€ 611 thousand), property, plant and equipment/tangible assets (€ 566 thousand), pension provisions (€ 470 thousand), other financial liabilities (€ 371 thousand), other provisions (€ 219 thousand), intragroup payables (€ 202 thousand) and other liabilities (€ 201 thousand).

### 4. Other current financial liabilities

Other current financial liabilities include liabilities to former affiliated companies (€ 2,778 thousand), debtors with a credit balance (€ 2,349 thousand), outstanding bills of charge (€ 578 thousand), leasing purchase price liabilities (€ 325 thousand), Supervisory Board remuneration (€ 211 thousand) and rent obligations (€ 87 thousand).

### 5. Other provisions

Provisions mainly include the variable component of the purchase price for shares in affiliated entities (€ 6,873 thousand), guarantees and warranties (€ 1,904 thousand), copyright fees (€ 1,198 thousand), interest expenses (€ 534 thousand), anniversaries (€ 384 thousand), contingent risks (€ 354 thousand), termination payments (€ 238 thousand), financial statement costs (€ 165 thousand), decommissioning and restoration liabilities (€ 137 thousand), legal costs (€ 243 thousand), archiving costs (€ 100 thousand).

Total provisions comprise long-term provisions of € 8,968 thousand, which are recognized under other non-current liabilities. These are mainly for contingent purchase price provisions (€ 6,138 thousand), copyright fees (€ 1,198 thousand), guarantees and warranties (€ 981 thousand), anniversaries (€ 384 thousand), termination payments, for which a provision is legally mandatory in Austria (€ 154 thousand) and archiving costs (€ 80 thousand).

### 6. Other current liabilities

Other current liabilities mainly include staff bonus payments (€ 8,199 thousand), holiday and overtime entitlements (€ 4,881 thousand), sales tax (€ 3,741 thousand), tax on salaries and church tax (€ 2,585 thousand), employers' liability insurance association (€ 574 thousand), wages and salaries (€ 519 thousand), compensation levy for non-employment of the severely handicapped (€ 223 thousand), interest liabilities (€ 198 thousand) and social security contributions (€ 150 thousand).

### 7. Convertible bonds

CANCOM SE issued a convertible bond for a total nominal amount of € 45,000 thousand in March 2014. The bond matures in March 2019 and can be converted into a total of up to 1,055,510 new no-par value bearer shares in CANCOM SE. The denomination per unit is € 100,000. The initial conversion price was € 42.6334 per share. The conversion ratio was therefore 2,345.5788 shares per bond at the relevant nominal amount of € 100,000. The conversion right for the bonds can be exercised throughout its term to maturity.

CANCOM SE was entitled to call in the convertible bond in accordance with section 5 (b) of the issuing conditions dated March 20, 2014 by notification to the bondholders, giving notice of at least 30 and at most 60 calendar days before the call redemption date stated in the notification. This was conditional upon the stock price (the volume-weighted average price in Xetra / Xetra closing price, in accordance with section 1 of the issuing conditions) amounting to at least 130 percent of the conversion price applicable on these trading days (since June 21, 2017: € 42.3297) on at least 20 trading days within a period of 30 consecutive trading days, ending not earlier than five trading days before publication of the notification. In the event that the convertible bond was called in, CANCOM SE had to repay the bondholders on the call redemption date. The bondholders have conversion rights. The exercising of the conversion right and the conversion period are set out in the issuing conditions.

The bond has a coupon of 0.875 percent. Interest was paid annually on March 27, starting on March 27, 2015.

For accounting reasons, the convertible bond is split into an equity component and a liability component.

CANCOM SE called in all the convertible bonds on September 5, 2017, and announced that they would be paid off on October 6, 2017 (the call redemption date). The last day on which holders of the convertible bond could exercise their conversion right was September 29, 2017. The 711,073 CANCOM shares delivered by September 30, 2017 resulted in an increase in the capital stock of € 711,073 as at the reporting date. After the expiry of the conversion period, holders of 410 convertible bonds with a nominal value of € 100,000 each converted their bonds into 968,574 CANCOM shares.

With regard to the remaining CANCOM shares not delivered until October (257,501 shares) and the convertible bonds not converted (40 at a nominal value of € 100,000 each), the carrying amounts of the liability component as at the reporting date amounted to € 14,180 thousand. The value of the equity component is € 1,968 thousand, which is recognized under capital reserves.

The convertible bonds not converted (40 bonds with a nominal value of € 100,000 each) were paid off by CANCOM SE on October 6, 2017.

An effective interest expense of € 1,183 thousand was recognized for the bond in the period from January 1 to September 30, 2017, and the nominal interest payments amounted to € 394 thousand.

## 8. Deferred tax liabilities

The deferred tax liabilities are as follows:

|  | €'000         |
|--|---------------|
| As at January 1, 2017  | 7,550         |
| Addition owing to recognition as a liability directly in equity, due to first inclusion in consolidated financial statements | 8,824         |
| Reversal due to conversion of convertible bonds, directly in equity*   | -55           |
| Tax income according to profit and loss statement  | -1,998        |
| Currency exchange gains/losses *   | -645          |
| <b>As at September 30, 2017</b>  | <b>13,676</b> |

\* directly recognized in equity

The deferred tax liabilities arise from deviations from the tax balance sheets. They are the result of the recognition and revaluation of intangible assets (€ 11,350 thousand), other financial assets (€ 629 thousand), software development costs (€ 599 thousand), goodwill (€ 445 thousand), property, plant and equipment/tangible assets (€ 364 thousand), loans to affiliated companies (€ 137 thousand), other financial liabilities (€ 45 thousand), prepaid expenses (€ 44 thousand), convertible bonds (€ 27 thousand), other provisions (€ 13 thousand), other current liabilities (€ 8 thousand), equity-accounted investments (€ 7 thousand), contracts in progress (€ 7 thousand), and long-term investments (€ 1 thousand).

Recognition is based on an individual tax rate of between 25 percent (Austrian subsidiary) and 39.83 percent (U.S. subsidiary).

## 9. Other non-current financial liabilities

Other non-current financial liabilities include rent obligations of € 348 thousand and purchase price liabilities of € 316 thousand.

## C. Segment information

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 (former PIRONET Datacenter AG & Co. KG), PIRONET Enterprise Solutions GmbH, Pironet AG, Synaix Gesellschaft für angewandte Informations-Technologien mbH, synaix Service GmbH, 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, NSG 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 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 according to client location |                                  | Sales revenue according to entity location |                                  |
|-----------------|--|----------------------------------|--|----------------------------------|
|                 | Jan. 1 to Sep. 30, 2017<br>€'000           | Jan. 1 to Sep. 30, 2016<br>€'000 | Jan. 1 to Sep. 30, 2017<br>€'000           | Jan. 1 to Sep. 30, 2016<br>€'000 |
| Germany         | 685,372                                    | 593,945                          | 721,052                                    | 640,629                          |
| Outside Germany | 123,606                                    | 123,770                          | 87,926                                     | 77,086                           |
| Group           | 808,978                                    | 717,715                          | 808,978                                    | 717,715                          |
|                 |  |                                  | Non-current assets                         |                                  |
|                 |  |                                  | Sep. 30, 2017<br>€'000                     | Sep. 30, 2016<br>€'000           |
| Germany         |  |                                  | 219,175                                    | 120,499                          |
| Outside Germany |  |                                  | 16,602                                     | 32,168                           |
| Group           |  |                                  | 235,777                                    | 152,667                          |

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:

|   | Jan. 1 to Sep. 30, 2017<br>€'000 | Jan. 1 to Sep. 30, 2016<br>€'000 |
|---|----------------------------------|----------------------------------|
| Rent  | 7                                | 1                                |
| Income not relating to the period                       | 790                              | 1,161                            |
| Negative goodwill arising from first-time consolidation | 0                                | 593                              |
| Government grants                                       | 464                              | 436                              |
| Compensation for damage                                 | 155                              | 4                                |
| Other operating income                                  | 76                               | 68                               |
| <b>Total</b>  | <b>1,492</b>                     | <b>2,263</b>                     |

## 2. Human resources expenses

The human resources expenses consist of the following:

|                               | Jan. 1 to<br>Sep. 30, 2017<br>€'000 | Jan. 1 to<br>Sep. 30, 2016<br>€'000 |
|-------------------------------|-------------------------------------|-------------------------------------|
| Wages and salaries            | 121,445                             | 113,773                             |
| Social security contributions | 19,485                              | 18,450                              |
| Pension expenses              | 327                                 | 253                                 |
| <b>Total</b>                  | <b>141,257</b>                      | <b>132,476</b>                      |

## 3. Other operating expenses

The other operating expenses consist of the following items:

|   | Jan. 1 to<br>Sep. 30,<br>2017<br>€'000 | Jan. 1 to<br>Sep. 30,<br>2016<br>€'000 |
|---|--|--|
| Premises costs                                | 7,878                                  | 7,839                                  |
| Insurance and other charges                   | 889                                    | 928                                    |
| Motor vehicle costs                           | 2,457                                  | 3,288                                  |
| Advertising costs                             | 1,658                                  | 1,747                                  |
| Stock exchange and entertainment costs        | 245                                    | 315                                    |
| Hospitality and traveling expenses            | 4,426                                  | 3,575                                  |
| Delivery costs                                | 2,654                                  | 2,384                                  |
| Third-party services                          | 2,421                                  | 1,574                                  |
| Repairs, maintenance, leasing                 | 2,641                                  | 2,049                                  |
| Communication and office costs                | 2,036                                  | 1,840                                  |
| Professional development and training costs   | 1,137                                  | 1,180                                  |
| Legal and consultancy costs                   | 1,737                                  | 1,366                                  |
| Fees and charges; costs of money transactions | 254                                    | 619                                    |
| Other operating expenses                      | 1,182                                  | 1,309                                  |
| <b>Total</b>                                  | <b>31,615</b>                          | <b>30,013</b>                          |

## 4. Income taxes

The rate of income tax for the German companies was 31.06 percent (2016: 30.95 percent). This is made up of corporate tax, trade tax and solidarity surcharge.

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

|   | Jan. 1 to<br>Sep. 30,<br>2017<br>€'000 | Jan. 1 to<br>Sep. 30,<br>2016<br>€'000 |
|---|--|--|
| <b>Profit before income taxes</b>   | <b>36,920</b>                          | <b>33,221</b>                          |
| <b>Expected tax expense at rate for German companies (31.06 percent; 2016: 30.95 percent)</b> | <b>11,467</b>                          | <b>10,282</b>                          |
| - Difference from tax paid outside Germany  | 155                                    | 108                                    |
| - Change in value adjustment of deferred tax assets on loss carryforwards                     | -117                                   | 0                                      |
| - Tax-exempt income/non tax-relevant losses on disposals                                      | 32                                     | 10                                     |
| - Actual income tax not relating to the period  | 211                                    | 46                                     |
| - Permanent differences   | -14                                    | -419                                   |
| - Non-deductible operating expenses as well as trade tax additions and deductions             | 481                                    | 55                                     |
| - Effects of tax rate changes   | -27                                    | 38                                     |
| - Miscellaneous   | 46                                     | 40                                     |
| <b>Total Group income tax expenses</b>  | <b>12,234</b>                          | <b>10,160</b>                          |

The actual tax rate is calculated as follows:

|                         | Jan. 1 to<br>Sep. 30, 2017<br>€'000 | Jan. 1 to<br>Sep. 30, 2016<br>€'000 |
|-------------------------|-------------------------------------|-------------------------------------|
| Profit before tax       | 36,920                              | 33,221                              |
| Income tax              | 12,234                              | 10,160                              |
| Actual tax expense rate | 33.14%                              | 30.58%                              |

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

|   | Jan. 1 to<br>Sep. 30, 2017<br>€'000 | Jan. 1 to<br>Sep. 30, 2016<br>€'000 |
|---|-------------------------------------|-------------------------------------|
| <b>Actual income tax expense</b>                    | 13,159                              | 10,515                              |
| <b>Deferred taxes:</b>                              |                                     |                                     |
| Assets  | 1,059                               | 1,248                               |
| Liabilities   | -1,998                              | -2,045                              |
|   | -939                                | -797                                |
| <b>Deferred taxes recognized directly in equity</b> | 14                                  | 442                                 |
| <b>Group income tax</b>                             | <b>12,234</b>                       | <b>10,160</b>                       |

## 5. Non-controlling interests

Minority interests account for 5.08 percent as at the beginning of the year and 5.04 percent as at the reporting date of the income for the period of Pironet AG subgroup (€ 133 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. Rudolf Hotter, the other Executive Board member, is also a related party for the purposes of IAS 24, as are the members of the Supervisory Board. Other related persons under IAS 24.9 b are:

- AL-KO SE 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 and its subsidiaries;
- Wild Consult LLC;
- Electronic Online Services GmbH; and
- Spacelab Invest 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 first nine months of 2017 were as follows: AL-KO Kober SE and its subsidiaries purchased goods/ services amounting to € 1,472 thousand (gross), of which € 123 thousand was outstanding at the balance sheet date.

No goods and services were purchased from related parties under IAS 24.

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

An overview of the stockholders is shown on page 9 of this interim report.

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

CANCOM SE did not receive written notice from any stockholder disclosing a majority stockholding as defined in Section 20 of the above Act in the first nine months of 2017.

**CANCOM SE**

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