CompuGroup Medical

Annual Report 2020

Synchronizing Healthcare

CompuGroup Medical

Our Vision

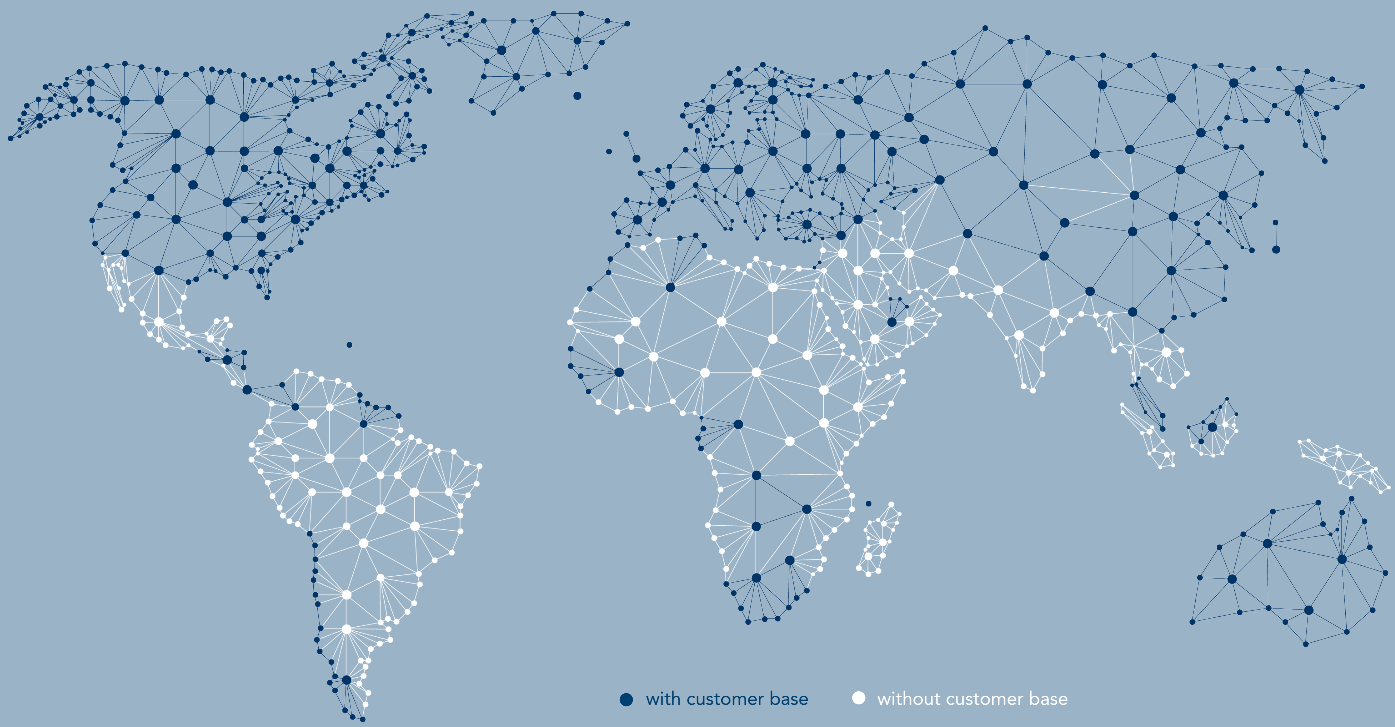
Nobody should suffer or die becau-se at some point **medical informati-on** was missing.

Frank Gotthardt – **Founder**

Table of contents

TABLE OF CONTENTS CONTINUED

More than 1.5 million professional users of our products worldwide

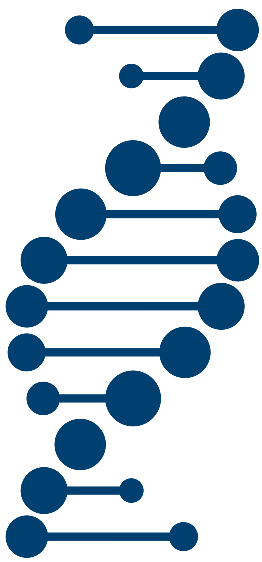


Sites:

Belgium **Germany** The Netherlands **Austria** Poland **Switzerland** Slovakia **Czech Republic** Denmark **Norway** Sweden **France** Italy **Spain** Romania **USA** South Africa **Turkey** India

Our unique customer base in eHealth

Physicians
Dentists
Hospitals
Rehabilitation & Care
Laboratories
Pharmacists
Citizens
Payers
Institutions
Industry



Revenues
837 mEUR

EBITDA adjusted
215 mEUR

EPS adjusted
1.90 EUR

Employees
>7.800

Digital transformation in healthcare enabling the patient journey

Ambulatory Information Systems

56 %*

Data that is available at all times provides a better and quicker overview – resulting in more time for patients

Pharmacy Information Systems

16 %*

Enabling responsible consultations, optimal processes and economic success

*Revenue share in total revenues as per previous segmentation

Digital transformation in healthcare enabling the patient journey

22 %* Hospital Information Systems

Intelligent management for quality, efficiency and growth

Paperless data management and easy access to important information for smooth workflows resulting in more time for people

6 %* Consumer & Health Management Information Systems

Smart solutions for patient empowerment based on an electronic health record platform with high data security

*Revenue share in total revenues as per previous segmentation

KEY FIGURES 2020

Ambulatory Information Systems	**467** Revenues (mEUR)	**37 %** Margin, adjusted
Hospital Information Systems	**135** Revenues (mEUR)	**28 %** Margin, adjusted
Pharmacy Information Systems	**187** Revenues (mEUR)	**17 %** Margin, adjusted
Consumer & Health Management Information Systems	**48** Revenues (mEUR)	**17 %** Margin, adjusted
CGM group	**837** Revenues (mEUR) of which 63% recurring	**26 %** Margin, adjusted

FOR OUR SHAREHOLDERS

Letter to the shareholders

„LOTS OF OTHER INDUSTRIES HAVE ALREADY BEEN DIGITIZED, IT IS NOW HAPPENING IN HEALTHCARE. WE CAN DRIVE INNOVATION.“

Dr. Dirk Wössner
Chief Executive Officer

Dear shareholders,

CGM is a great company, an extraordinary company.

And so, it is a great pleasure for me to be joining CGM as the new CEO, taking over from the legendary founder Frank Gotthardt as of January this year.

Why do I think that CGM is a great company? First of all, there is a clear and compelling vision: Nobody should suffer or die because at some point medical information was missing.

I like the long-term strategic view that comes with family-controlled companies and taking over from Frank Gotthardt is a privilege, a challenge, and a huge opportunity. I am sure we will remain closely aligned for the success of this company and for the benefit for its shareholders.

We are at the heart of digitization in healthcare, software & healthcare being a sweet spot in terms of attractive markets and industries. Lots of other industries have already been digitized, it is now happening in healthcare. We can drive innovation.

There are numerous growth opportunities ahead, driven by digitization, partly supported by regulation. The eye-opening study published by Bitkom and Hartmannbund at the beginning of 2021 provides clear facts: 82 percent of hospital-based physicians say we need more speed in building digital services for medicine. 80 % of physicians are convinced that by 2030 IT-based algorithms will warn of impending pandemics and be able to predict the incidence of infections.

How was 2020?
Let us take a look back at 2020 together. The year the COVID-19-pandemic changed the world – and our industry.

With our customers being health care professionals in practices, hospitals, laboratories, pharmacies and many more, the main priority was supporting them in the best possible way to cope with the challenges of this severe situation. Being an IT company and used to quick decision making and efficient execution certainly helped, moving the vast majority of employees to home office within 48 hours in the first lockdown.

I would like to take this opportunity here to thank everyone in the healthcare sector in this extreme situation that has lasted for almost a year now, many of them our customers.

Doctors, whether in hospitals or practices, nurses, medical staff, as well as people working overtime in the public health offices – a big thank you for your tireless efforts during this pandemic for all of our benefit!

At this time, CGM successfully managed operational challenges such as the massive ramp-up of video consultations and pioneering digital health apps. Regarding Telematics Infrastructure, CGM was again the first mover in next level digitization in healthcare: The first to receive regulatory approval for the connector upgrade to practices and hospitals, the first to supply pharmacies with TI

Letter to the shareholders continued

access and the first to offer the secure email communication KIM. In doing so, our highly dedicated teams lay the essential foundation for an integrated patient journey – the most important ingredient for an effective and efficient healthcare.

In addition, we doubled the number of consumers using our CGM LIFE powered service platform "Meine Gesundheitsservices" to over 400,000. Another crucial building block for a meaningful digital-enabled patient journey.

In the year 2020, CGM achieved record revenues of 837 million euros, an impressive increase by 12 %. The operating result (EBITDA adjusted) increased by 8 % to 215 million euros. The guidance, which was raised in August 2020, was achieved for all relevant KPIs on the group level.

And for you, valued shareholders, we had achieved a total shareholder return for the CGM share that has grown by an average of 19 % over the past 5 years and has been 138 % over those 5 years.

M&A
It was in this extraordinary year 2020 that the two largest acquisitions in company history to date were closed. Both transactions were strategic moves in each of their segments – AIS and HIS – adding relevant scale in key markets such as HIS in Germany and AIS in the United States.

M&A has always been a core element of the CGM growth story and will continue to be going forward. But there is also significant organic growth potential due to the excellent customer base we have among healthcare providers in our markets and due to the worldwide trend of increasing digitization in our sector. The pandemic has accelerated some of the developments even further.

2021 and beyond
CGM is set to master the next "S-curve". While retaining core elements of its competitiveness such as direct access to healthcare professionals, rapid entrepreneurial decision-making, as well as deep process and IT expertise, we will adapt some approaches and overcome old barriers to scale, compete in new growth arenas, and adapt emerging business models.

At the beginning of December, CGM announced the intention to step up investments significantly in 2021 to drive further growth. To that end, we are going to increase R&D expenses massively. We are also strengthening our marketing and distribution capabilities and adding technical experts and consultants.

With those investments, we are laying the ground for benefitting from several growth opportunities in the following years such as the increasing digitization of the patient journey. This requires easy-to-use and data-secure patient platforms. IT security is becoming increasingly important to many of our customers, driven partly by regulatory initiatives such as the 3rd digitization act and the Hospital Future Act. And providing cloud services is going to shape our business activities in the mid-term.

This year's investment program is geared towards further growth. We expect to reach 1 billion euros in revenues and an operating result (EBITDA adjusted) of 210 to 230 million euros in 2021.

We will continue our journey of growth, always as an innovative powerhouse leading the digitization of the patient journey. I look forward to your continued support in this endeavor.

Dear shareholders, thank you for your trust!

Dirk Wössner
CEO
25. März 2021

Share Information

The CompuGroup Medical shares are listed in the MDAX and TecDAX indices under the ticker symbol COP (FRA:COP). Since June 2020 they have been listed as registered shares in the Prime Standard of the Frankfurt Stock Exchange under the new securities identification number A28890 (ISIN DE000A288904). Trading takes place, for example, on the electronic securities trading system XETRA. 53,734,576 shares were outstanding as at December 31, 2020, each representing EUR 1.00 of the share capital:

Key data

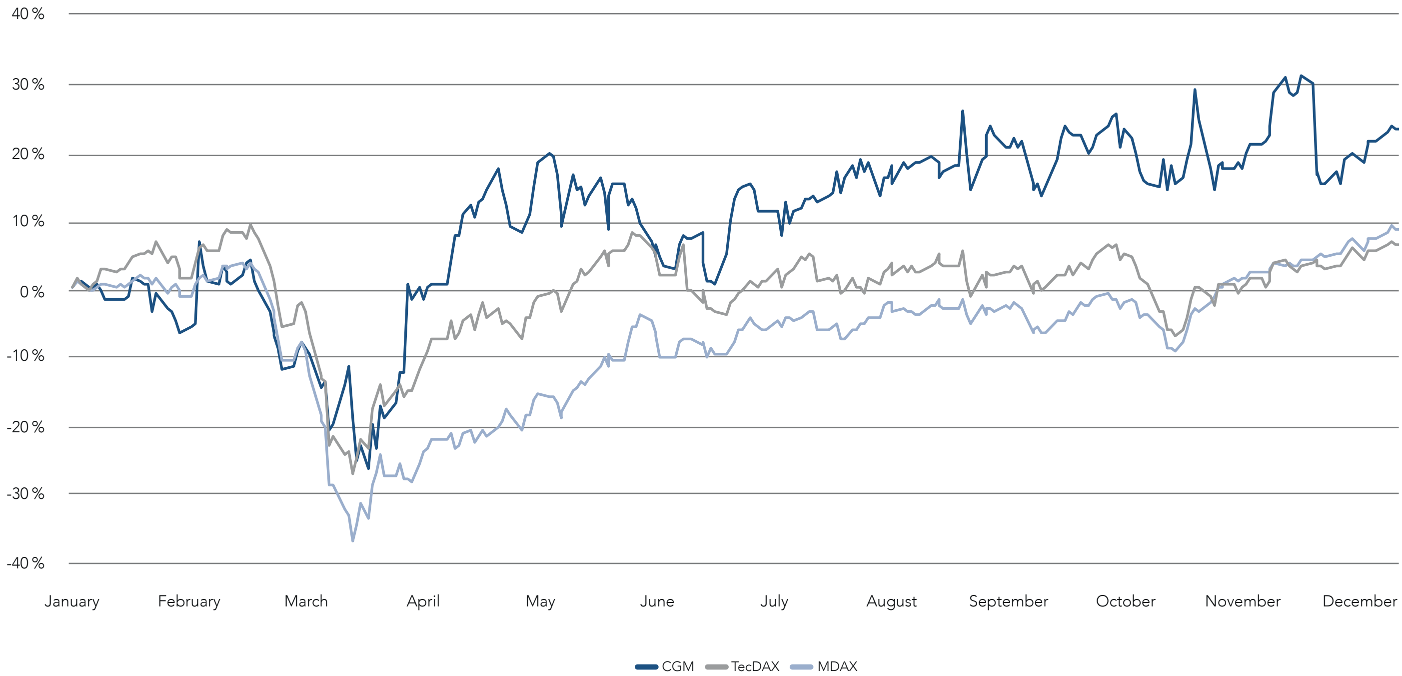
		2020	2019
Year-end price	EUR	78.60	63.75
Year high	EUR	83.50	74.80
Year low	EUR	47.04	37.64
Market capitalization*	mEUR	4,224	3,393
Earnings per share, adjusted	EUR	1.90	1.74
Dividend per share**	EUR	0.50	0.50

as of 31 December
*** 2020 as proposed to the Annual General Meeting*

Share price

In financial year 2020, the performance of the overall stock market as well as the performance of CGM shares were heavily impacted by the global COVID-19 pandemic. Having started the year with a share price of EUR 63.75, the CGM share price reached its low for the year at EUR 47.04 on March 23, 2020 shortly after the outbreak of the pandemic in Europe. After only a few weeks, in mid-April, the share price recovered to its pre-crisis level much faster than the market as a whole, and it continued its overall positive development through the rest of the year. The year high was reached on December 4, 2020 at EUR 83.50. The year-end closing price stood at EUR 78.60, which corresponds to a market capitalization of bnEUR 4.2. The CGM share price increased by 23.3 % in 2020, showing a significant outperformance versus the MDAX and TecDAX, which increased by 8.8 % and 6.6 %, respectively, over the same period.

Share price development in 2020 versus MDAX and TecDAX:



Share Information continued

Dividend

The total dividend payout in financial year 2020 amounted to mEUR 24.2. This corresponded to a dividend of EUR 0.50 per share. For financial year 2020, a dividend of EUR 0.50 per share will be proposed to the Annual General Meeting on May 19, 2021. Subject to the approval of the Annual General Meeting, the distribution will amount to mEUR 26.9. The total distribution amount stated above does not take into account any change in the number of shares entitled to dividends as a result of any capital measures and share buybacks. Based on the closing price for 2020 (EUR 78.60), this is equivalent to a dividend yield of 0.64 %.

New legal form of CompuGroup Medical SE & Co. KGaA

The conversion into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) became effective after the resolution of the Annual General Meeting of CompuGroup Medical SE on June 18, 2020. The change of legal form into a KGaA gives CompuGroup Medical SE & Co. KGaA the highest possible flexibility to finance future growth, while at the same time retaining the founding Gotthardt family as anchor shareholders in order to ensure the company's entrepreneurial vision and spirit. The general partner is "CompuGroup Medical Management SE", whose shareholders are indirectly the founder of the company, Frank Gotthardt and Professor Dr. Daniel Gotthardt.

Increase in share capital and share placement

The increase in share capital on June 22, 2020 raises the number of outstanding shares by 515,226 to 53,734,576 shares, at a nominal value of EUR 1.00 per share. At the same time, the total holding of 4,806,709 treasury shares was placed with qualified investors by way of an accelerated book building process at a placement price of EUR 64.00 each as at June 22, 2020. The increase in share capital and the sale of treasury shares were carried out to strengthen the equity base and support the further growth course and generated gross issue proceeds of mEUR 340.6. Both measures increased the free float to 50.01 %.

Shareholder structure

	Share in %
Frank Gotthardt (Founder and Chairman of the Administrative Board)	33.33
Prof. Dr. Daniel Gotthardt (Member of the Administrative Board)	6.65
Dr. Brigitte Gotthardt	6.29
Dr. Reinhard Koop	3.72
Free float (German Stock Exchange definition)	50.01

Investor Relations

The goal of investor relations activities is to provide investors and the capital markets with information that is comprehensive, relevant and precise at the same time.

The Investor Relations section on the company website (www.cgm.com/ir) provides comprehensive information such as financial reports, stock exchange information, relevant news as well as the financial calendar and company presentations. Conference calls for investors and analysts are held to upon the publication of quarterly and annual results. In September 2020, the Management Board presented the strategy for CGM at the annual Capital Markets Day. Due to the pandemic, the conference was held in virtual form and broadcasted live on the company website. The content is available on the website as an audio webcast or as a PDF download. CompuGroup Medical also participated in numerous international capital market conferences, which since the beginning of the pandemic have been held exclusively in virtual form as telephone or video conferences.

CompuGroup Medical's business performance was regularly followed by eight analysts. At the end of the year, with two buy recommendations, five hold recommendations and one sell recommendation.

Management Board

Dr. Dirk Wössner
Chief Executive Officer, CEO

Dirk Wössner was a member of the Board of Management of Deutsche Telekom AG until 2020, where he was responsibile for the business in Germany since January 1, 2018. Prior to that, he was responsible for the mobile and cable business with consu-mers at the Canadian market leader Rogers Communications since 2015. From 2002 to 2015, he held various management positions at Deutsche Telekom in Germany and England. Among other things, he was Managing Director of Residential and Business Customer Sales at Telekom Deutschland and responsible for Telekom's wholesale business in Germany. From 1997 to 2002, he worked for McKinsey & Company in Munich and Madrid. Dirk Wössner holds a doctorate in chemistry, is married and has four children.

Frank Brecher
Chief Technology Officer, CTO

Frank Brecher has been a member of the management of CompuGroup Medical since 2015. He joined CompuGroup Medical in 1998, and held a number of different ma-nagement positions in the Group, amongst others in the dental division and in the cli-nical and care sector business. In 2011, he oversaw the acquisition of LAUER-FISCHER GmbH and its subsequent integration into the Group. Frank Brecher was appointed to the Management Board of CGM Deutschland AG at the end of 2011, and since April 2013 has been coordinating the Group-wide roll-out of the new, uniform IT platform, "OneGroup IT". His main focus lies on the optimization of the product development in the Group, the software and product architecture, as well as on the development processes and tools. He also focuses on defining, introducing and maintaining optimal, more efficient and IT-supported business processes in all functional areas of the Group.

Dr. Ralph Körfgen
Management Board Ambulatory & Pharmacy Information Systems

Dr. Ralph Körfgen has held global responsibility for the Ambulatory & Pharmacy Information Systems divisions since 2018. Prior to this, he worked at Deutsche Bahn, where he was in charge of corporate development and the CEO of sales. Before this, he worked at Roland Berger & Partner and specialized in the development of growth potentials in various industries. Ralph Körfgen studied business administration at the University of Münster and has extensive experience in tapping new markets and the growth of digital business models.

Dr. Eckart Pech
Management Board Consumer and Health Management Information Systems

Dr. Eckart Pech has been in charge of the newly created Consumer and Health Management Information Systems segment since November 2019. Eckart Pech was previously a member of the Management Board of Allianz Technology SE in charge of the Allianz Group's global IT platforms. Prior to this, he was Chief Information Officer and member of the executive board at Telefónica Deutschland AG, where he was responsible for the operation and development of IT platforms. Eckart Pech began his professional career at the consulting company Diebold, which is owned by the Daimler Group. He studied business administration and Chinese at the University of Bayreuth and Shanghai International Studies University.

Management Board continued

Michael Rauch

Chief Financial Officer, CFO

Michael Rauch has been in charge of Finance at CompuGroup Medical since summer 2019. Before joining the Company, he worked as CFO for Douglas in Düsseldorf. Prior to this, he worked for 16 years in various finance and strategy functions in the Henkel Group, spending several years as CFO for Adhesives Technologies and Beauty Care. He began his professional career as a consultant at KPMG, before he became Finance Director for the DACH region at the DCS Automotive Group. He holds a degree in business administration with additional qualifications as MBA, LL.M. and CMA, and has amongst others worked for several years in China, Sweden and Great Britain.

Hannes Reichl

Management Board Inpatient and Social Care

Hannes Reichl has joined the Management Board of CompuGroup Medical SE in 2018 and has been responsible for the hospital and laboratory business, of which he previously led as Senior Vice President. Since joining CGM in 2007, he held various management positions, amongst others he successfully built up and further developed what was then CGM's Central Eastern Europe and Middle East region. In addition the operational management, his work focused on strategic business development and the integration of acquired companies. After completing his degree in information economy and management in 1998, Hannes Reichl worked for several Austrian com-panies that today are all part of CompuGroup Medical.

Report of the Supervisory Board

Financial year 2020 brought a whole range of personnel and structural changes for CompuGroup Medical.

On May 13, 2020, the Annual General Meeting of CompuGroup Medical SE resolved to change the legal form of the company into a partnership limited by shares, CompuGroup Medical SE & Co. KGaA. The conversion became effective with its registration in the commercial register of the local court of Koblenz on June 18, 2020. In contrast to CompuGroup Medical SE, CompuGroup Medical SE & Co. KGaA does not have a management board. Since the change of legal form took effect, the former responsibilities of the Management Board were transferred to the general partner of the company, CompuGroup Medical Management SE, Koblenz. The general partner is represented by its Managing Directors, and these are the previous members of the Management Board of CompuGroup Medical SE.

For the time period until the change of legal form took effect on June 18, 2020, this report is still based on the former dual structure of the company as a European stock corporation (SE) with a Management Board as the management and representative body. In the reporting period, the former Supervisory Board of CompuGroup Medical SE comprised the following members: Dr. Klaus Esser, Professor Dr. Daniel Gotthardt, Dr. Ulrike Handel, Maik Pagenkopf, Klaus Schrod and Thomas Seifert. The previous Supervisory Board member mandates of CompuGroup Medical SE ended with the registration of the change of legal form.

For the time period starting from the effective date of the change of legal form on June 18, 2020, this report relates to the activities of the new Supervisory Board of CompuGroup Medical SE & Co. KGaA. In line with the German Co-Determination Act, half of the Supervisory Board of CompuGroup Medical SE Co. KGaA consists of employee representatives. In total, the Supervisory Board comprises twelve members. The shareholder representatives (Philipp von Ilberg, Dr. Ulrike Handel, Dr. Bettina Volkens, Matthias Störmer, Professor Dr. Martin Köhrmann and Dr. Michael Fuchs) were elected and appointed by the Annual General Meeting on May 13, 2020 with effect from the change of legal form being registered. With effect from July 3, 2020, Andrea Becker, Claudia Frevel, Ursula Keller, Volker Kohl, Sven Thomas Müller and Thomas Veith were appointed by court as employee representatives.

Report of the SE Supervisory Board:

The Supervisory Board of CompuGroup Medical SE (SE Supervisory Board) performed the duties incumbent upon it under the law, the Articles of Association and the rules of procedure in financial year 2020 until the change of legal form took effect on June 18, 2020. The SE Supervisory Board regularly advised and monitored the Management Board regarding its management of the company. The SE Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Management Board informed the SE Supervisory Board in written and oral reports in a timely and comprehensive manner about all important issues of corporate planning and strategic development, about the course of business, the general situation of the group, including any risks, and about risk management. The SE Supervisory Board received regular reports from the Management Board on the measures taken to increase sales revenue and improve earnings, as well as on major, planned and completed company acquisitions, and discussed potential opportunities and risks of planned transactions in detail with the Management Board.

The SE Supervisory Board had formed an Audit Committee that was chaired by Dr. Klaus Esser. Until the change of legal form took effect on June 18, 2020, the Audit Committee held a total of three meetings in the reporting period. Among other things, the Audit Committee discussed the interim financial reports of the Management Board and prepared resolutions to be adopted by the SE Supervisory Board and recommended that the SE Supervisory Board should propose to the Annual General Meeting that a resolution be passed to appoint KPMG AG Wirtschaftsprüfungsgesellschaft, with its registered office in Berlin, as the auditor of the annual and consolidated financial statements for financial year 2020 and as the auditor to perform the review of interim financial reports for financial year 2020 and for the first quarter of 2021.

In the past financial year, seven Supervisory Board meetings of the SE Supervisory Board were held, both as face-to-face meetings and as video conferences. One resolution was adopted per circulation:

January 23, 2020:

During the meeting, the SE Supervisory Board was informed about the status of a possible acquisition of certain parts of Cerner's German and Spanish hospital information systems business. The potential target business included in particular the product lines medico in Germany and Selene in Spain. In addition, the SE Supervisory Board approved the conclusion of a new financing agreement with a total volume of bnEUR 1.0 and updated the rules of procedure for the Management Board. The SE Supervisory Board then discussed and approved the Management Board's and the Supervisory Board's joint declaration of compliance with the German Corporate Governance Code in its version of February 7, 2017 and approved an update of the Group's budget for 2020. Also at this meeting, the Management Board explained its current preliminary thoughts regarding the guidance for 2020 to the SE Supervisory Board. Finally, the Supervisory Board discussed a possible change of the legal form of the company into a partnership limited by shares (KGaA) in this meeting.

Report of the Supervisory Board continued

January 30, 2020:
The SE Supervisory Board discussed again the current status of the aforementioned acquisition project and coordinated the further schedule of this project and further consultations in this regard with the Management Board. Finally, the Supervisory Board discussed again a possible change of legal form to a partnership limited by shares.

February 5, 2020:
In this meeting, the Supervisory Board approved the partial acquisition of Cerner's German and Spanish hospital information systems business, in particular the medico and Selene product lines.

Subsequently, the meeting discussed again the possible change of legal form into a partnership limited by shares and decided to implement this conversion subject to the necessary approval of the Annual General Meeting of the company.

February 12, 2020:
In its meeting on February 12, 2020, the SE Supervisory Board resolved to appoint Dr. Dirk Wössner as a member and chairman of the Management Board and approved the conclusion of the corresponding Management Board contract. His employment contract already provided for the adjustment to the position as member of the Administrative Board and Chairman of the Managing Directors, subject to the approval of the Annual General Meeting on May 13, 2020, for the time after the legal form of the company was changed to a partnership limited by shares (KGaA).

March 16, 2020:
At the meeting on March 16, 2020 to approve the company's financial statements, the SE Supervisory Board discussed the annual financial statements and the consolidated financial statements for financial year 2019 with the Management Board in the presence of the auditor. The annual financial statements for 2019 were adopted and the 2019 consolidated financial statements and the separate non-financial report for financial year 2019 were approved. The risk report presented by the Management Board was acknowledged. Moreover, the SE Supervisory Board decided to approve the Management Board's proposal for the appropriation of profits. Following the recommendation of the Audit Committee, the SE Supervisory Board also resolved to propose to the Annual General Meeting the appointment of KPMG as auditors of the annual financial statements and the consolidated financial statements for financial year 2020 and for a possible review of interim financial reports in financial year 2020 and the first quarter of 2021. The report of the Supervisory Board was adopted. The Management Board reported on the preparations for the Annual General Meeting, including the planned change of legal form to a partnership limited by shares (KGaA).

March 24, 2020:
By way of a circular resolution, the SE Supervisory Board adopted the proposed resolutions for the Annual General Meeting to be held on May 13, 2020.

March 31, 2020:
At its extraordinary meeting, the SE Supervisory Board resolved, in view of the restrictions applicable to face-to-face meetings and in order to protect the health of shareholders and employees of the company, to approve the holding of the Annual General Meeting as a virtual general meeting (virtuelle Hauptversammlung) in accordance with the provisions of section 1 (2), sentence 1 and (8), sentence 2 of the German Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19-pandemic and in accordance with the further terms proposed by the Management Board.

May 13, 2020:
Following the virtual Annual General Meeting, the SE Supervisory Board convened for a constituent meeting and elected Dr. Klaus Esser as chairman of the Supervisory Board and Professor Dr. Daniel Gotthardt as vice chairman of the Supervisory Board. The members of the Supervisory Board Dr. Klaus Esser, Professor Dr. Daniel Gotthardt, Klaus Schrod and Thomas Seifert were appointed as members of the Audit Committee of CompuGroup Medical SE. The SE Supervisory Board was then informed by the Management Board about the further steps towards the change of legal form to CompuGroup Medical SE & Co. KGaA as resolved by the Annual General Meeting.

Report of the KGaA Supervisory Board:

The Supervisory Board of CompuGroup Medical SE & Co. KGaA (KGaA Supervisory Board) has performed the duties incumbent upon it under the law, the Articles of Association and the rules of procedure in financial year 2020 after the change of legal form took effect on June 18, 2020. The KGaA Supervisory Board has monitored the management of the company as carried out by the general partner (represented by its Managing Directors). In accordance with its responsibilities, the KGaA Supervisory Board was involved in the key decisions that were of fundamental importance to the company.

The Managing Directors of the general partner have consistently informed the KGaA Supervisory Board in written and oral reports in a timely and comprehensive manner about all important issues of corporate planning and strategic development, about the course of business, the general situation of the Group, including any risks, and about risk management.

The KGaA Supervisory Board received regular reports from the Managing Directors on the measures taken to increase sales revenue and improve earnings, as well as on major, planned and completed company acquisitions, and discussed the potential opportunities and risks of planned transactions in detail with the Managing Directors.

The KGaA Supervisory Board also formed an Audit Committee, to which Matthias Störmer was elected as chairman. In total, the Committee held two meetings in the reporting period since the change of legal form; one further resolution was passed by way of circulation. The Audit Committee discussed, among other things, the general partner's interim financial reports and prepared resolutions of the KGaA Supervisory Board. In their meeting on November 2, 2020, the Audit Committee discussed the focus of the audit with the auditing firm, KPMG.

The KGaA Supervisory Board held eight meetings by video conference in the reporting period; one further resolution was passed by circulation.

May 14, 2020:
The members of the Supervisory Board appointed by the Annual General Meeting on May 13, 2020 who represent the shareholders of the future CompuGroup Medical SE & Co. KGaA met for their constituent meeting and elected Philipp von Ilberg as chairman of the Supervisory Board and Dr. Ulrike Handel as vice chairman of the Supervisory Board.

June 21, 2020:
The KGaA Supervisory Board formed an Audit Committee of four members and initially elected the shareholder representatives Philipp von Ilberg, Professor Dr. Martin Köhrmann and Matthias Störmer as members of the Audit Committee. The shareholder representatives Philipp von Ilberg and Dr. Michael Fuchs were elected members of the company's Joint Committee. Furthermore, the Supervisory Board discussed the preparation of a capital market transaction in which shares in a volume of up to 10 % of the share capital were to be issued and sold thereby excluding shareholders' subscription rights. After reviewing and discussing the aspects of the planned capital measure, the KGaA Supervisory Board approved its further preparation by the general partner.

June 22, 2020:
With regard to the aforementioned capital market transaction, the Supervisory Board discussed the general partner's resolutions on the partial exercise of Authorized Capital 2020 and on the sale of treasury shares thereby excluding the subscription rights of the company's shareholders, and approved the continuation of further preparatory work.

In a second meeting held on the same day, the Supervisory Board discussed the final details of the planned capital market transaction and approved the increase of the share capital by EUR 515,226.00, the placement of treasury shares, the placement price and the exclusion of shareholders' subscription rights. In this context, the Supervisory Board amended the company's Articles of Association accordingly.

June 29, 2020:
At this meeting, the shareholder representatives on the Supervisory Board objected to the fulfilment of the legally required minimum representation of women and men on the Supervisory Board by way of total compliance in accordance with section 96 (2) sentence 3 of the German Stock Corporation Act (AktG).

July 29, 2020:
After the court appointment on July 3, 2020 of the employee representatives for the Supervisory Board, the Supervisory Board elected Sven Thomas Müller as vice chairman of the Supervisory Board, following the proposal of the employee representatives. Dr. Ulrike Handel had resigned her mandate as vice chairperson of the Supervisory Board with effect from the date of appointment of the employee representatives. Upon the proposal of the employee representatives, the Supervisory Board elected Ursula Keller and Thomas Veith as members of the Audit Committee. Professor Dr. Martin Köhrmann had resigned from the Audit Committee with effect from the date of appointment of the employee representatives. Upon the proposal of the employee representatives, the Supervisory Board elected Thomas Veith as a member of the Joint Committee of the company.

September 17, 2020:
At this meeting, Dr. Dirk Wössner introduced himself to the Supervisory Board as the future CEO of the company. Dr. Dirk Wössner was appointed Managing Director and CEO by the Administrative Board of CompuGroup Medical Management SE with effect from January 1, 2021. The terms of the employment contract with Dr. Dirk Wössner were explained to the Supervisory Board. The Supervisory Board discussed and adopted rules of procedure for the Supervisory Board and its committees. The Supervisory Board approved the allocation of share options to two senior managers under the 2019 share option program.

October 28, 2020:
During the first onboarding day for the Supervisory Board, several business units of CompuGroup Medical SE & Co. KGaA were presented to the Supervisory Board. During the subsequent meeting of the Supervisory Board, further future meeting dates were agreed.

December 2, 2020:
During the second onboarding day of the Supervisory Board, the Hospital Information Systems business unit was presented. The Managing Directors of the general partner provided information about the planned acquisition of eMDs in the US. The Supervisory Board was informed about the last meeting of the Audit Committee.

December 29, 2020:
The Supervisory Board approved the employment contract of Dr. Dirk Wössner with regard to the share options granted to him by way of a circular resolution.

The following conflicts of interest arose in the Supervisory Board during the reporting period:
Professor Dr. Daniel Gotthardt did not participate in the meeting on February 5, 2020, in which the planned change of legal form to CompuGroup Medical SE & Co. KGaA was resolved, as he and Frank Gotthardt indirectly hold a 100 % stake in the general partner of CompuGroup Medical Management SE.

Participation in the meetings of the Supervisory Board and the committees:

Legal form of CompuGroup Medical SE:

Member/Meeting/Resolution	Supervisory Board							
Date	Jan 23, 2020	Jan 30, 2020	Feb 5, 2020	Feb 12, 2020	Mar 16, 2020	Mar 24, 2020	Mar 31, 2020	May 13, 2020
Dr. Esser, Klaus	yes	yes	yes	yes	yes	yes	yes	yes
Prof. Dr. Gotthardt, Daniel	yes	yes	yes	yes	yes	yes	yes	yes
Dr. Handel, Ulrike	yes	yes	yes	yes	yes	yes	yes	yes
Pagenkopf, Maik	yes	yes	yes	yes	yes	yes	yes	yes
Schrod, Klaus	yes	yes	yes	yes	yes	yes	yes	yes
Seifert, Thomas	yes	yes	yes	yes	yes	yes	yes	yes

Member/Meeting/Resolution	Audit Committee		
Date	Jan 30, 2020	Mar 16, 2020	May 4, 2020
Dr. Esser, Klaus	yes	yes	yes
Prof. Dr. Gotthardt, Daniel	yes	yes	yes
Schrod, Klaus	yes	yes	yes
Seifert, Thomas	yes	yes	yes

Legal form of CompuGroup Medical SE & Co. KGaA:

Member/Meeting/Resolution	Supervisory Board								
Date	May 14, 2020	Jun 21, 2020	Jun 22, 2020	Jun 29, 2020	Jul 29, 2020	Sep 17, 2020	Oct 28, 2020	Dec 2, 2020	Dec 29, 2020
von Ilberg, Philipp	yes	yes	yes	yes	yes	yes	yes	yes	yes
Müller, Sven Thomas	-	-	-	-	yes	yes	yes	yes	yes
Becker, Andrea	-	-	-	-	yes	yes	yes	yes	yes
Frevel, Claudia	-	-	-	-	yes	yes	yes	yes	yes
Dr. Fuchs, Michael	yes	yes	yes	yes	yes	yes	yes	yes	yes
Dr. Handel, Ulrike	yes	yes	yes	yes	yes	yes	yes	yes	yes
Keller, Ursula	-	-	-	-	yes	yes	yes	yes	yes
Kohl, Volker	-	-	-	-	yes	yes	yes	yes	yes
Prof. Dr. Köhrmann, Martin	yes	yes	yes	yes	no	yes	yes	yes	yes
Störmer, Matthias	yes	yes	yes	yes	yes	yes	yes	yes	yes
Veith, Thomas	-	-	-	-	yes	yes	yes	yes	yes
Dr. Volkens, Bettina	yes	yes	yes	yes	yes	yes	yes	yes	yes

Member/Meeting/Resolution	Audit Commitee	
Date	Aug 3, 2020	Nov 2, 2020
von Ilberg, Philipp	yes	yes
Keller, Ursula	yes	yes
Störmer, Matthias	yes	yes
Veith, Thomas	yes	yes

Audit of the 2020 financial statements:

The Managing Directors of the general partner submitted to the members of the Audit Committee and the KGaA Supervisory Board the annual financial statements and consolidated financial statements for financial year 2020, the combined management report of CompuGroup Medical SE & Co. KGaA and the entire Group for financial year 2020, the separate non-financial report for the group and the dependency report of the general partner once this had been prepared.

The auditing firm (KPMG) appointed as auditor by the Annual General Meeting of CompuGroup Medical SE on May 13, 2020, confirmed by the general partner, CompuGroup Medical Management SE, after the change of legal form and subsequently appointed by the KGaA Supervisory Board, audited the annual financial statements of CompuGroup Medical SE & Co. KGaA, the consolidated financial statements and the combined management report of CompuGroup Medical SE & Co. KGaA and the group as at December 31, 2020, together with the accounting system, in accordance with the statutory provisions and issued an unqualified audit opinion.

At their meeting on March 15, 2021, the members of the Audit Committee discussed the annual financial statements, the consolidated financial statements, the combined management report of CompuGroup Medical SE & Co. KGaA and the group and the separate non-financial report for the group as well as the auditor's findings. The auditor reported on the main findings of the audit. On this basis, the Audit Committee proposed to the KGaA Supervisory Board to approve the financial statements prepared by the general partner.

The KGaA Supervisory Board took note of the auditor's findings and the recommendation of the Audit Committee. At its meeting on March 16, 2021, the KGaA Supervisory Board was presented with the annual financial statements for financial year 2020 as prepared by the general partner, the consolidated financial statements and the management report of CompuGroup Medical SE & Co. KGaA and the group, as well as the general partner's proposal for the appropriation of net profit, the separate non-financial report for the group and the corresponding auditor's findings. The KGaA Supervisory Board reviewed the documents submitted. Employees of the auditing firm KPMG personally answered all the KGaA Supervisory Board's questions in detail.

The KGaA Supervisory Board acknowledged the auditor's findings and raised no objections.

In accordance with section 171 (2) of the German Stock Corporation Act (AktG), the KGaA Supervisory Board has reviewed and approved the annual financial statements of the parent company and the group, and the management reports of CompuGroup Medical SE & Co. KGaA and the group, in addition to the proposal for the appropriation of net profit and the risk report. In accordance with to section 286 (1) German Stock Corporation Act (AktG), the annual financial statements of CompuGroup Medical SE & Co. KGaA will be forwarded to the company's Annual General Meeting for adoption. The consolidated financial statements were approved. The KGaA Supervisory Board approved the general partner's proposal for the appropriation of profits. The separate non-financial report for was approved.

The general partner submitted its report on relations with associated companies (dependency report) in accordance with section 312 German Stock Corporation Act (AktG), and its declaration in accordance with section 312 (3) German Stock Corporation Act (AktG), to the KGaA Supervisory Board. The auditor has reviewed the dependency report and issued the following opinion on the corresponding findings:

"Based on our audit and assessment, which we have carried out in accordance with professional standards, we hereby confirm that the factual statements made in the report are correct, the company's compensation with respect to the transactions listed in the report was not inappropriately high."

The KGaA Supervisory Board acknowledged and approved the auditor's findings and also reviewed the dependency report. According to the final results of the review by the KGaA Supervisory Board, there are no objections to the declaration by the general partner at the end of the dependency report.

The KGaA Supervisory Board would like to thank all Managing Directors and employees of CompuGroup Medical SE & Co. KGaA and its associated companies for their commitment and hard work in the past financial year.

Philipp von Ilberg
(Chairman of the Supervisory Board)

Report of the Joint Committee

When CompuGroup Medical SE & Co. KGaA changed its legal form with effect from its registration in the commercial register of Koblenz on June 18, 2020, the Joint Committee was established as a voluntary additional body. Pursuant to article 16 of the Articles of Association of CompuGroup Medical SE & Co. KGaA, the Joint Committee consists of six members, namely three members delegated by the general partner, CompuGroup Medical Management SE, and three further members delegated by the Supervisory Board of CompuGroup Medical SE & Co. KGaA. The members of the Joint Committee that are delegated by the Supervisory Board must themselves be members of the Supervisory Board and include two shareholder representatives and one employee representative (who represents the employees of the company). On June 19, 2020, the General Meeting of CompuGroup Medical Management SE appointed Dr. Klaus Esser, Frank Gotthardt and Florian Monschauer as members of the Joint Committee. On June 21, 2020, the Supervisory Board appointed Dr. Michael Fuchs and Philipp von Ilberg as members of the Joint Committee. On July 29, 2020, the Supervisory Board appointed Thomas Veith as member of the Joint Committee representing the employees.

The Joint Committee regularly deals with the annual budgets of the company as well as with significant acquisition projects and other matters of the company requiring approval as set out in the Articles of Association, and holds meetings at least once a year, probably more frequently.

Four meetings were held in the financial year 2020, at which the following topics were discussed and resolutions adopted:

June 21, 2020:
The Joint Committee discussed the preparation of a capital market transaction in which shares in a volume of up to 10 % of the share capital were to be issued and sold, thereby excluding shareholders' subscription rights. After reviewing and discussing the aspects of the planned capital measure, the Joint Committee approved its further preparation by the general partner. In addition, the Joint Committee approved the following management transactions requiring approval:

- Provision of additional equity to the purchasing companies CGM Clinical Europe GmbH, Koblenz, and CGM Clinical Espana SL, Madrid, for the purpose of paying the purchase price in connection with the acquisition of parts of the German and Spanish hospital information systems business of Cerner, in particular the medico and Selene product lines.
- Provision of additional equity to the two US national companies CompuGroup Holding USA Inc. and CGM Inc. for the purpose of repaying loans to CompuGroup Medical SE & Co. KGaA and CompuGroup Medical Deutschland AG.

The Joint Committee adopted rules of procedures for itself.

June 22, 2020:
With regard to the aforementioned capital market transaction, the Joint Committee discussed the general partner's resolutions on the partial exercise of Authorized Capital 2020 and on the sale of treasury shares, thereby excluding the subscription rights of the company's shareholders, and approved the continuation of further preparatory work.

In a second meeting held on the same day, the Joint Committee discussed the final details of the planned capital market transaction and approved the increase of the share capital by EUR 515,226.00, the placement of treasury shares, the placement price and the exclusion of shareholders' subscription rights.

November 17, 2020:
The Joint Committee discussed in detail the planned acquisition of 100 % of the shares in eMDs, Inc. based in the US with the general partner and gave it unanimous approval.

December 14, 2020:
Pursuant to section 18 (1) (b) of the Articles of Association of CompuGroup Medical SE & Co. KGaA, the Joint Committee discussed the budget for 2021 of the CompuGroup Medical Group as prepared and adopted by the general partner and, in doing so, discussed related opportunities and risks with respect to feasibility with the Managing Directors. Following the discussion, the Joint Committee unanimously approved the budget for 2021.

Report of the Joint Committee continued

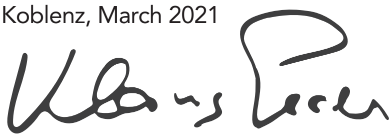
Attendance overview of the Joint Committee members:

Member/Meeting/Resolution	Joint Committee			
Date	Jun 21, 2020	Jun 22, 2020	Nov 17, 2020	Dec 14, 2020
Dr. Esser, Klaus	yes	yes	yes	yes
Dr. Fuchs, Michael	yes	yes	yes	yes
Gotthardt, Frank	yes	yes	yes	yes
von Ilberg, Philipp	yes	yes	yes	yes
Monschauer, Florian	yes	yes	yes	yes
Veith, Thomas			yes	yes

All members of the Joint Committee participated in each of the meetings held.

On January 7, 2021, the Extraordinary General Meeting of CompuGroup Medical Management SE appointed Dr. Dirk Wössner as a member of the Joint Committee, replacing Florian Monschauer.

Koblenz, March 2021



Dr. Klaus Esser
(Chairman of the Joint Committee)

COMBINED MANAGEMENT REPORT

1. Foundations of the group

1.1 Group business model

The CGM group

CompuGroup Medical SE & Co. KGaA (CGM) develops and sells efficiency and quality-enhancing software plus information technology services for the healthcare sector. The Company is one of the leading players in the development of global eHealth solutions and is a key provider in Germany, on other key European markets and as well in the US. CGM's software products and related services are designed to assist in all medical and organizational activities in doctors' offices, medical laboratories, pharmacies, hospitals and other healthcare facilities. Its information services for health insurance companies and pharmaceutical producers contribute towards a more secure and more efficient healthcare system. The Company's services are based on a customer base of doctors, dentists, hospitals, pharmacies and other healthcare facilities. The CGM group is successively converting its product portfolio to Software-as-a-Service (SaaS). Headquartered in Koblenz, Germany, the Company has a wide and global reach with offices in 19 countries worldwide. More than 7,800 highly qualified employees support customers with innovative solutions for the steadily growing demands of the healthcare system.

Figures in the following sections are presented in either millions (mEUR) or thousands of euro (kEUR). Wherever we have used the generic masculine in the text below, this has been done solely for readability reasons.

Organizational structure

The CGM Group consists of a large number of entities in various countries, all of which are controlled directly or indirectly by the ultimate parent company CompuGroup Medical SE & Co. KGaA. Please see note C.4. Scope of consolidation included in the consolidation group in the notes to the consolidated financial statements for a full list of Group companies and other equity investments.

Operating segments

The four operating segments outlined below comprise our full portfolio of products, solutions and services, and form the basis for our IFRS segment reporting (IFRS: International Financial Reporting Standards). For financial year 2021, CGM adjusted the allocation of individual profit centers in the segment reporting to further improve transparency. One significant change is that the TI activities are bundled in the CHS segment.

Ambulatory Information Systems (AIS)

This long-standing operating segment focuses on developing and selling practice management software and electronic medical records for registered physicians, medical care centers and physician networks. Customers are generally primary care providers who are active in ambulatory care and who provide health services to outpatients visiting a healthcare facility and are discharged again on the same day following successful treatment or consultation. For these healthcare providers, products and services are packaged into an end-to-end solution that covers all clinical, administrative and billing-related functions needed to operate a modern healthcare facility. We also offer supplementary Internet and intranet solutions to ensure that patient data can be shared between physicians in a secure way. Sales cycles and decision-making processes are short and straightforward, while software solutions can generally be installed and made available within very short spaces of time. Our product portfolio also delivers solutions for larger medical facilities such as medical care centers and practice associations

Pharmacy Information Systems (PCS)

This operating segment focuses on developing and selling integrated administrative and billing-related software applications for pharmacies. The software solutions and related services provide accurate information and helpful decision-making support to manage every aspect of the supply chain for medication from procuring and shipping the medication, managing and controlling inventory efficiently, through to planning, performing and monitoring retail activities. Medication is dispensed to patients in a safe and cost-efficient way by means of advanced medication safety and control functions, and decision-making support tools for using generic substitution and cost optimization strategies.

The primary sources of revenue in the AIS and PCS segments come from software maintenance and other recurring revenues, which comprise (one-time) revenues from the sale of licenses (accrued over the minimum term of the software maintenance agreement), training and consulting services, and other revenues from third-party software licenses together with the associated hardware, equipment, etc. Customer relationships are generally formed for the long term.

Hospital information systems (HIS)

This operating segment focuses on developing and selling clinical and administrative solutions for the inpatient sector, where healthcare services are provided over an extended time period in highly specialized, secondary care facilities. Customers include acute care hospitals, rehabilitation centers, social services, multi-location hospital networks, regional care organizations and medical laboratories. The software solutions and related services facilitate patient administration, resource and personnel management, medical documentation and invoicing. The use of certain clinical software applications also supports various specialist departments and laboratories. As a full-service provider, CGM pursues an integrated care approach, providing customized software solutions for virtually every aspect of administration, planning and the provision of care in secondary care facilities.

The focus here is on a project-oriented business model. Hospitals and care facilities in Europe are largely managed by the public sector, meaning that they are subject to the regulatory requirements applicable to public calls for tenders. Lead times are long for projects to be awarded and for decision-making cycles, with project terms amounting to anywhere between several months and several years from the time software solutions are installed to when they are put into operation by the customer. Revenues from consulting, training and other services are higher than in the AIS and PCS operating segments.

Consumer & Health Management Information Systems (CHS)

The products and services in the Consumer & Health Management Information Systems segment target pharmaceutical companies, health insurance companies, other IT companies in the healthcare sector as well as patients and consumers. The portfolio includes IT security services, data-based product offers, software interfaces for the sharing of information, clinical decision-making support, medication and treatment databases for healthcare service providers, as well as digital healthcare stock, consumer portals and mobile apps. In addition, the CHS business unit will in future be responsible for Telematics Infrastructure and for providing security solutions for healthcare providers.

The business model of the Consumer & Health Management Information Systems operating segment primarily consists of cooperation agreements, service offers and income from contracts to collect and disseminate clinical data. In addition, revenues stem from project business (sale of licenses and service transactions), software maintenance and technical support, as well as performance-oriented payments (based on the cost and quality of services rendered to patients).

1.2 Changes to the composition of the group

The composition of the Group has changed in the reporting year as a result of numerous acquisitions, disposals, mergers and name changes involving Group companies. Mergers and name changes do not have an impact on the Group and are not presented in this management report. Note C.4 Scope of consolidation in the notes to the consolidation financial statements contains further information about the changes to the consolidation group.

Change of legal form of CGM SE

The Annual General Meeting on May 13, 2020 resolved to change the Group's legal form to a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA), thereby changing the legal form from CompuGroup Medical SE to CompuGroup Medical SE & Co. KGaA. The change of legal form took effect upon entry into the commercial register of Koblenz on June 18, 2020. The general partner of the partnership limited by shares (KGaA) is CompuGroup Medical Management SE, a monistic European stock corporation (SE) indirectly owned by the Company's founder Frank Gotthardt and Professor Dr. Daniel Gotthardt. The change of legal form gives the Company the greatest possible flexibility to finance its future growth, while at the same time retaining the founding Gotthardt family as an anchor shareholder in order to uphold the Company's entrepreneurial vision and spirit.

1.3 Objectives and strategies

CompuGroup Medical's unchanged strategic objective is to further expand its position as a leading international provider of IT solutions for the healthcare system and to benefit from the advance of digitalization. The key elements of its corporate strategy are summarized as follows:

- Organic growth by selling new products and services to existing customers and winning new customers.
- Supplementing organic growth with targeted acquisitions to complement the portfolio in the 4 core operating segments.
- Consistent leading position in technology and innovation.

1.4 Management system

The Company is managed, both in terms of its strategy and its operations, by the Managing Directors and responsible managers for the business units within the segments. The strategic targets and resulting goals are defined once a year in the course of the budget planning process and monitored on a monthly basis as part of a management information system, which includes detailed reports on key performance indicators that reflect growth, profitability, capital efficiency and the Company's ability to innovate. Any deviations from the planned targets are discussed at the segment level every month, with corresponding measures being derived and implemented where appropriate.

The most relevant key financial and non-financial indicators are outlined in section 2.4 of the Management Report.

Unless stated otherwise, all financial data are audited figures from the IFRS consolidated financial statements. Please refer to section E of the notes to the consolidated financial statements for more detailed disclosures

1.5 Research and development

Software development at the CompuGroup Medical Group can be broken down into the four main divisions and areas specified below:

- Development of individual components of the existing physician, dentist, pharmacy and hospital information systems, performed both centrally and locally.
- Development of platform products that are incorporated into the more general information systems as independent products via interfaces. Examples include electronic archiving systems or systems for managing appointments and organizational optimization.
- Development of a new generation of international physician, dentist, pharmacy and hospital information systems, based on a shared data model and shared technology platform (G3). The separation of business logic from user interface makes it possible to implement core functions through one-off development and maintenance work. These functions can later be used in different products and their individual user interfaces.
- Development of additional functions related to the Telematics Infrastructure with a view to meeting the statutory specifications of the German healthcare agency gematik. The Gematik is an institution with the legal mission to coordinate and to specify the Telematics Infrastructure applications in the german health care to lay a foundation for the german data network.
- Development of database systems that serve to collect and communicate clinical data and are thus necessary for business transactions based on data.

Individual components are increasingly being processed across sectors by central development teams. Training sessions run by external instructors ensure that the teams stay up-to-date with technological developments. Group companies are constantly working to provide customers with state-of-the-art software solutions and services. Our developer teams work with the latest tools and in accordance with internationally recognized standards to ensure the quality of the products offered. Furthermore, external contract developers in Germany and abroad provide development services either on the basis of employment agreements ("extended workbench") or contracts for works and services, thereby being involved in efforts to develop new software solutions and software generations.

Future generations of software developed by CGM will be characterized by a custom front-end solution uniquely adapted to the individual CGM product lines, while back-end modules will be developed for all main product ranges across all platforms. This can be described as a building block principle. What this means in the medium term is that those development activities will become as centralized as possible, especially for the back-end. By way of contrast, developing and updating front-end systems will continue to be the responsibility of the subsidiaries close to markets and customers.

Capitalized inhouse services

In accordance with IAS 38, capitalized inhouse development services (approximately 656 thousand hours; prior year: 538 thousand hours) are capitalized as an asset, which had an effect of mEUR 31.9 (prior year: mEUR 24.6) on CGM's EBITDA in 2020. Amortization of capitalized development services amounted to mEUR 5.9 in financial year 2020. The increase in capitalized development costs is mainly due to new development projects started in 2020.

Most of this development work capitalized resulted from the G3.HIS development project (development of a new hospital information system) and the G3 developments in the AIS and PCS businesses as well as developments relating to the new gematik specifications. Most of the hours of development work were recognized under expenses in the year under review. This essentially involves research cost not eligible for capitalization and expenses associated with the adaption/continuous improvement of software products in line with new or amended legal or contractual requirements that are not eligible for capitalization either. Depending on the area of specialization or current regulations, updates are typically required each quarter. The share of capitalized development costs relative to total R&D costs was 21 % in the reporting period (prior year: 18 %). An average of 2,038 (prior year: 1,824) employees worked in software development and maintenance in the Group in 2020.

2. Economic report

2.1 Macroeconomic and industry-specific conditions

Macroeconomic conditions

The economic environment in 2020 was overshadowed by the COVID-19-pandemic. Economic and social life came to a virtual standstill at the beginning of the year as a result of a range of containment measures introduced. The ensuing economic collapse was met around the world with a comprehensive set of monetary and financial policy actions aiming to cushion the blow of this extensive decline. Although summer saw a temporary respite in the economic misery, with its lower rates of infections and easing of restrictions, the second wave of the pandemic, which hit with full force in the autumn and winter, put paid to any hopes of a sustained recovery.

In its report for 2020 released in January 2021, the International Monetary Fund (IMF) therefore forecast a global downturn in economic activity of - 3.5 %. Many of CGM's key markets, comprising European markets (particularly the German one) and the US market, were badly hit by the recession. The IMF expects economic output in Germany to contract by - 5.4 % and in Europe by - 7.2 %. A decline of 3.4 % was forecast for the USA.

In its most recent economic outlook dated December 2020, the Organization for Economic Cooperation and Development (OECD) published an analysis of the most significant economic trends in 2020. Having reached its zenith in 2017 at 3.7 %, the pace of global economic growth in 2018 and 2019 continued at a slightly slower clip, before reversing in 2020 as a result of the COVID-19-pandemic turning negative with a decline of - 4.2 %.

The world's future economic development is tied to how the pandemic progresses and to the speed at which a suitable vaccine can be prepared and disseminated.

Industry development

The healthcare sector, in particular the market for healthcare information technology (HCIT) and related services, is one where demand is growing substantially. The growth in HCIT solutions, which has been steady for years, is being shaped by the rapidly growing volume of data in healthcare, the need for fast and efficient processes and patients' growing need for data accessibility and self-determination when it comes to healthcare matters. The COVID-19-pandemic in 2020 and the immense strain it has put on the healthcare system have once again accelerated demand for HCIT solutions, adding in some cases fresh wind to the sails of these issues. It is of paramount importance to keep the healthcare system in a fully functioning state without being tied to a physical location and to enable care to be provided remotely, especially during a pandemic. HCIT solutions such as video consultations, online platforms to facilitate the networking of healthcare providers, or apps for patients to stay healthy and monitor their own condition have a key role to play here.

This growth trend has also been fueled by legislative drives and government aid in recent years. Particular highlights in Germany in 2020 include aid to further expand the Telematics Infrastructure and the adoption of the German Hospital Future Act (KHZG), which is set to release bnEUR 4.3 from 2021 in funding for further investments in digitization and IT security at hospitals.

2.2 Course of business

CompuGroup Medical brought financial year 2020 to a successful conclusion.

The group guidance from the management report for financial year 2019 (published in March 2020) and the new and improved guidance announced on August 6, 2020 for almost all key performance indicators for business management was either achieved or outperformed.

- Updated guidance (mEUR 820-860) for group revenues achieved: mEUR 837 (original guidance: mEUR 765-815)
  - Group revenues up 12 % year-on-year
  - Organic revenue development + 4 % year-on-year (updated guidance: 2-6 %) without Telematics Infrastructure
  - Revenue growth 2 %
  - 14 % increase in recurring revenues
  - Recurring revenues 63 % of total revenues (updated guidance: > 60 %)

- Updated guidance for adjusted EBITDA (mEUR 205-220) fulfilled at mEUR 215 (original guidance mEUR 195-215)
  - Adjusted EBITDA up 8 % year-on-year
  - Adjusted EBITDA margin 26 % (updated guidance: 24 - 27 %)

- Adjusted earnings per share - diluted - EUR 1.90 (updated guidance: EUR 1.75-1.95)

- Adjusted Free Cash flow mEUR 101 (updated guidance: > mEUR 85)

- Leverage 2.04 (prior year: 2.36)

- Customer reach mEUR 396 (prior year: mEUR 346)

Key financial figures

kEUR	2020	2019*	Change
Revenues	837,259	745,808	+12%
Recurring Revenues in %	63%	62%	+1ppt
Organic growth in %	4%	0%	+4ppt
EBITDA	197,476	178,126	+11%
EBITDA margin	24%	24%	+0ppt
EBITDA adjusted	214,882	198,132	+8%
EBITDA margin adjusted	26%	27%	–1ppt
EPS (EUR) - diluted	1.40	1.33	+5%
EPS adjusted (EUR) - diluted	1.90	1.74	+9%
Cash flow from operating activities	149,931	110,495	+36%
Cash flow from investing activities	–457,116	–139,444	+228%
CAPEX	55,069	43,339	+27%
Free Cash flow	94,862	67,156	+41%
Free Cash flow adjusted	100,744	93,288	+8%
Net debt**	479,933	466,952	+3%
Leverage**	2.04	2.36	
Equity ratio	41%	24%	+17ppt
Number of shares outstanding ('000)	53,735	48,413	

* Adjusted key figures for 2019 presented on a Pro-forma-basis on the definition applying to 2020: Effects taken into account are the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and further the non-recurring expenses for discontinued M&A transactions.

** The Prior-year amounts are presented on the basis of the definition valid for 2020. The definitons are explained in chapter 2.4 financial and non-financial indicators.

Significant events

In addition to the good performance in the operating segments, especially taking into account the COVID-19-pandemic, financial year 2020 was also characterized by a series of acquisitions that were made (see note C.4.a) Changes to the Consolidation group). The acquisition of the Cerner Corporation’s IT healthcare portfolio in July 2020, in particular, had a major impact on CGM’s growth.

Impact of the COVID-19-pandemic

Financial year 2020 was also impacted by the COVID-19-pandemic, even though CompuGroup Medical was swift to act in introducing protective measures for its employees and customers. Italy and Austria in particularly were hit hard at the beginning of the pandemic, a situation that then improved towards the middle of the year. In the USA, South Africa and the dental segment, business activities were also impacted by the pandemic.

In the medium term, CompuGroup Medical sees significantly greater opportunities for growth as the pandemic added momentum to the sustainable willingness to use digital networking solutions in the healthcare sector.

Telematics Infrastructure (TI)

The software upgrade for our Telematics Infrastructure ehealth connectors has been available since July 2020, following its approval by gematik. The upgrade gave all Telematics Infrastructure customers access to new functions such as the “qualified electronic signature”, emergency data management, and the electronic medication plan. In addition, the foundation was laid for secure communications in medicine (KIM). Next to the software upgrade, the rollout of our Telematics Infrastructure solution in the pharmacy business started. By the end of 2020, a total of more than 60,000 (by the end of 2019, more than 54,000) Telematics Infrastructure installations were made by CGM.

Ambulatory Information Systems (AIS)

Telematics Infrastructure

On July 22, 2020, the KoCoBox MED+ was the first ehealth connector to receive approval from gematik for nationwide use in Germany. A software upgrade without hardware replacement enables the KoCoBox MED+ connectors already in use to access new medical applications of the Telematics Infrastructure as described above.

CGM KIM was the first specialist service to be approved by gematik for the KIM (communication in medicine) application. With this a secure exchange of information between all participants of the health care system is guaranteed for the first time. CGM KIM is thereby a new digital communication standard that replaces previous communication channels such as fax and postal transmission.

CLICKDOC

CompuGroup Medical has been making its video consultation solution CLICKDOC available to registered physicians in Germany, France and other countries. The application of CLICKDOC, which is free of charge for the time being, underlines the growing acceptance in many countries when it comes to using digital technologies. This solution enables patients to make an appointment with their physicians at any time and have these conducted via a video link. By fully integrating CLICKDOC into all physician information systems, we enable our customers to work with the practice system they are accustomed to in an easy way without having to switch between media. For physicians, CLICKDOC is a valuable addition to the practice management system, considerably simplifying patient coordination.

Development of the new generation of CGM products

Dedicated development teams are active in all of the segment’s business units to develop new generations of CGM products. The work is done in what is called an agile process, which aims to involve customers so that specific requirements can be integrated from the very beginning. 2020 saw development work on innovative software solutions for physicians and dentists based on G3 technology being intensified.

Acquisitions of the eMDs-group

CompuGroup Holding USA, Inc. signed a contract to purchase eMDs, Inc., based in Austin, Texas/USA, at the end of December 2020. This acquisition gives a significant boost to CGM’s position in the USA, moving it to 4th place in the market for physician information systems. eMDs main products include physician information systems and outsourcing services to bill for medical services.

Pharmacy Information Systems (PCS)

Telematics Infrastructure

The KoCoBox MED+ ehealth connector was the first connector ever to be approved by gematik for a rollout to pharmacies in the German market. As at the reporting date, more than 5,000 installations were realized via direct customer sales or resellers.

German Cash Register Anti-Tampering Act
The German Cash Register Anti-Tampering Act (Kassenmanipulationsschutzgesetz) was introduced as a new legal regulation at the beginning of 2020. resulting in the new Technical Security Equipment (TSE) add-on module for the cash register system in German pharmacies experiencing considerable success. This legal amendment must be implemented for all cash registers in Germany by March 31, 2021. Until the end of December, more than 2,000 pharmacies have been equipped with TSE installations.

Further expansion of the digital network
In the fourth quarter of 2020, the planned cooperation with NOWEDA, operator of the online portal IhreApotheken.de, was announced with the aim being to work together to further digitalize the patient journey. Linking IhreApotheke.de and CLICKDOC will open the door for medication to be ordered from local pharmacies as far as this is permitted by law. A future cooperation is to make it possible for medication to be ordered and prescriptions collected at the pharmacy of choice using CLICKDOC.

Development of the new generation of CGM products
Focusing on the longer term, work in the PCS segment to develop a new international software package tailored to the needs of pharmacies and based on G3 technology also intensified.

Hospital Information Systems (HIS)

Integration of M&A projects
Parts of the Cerner hospital business in Germany and Spain were taken over as at July 1, 2020. This transaction expands the customer base in Germany and provided CGM with an entry in the Spanish market. In addition to market-ready and excellent products for the hospital market, CGM also welcomed the addition of more than 300 highly qualified employees. Since then, the integration process of these subsegments into CGM has been ongoing. A large team is currently working intensively on both sides to integrate CGM processes as well as migrate to the internal systems of CGM. In the long term, customers will benefit from a wide range of products and the high quality of CGM products as well as their interoperability.

Telematics Infrastructure in Germany
The establishment of Telematics Infrastructure in German hospitals is proceeding very well. In addition to the hardware components, software modules and the required implementation services were also sold to customers. Implementation in hospitals has also been progressing at full speed since the third quarter of 2020. Thus, a large part of CGM customers were successfully connected to Telematics Infrastructure by the end of the year.

Major order for CGM Clinical Spain
In November 2020, CGM Clinical signed a new contract with SERMAS, an operator of public hospitals in the Madrid region. The objective of the agreement is to implement the CGM Selene software solution at the Clínico San Carlos University Hospital with approximately 600 beds. The implementation will focus on processes around patient administration, clinical processes, the electronic health record and other processes.

Growth in the laboratory business
The CGM laboratory business has successfully attracted several new customers in Germany, Belgium and Switzerland and was able to further expand its market position. Despite the COVID-19-pandemic the laboratory business showed overall a very good business development.

Enactment of Hospital Futures Act
The German Hospital Futures Act (Krankenhauszukunftsgesetz, KHZG), passed in November 2020. The aim of this program, worth over bnEUR 4, is to accelerate the process of digitalization on a long-term basis in healthcare – the core competency of CompuGroup Medical. Key aspects include creating a digital infrastructure and reinforcing IT security. Due to the improved market position in the financial year 2020 and the wide range of products CGM expects to profit in the future.

CGM CLINICAL on a growth course
Product investments in the clinical information system CGM Clinical over the past few years are showing positive effects with both existing and new customers. As such, several new customers were won in recent months, for example in Switzerland. But also, already existing customer increasingly benefit from the processes and modules based on the new G3 technology.

Consumer and Health Management Information Systems (CHS)

Simple prescription of Digital Healthcare Applications – DiGA Platform

The German Federal Institute for Drugs and Medical Devices (BfArM) has listed the first digital health apps (DiGAs) – also known as "apps on prescription" – that can be prescribed by physicians. Since November, physicians using particular CompuGroup Medical ambulatory information systems have been able to prescribe DiGAs free of charge, easily and in the same way as they would normally in their practice. To make prescribing as convenient as possible, CGM has developed the "APP PRESCRIPTION CENTER", designed specifically to display and prescribe healthcare applications. Patients can obtain the prescribed apps easily and conveniently via the CLICKDOC Health Center. CompuGroup Medical has therefore created a DiGA platform as a one-provider solution for use by healthcare professionals and patients.

Growth in the pharmaceutical sector

Business with companies in the pharmaceutical industry contributed very well to CHS's operating success. This dynamically growing business area is taking advantage of the trend toward digitalization in the healthcare sector.

Further development of CGM LIFE

Significant investments were made in the further development of the CGM Life patient platform and its technological performance was further enhanced. CGM Life enables partners to access the CGM ecosystem via interfaces. In the "Meine Gesundheit" joint venture, LIFE technology forms the basis for health records of more than 400,000 users.

Product innovations in the data business

With "Therafox", we have for the first time introduced a medical product that runs as a software-as-a-service solution on a cloud-based platform and which enables practitioners to record adverse drug reactions with system support. The new drug therapy safety check THERAFOX PRO provides users with important information on the planned prescription, informs them about possible risks in drug therapy and supports them in making the right choice of medication. The check takes into account the preparations on the current prescription as well as known long-term medications, indications, allergies and other information from the data in the electronic patient file of the practice system, if these are transferred.

We have also expanded our "docmetric" data platform and offer dedicated solutions that enable healthcare providers to continuously optimize their day-to-day practice.

2.3 The Group's position

2.3.1 Results of operations

Results of operations of the group

mEUR	2020	2019
Group revenues	837.3	745.8
Other income	10.6	13.5
Capitalized in-house services	31.9	24.6
Expenses for goods and services purchased	–156.2	–139.0
Personnel expenses	–377.1	–339.4
Other expenses*	–149.0	–127.3
EBITDA	197.5	178.1
in %	23.6%	23.9%
EBIT	121.8	115.3
in %	14.5%	15.5%
EBT	110.4	107.7
in %	13.2%	14.4%
Consolidated net income	73.4	66.2
in %	8.8%	8.9%

* Contrary to the income statement, the item for Net impairment losses on financial assets and contract assets in the amount of mEUR - 4,3 in the actual year was reclassified to other expenses

Revenues increased by mEUR 91.5 (+ 12 %) to mEUR 837.3 in financial year 2020. Acquisitions contributed mEUR 65.0 to revenues (prior year: mEUR 34.5). At 4 %, organic revenues exceeded the prior year's level. Not including Telematics Infrastructure revenues, organic growth amounted to 2 % for the year as a whole. Recurring revenues increased by 14 % to mEUR 524.7 in 2020, primarily as a result of additional recurring revenue contributions from newly acquired companies as well as recurring revenues from TI operations.

At group level, key developments in operating expenses in financial year 2020 can be summarized as follows:

- Expenses for goods and services purchased increased from mEUR 139.0 in the prior year to mEUR 156.2. At 81.3 %, the gross margin (revenues less expenses for goods and services purchased/revenues) fell only slightly short of the prior year's level (81.4 %).
- Personnel expenses increased from mEUR 339.4 in 2019 to mEUR 377.1 in 2020. The increase in personnel expenses is due to employees in newly acquired companies and changes in headcount. The increase in personnel expenses from changes in headcount in the reporting period is primarily attributable to new hires in R&D for the development of new and innovative product solutions.
- Other expenses went up from mEUR 127.3 in 2019 to mEUR 149.0 in 2020. In addition to the increase in other expenses in connection with acquisitions, the use of external development capacities also led to higher expenses in 2020. Expenses for information and communications technology also increased year-on-year.

Depreciation of property, plant and equipment and right-of-use assets increased by mEUR 2.3 to mEUR 30.9 in 2020. There was also higher investment in operating and office equipment in the reporting period, which led to a slight year-on-year increase in depreciation of property, plant and equipment. Amortization of intangible assets was up by mEUR 10.5 to mEUR 44.8. This increase is entirely due to the planned amortization of intangible assets from business acquisitions.

Financial income of mEUR 2.7 exceeded the prior-year value (mEUR 2.1) by mEUR 0.6. Financial expenses increased substantially from mEUR 7.8 in 2019 to mEUR 13.1 in financial year 2020. Interest expense for liabilities to banks increased by mEUR 1.1 from mEUR 4.3 in financial year 2019 to mEUR 5.4 in the reporting period. Further financial expenses mainly resulted from foreign exchange losses and non-cash items, such as changes in the value of purchase price liabilities. For further information on financial income and expenses, please refer to chapter E.30 in the notes to the consolidated financial statements.

The effective group tax rate was 39 % in the prior year and is 34 % in the financial year 2020. The decrease in the group's effective tax rate is mainly due to the utilization of tax loss carryforwards in the financial year. Consolidated net income for financial year 2020 amounts to mEUR 73.4, as against mEUR 66.2 in 2019.

Development of results in the business segments

Ambulatory Information Systems (AIS)

mEUR	2020	2019	Change
Revenues to third parties	466.7	444.6	5%
thereof organic revenues*	451.2	443.8	2%
thereof recurring revenues	329.9	305.8	8%
Share of recurring revenues	71%	69%	
EBITDA adjusted**	171.7	161.1	7%
in % of revenues	37%	36%	

* Adjusted for revenues of companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.
** Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

- The software business with physicians and dentists generated revenues of mEUR 466.7 in 2020 and was thus up 5 % year-on-year.
- Anorganic effects contributed mEUR 15.5 to revenues in 2020 (prior year: mEUR 0.8).
- Organic revenue growth amounts to 2 %. Without the Telematics Infrastructure, organic revenue growth was also at 2 %. The sound core business in the first half of the year was strong enough to offset declines in revenues in the second half of 2020 caused by the impact of the COVID-19-pandemic on the dental and US businesses in particular.
- Recurring revenues increased by 8 % in 2020 to mEUR 329.9.
- Adjusted EBITDA of mEUR 171.7 is 7 % above the prior-year level, mainly due to the one-off effect resulting from the software upgrade for the Telematics Infrastructure in the third quarter.

Pharmacy Information Systems (PCS)

mEUR	2020	2019	Change
Revenues to third parties	135.4	119.4	13%
thereof organic revenues*	135.0	119.4	13%
thereof recurring revenues	76.2	72.0	6%
Share of recurring revenues	56%	60%	
EBITDA adjusted**	37.6	31.9	18%
in % of revenues	28%	27%	

* Adjusted for revenues of companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.
** Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

- The pharmacy software business continued its growth course in financial year 2020 with revenues of mEUR 135.4, thus exceeding the prior-year value by 13 %. The strong performance was driven by the rollout of the Telematics Infrastructure in the pharmacy business that started in the third quarter, which led to organic growth of likewise 13 %.
- Organic growth not including the Telematics Infrastructure was only slightly higher than in the prior year.
- Recurring revenues in the PCS segment increased by 6 % to mEUR 76.2 in 2020.
- Adjusted EBITDA of mEUR 37.6 has risen significantly (+18 %) compared to the prior-year level of mEUR 31.9. This was mainly driven by the rollout of the Telematics Infrastructure in the pharmacy business.

Hospital Information Systems (HIS)

mEUR	2020	2019	Change
Revenues to third parties	186.6	135.9	37%
thereof organic revenues*	140.0	135.9	3%
thereof recurring revenues	113.0	79.4	42%
Share of recurring revenues	61%	58%	
EBITDA adjusted**	31.9	19.3	65%
in % of revenues	17%	14%	

* Adjusted for revenues of companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.
** Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

- Revenue growth in Hospital Information Systems is 37 % in 2020. This is due to the acquisition of the IT healthcare portfolio of Cerner Corporation at the beginning of the third quarter and a good operating performance. Adjusted for anorganic revenues amounting to mEUR 46.6, organic growth stands at 3 %.
- Organic revenue growth of 3 % in 2020 is attributable to a sound performance in the German and Polish hospital business as well as in the social sector.
- Acquisitions boosted recurring revenues by 42 % to mEUR 113.0 in 2020.
- Adjusted EBITDA of mEUR 31.9 has risen significantly compared to the prior-year level of mEUR 19.3.

Consumer and Health Management Information Systems (CHS)

mEUR	2020	2019	Change
Revenues to third parties	48.1	45.7	5%
thereof organic revenues*	49.0	45.4	8%
thereof recurring revenues	5.7	3.5	65%
Share of recurring revenues	12%	8%	
EBITDA adjusted**	8.3	11.2	–26%
in % of revenues	17%	25%	

* Adjusted for revenues of companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.
** Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

- Revenues in the CHS segment rose by 5 % in the year under review.
- Adjusted for anoragnic revenues, organic revenue growth stood at 8 %, which is mainly due to the German Intermedix business unit. The CGM LIFE business also made a positive contribution to revenue growth in 2020; its business volume derives the operation of software solutions in the field of private health insurance.
- Recurring revenues increased by 65 % in 2020 to mEUR 5.7.
- Adjusted EBITDA declined, which is mainly due to the increase in development expenses of mEUR 2.9.

Other business activities and consolidation

mEUR	2020	2019	Change
Sales to third parties	0.5	0.2	215%
EBITDA adjusted*	–34.5	–25.3	–36%

* Adjusted key figures for 2019 presented on a pro forma basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

- Adjusted EBITDA in the Other business activities and consolidation segment was mEUR 9.2 below the prior year. This is mainly due to increased expenses in the central functions and in the R&D activities which are reported under this segment.
- Adjusted extraordinary effects in this segment in 2020 principally comprise additional cost in connection with share option programs for the managing directors and M&A costs amounting to mEUR 13.6. On a pro forma basis, financial year 2019 contained a negative one-off effect of mEUR 3.9 from the cash settlement of a former member of the Management Board's share options and M&A costs of mEUR 16.1.

2.3.2 Financial position

Statement of Cash flows
In financial year 2020, Cash flow from operating activities amounted to mEUR 149.9 compared to mEUR 110.5 in the prior year. Changes compared to 2019 relate to the following items in particular:

Adjusted for non-cash income/expenses and cash payments for taxes, gross Cash flow from operating activities in the reporting period before changes in working capital increased from mEUR 134.6 in 2019 to mEUR 162.0 in 2020. This increase is mainly driven by the higher consolidated net income for 2020, the change in amortization of intangible assets, depreciation of property, plant and equipment, right-of-use assets, the change in provisions and income tax liabilities.

Changes in working capital reduced Cash flow from operating activities by mEUR -12.1 compared to mEUR -24.1 in 2019. This change is mainly due to changes in inventories, trade receivables, income tax receivables, trade payables and other liabilities.

Cash flow from investing activities was mEUR 457.1 in 2020, compared to mEUR 139.4 in 2019. This change was mainly caused by higher payments for company acquisitions compared to 2019.

The Cash flow from financing activities was mEUR 338.1 in financial year 2020 (prior year: mEUR 49.7). It was generated mainly with proceeds from the sale of treasury shares and from the issuance of new shares totaling mEUR 338.0.

Principles and objectives of financial management
In principle, CGM strives to keep its level of cash and cash equivalents as low as possible, both at group level and at its operating subsidiaries. In key European countries where CGM has its own subsidiaries, the Company uses an international cash pooling system to manage its bank accounts. Cash pooling optimizes and utilizes surplus liquidity at group companies, reduces liabilities to banks and increases overall liquidity. The key principle of the cash pooling approach is the management of the highest-level bank account at CompuGroup Medical SE & Co. KGaA (pool leader), the parent entity of the group. Usually, this company also holds all material liabilities to banks, including the flexible revolving loans and short-term credit lines used for the group's day-to-day liquidity management.

CompuGroup Medical SE & Co. KGaA's liabilities to banks are usually denominated in euro with variable interest rates. Given the group's international focus, incoming and outgoing payments may be paid in various currencies. The Company generally strives for natural hedging through its choice of suppliers and locations. As at December 31, 2020, the Company does not use any derivative financial instruments to hedge its foreign currency exposure. The development of the relevant positions is regularly monitored to ensure an appropriate response to significant changes.

CGM's dividend policy aims to ensure that future dividends are paid out on the basis of long-term sustainable profits. CGM's objective is to gradually and steadily increase its annual dividend payout or to at least keep it stable. The dividends reported and approved by the shareholders are distributed each year in conjunction with the Annual General Meeting.

2.3.2.1 Capital structure

Business acquisitions of the reporting period were financed via debt, self-generated Cash flows and payments from the sale of treasury shares as well as the increase in share capital in June 2020. In terms of capital structure, the Company's goal is to prevent the equity ratio from falling below 25 % for extended periods through the corresponding management of consolidated profits, dividends and capital measures such as share placements and share buybacks.

As at December 31, 2020, the group had gross debt of mEUR 554.8. The group held cash amounting to mEUR 75.9. In addition to a syndicated credit facility, the group has further loans and current accounts. For further information on liabilities to banks and the structure of debt, please refer to note E.15a) Liabilities to banks.

On January 28, 2020, CGM took out a new credit facility of mEUR 1,000.0 with a term of at least five years to secure future liquidity; the facility comprises a revolving multi currency credit facility of mEUR 600.0 and a mEUR 400.0 term loan. The facility was taken out to repay existing liabilities and to finance general company purposes and acquisitions. The syndicate of banks includes BNP Paribas, Commerzbank, Deutsche Bank, Landesbank Baden-Württemberg, SEB and Unicredit.

As at December 31, 2020, the full amount of the term loan (mEUR 400.0) had been drawn, while an amount of mEUR 56.0 of the mEUR 600.0 revolving credit facility was utilized.

As at the reporting date, no interest rate hedging has been concluded for this syndicated credit facility. The loans are subject to compliance with a financial covenant (leverage). Various German group companies have issued joint and several payment guarantees for this syndicated credit facility (default liability for nonpayment by CompuGroup Medical SE & Co. KGaA).

2.3.2.2 Investments

In financial year 2020, the investments of CGM refer to the following:

mEUR	2020	2019
Company acquisition	397.1	94.9
Purchase of minority interest and past acquisition	3.1	1.8
Capitalized in-house services and other intangible assets	38.0	29.1
Joint ventures and other equity investments	2.0	0.0
Office building and property	4.6	1.1
Other property and equipment	12.5	13.0
Sale of subsidiaries and business operations	–0.2	–0.5
Sum	457.1	139.4

2.3.2.3 Liquidity

Liquidity of the group is at a solid level. This results, on the one hand, from its strong and stable Cash flow from operating activities. The Free Cash flow amounted to mEUR 94.9 in financial year 2020 (adjusted: mEUR 100.7). It is defined as Cash flow from operating activities less the Cash flow from investing activities (not including proceeds from and payments for business acquisitions and joint ventures, the disposal of subsidiaries and business units, the acquisition of non-controlling interests and the settlement of purchase price claims from company acquisitions in prior periods).

Furthermore, a considerable share of recurring revenues derives from prepayments, significantly reducing working capital at the beginning of the annual, quarterly and monthly payment periods. The Company is increasingly using direct debit for such recurring revenue payments in order to continuously improve the security and speed of incoming payments. To date, the group has always been able to properly satisfy its payment obligations when due. The Company assumes that no liquidity problems will arise in the future and that payment obligations entered into will always be satisfied.

Given its good liquidity profile, the group strives to hold as little cash as possible. On December 31, 2020, the group held a term loan of mEUR 400, a revolving credit facility of mEUR 600.0 and other short-term credit lines of mEUR 78.4 to absorb normal seasonal fluctuations in liquidity. The facilities under the new syndicated loan and the short-term credit lines are used in conjunction with cash pooling instruments to adequately meet the group's liquidity requirements. As at December 31, 2020, CGM has short-term credit lines not yet exhausted of mEUR 47.4 and a not fully utilized revolving credit facility of mEUR 544.0.

CGM has agreed financial covenants for all its existing material credit facilities and has contractually undertaken to comply with these covenants. If these contractual financial covenants are not complied with, the loans can be called due immediately by the banks in question. This represents a liquidity and refinancing risk that is explained in more detail in the risk report in the combined management report. The Company has always complied with the financial covenants of its loan agreements and has always been able to refinance its loans in due time.

2.3.3 Net assets

Total assets increased by mEUR 499.9 year-on-year to mEUR 1,565.8 at the end of the reporting period. Intangible assets represent the largest asset item in terms of value, amounting to mEUR 1,088.1 as at December 31, 2020 compared to mEUR 668.3 as at December 31, 2019. The increase in intangible assets resulted primarily from the acquisitions of a portion of Cerner Corporation's IT healthcare portfolio and the eMDs group. They account for 69.5 % (prior year: 62.7 %) of total assets as at the reporting date. Intangible assets essentially comprise intangilble assets identified in connection with company acquisitions. These disclosed intangible assets mainly relate to customer relationships, order backlogs, software, trademarks and goodwill.

Property, plant and equipment increased by mEUR 3.6 year-on-year to mEUR 91.7. This is essentially due to higher investments in hardware for data centers, new land and buildings at the Koblenz site and workstations. As at December 31, 2020, right-of-use assets amount to mEUR 44.6.

Within current assets, inventories decreased from mEUR 27.5 as at December 31, 2019 to mEUR 18.2 as at December 31, 2020. Inventories mainly comprise goods for CGM's trading business with hardware and peripheral devices as well as components for the Telematics Infrastructure. Income tax receivables fell by mEUR 2.5 to mEUR 16.7 in the reporting period, primarily as a result of excess income tax prepayments by CompuGroup Medical SE & Co. KGaA as the parent company of the German tax group. Trade receivables increased from mEUR 103.0 at December 31, 2019 to mEUR 137.2 at December 31, 2020 essentially due to acquisitons. Also mainly due to additions because of acquistions, current contract assets increased by mEUR 14.3 from mEUR 9.1 at the end of 2019 to mEUR 23.4 at the end of 2020. As at December 31, 2020, cash and cash equivalents amounted to mEUR 75.9 (prior year: mEUR 46.4). Cash and cash equivalents increased primarily driven by the capital measure, the placement of treasury shares, and cash and cash equivalents taken over with the acquisitions. All other assets were subject to only marginal changes in financial year 2020.

Including the reported consolidated net income of mEUR 73.4 for the period January 1 to December 31, 2020 and the dividend payment by CGM SE & Co. KGaA in the amount of mEUR - 24.2, the placement of treasury shares in the amount of mEUR 305.3, the capital increase of mEUR 32.7 and other changes totaling mEUR 1.5, consolidated equity increased from mEUR 259.9 as at December 31, 2019, to mEUR 638.9 as at December 31, 2020. Furthermore, changes in exchange rates and interest rates (actuarial losses) had an effect of mEUR - 9.7 on equity in financial year 2020. The equity ratio rose from 24.4 % as at December 31, 2019 to 40.8 % as at December 31, 2020.

In the reporting period, current and non-current liabilities increased from mEUR 805.9 as at December 31, 2019 to mEUR 926.8 as at December 31, 2020. Significant individual changes are the increase in liabilities to banks of mEUR 46.7, the increase in trade payables of mEUR 17.4 and changes in deferred tax liabilities of mEUR 12.2.

On the whole, the net assets of the group can still be considered solid.

2.3.4 Net assets, financial position and results of operations

Results of operations and financial position of CompuGroup Medical SE & Co. KGaA
The figures stated are based on the annual financial statements of CompuGroup Medical SE & Co. KGaA.

mEUR	2020	2019
Operating income	–44.6	–60.4
Investment income	91.4	88.5
Net write-ups and write-downs of financial assets	1.7	16.4
Net interest result	–7.6	–3.9
Tax result	–10.8	–3.4
Profit before tax	30.0	37.2
Other taxes	–0.2	–0.4
Annual result	29.8	36.8

As a holding company, the company's results of operations are substantially dependent on the performance of its operating subsidiaries. The net income from equity investments comprises income from profit and loss transfer agreements and income from investments. Compared to the prior year, the net income from equity investments increased by mEUR 2.9 to mEUR 91.4.

Total equity investment income breaks down as follows:

mEUR	2020	2019
CompuGroup Medical Deutschland AG	34.4	56.5
Lauer-Fischer GmbH	11.6	11.4
Ifap Service Institut für Ärzte und Apotheker GmbH	6.3	6.1
CGM Clinical Deutschland GmbH	6.0	0.9
Net income from profit and loss pooling	58.4	74.9
Other income from investments	33.0	13.6
Investment income	91.4	88.5

The slight increase in net income from equity investments is mainly attributable to the following main factors:

- the increase in distributions of the investments
- and the significant increase in earnings of CGM Clinical Deutschland GmbH, but also
- the significantly lower earnings contribution of CGM Deutschland AG, resulting mainly from a merger loss of mEUR 17.1, an investment write-down of mEUR 7.0 and an increase of mEUR 9.0 in the loss of CGM Software.

In addition, the following developments had an effect on net income from equity investments:

The 2020 operating result of Lauer-Fischer GmbH is at the prior-year level.

The earnings level of ifap GmbH improved only slightly by mEUR 0.2. At the same time, the profit transfer from CGM Mobile GmbH in the amount of mEUR 4.7 played an important role here.

Earnings of CGM Clinical Deutschland GmbH significantly exceeded the prior-year level in 2020, driven by revenue growth of approximately mEUR 10.

Income from equity investments were boosted by profit distributions of the subsidiaries CompuGroup Medical CEE GmbH, Austria in the amount of mEUR 13.0, Profdoc AS, Norway in the amount of mEUR 10.8, CompuGroup Imagine Editions SAS, France in the amount of mEUR 4.6, CompuGroup Medical Polska SP., Poland in the amount of mEUR 2.8 and CompuGroup Medical Ceská republika s.r.o., Czech Republic in the amount of mEUR 1.8.

The improvement in the operating result in the year under review with an increase of mEUR 15.8 to mEUR -44.6 resulted mainly from a reduction in one-off expenses for M&A projects (2020 mEUR 11.8 instead of mEUR 16.1) as well as lower personnel expenses due to severance payments in the prior year.

Impairment losses on the loan to the Spanish subsidiary Medigest Consultores SL amounting to mEUR 2.5 and the Turkish subsidiary CompuGroup Medical Bilgi Sistemleri A.S. amounting to mEUR 4.1 were recognized. In conrary to this, wirte -ups to the loan provided to CompuGroup Medical Bilgi Sistemleri A.S., which is recognized under financial assets, gained mEUR 8.2 in value. Both effects were recognized in the line item "Net write-ups and write-downs of financial assets".

The net interest result was impacted by the following developments in the year under review:

mEUR	2020	2019
Interest income from loans granted	2.1	1.3
Other interest and similar income	3.7	4.1
Interest and similar expenses on loans taken	–13.4	–9.3
Net interest result	–7.6	–3.9

In the 2020 calendar year, income from loans held as financial assets increased by mEUR 0.8 compared to 2019. Other interest and similar income decreased by mEUR 0.4 to mEUR 3.7 in the financial year due to lower receivables from associated companies. Interest and similar expenses increased by mEUR 4.1 compared to the prior year. The main reason for the change in interest and similar expenses is the fee for the renewal of our syndicated loan of mEUR 3.1, as well as an increase in the commitment fee of mEUR 0.9, as the RCF of mEUR 600 was hardly utilized at all in the year under review.

Income taxes for the year under review amount to mEUR 10.7 (prior year: mEUR 3.4). This corresponds to a tax rate of around 26.4 %; the development is driven by trade tax effects such as the addition for the costs related to the Managing Directors as well as non-deductibility of merger losses.

Net assets of CompuGroup Medical SE & Co KGaA
With a share of around 73.9 % (prior year: approx. 61 %), financial assets are the most significant balance sheet assets item in terms of value; a fact that is congruent with the company's function as a holding. Intangible assets almost exclusively contain capitalizations in connection with the group-wide SAP implementation program "OneGroup".

Compared to the prior year, the carrying amount of financial assets increased by mEUR 439 to mEUR 1,084. This results in particular from an increase in share capital at CompuGroup Medical CEE GmbH, Austria in the amount of mEUR 215 for the acquisition of the HIS business in Germany and Spain from competitor Cerner, as well as two capital increases at CompuGroup Holding USA, Inc. Delaware, one of mEUR 193.7 for the acquisition of the EMDS Group in Texas and one of mEUR 115.0 for the repayment of loan liabilities to CompuGroup Medical SE & Co. KGaA and CompuGroup Medical Deutschland AG. In addition, an increase in share capital of mEUR 4.1 was performed at CompuGroup Medical Bilgi Sistemleri A.S., followed by a write-down of the total carrying amount.

The decrease in loans to associated companies of mEUR 40.8 mainly results from the loan repayment on the part of CompuGroup Holding USA, Inc. (mEUR 96.1) as well as the reversal of the corresponding impairment loss of mEUR 44.5, and a loan repayment on the part of CompuGroup Medical, Inc. USA of mEUR 8.7. Other effects are the write-up on loans in the amount of mEUR 8.2 and the impairment on loans in the amount of mEUR -2.5, both at Medigest Consultores SL, Spain. In addition, several group companies have taken out or repaid smaller loans during the financial year.

The equity ratio was 35.7 % in the reporting period and thus well above the prior-year level (prior year: 16.9 %).

Sale of treasury shares 2020 - capital increase
CompuGroup Medical SE & Co. KGaA successfully completed its priorly announced capital measure by way of an accelerated book building process on June 22, 2020, while excluding the subscription rights of existing shareholders. A total of 5,321,935 shares were placed at a price of EUR 64.00 per share. The placement brought gross issue proceeds for the company of approximately mEUR 341.

The total of 5,321,935 shares placed comprises the 4,806,709 treasury shares already held as at December 31, 2019, and an increase in the company's share capital of 515,226 new shares.

The share capital was increased against cash contributions and the partial utilization of authorized capital in accordance with article 4 (3) of the company's Articles of Association. The sale of treasury shares was also made against Cash. The share capital was thus increased from EUR 53,219,350 to EUR 53,734,576. The new shares carry the same rights as the existing shares and are entitled to dividends for financial year 2020.

As at December 31, 2020, CompuGroup Medical SE & Co. KGaA has liabilities to banks in the amount of mEUR 493.0. The "EUR 1,000,000,000 Term and Multicurrency Revolving Credit Facility" newly concluded in January 2020 was utilized in the amount of mEUR 456.0 as at the reporting date December 31, 2020. Of the mEUR 456.0 taken out from the credit facility, mEUR 400.0 relates to the term loan, which is therefore fully utilized as at the reporting date. In addition, mEUR 56.0 was drawn of the total revolving credit facility of mEUR 600 as at the reporting date. In addition, the company applied for the prolongation option for this syndicated revolving credit facility in December. The related prolongation of the term from the original five years (January 2025) by one year (January 2026) was confirmed in January 2021.

In addition to the syndicated loan, the company has also been granted an innovation loan by IKB and other credit lines with a total value of mEUR 37.0 (prior year: mEUR 42.6).

With regard to liabilities to banks, please refer to the comments on interest and similar expenses in the "Results of Operations and Financial Position of CompuGroup Medical SE & Co. KGaA" segment of this report.

2.3.5 Overall Assessment of the Course of Business and the group's and the company's Situation

The business performance of CompuGroup Medical was positive overall in financial year 2020, driven by organic growth supported by acquisition effects. The share of recurring revenues in total revenue amounts to 63 % and is therefore in line with CGM's strategic goals and business model that are largely based on long-term customer relationships. The development of the key earnings figures was influenced primarily by the operating activities, but also by higher investments in order to secure the group's innovative power and future growth.

2.4 Financial and non-financial performance indicators

CompuGroup Medical SE & Co. KGaA reports tarting from financial year 2020 adjusted performance indicators for operating profit (EBITDA), Free Cash flow and earnings per share. These key performance indicators are not defined under the International Financial Reporting Standards (IFRS) and should thus be regarded as supplementary information. The adjusted EBITDA, adjusted Free Cash flow and adjusted earnings per share do not include effects from the acquisition and disposal of subsidiaries, business units and investments (including effects from the subsequent measurement of contingent purchase price liabilities), write-downs and write-ups on investments, effects from the acquisition, construction and disposal of real estate, write-downs and write-ups on owner-occupied real estate, expenses in connection with share-based compensation programs for management, taxes attributable to the above effects and other non-operating effects or one-off effects referring to other periods.

CGM has a comprehensive planning and performance management system that uses the above financial performance indicators. group-wide planning and reporting software has been customized to CGM's individual requirements to consolidate financial and performance-related information and deliver it to management. The most important KPIs are closely monitored and communicated to management in the form of a reporting package that also includes planned targets. Cascading business review meetings that analyze and discuss results and perform structured comparisons of projected and actual figures are held monthly from the level of business unit managers up to the Managing Directors. Any negative deviations from planning trigger a deeper and more detailed analysis to identify the causes and initiate corrective measures.

Financial performance indicators

The company management approach focuses on the following key performance indicators for measuring growth, profitability, capital efficiency and innovative strength.

Main Financial Indicators:

1. Revenues/revenue growth

Revenues are defined by the company in absolute terms as sales revenues generated with third parties ("revenues"). Revenue growth is defined as the year-on-year change, i.e., compared with the same period twelve months ago, and reported as a percentage change.

2. EBITDA (adjusted)/EBITDA margin (adjusted):

Earnings before interest, taxes, depreciation and amortization (EBITDA) (adjusted) and the (adjusted) EBITDA margin, which measures EBITDA as a percentage of revenues, are used as indicators of operating profitability.

kEUR	2020	2019*
EBITDA	197,476	178,126
Adjustments:		
M&A Transactions	10,853	16,108
Share-based option programs	5,882	3,898
Restructuring program expenses	0	0
Other non-operative, extraordinary or one-time effects	672	0
EBITDA adjusted	214,882	198,132
EBITDA margin adjusted	**26%**	**27%**

* Adjusted key figures for 2019 presented on a Pro-forma-basis: Effects taken into account are the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and further the non-recurring expenses for discontinued M&A transactions.

Additional financial indicators

1. Recurring revenues

Recurring revenue growth: Our recurring revenues include revenues from all software maintenance contracts plus subscriptions for services such as Internet access, electronic data interchange, electronic data processing, business process outsourcing, data center hosting, hardware leases, etc..

kEUR	2020	2019*
Revenues or Software Maintenance & hotline	357,645	319,365
Other recurring revenues	167,073	141,451
Recurring revenues	524,718	460,816
Recurring revenues in %	**63%**	**62%**

* Recurring revenue was determined based on the definition applicable for 2020.

2. Organic growth

Organic growth is defined as the year-on-year increase in revenue, adjusted for revenues from companies consolidated for the first time in the reporting period, from companies consolidated for the last time in the prior reporting period and for currency translation effect**s.**

kEUR	2020	2019*
Group revenues	**837,259**	**745,808**
Ambulatory Information Systems (AIS)	15,489	813
Pharmacy Information Systems (PCS)	360	0
Hospital Information Systems (HIS)	46,625	0
Consumer and Health Management Information Systems (CHS)	–880	337
Other Segments	0	0
Group organic revenue	775,665	744,658
Organic growth (in %)	**4.2%**	**–0.4%**

* Revenues corrected by companies which are consolidated last time in 2019 (prior-year)

3. Free Cash flow (adjusted)

The Free Cash flow and the adjusted Free Cash flow (definition we refer to C.2.3.2.3 Liquidity) are derived as follows:

kEUR	2020	2019*
Operating Cash flow	149,931	110,495
Cash flow from investing activities	–457,116	–139,444
./. Net Cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in prior periods)	397,108	94,857
./. Cash outflow for acquisitions from prior periods	3,132	1,753
./. Cash inflow from the disposal of subsidiaries and business units	–220	–505
./. Cash outflow for capital expenditures in joint ventures and other equity investments	2,027	0
Free Cash flow	94,862	67,156
Operating Cash flow adjustments		
M&A Transactions	4,889	9,132
Share-based option programs	0	17,000
Restructuring program expenses	0	0
Other non-operative, extraordinary or one-time effects	993	0
Free Cash flow adjusted	100,744	93,288

* Adjusted key figures for 2019 presented on a Pro-forma-basis: excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and non-recurring expenses for discontinued M&A transactions.

4. Earnings per share (adjusted)

Adjusted earnings per share are defined as the consolidated net income for the period attributable to the shareholders of the parent company divided by the weighted average number of shares as at the reporting date calculated in accordance with IAS 33.

kEUR	2020	2019*
Consolidated net income of the period (allocated to shareholders of the parent company)	**73,192**	**65,819**
Adjustments:		
M&A Transactions	20,300	16,108
Share-based option programs	4,735	3,898
Restructuring program expenses	0	0
Other non-operative, extraordinary or one-time effects	1,271	0
Adjusted consolidated net income for the period (allocated to shareholders of the parent company)	**99,499**	**85,825**
Adjusted undiluted earnings per share (in EUR)	1.94	1.76
Adjusted diluted earnings per share (in EUR)	1.90	1.74
weighted average of outstanding shares acc. to IAS 33 - undiluted ('000)	51,212	48,776
weighted average of outstanding shares acc. to IAS 33 - diluted ('000)	52,367	49,422

* Adjusted key figures for 2019 presented on a Pro-forma-basis: Effects taken into account are the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and further the non-recurring expenses for discontinued M&A transactions.

5. CAPEX

CAPEX refers to capital expenditures for fixed assets, in particular in connection with research and development and internally generated software.

kEUR	2020	2019
Cash outflow for capital expenditure in intangible assets	–38,045	–29,056
Cash inflow from disposals of property, plant and equipment	660	401
Cash outflow for capital expenditure in property, plant and equipment	–17,684	–14,684
CAPEX*	55,069	43,339

* without IFRS 16 CAPEX and CAPEX from acquisitons

6. Equity ratio

The equity ratio is calculated by dividing equity capital by total capital. In financial year 2020, the equity ratio was 40.8 % (prior year: 24.4 %).

7. Leverage

Leverage is defined as debt-ratio, i.e. the ratio of net debt to adjusted EBITDA Last-Twelve-Month (LTM). Net debt is defined as current and non-current liabilities to banks, financial liabilities to third parties and lease liabilities resulting from the application of IFRS 16 less Cash and cash equivalents adjusted for restricted Cash.

The adjusted EBITDA LTM is the adjusted EBITDA of the last twelve months plus the EBITDA of newly acquired companies extrapolated to twelve months and corrected by the adjusted EBITDA of companies or parts of companies divested in the period under view.

In financial year 2020, CompuGroup Medical adjusted its definition of net debt and leverage. Please see below for how the definition has been derived:

kEUR	2020	2019*
Net debt	479,933	466,952
a. Liabilities to banks (non-current)	461,061	410,838
b. Liabilities to banks (current)	35,298	38,810
c. Financial liabilities to third parties (non-current and current)	13,613	18,029
d. Lease liabilities (non-current and current)	44,566	43,124
e. Cash and cash equivalents	–75,910	–46,350
thereof restricted cash	1,305	2,500
EBITDA adjusted (LTM)**	**235,706**	**198,218**
Leverage	2.04	2.36

* Adjusted key figures for 2019 presented on a Pro-forma-basis: Effects taken into account are the one-time effect of stock option-based compensation expenses against cash settlement for a former Management Board member and further the non-recurring expenses for discontinued M&A transactions.
** Adjusted EBITDA Last-Twelve-Months (LTM) = Adjusted EBITDA of the last twelve months adjusted for the EBITDA of newly acquired companies extrapolated to twelve months and corrected for the adjusted EBITDA of companies divested in the period under view

Non-financial indicators

Customer reach

The customer base is an important benchmark for assessing our size and relative importance in the healthcare sector. CGM uses the annual revenues from software maintenance, software leases and software as a service as its best estimate of the size and reach of its customer base. Growth in annual revenues from software maintenance, software leases and software as a service is used as an indicator of growth in the customer base.

kEUR	2020	2019
Software maintenance	357,645	319,365
Software rental and software as a service	38,332	26,195
Provider reach	395,978	345,560

3. Subsequent events

Share buy-back program for up to 500,000 treasury shares approved
The general partner of CompuGroup Medical SE & Co. KGaA, utilising the authorization granted by its annual general meeting of May 15, 2019 and pursuant to section 71(1) no. 8 of the German Stock Corporation Act (Aktiengesetz), resolved on February 25, 2021 to buy back a maximum number of up to 500,000 shares of the company (corresponding to approx. 0.93% of the company's share capital) at a maximum purchase price (excluding transaction costs) of up to mEUR 40 in total.

The share buy-backprogram will be carried out by a credit institution. The credit institution will acquire the shares on the stock market and will decide on the timing of acquisition independently of the company in accordance with the safe harbor provisions of Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 (Market Abuse Regulation) in conjunction with the Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016. In addition, the purchase price per share (excluding transaction costs) paid must not exceed, or fall short of, the volume-weighted average price of the company's share in XETRA trading on the Frankfurt Stock Exchange during the last five trading days before the acquisition date by more than 10 %.

Shares will be bought back in the period from February 26, 2021 to and including April 30, 2021. The company's treasury shares acquired by means of the share buy-back Program are to be used for the purposes permitted under the authorization granted by the annual general meeting of May 15, 2019.

4. Guidance, risk and opportunity report

4.1 Guidance report

In its outlook for 2021 published in January 2021, the International Monetary Fund (IMF) forecasts real economic growth of 5.1 % in the US and 4.2 % in Europe. In Germany, the IMF expects 3.5 % growth year-on-year.

According to an analysis by Global Market Insights from August 2020, the healthcare IT market is expected to grow from USD 188 billion in 2019 to USD 536 billion by 2026, corresponding to average annual growth (CAGR) of 15.6 %. Growth drivers include the introduction of cloud-based computing systems for identifying and diagnosing illnesses as well as initiatives by numerous governments to promote the healthcare IT sector. In the US, for instance, the Health Information Technology for Economic and Clinical Health (HITECH) Act earmarks almost USD 27 billion over a period of ten years to support the installation and use of electronic health records.

In a report published in February 2021, Grand View Research assumes that the global healthcare IT market will grow by 10.7 % p.a. until 2028. According to the authors of the paper, technological progress such as the implementation of artificial intelligence, the Internet of Things and big data analysis in healthcare processes are the reasons behind the guidance market growth. Furthermore, the authors anticipate that the consumers' growing demand for effective and efficient treatment in combination with a rising awareness of new and better technologies will enhance market growth in the period under review.

Group
CGM expects revenues between mEUR 1,000 and mEUR 1,040 in 2021, corresponding to revenue growth of 19 to 24 percent. This includes significant consolidation effects, predominantly from the two major acquisitions completed in financial year 2020. Organic growth is expected to range between 4 and 8 percent.

- Adjusted EBITDA is forecast to range between mEUR 210 and mEUR 230.
- Adjusted earnings per share (diluted) are expected to amount to between EUR 1.70 and EUR 1.95.
- Investments (capex) are anticipated to range between mEUR 70 and mEUR 80.
- The Free Cash flow is expected to exceed mEUR 80.

Segments

The group is introducing new segmentation from the beginning of 2021 in order to enhance transparency. Revenue and income contributions by the AIS and PCS segments resulting from Telematics Infrastructure are henceforth shown in the CHS segment. For the reporting segments in the new structure announced in the fourth quarter of 2020 and effective from January 1, 2021, the following development is expected for financial year 2021:

- AIS revenues including the business acquisitions concluded as at December 31, 2020 is forecast to range between mEUR 485 and mEUR 500.
- The PCS segment is expected to generate revenues between mEUR 115 and mEUR 120.
- The HIS segment is expected to generate revenues in a range between mEUR 240 and mEUR 250.
- The new CHS segment is expected to generate revenues between mEUR 160 and mEUR 170 in 2020.

The above guidance for the current financial year was published on February 4, 2021 and does not take into account any effects from business acquisitions not yet completed or potential transactions to be carried out in the course of financial year 2021. The guidance for 2021 is based on the management's best estimate of future market conditions and the development of the business segments of CompuGroup Medical in this environment; it may be influenced by delays in the implementation of the Telematics Infrastructure that are beyond the control of the company. In addition, the consequences of the global COVID-19-pandemic are not fully calculable. The guidance for 2021 could also be influenced by foreign exchange effects (especially changes in the USD/EUR conversion rate).

From financial year 2020, CompuGroup reports adjusted key figures for operating income (EBITDA) and earnings per share. These key performance indicators are not defined under the International Financial Reporting Standards (IFRS) and should thus be regarded as supplementary information. The adjusted EBITDA and adjusted earnings per share do not include effects from the acquisition and disposal of subsidiaries, business units and investments (including effects from the subsequent measurement of contingent purchase price liabilities), write-downs and write-ups on investments, effects from the acquisition, construction and disposal of real estate, write-downs and write-ups on owner-occupied real estate, expenses in connection with share-based compensation programs for management, taxes attributable to the above effects and other non-operating effects or one-off effects referring to other periods.

Guidance for CompuGroup Medical SE & Co. KGaA

Net income from equity investments is expected to show a positive development in line with the planned growth trajectory of the group. The net interest result is expected to exceed the 2020 level as a result of the acquisitions. The company therefore expects net profit within the range of mEUR 35 to mEUR 50 for its single-entity financial statements for 2021 in accordance with the German Commercial Code (HGB). The above guidance for the current financial year was prepared in January 2021 and does not take into account any effects from business acquisitions not yet completed or potential transactions to be carried out in the course of financial year 2021. The guidance for 2021 is based on a management assessment of future market conditions and the development of the business segments of CompuGroup Medical SE & Co. KGaA in this environment.

4.2 Risk report

4.2.1 Risk management system

As an international company, CompuGroup Medical is subject to a variety of different risks. CGM is aware of the need to take risks, which also allows the company to seize opportunities.

The risk management system of CGM is implemented at the level of the individual companies, the business areas and at group level. A significant component of the risk management system is the group-wide early warning system, for example in the form of internal benchmark and cost efficiency analyses and performance gap analysis for the group's relevant performance indicators. In financial year 2014, CGM created an Internal Audit department, which is responsible for reviewing the adequacy, effectiveness and efficiency of risk management. Within the framework of corporate governance, the internal control system also contributes to the risk management system.

The risk reporting system encompasses the systematic identification, quantification, documentation and communication of risks. The corresponding principles, processes and responsibilities are documented in a group-wide risk management policy. New and relevant information is taken into account in the ongoing development of our policies and systems for the continuous improvement of the risk management system. Management is expected to be able to identify risks that endanger CGM's growth or its continued existence as a going concern early on, and to minimize their impact as far as possible.

Consciously taking predictable risks as part of our risk strategy is an unavoidable aspect of doing business. Risks that endanger the group as a going concern may not be taken and must be precluded by risk management. If this is not possible, such critical risks must be minimized or transferred, for example by taking out adequate insurance. Risks are controlled and monitored at the level of the individual companies, the business areas and at group level.

We understand risks as potential future developments or events that could lead to a negative impact on the financial figures overall and CGM's earnings projections in particular. The risks identified are essentially assessed for CGM's one-year guidance horizon.

The annual risk reporting process begins by using checklists to identify all major risks within defined risk categories. CGM has defined ten risk categories:

- Strategic risks
- Macroeconomic and political risks
- Operational risks
- Financial risks
- Regulatory risks
- Personnel risks
- Data processing risks
- Project risks
- M&A risks
- Tax risks

We assess the identified risks in a two-stage process based on their probability of occurrence and potential loss. The gross loss is initially estimated by means of triangular distribution by the risk managers at the local companies. The risk managers also document measures for risk avoidance and minimization in addition to options for transferring risk. Risk identification and risk assessment are supported by the management of the respective company or business area. The risks identified at local level are then analyzed by Risk Management. After completing its analysis of the identified, reported and quantified risks, Risk Management aggregates the risks by means of a Monte Carlo simulation and produces an overall assessment. Against the background of the new version of IDW PS 340, which is to be applied from 2021, procedural changes have been made in order to be able to map the requirements at an early stage.

The loss value per risk class, per risk category and the loss value for the group's overall risk situation produced from this Monte Carlo risk aggregation is taken as the expected annual loss (on risk occurrence). The value-at-risk method reveals information on the potential maximum annual loss for each risk class, each risk category and the group's overall risk situation.

Subsequent risk reporting is addressed directly to the Chief Financial Officer of CompuGroup Medical SE & Co. KGaA, who informs the Management Board and the Supervisory Board of the group's risk situation. The CFO is informed without delay of material unforeseen changes. He must then inform the Managing Directors and the Supervisory Board of such significant unforeseen developments. Group Risk Management is responsible for coordinating the whole process and for analyzing the inventoried risks. A quarterly risk report is submitted to the Managing Directors by the risk manager in charge (Group Risk Management).

The risks for the group's ten risk categories for the period from January 1, 2020 to December 31, 2020 were communicated to the Managing Directors. The group's risk categories are ranked as follows according to the severity of the risks reported:

1. Macroeconomic and political risks	(2)
2. Regulatory risks	(4)
3. Operational risks	(1)
4. Strategic risks	(3)
5. Personnel risks	(5)
6. M&A risks	(9)
7. Data processing risks	(6)
8. Financial Risks	(7)
9. Project risks	(8)
10. Tax risks	(10)

The numbers in parenthesis show the ranking of the risk categories in 2019 for comparison. The ranking of our risk categories changed in the reporting period as a result of the reassessment of potential risk categories and individual risks. In particular, the reassessment of potential risk categories and individual risks in the risk inventory resulted in higher risk assessments due to changing market and general conditions in relation to individual risks in the risk categories of macroeconomic and political risks, regulatory risks and M&A risks.

The risk categories apply to all operating segments. They do not differ from segment to segment, and the group does not report them differently. All segments essentially operate in the same general economic environment and on the same markets (exclusively in healthcare), and the nature of their products and services are also fundamentally the same (software and related services).

The risk reporting process is supported by an intranet-based database that ensures transparent communication throughout the group. It provides for transparent communication processes in the entire group. In addition, Internal Audit assessed the quality and functionality of our risk management system in financial year 2020.

4.2.2 Risks

Macroeconomic and political risks

In particular, these are risks arising from political changes and the effects of macroeconomic developments. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 18 (prior year: mEUR 9). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 25 (prior year: mEUR 17), with a 5 percent probability of higher, unexpected losses.

The products and services offered by CGM are currently marketed from offices in 19 countries. Both the establishment of business relationships in these countries and the business activity itself entail the usual risks for international business. In this context, particular attention must be paid to the prevailing general economic or political situation in the individual countries, the clash of different tax systems, legal hurdles such as import and export restrictions, competition regulations, and statutory provisions governing the use of the Internet or guidelines for the development and provision of software and services.

CGM counteracts these risks by regularly consulting with local law firms and tax advisors in countries where it is entering the market or adding additional business activities and by maintaining contact with local public authorities. Risks that may arise from changes in macroeconomic factors can never be completely ruled out.

While terms of use with the customer contractually prohibit misuse of the source code or other trade secrets, there is a residual risk that source codes or trade secrets may come into the possession of third parties and that they may unlawfully benefit from them. It is also conceivable that this could enable third parties to independently develop similar or better products based on CGM's protected technologies or designs. This risk can never be completely ruled out.

CGM established a company in the United Kingdom during the financial year under review, which does not yet have any business operations. As a result, CGM does not yet anticipate any significant impact from the United Kingdom having left the EU ("Brexit") in January.

COVID-19-pandemic risk

CompuGroup Medical has tracked the developments and risks from the COVID19-pandemic in the quarterly reporting of all business units worldwide and has used the existing reporting channel to the Managing Directors for this purpose. Now being several months into the direct impact of the pandemic, the flexibility of CGM employees is evident as 90 % of the workforce worked from home as the pandemic peaked, thus enabling business operations to continue. As was the case most recently in December 2020, it can be stated that the pandemic only poses a moderate business risk for CompuGroup Medical.
The macroeconomic view is different if lockdown phases last too long and thus jeopardize the prosperity and safety of society. Such a development can never be completely ruled out. For CompuGroup Medical, the effects in such a scenario would be classified as severe, but this is currently not considered to be very likely.

Regulatory risks

These are in particular legal and political risks as well as data privacy risks. The expected potential annual loss for all regulatory risks identified in the analysis is approximately mEUR 16 (prior year: mEUR 6). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 42 (prior year: mEUR 12), with a 5 percent probability of higher, unexpected losses.

Legal and political risks

CGM's business activities are strongly influenced by the regulatory environment of the public healthcare systems in the individual national markets and thus also by the corresponding market structures. On the one hand, the regulatory structure of the European healthcare sector, which is currently the company's primary market, is based on regulations such as the laws and directives issued by the respective states and, on the other, by supra-national structures that are essentially adopted by the European Union and lifted or amended by court decisions. In particular, the group is thus exposed to the risk that amendments to existing regulations, or the adoption of new ones, at national or supra-national level (the latter primarily meaning the EU level) could adversely affect market conditions relevant to CGM and thus have an adverse effect on the business activities of the group or its individual subsidiaries. Exact forecasts with regard to the introduction and extent of potential amendments to national and supra-national regulations or their impact on CGM's key markets are not possible as the introduction and extent of such regulations are dependent on the political process in the individual countries, and their subsequent impact is greatly influenced by the response by the respective market participants affected.

There are currently no known or threatened legal disputes that could have a significant impact on the financial situation of the group.

CGM is highly dependent on its intellectual property-related information and technology. However, it is not possible to completely exclude risks that may arise from the unlawful use of intellectual property. CGM believes that the options currently available are sufficient to protect its property rights in order to prevent illegal use that could lead to significant quantitative and qualitative losses.

Data privacy risks

In the financial year under review, data privacy risks were remodeled against the background of the concept of the independent data privacy regulatory authorities of the Federal Government and the Federal States of Germany regarding the assessment of penalties in proceedings against companies. Despite the high internal standards relating to data privacy, the data privacy risks led to a sharp increase in the "regulatory risks" category due to the penalties concept designed to be a "deterrent" and the uncertainties arising from the ECJ judgment C-311/18 ("Schrems II").

Operational risks

Operational risks refers to risks associated with research and development, markets and customers. The expected potential annual loss for all operational risks identified in the analysis is approximately mEUR 16 (prior year: mEUR 18). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 22 (prior year: mEUR 27), with a 5 percent probability of higher, unexpected damage.

Research and development

There is a risk that products and modules will not be created with the necessary quality within the time and budget allotted. To avoid this risk, the group conducts systematic and regular reviews of project progress and compares the results against the original targets, ensuring that measures can be taken to compensate for impending losses whenever this results in any deviation. Given the broad range of our research and development activities, there is no discernible risk concentration on any specific products, patents or licenses.

Market and customer risks

Given the complexity of our products and the considerable legal requirements, distribution by sales and service partners entails certain risks. Special training is offered to ensure that the sales and service partners comply with our quality requirements. The selection of the sales and service partners is subject to strict requirements.

The eHealth market is highly competitive and characterized by advancing market maturity. This competitive situation may lead to price pressure on our products and services, as well as to increasing expenses for customer retention and acquisition. In the current financial year, as in the prior financial year, CGM expects a consistently good business performance with manageable risks that could affect the results of operations.

Strategic risks

CGM defines strategic risks as risks that could jeopardize the financial result arising from the company focusing inadequately on the respective business environment. The expected potential annual loss for all strategic risks identified in the analysis is approximately mEUR 6 (prior year: mEUR 9). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 18 (prior year: mEUR 20), with a 5 percent probability of higher, unexpected damage.

Strategic risks may thus result from an inadequate strategic decision-making process, from unforeseeable market developments or from poor implementation of the chosen company strategy. The strategic direction of the CGM group is set at the level of the Managing Directors and is subject to regular controls.

- Risks related to changes in the healthcare market are of material importance to the CGM group. This primarily concerns the development of new products and services by competitors, the financing of healthcare systems and reimbursement in the healthcare sector.
- The eHealth market is characterized by rapidly changing technologies, the introduction of new industry standards, and new software launches or new features. This may lead to existing products and services becoming obsolete and therefore becoming less competitive.
- Regulatory developments or the introduction of new industry standards could impact the market positioning of CGM to the extent that the products and services offered no longer fully comply with these new statutory requirements or industry standards.

CGM's future success will depend in part on its ability to improve existing products and services and to interconnect them in order to respond in a timely manner to new product launches by competitors as well as to meet changing customer and market requirements.

Furthermore, CGM would incur additional costs for product development and further development due to products and services quickly becoming obsolete, which could have an adverse impact on the annual result.

Since the Telematics Infrastructure was introduced, CGM has been manufacturing the connector technology itself with the help of subcontractors. As this means that CGM is operating as a hardware producer, this can give rise to risks typical for a production company.

Personnel risks
These are in particular risks arising from the concentration of company-relevant expertise on individual employees, staff fluctuation, overstaffing and understaffing, poor working atmosphere, etc. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 5 (prior year: mEUR 5). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 9 (prior year: mEUR 9), with a 5 percent probability of higher, unexpected losses.

The commercial success of the group is linked to a large extent to the management and strategic leadership of the Managing Directors and also several employees in key positions. Despite the fact that management duties are also performed by other employees in addition to the Managing Directors, it can be safely assumed that the business activities of the company and its financial position and results of operations would be negatively impacted by the loss of individuals in key positions.

The group considers the performance of its employees to be essential for growth and development. In this respect, the company competes with other companies to attract highly qualified specialists and managers. The group therefore offers an attractive remuneration system and individually tailored continuing professional development to attract employees and retain them over the long term. At present, there are no known significant risks that could have an impact on the recruitment of specialists and management staff and that could thus jeopardize the growth targets that have been set.

CGM considers its employees to be an integral part of the group's public image. Non-compliance with the ethical principles firmly anchored in CGM's management culture could give rise to risks with a negative impact on the company's image and reputation. The risk of non-compliance increases temporarily especially when new companies are acquired.

M&A risks
These are in particular acquisition and integration risks. The expected potential annual loss for all M&A risks identified in the analysis is approximately mEUR 3 (prior year: mEUR 2). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 9 (prior year: mEUR 7), with a 5 percent probability of higher, unexpected damage.

Going forward, CGM also plans to further expand its presence in the national and international market. These plans include further company acquisitions that the company always prepares with utmost care and diligence. Nevertheless, every acquisition entails a risk which, if it materializes, may have an impact on the group's earnings.

The risks from the acquisition undertaken during the financial year under review have already been included in the established risk management process, while the risk assessment of the acquisition of eMDs, Inc. that took place in the fourth quarter of 2020 is based on due diligence information.

Intangible assets purchased in acquisitions account for a significant share of the group's assets. In accordance with the group's mandatory accounting policies, goodwill is tested for impairment at least once per year, and other assets are tested after triggering events. If such testing determines that assets are impaired, this necessarily results in a corresponding adjustment of the carrying amounts of these assets. Various factors, such as changes in legislation or the competitive environment, can have a significant impact on the value of intangible assets. If intangible assets are subject to impairment, extraordinary depreciation must be recognized, which results in a corresponding reduction in profit or loss for the period.

Data processing risks
These risks are primarily risks arising from a lack of coordination and alignment of the IT strategy with corporate objectives, insufficient data protection for IT systems, inadequate documentation, etc. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 3 (prior year: mEUR 5). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 12 (prior year: mEUR 16), with a 5 percent probability of higher, unexpected losses.

CGM's customers use the products and services it offers to store, process and transmit highly confidential information about the health of their patients. Given the sensitivity of this information, security features are highly important as an integral part of our products and services. If, despite all efforts, the security features offered by CGM's products do not work properly, claims for damages, fines, penalties and other liabilities due to a violation of applicable laws or regulations could arise.

Also, substantial costs for fixing any defects and re-engineering could arise. This could also damage CGM's image as a trustworthy business partner.

To avoid such security vulnerabilities, high demands are placed on quality management in both software development and maintenance. CGM also places high demands on its internal information security management system, and has therefore had this audited by an independent third party and certified in accordance with ISO/IEC 27001 – the internationally recognized standard for information security management systems.

To ensure compliance with the EU General Data Protection Regulation (GDPR), appropriate technical and organizational measures have been implemented to protect personal data against unauthorized access, unlawful processing, unlawful disclosure and accidental loss or destruction.

Financial risks
These risks are in particular liquidity and refinancing risks, currency risks and control risks. The expected potential annual loss for all financial risks identified in the analysis is approximately mEUR 2 (prior year: mEUR 3). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 5 (prior year: mEUR 6), with a 5 percent probability of higher, unexpected losses.

Liquidity and refinancing risks
Business models that are not exclusively financed by equity are exposed to the risk of the leveraged portion being dependent on the refinancing options available on the capital market. As a precaution against this risk factor, CGM uses credit lines provided by national and international house banks.

The syndicated credit facility (volume of mEUR 400 – see notes to the consolidated financial statements for further information) covers the group's basic capital requirements. The syndicated credit facility consists of a revolving loan. For additional capital requirements, CGM group has access to further credit lines (current account credit lines in the amount of mEUR 47.4), which serve to cover the short- and medium-term liquidity requirements of operating activities and the resulting expenses.

A financial covenant has been agreed in the syndicated credit facility. A breach of the financial covenant can result in the loan being called due immediately. This creates liquidity and refinancing risks. An additional short-term liquidity risk results from the risk of misjudgments in working capital planning that could mean that trade accounts receivable or payable are not received or settled on time.

Corporate Treasury prepares a rolling one-week liquidity plan to monitor and manage short-term liquidity risks. Short-term fluctuations in working capital requirements are monitored on a daily basis and can be offset with bilateral credit lines. Structural short- and medium-term liquidity requirements can generally be met by utilizing the revolving credit line.

Strict working capital management, the methods and targets of which are regularly reviewed and adjusted as necessary, also serves to manage the short-term liquidity risk.

The medium-term liquidity risk is monitored and managed with the help of 12-month liquidity planning. Compliance with financial covenants is systematically monitored as part of budget planning and actuals, and the results are regularly reported to both the management and the banks. Please refer to the respective sections in the notes to the consolidated financial statements for further information on the financial covenants.

CGM considers changes in interest rates to be its primary market risk. The risk management strategy therefore aims to balance out all relevant fair value and Cash flow risks. The fact that most of the company's non-current financial liabilities are entered into on the basis of floating interest rates gives rise to an interest rate risk, especially for Cash flows.

Despite all the preventive measures taken, it cannot be entirely ruled out that refinancing interest rates to be paid by the company will be subject to an unfavorable development or refinancing from leverage will not be granted in the medium term. As things stand at present, there are no indications that future refinancing or that borrowing in general are at risk. Please note that, effective February 28, 2020, CGM agreed a new credit facility of mEUR 1,000 with a minimum term of five years to secure its future liquidity. This consists of a revolving credit facility of mEUR 600 and a term loan of mEUR 400.

Further financial risks relate to the risk of bad debts. Given the group's diversified markets and customer structure, there are no cluster risks. On average, the risk of bad debt is generally low in the long term thanks to the predominantly high credit rating of our customers.

Currency risks

Given the group's international focus, incoming and outgoing payments are performed in various currencies. The group compares and offsets its Cash flows in the individual currencies. The company generally strives to achieve extensive natural hedging based on a careful selection of its suppliers and locations. At present, the company does not use derivative financial instruments to hedge currency risks. The development of the relevant positions is monitored regularly to ensure an appropriate response to significant changes.

Project risks

These risks arise in particular from non-compliance with agreed schedules, lack of or insufficient personnel resources, lack of or insufficient material resources, lack of acceptance of project services rendered, etc. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 2 (prior year: mEUR 2). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 3 (prior year: mEUR 4), with a 5 % probability of higher, unexpected losses.

The company generates some of its revenues from project business. There are potentially long time periods between an order being placed and billed, during which the company must render advance performance. During these periods, the company especially bears the credit risk of its customers. Furthermore, in project business, the company is exposed to the risk of a continuous need for new orders/projects to be able to generate the necessary revenues or growth. Owing to the very high initial implementation costs of the software solutions and the associated long product life cycle, there is a risk, especially in the HIS segment, that lucrative new business will be delayed for a longer time. The company therefore strives to maintain long-term business relationships with its customers, mostly by performing software maintenance, in order to be available as a contact partner and to be able to participate in the bidding process for new orders/projects. Risks may also arise if the market is inadequately monitored, resulting in an insufficient number of offers and orders for the company. In the event of a lack of new business and the termination of software maintenance agreements, the company could suffer a loss of revenue, which would have a negative impact on the group's results of operations.

Tax risks

These are in particular risks from subsequent payment of taxes (also for acquired companies), pricing of goods and services between associated companies and inaccurate legal structure as a result of inaccurate tax planning. The expected potential annual loss for all tax risks identified in the analysis is approximately mEUR 1 (prior year: mEUR 1). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 4 (prior year: mEUR 4), with a 5 percent probability of higher, unexpected losses.

The risk of further claims arising from external audits by tax authorities, for which the company has recognized only insufficient provisions if at all, cannot be ruled out entirely. From today's perspective, the group has recognized sufficient provisions for general risks arising from ongoing tax audits.

Presentation of the overall risk position

On a cumulative basis, the total potential annual loss for the group is mEUR 72 (prior year: mEUR 60). The potential maximum annual loss at group level within a 95 percent confidence level amounts to approximately mEUR 105 (prior year: mEUR 82), with a 5 percent probability of higher, unexpected losses.

Based on an assessment of the currently identified risk positions, the continued existence of CompuGroup Medical SE & Co. KGaA and the group as a going concern are not at risk. The cumulative potential annual loss could be covered by the group's expected Cash flow from operating activities.

4.3 Report on opportunities

Increasing amounts of data are being collected in the healthcare system – in hospitals, by registered physicians and by health insurers. Patients must be documented, classified, and categorized according to medical issues. Physicians also want to share detailed insights from their peers, always focusing on optimal patient care on a case-by-case basis. At the same time, indications and treatment options are becoming more differentiated and thus more complex. Human memory capacities are limited, however, and it is becoming more and more difficult to have all the information available at all times with pinpoint accuracy.

For more than 30 years, CGM has been helping its customers to reduce increasing bureaucracy and paperwork and to ensure that important medical information is available where it is needed. This relieves the burden on physicians and healthcare professionals, freeing up more time for what matters most: their patients. To this end, information sharing and interaction between general physicians and specialists, hospitals, pharmacies, and other healthcare stakeholders are paramount.

Opportunities in operations

Technological leadership and innovation

CGM is well positioned to continue its trend-setting position in technology and innovation in the future. As an experienced pioneer, CGM is constantly developing new innovations and has extensive technical expertise. Customer retention and expert knowledge are strong entry barriers. This is especially true of systems for hospital systems where technical implementation is highly complex. Such systems are only entrusted to providers with the necessary expertise and resources, as well as appropriate experience in realizing comparable projects. Moreover, given the high implementation risks in terms of technical changes, data migration and user training, the costs involved in switching systems for hospitals are particularly high.

G3 technology

CGM's product strategy is based on its strategic G3 R&D program. The goal of the G3 program is to develop a common technology for all markets and segments. The G3 architecture is based on a high degree of service orientation and flexibility. The product is compatible with SaaS offerings, can even power mobile applications, and is suitable for almost any use from single clinic deployment to regional and national solutions. In addition to the Vorarlberger Krankenhaus-Betriebsgesellschaft hospital organization in Austria, CGM has already connected further hospitals in Germany, Austria and Switzerland to G3 technology. Other major hospital contracts have also been awarded to CGM in 2020. In addition, the first registered physisicans in Germany and the Czech Republic are successfully using CGM G3 products. CGM expects greater competitive advantages in the future thanks to G3 technology.

Organizational and process-related improvements

"OneGroup" is the largest internal IT and organizational project in CGM's history. Its goal is to introduce a single centralized IT platform and thus standardize and optimize roles, structures and processes across all our companies and business units worldwide. All other existing internal IT solutions will be migrated and gradually phased out after successful implementation of the standardized solution. In this way, CGM is creating a synthesis of all collective knowledge on the basis of defined standards and is making it available centrally in the form of an IT solution. CGM uses the possibilities made available through information technology to organize, automate and synchronize business processes in a global system. "OneGroup" therefore ensures that CGM addresses its markets with a unique, uniform and customized approach in the areas of marketing, sales, support, professional services and other customer-facing activities. Behind the scenes, finance, human resources and other administrative functions provide senior managers with maximum transparency to help make qualified decisions and support frontline colleagues. The fully standardized IT-based organization will help CGM increase operational efficiency, improve profitability, grow faster and further enhance customer satisfaction.

Strategic opportunities

Leading market position in Ambulatory Information Systems

CGM is a provider of ambulatory information systems (AIS) in Germany. CGM is also among the leading AIS providers in Denmark, France, Sweden, Norway, Austria, Italy and the Czech Republic. With eMDs, Inc., CGM has also acquired a leading provider of healthcare IT focused on medical practices in the U.S., achieving an attractive size in the world's largest healthcare market. Thanks to the size of its AIS business, CGM has direct access to many registered physicians in medical practices. This has a number of significant benefits. CGM's strategically favorable positioning makes it possible to take a lead role in other efficiency-enhancing areas of healthcare. A good example is the connectivity market, where the value and success of connecting physicians, hospitals and other healthcare participants is closely related to the number of participants.

The more members a network has, the more attractive it becomes for potential new members to join and use paid services in the future. CGM's existing base of physicians gives it a key competitive advantage in this market. Long-term service and software maintenance contracts also play an important role in the AIS business and yield the corresponding stable recurring revenues, which form a good basis for financing investments and developing new products and services.

The Telematics Infrastructure in Germany

The Telematics Infrastructure represents a long-term growth opportunity for CGM. With a full national rollout now prescribed by German law, CGM has the opportunity to sell new electronic health record-compliant products for online access to all existing customers in Germany. More importantly, the Telematics Infrastructure fits perfectly with CGM's strategy to provide even more products and services to its own customers, such as eServices, online prescriptions, electronic laboratory ordering (eLabOrder), physician networks, online clinical pathways, web hosting services, etc.

Consumer engagement

People now perform many tasks online, as it is convenient and saves time. In pandemic times during 2020 where contacts have been restricted, online contact also eliminates a source of potential infections being passed on. With CLICKDOC, CGM offers a platform that provides such a patient-physician interface. The physician and the patient are in direct contact – for appointment requests, prescription renewals, online consultations or retrieving medical reports. More and more patients want to have detailed knowledge of their medical data and manage it themselves. With CGM Life, CGM has a unique technology platform that allow patients to electronically merge and manage information from all their physicians. Patients then choose the physician to whom they wish to disclose their medical data. Confidential matters remain confidential. Only CGM offers the highest security standard here.

Clinical decision support

Clinical decision support can sustainably support healthcare providers in patient dialog, e.g. in the diagnosis of rare diseases. Contextually specific information can be made available for this purpose. Due to a continuously increasing number of medical findings, more and more complex and individual disease patterns and a simultaneous shortage of possibilities for comprehensive medical care, clinical decision support helps to provide relevant medical data at the right time and the right place, true to the vision of the founder of CGM.

Financial opportunities

Acquisitions are crucial for strengthening existing market positions and entering new markets. CGM has acquired and successfully integrated a large number of companies from a variety of countries and operating segments in the last few years. This is evidenced by CGM's strong track record in acquiring companies, such as the recent acquisition of eMDs, Inc. in the AIS segment and the acquisition of parts of Cerner's hospital business in Germany and Spain, which expanded market share and strengthened CGM's positioning in the European hospital market.

Statutory and political opportunities

Overall political perspective

The demand for IT solutions is universal across all healthcare systems in Western industrial countries as they are facing the same challenges associated with an increasingly elderly population and rising treatment costs. This means that there is a transnational demand for IT solutions for the healthcare industry. Thanks in particular to the company's many years of experience, CGM's business model can be applied to many different markets worldwide. CGM is constantly expanding its international presence and currently maintains sites in 19 countries across the globe.

The COVID19-pandemic has shown that digitization in the healthcare industry must be further advanced and is accelerating this development. CGM is available as a partner and has the products and the competence to promote this process.

German Hospital Future Act (KHZG)

In Germany, the Bundestag passed the Hospital Future Act (KHZG) in November 2020. This program published by the government will drive digitization in German hospitals over the next few years.

Personnel opportunities

Successful and experienced management team

CGM has a strong management team whose members are considered leaders in the eHealth industry. The management comprises the Chairman of the Management and CEO Dr. Dirk Wössner and the Managing Directors Frank Brecher (Chief Technology Officer), Dr. Ralph Körfgen (Ambulatory & Pharmacy Information Systems), Dr. Eckart Pech (Consumer and Health Management Information Systems), Michael Rauch (Chief Financial Officer) and Hannes Reichl (Inpatient and Social Care).

Attractive employer

The strong motivation, qualifications and creativity of our employees are the bedrock of our success. That is why in-depth training and ongoing professional development of each individual are so important. In 2020, CGM employed 158 trainees and dual students in Germany attending trainee courses for office assistants, IT system management and IT specialists as well as university courses for software engineering and business administration. The majority of all trainees received a job offer in 2020 after successfully passing their final examinations. CGM's personnel development concept includes seminars, language courses, on-the-job measures and a modular development program for junior managers. A good work-life balance is a crucial basis for satisfaction and performance, benefiting employees and the company alike. CGM actively promotes work-life balance with a day care center at its Koblenz site. Up to 43 children per year have been cared for here by experienced educators since 2009.

Data processing opportunities

Every day, our customers are faced with new technological requirements: they have to implement specifications such as electronic health records or are forced to share more information with their colleagues. To save costs, many healthcare providers are outsourcing activities such as administrative tasks to external service providers. The market environment increasingly requires our customers to connect with each other, but this also heightens the data protection risk. CGM solutions help physicians take on that responsibility and meet the security requirements. Patient data is encrypted as soon as it is entered in the physician's surgery or the hospital – before being transferred to external networks. The reference to personal data is removed and the data is encrypted in such a way that unauthorized access is impossible. CGM's security technologies are TÜV-certified and many of them are patented.

Overall assessment of opportunities

CGM is in an excellent position to take advantage of the opportunities offered by modern information technology, to enhance efficiency, reduce costs, optimize workflows and improve services for patients. The healthcare market is growing – even under difficult general conditions – and CGM is one of the world's leading eHealth providers. CGM has an outstanding customer base of physicians, dentists, hospitals and pharmacies around the world. CGM has structural, long-term growth opportunities and has a solid, resilient market position. The eHealth market in total has enormous potential.

The group's opportunities have not changed significantly compared to the prior year in the reporting period, and continue to be viewed as consistently positive.

5. Accounting-related internal control and risk management system (section 289 (4) and section 315 (4) of the German Commercial Code (HGB))

In financial reporting, there is a risk that the annual, consolidated and interim financial statements may contain misstatements that could potentially have a substantial impact on the decisions of their addressees. Our accounting-related internal control system (ICS) aims to identify potential sources of error and limit the resulting risks. It covers financial reporting throughout the CGM group. This gives us reasonable assurance that the annual and consolidated financial statements are prepared in accordance with statutory requirements. The main features of the accounting-related internal control system and the risk management system (for the group) are described below:

A clear management and corporate structure has been implemented within the CGM group. Key functions that serve all regions and sectors are managed centrally by CompuGroup Medical SE & Co. KGaA. The operating subsidiaries are granted a high degree of autonomy. The functions of the areas involved in the accounting process – Accounts Payable and Accounts Receivable (AR/AP Services), Financial Reporting, Treasury, Human Resources, IT, Risk Management, Group Controlling, Preparation and Financial Management of the Separate Financial Statements, Consolidated Financial Statements, Procurement and Investor Relations – are clearly separated. Responsibilities are well defined.

The departments involved in the accounting process pursue both the quantitative and qualitative goals of the group.

Accounting is predominantly organized and managed centrally by CompuGroup Medical SE & Co. KGaA. The Shared Service Center at the Koblenz site is responsible for the accounting of the subsidiaries in Germany, Switzerland, France, Belgium, Sweden, Norway, Denmark, South Africa, Poland, Spain and Romania. The subsidiaries in other countries are not incorporated into this central organizational structure, but local group companies sometimes take over accounting and other financial functions for their subsidiaries or affiliated companies. As the ultimate parent company of the group, CompuGroup Medical SE & Co. KGaA exercises central supervisory and general control functions in the areas of accounting and finance. These include consolidation, accounting for pension provisions, accounting for business combinations, accounting for internally generated software, accounting for leases in accordance with IFRS 16, and goodwill impairment testing. Furthermore, CompuGroup Medical SE & Co. KGaA is responsible for the management, accounting and monitoring of financial instruments, balance sheet management of the subsidiaries, payment transactions, investment and German tax group accounting. External service providers and advisors are consulted whenever required.

Internal policies designed according to the group's requirements have been implemented (including a group-wide accounting policy, risk management policy and a research and development policy). Appropriate safeguards have been installed to protect the financial systems against unauthorized access. The financial systems mainly use standard software.

Uniform planning, reporting, controlling and early warning systems and processes are used in the group to ensure group-wide analysis and management of risk factors relevant to income and risks jeopardizing the continued existence of the company.

Financial reporting in particular is centrally organized and pools the group's (global) information in one place. Group financial reporting is constantly monitored by senior management, the heads of the business units, the managing directors of the subsidiaries and ultimately by the Management Board.

CompuGroup Medical SE & Co. KGaA uses a group-wide uniform reporting system to prepare financial statements, corporate budgets and the guidance. It is used by all consolidated group companies and forms the basis for a standardized data reporting process within the group.

The Managing Directors of the CGM group take the so-called balance sheet oath for the full year and sign the Responsibility Statement by the Management Board, thereby confirming that the prescribed reporting standards have been complied with and that the figures give a true and fair view of the net assets, financial position and results of operations. The financial reporting process is reviewed by Internal Audit.

The required financial reporting-related processes are subject to regulated analytical reviews. The group-wide risk management system is regularly adapted to current developments and reviewed for adequacy in terms of quantity and quality. To ensure that (group) financial reporting-related processes comply with standards, the function of the regional Vice President Finance or Team Leader Finance has been implemented throughout the group. They report on all financial and accounting matters to the person in charge of the group's separate financial statements, who in turn reports to the Chief Financial Officer of the CGM group. The Chief Financial Officer informs the Managing Directors, the Supervisory Board and the Administrative Board about critical or high-risk issues and advises them on corrective measures as necessary. Depending on the subject matter, other departments, such as Accounts Payable and Accounts Receivable (AR/AP Services), Financial Reporting, Treasury, Human Resources, IT, Risk Management, Group Controlling, Preparation and Financial Management of the Separate Financial Statements, Consolidated Financial Statements, Procurement and Investor Relations, are involved in the financial reporting process to implement or track activities. Furthermore, complex and significant changes in underlying accounting-related topics (e.g., accounts receivable management, impairment testing, balance sheet analysis for compliance with financial covenants, the viability of further acquisitions and the initial consolidation of subsidiaries) are regularly reviewed. The impact of accounting-related risks is assessed in terms of their influence on financial reporting by means of impact analysis. These analyses are also used to review measures introduced to limit identified risks in order to be able to assess the effectiveness of the measures.

The Supervisory Board established an Audit Committee for key financial reporting and risk management issues, and to monitor and control audit engagement.

The four-eyes principle is applied to all material financial reporting processes.

The accounting-related internal control and risk management system, the main features of which have been described above, ensures that business matters are correctly recorded, prepared and evaluated in the financial statements and included in external reporting. Group Accounting is the central department, which monitors all these processes. This in turn is monitored by the CFO and the Audit Committee, which are supported in their monitoring function by the Internal Audit department.

A strict organizational, corporate, control and monitoring structure forms the basis for efficient work processes. The staffing and resources of the accounting-related areas, both in terms of personnel and equipment, are in line with group requirements and ensure effective and accurate work. Legal and corporate directives and guidelines ensure that the financial reporting processes carried out by the accounting-related areas are standardized and appropriate. The clear definition of responsibilities and various control and verification mechanisms ensure correct financial reporting and the reliable handling of potential business risks. The group-wide risk management system, which is in accordance with statutory requirements, serves to identify risks at an early stage, assess them and communicate them appropriately.

6. Risk reporting in relation to the use of financial instruments

Risks arising from the use of financial instruments

The group is exposed to risks from financial instruments. These mainly consist of credit risks in connection with capitalized trade account receivables and receivables from finance leases. There are no significant price change or liquidity risks. Furthermore, the group only rarely uses financial instruments to hedge its foreign currency exposure.

CompuGroup Medical SE & Co. KGaA aims to minimize these credit risks. Measures taken by the company to achieve this goal include the establishment of a dunning system. Furthermore, credit risks are avoided by agreeing prepayments for a significant share of the contracts relevant to recurring revenues. The maximum (earnings) risk resulting from financial instruments corresponds to the carrying amounts of the respective capitalized financial instruments.

7. Takeover-related disclosures

Composition of subscribed capital

As at the reporting date, the share capital of CompuGroup Medical SE & Co. KGaA amounts to EUR 53,734,576 and is divided into 53,734,576 no-par registered shares with the securities identification number A28890 (ISIN: DE000A288904). All shares represent the same rights and obligations; these result from the statutory provisions and the company's Articles of Association. The shares have been listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) since May 4, 2007. They are traded on the XETRA electronic securities trading system. The shares have been included in the TecDAX since September 23, 2013, and in the MDAX since September 23, 2019.

Restrictions affecting voting rights or the transfer of shares

The provisions of the German Stock Corporation Act (AktG) may require restrictions on the voting rights of the shares. This primarily means that shareholders, under certain circumstances, can be prohibited from voting and, in accordance with section 71b German Stock Corporation Act (AktG), the company may not exercise the voting rights of its treasury shares.

The shareholder group "Gotthardt family/Dr. Koop", consisting of the natural persons Frank Gotthardt (Germany), Dr. Brigitte Gotthardt (Germany), Professor Dr. Daniel Gotthardt (Germany) and Dr. Reinhard Koop (Germany) and their related legal entities, holds a total of 49.99 % of the voting shares.

Based on two separate pool agreements, one between Frank Gotthardt, GT 1 Vermögensverwaltung GmbH, Dr. Brigitte Gotthardt and Professor Dr. Daniel Gotthardt and the second between GT 1 Vermögensverwaltung GmbH and Dr. Reinhard Koop, 24,291,902 shares, corresponding to a percentage of voting shares of 45.21 %, are attributable to the share pools. One of the purposes of the two pooling agreements is to ensure that voting rights of the two pools are exercised consistently with regard to the shares of CompuGroup Medical SE & Co. KGaA. Frank Gotthardt and GT 1 Vermögensverwaltung GmbH hold further shares in addition to the shares attributable to the pools.

Shareholdings exceeding 10 % of the voting rights

With the exception of the aforementioned shareholder group "Gotthardt family/Dr. Koop", the company has not been informed of any other direct or indirect capital investments that would exceed 10 % of voting rights as at the reporting date. The shareholdings of which we have been notified that still exist as at the reporting date are shown in the notes to the annual financial statements of CompuGroup Medical SE & Co. KGaA under the disclosures pursuant to section 160 (1) no. 8 German Stock Corporation Act (AktG).

Shares with special rights conferring powers of control

The company has not issued any shares with special rights conferring powers of control.

Type of voting rights control through employee shareholdings

Employees, who hold shares of CompuGroup Medical SE & Co. KGaA, exercise their control rights in the same way as other shareholders in accordance with the statutory provisions and the Articles of Association.

Legal provisions and provisions of the articles of association on the appointment and dismissal of Managing Directors and on amendments to the articles of association

In the legal form of a partnership limited by shares (KGaA), the general partner has the legal authority to manage and represent the company. As part of the change of legal form, CompuGroup Medical Management SE, a monistic European stock corporation (Societas Europaea, SE), has joined the company as the sole general partner and has assumed the management and representation of CompuGroup Medical SE & Co. KGaA through its Managing Directors.

The appointment and dismissal of the Managing Directors of CompuGroup Medical Management SE is carried out by the Administrative Board in accordance with article 14 of the Articles of Association of CompuGroup Medical Management SE.

In article 10, the Articles of Association of CompuGroup Medical SE & Co. KGaA provide more detailed provisions on a possible withdrawal of the general partner and the further continuation of CompuGroup Medical SE & Co. KGaA.

Any amendment to the Articles of Association requires a resolution of the Annual General Meeting in accordance with sections 278 (3), 179 German Stock Corporation Act (AktG). The authority to make amendments that only affect the wording has been conferred on the Supervisory Board pursuant to article 14 (6) of the Articles of Association of CompuGroup Medical SE & Co. KGaA. In addition, the Supervisory Board has been authorized by resolutions of the Annual General Meeting to amend article 4 of the Articles of Association of CompuGroup Medical SE & Co. KGaA in accordance with the respective utilization of capital, and after expiry of the respective authorization or utilization period.

Resolutions of the Annual General Meeting require a simple majority of votes unless a larger majority is prescribed by law or by the Articles of Association. Pursuant to sections 278 (3) and 179 (2) AktG, amendments to the Articles of Association require a majority of at least three quarters of the capital stock represented at the Annual General Meeting when the resolution is adopted, unless the Articles of Association stipulate a different capital majority. Sections 278 (3), 179 to 181 of the German Stock Corporation Act (AktG) and Section 26 (3) of the Articles of Association shall apply to amendments to the Articles of Association.

Authorization of the general partner to issue and buy back shares

Authorized capital

The general partner is authorized, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions until May 12, 2025 by up to a total of EUR 26,094,449.00 by issuing new shares against Cash and/or non-cash contributions (Authorized Capital). The general partner is authorized, with the approval of the Supervisory Board, to determine the content of the share rights, the details of the capital increase and the conditions of the share issues, in particular the issue price, from the Authorized Capital.

The new shares may also be issued by one or more credit institutions or companies within the meaning of section 186 (5) sentence 1 AktG with the obligation to offer them to the shareholders (indirect pre-emptive subscription rights).

Shareholders must be granted pre-emptive subscription rights when utilizing Authorized Capital. However, the general partner is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights

- to exclude fractional amounts from the subscription rights;
- in the case of capital increases against non-cash contributions in particular in the context of business combinations or the acquisition of companies, parts of companies or equity interest in companies or of other assets or of receivables from the company or from dependent companies within the meaning of section 17 of the Germen Stock Corporation Act (AktG);
- in the event of a capital increase against cash contributions, if the issue price of new shares is not significantly lower than the stock market price of the shares already listed and the total pro rata amount attributable to the new shares for which subscription rights are excluded does not exceed 10 % of the share capital at the time of this authorization becoming effective or – if this value is lower – at the time it is exercised. The pro rata amount of share capital must be offset against the maximum limit of 10 % of share capital (i) whenever such pro rata amount refers to shares that are sold during the term of the Authorized Capital 2020 on the basis of an authorization to sell treasury shares pursuant to sections 71 (1) no. 8 sentence 5 and section 186 (3) sentence 4 German Stock Corporation Act (AktG) with an exclusion of pre-emptive subscription rights, (ii) whenever such pro rata amount refers to shares that are issued to fulfil subscription rights or conversion or option rights or conversion or option obligations under convertible bonds and/or bonds with warrants, profit participation certificates and/or profit participation bonds (or a combination of such instruments) if the corresponding bonds are issued during the term of the Authorized Capital 2020 by applying section 186 (3) sentence 4 German Stock Corporation Act (AktG) with an exclusion of shareholders' pre-emptive subscription rights and (iii) whenever such pro rata amount refers to shares that are issued during the term of the Authorized Capital 2020 on the basis of other capital measures with an exclusion of shareholders' pre-emptive subscription rights by directly or indirectly applying section 186 (3) sentence 4 German Stock Corporation Act (AktG);
- if that the exclusion of subscription rights is required in order to grant the holders or creditors of convertible bonds, bonds with warrants, profit participation certificates and/or profit participation bonds (or a combination of such instruments) with option and/or conversion rights or option and/or conversion obligations that are issued by the company or any other company associated with or under the direct or indirect majority shareholding of the company a subscription right to new shares to the same extent to which they would be have been entitled after exercising their conversion or option rights or fulfilling their conversion or option obligations.

Contingent capital

Contingent Capital 2017 of CompuGroup Medical SE & Co. KGaA is still equivalent to the prior Contingent Capital 2017 of CompuGroup Medical SE; however, the Management Board has now been replaced by the general partner and it also needs to be taken into account that the shares of CompuGroup Medical SE & Co. KGaA – unlike the shares of CompuGroup Medical SE priorly – are now registered shares and not bearer shares. Contingent Capital 2017 continues to be utilized exclusively for the issuance of shares to the bearers or creditors of bonds that were issued by the company based on the authorization resolution of the Annual General Meeting on May 10, 2017 in connection with the resolution on the change of legal form of May 13, 2020.

The share capital is therefore contingently increased by up to EUR 21,287,740.00 by issuing up to 21,287,740 new registered shares with dividend entitlement from the start of the financial year in which they are issued (Contingent Capital 2017). The contingent capital increase is only performed to the extent that the bearers or creditors of convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds (or combinations of these instruments) exercise their conversion rights or warrants on the basis of bonds issued by the company in return for Cash up to and including May 9, 2022 as a result of the authorization resolution of the Annual General Meeting from May 10, 2017, or to the extent that conversion or warrant obligations under such bonds are fulfilled and to the extent that no other forms of fulfillment are used to service these rights. The general partner is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the contingent capital increase up to a total nominal amount of EUR 500,000,000.00 in accordance with the resolution of the Annual General Meeting of May 10, 2017 in connection with the resolution on the change of legal form of May 13, 2020.

Shareholders must generally be granted pre-emptive subscription rights to the bonds when Contingent Capital 2017 is utilized. The general partner is, however, authorized, with the approval of the Supervisory Board and on the basis of the authorization resolution of the Annual General Meeting of May 10, 2017 in connection with the resolution on the change of legal form of May 13, 2020, to exclude shareholders' subscription rights for bonds as follows:

- for fractional amounts;
- to the extent necessary to grant subscription rights to the holders of priorly issued bonds with conversion rights, warrants or conversion or warrant obligations on company shares in the amount to which they would be entitled after their conversions rights or warrants have been exercised;
- to the extent in which bonds are issued with conversion rights, warrants or conversion or option obligations in return for Cash and the issue price is not significantly lower than the theoretical market value calculated in accordance with recognized financial and mathematical methods and only insofar as the shares issued to service conversion rights, warrants or conversion or option obligations do not exceed 10 % of the share capital either at the point at which the subsequent authorization becomes effective or – if the number of shares is lower – when the authorization is exercised;
- insofar as the shares are issued in return for contributions in kind, provided that the value of the contribution in kind is appropriate in relation to the market value of the bonds as calculated in accordance with the above bullet.

Insofar as profit participation certificates or profit participation bonds are issued without conversion or option rights or obligations, the general partner is authorized, on the basis of the authorization resolution of the Annual General Meeting of May 10, 2017 in connection with the resolution on the change of legal form of May 13, 2020, and with the approval of the Supervisory Board to exclude shareholders' subscription rights in full if these profit participation certificates or profit participation bonds have features similar to those of a debenture. In this case, the interest calculation and issue price of the profit participation certificates or profit participation bonds must be in line with current market conditions for comparable borrowing as at the time of issue.

As of December 31, 2020, CompuGroup Medical SE & Co. KGaA had not made use of the option to issue bonds under this authorization.

Contingent Capital 2019 of CompuGroup Medical SE & Co. KGaA is still equivalent to the prior Contingent Capital 2019 of CompuGroup Medical SE; however, the Management Board has now been replaced by the general partner and it also needs to be taken into account that the shares of CompuGroup Medical SE & Co. KGaA – unlike the shares of CompuGroup Medical SE priorly – are now registered shares and not bearer shares. The sole purpose of the Contingent Capital 2019 continues to be to service share options based on the authorization resolution of the Annual General Meeting of CompuGroup Medical SE from May 15, 2019 in connection with the resolution on the change of legal form of May 13, 2020.

The share capital is therefore contingently increased by up to EUR 5,321,935.00 by issue of up to 5,321,935 new no-par value registered shares representing pro rata share capital of EUR 1.00 each (Contingent Capital 2019). The sole purpose of the contingent capital increase is to grant pre-emptive subscription rights (share options) to the Managing Directors of CompuGroup Medical Management SE and entitled employees of CompuGroup Medical SE & Co. KGaA, and to executives of its subsidiary associated companies and their senior managers, until May 14, 2024, in accordance with the more detailed provisions of the authorization resolution of the Annual General Meeting of May 15, 2019 in connection with the resolution on the change of legal form of May 13, 2020. The contingent capital increase will only be implemented to the extent that subscription rights are exercised in accordance with this authorization resolution and the company does not pay the consideration in the form of Cash or treasury shares. The new shares participate in profits for all financial years for which a resolution on the appropriation of profits has not been adopted at the time of their being created. The shares granted to entitled Managing Directors of CompuGroup Medical Management SE and entitled employees of CompuGroup Medical SE & Co. KGaA, in addition to entitled executives of their subsidiary associated companies and their entitled employees, from the date of the resolution on Contingent Capital 2019 for the purpose of servicing subscription rights (share options) from treasury shares of the company (section 71 (1) no. 8 German Stock Corporation Act (AktG)) must be deducted from Contingent Capital 2019. The share options can only be issued to Managing Directors of CompuGroup Medical Management SE (group 1) and to senior managers of CompuGroup Medical SE & Co. KGaA, and to executives of its subsidiary associated companies and senior managers, all of whom must belong to the group of senior vice presidents or the group of general managers (group 2).

The total volume of share options (up to 5,321,935) is divided between the two groups as follows:

- group 1 members together receive a maximum of 3,547,957 share options and the resulting subscription rights.
- group 2 members together receive a maximum of 1,773,978 share options and the resulting subscription rights.

Members of both groups do not receive any additional subscription rights for their membership in group 2.

As at December 31, 2020, CompuGroup Medical SE & Co. KGaA had exercised this authorization to grant share options and created share option programs for a total of 1,150,000 share options for members of group 1 and 5,000 share options for members of group 2.

Authorization to acquire and use (including cancellation of) treasury shares
By resolution of the Annual General Meeting of May 15, 2019, the company was authorized to acquire treasury shares.

The authorization granted by the Annual General Meeting of CompuGroup Medical SE on May 15, 2019 under item 9 of the agenda to acquire and use including the cancellation of treasury shares in accordance with section 71 (1) no. 8 German Stock Corporation Act (AktG) continues to apply after the change of legal form of the company in favor of the general partner of the newly established company CompuGroup Medical SE & Co. KGaA and is otherwise unchanged in terms of content, insofar as it still existed at the time the change of the legal form took effect and had not been utilized, whereby treasury shares may also be used to realize share options granted under the share option program 2019 after the change of legal form has taken effect to Managing Directors of the general partner of CompuGroup Medical SE & Co. KGaA, CompuGroup Medical Management SE, which was formed as a result of the change of legal form.

CompuGroup Medical SE & Co. KGaA is authorized by resolution of the Annual General Meeting of May 16, 2019 in conjunction with the resolution on the change of legal form of May 13, 2020 to acquire treasury shares up to a total of 10 % of the share capital existing at the time of the resolution or, if this amount is lower, of the share capital existing at the time this authorization is exercised. Acquired shares together with other treasury shares of the company that are held by the company or are attributable to it in accordance with sections 71d and 71e German Stock Corporation Act (AktG) must not at any time exceed 10 % of the existing share capital at the time the resolution is adopted. The acquisition can also be exercised by group companies dependent on the company within the meaning of section 17 German Stock Corporation Act (AktG) or by third parties for their account or for the account of the company. The authorization may not be used for the purpose of trading in treasury shares. The authorization can be exercised in full or in part, on one or more occasions and in pursuit of one or more objectives by the company or by third parties acting on its behalf. The authorization became effective on May 16, 2019 and is valid until May 14, 2024. At the discretion of the general partner, the acquisition will be implemented on the stock market or by a public purchase offer to all shareholders or a public invitation to all shareholders to submit offers for sale, whereby the explicit provisions of the resolution of the Annual General Meeting must be complied with.

The general partner is authorized to utilize the treasury shares acquired on the basis of this or prior authorizations as follows:

1. With the approval of the Supervisory Board, treasury shares can be sold on the stock market or by way of an offer to all shareholders. With the approval of the Supervisory Board, they can also be sold in another manner if the shares are sold for Cash and at a price that is not significantly less than the stock market price of the company's shares of the same class as at the time of disposal in accordance with section 186 (3) sentence 4 German Stock Corporation Act (AktG). The combined pro rata amount of the share capital represented by the number of shares sold under this authorization, together with the pro rata amount of the share capital represented by any shares issued since this authorization became effective, i.e., on or after May 16, 2019, on the basis of any authorizations to issue shares from authorized capital with shareholders pre-emptive rights excluded in accordance with section 186 (3) sentence 4 German Stock Corporation Act (AktG) or otherwise issued or sold in accordance with section 186 (3) sentence 4 German Stock Corporation Act (AktG) (applied directly or with the corresponding changes) must not exceed 10 % of the share capital of the company, either at the time of the resolution or – if this value is lower – at the time this authorization is exercised. This limit includes shares issued or to be issued to service convertible bonds or bonds with warrants or options to the extent that these bonds or options are issued from the effective date of this authorization (May 16, 2019) in accordance with section 186 (3) sentence 4 German Stock Corporation Act (AktG) (as amended).
2. With the approval of the Supervisory Board, they can be offered and transferred to third parties for the purposes of direct or indirect acquisition of companies, parts of companies or equity investments in companies.
3. With the approval of the Supervisory Board, they can be offered and sold as consideration for the transfer to the company or one of its subsidiaries of industrial property rights or third-party intellectual property rights, such as patents or trademarks in particular, or licenses to such rights to market and develop products of CompuGroup Medical SE & Co. KGaA.
4. The shares can also be used to fulfill options arising from share options issued by the company in accordance with the authorization provided by the Annual General Meeting to grant subscription rights (share options) to Managing Directors of the general partner and senior managers of CompuGroup Medical SE & Co. KGaA, as well as to executives and senior managers of subordinated associated companies; if treasury shares are to be transferred to the Managing Directors of the general partner in this context, the above authorization applies to the Supervisory Board.

5. The shares can be used to service or secure purchase obligations or purchase rights to CompuGroup Medical SE & Co. KGaA shares, in particular from and in connection with convertible bonds or bonds with warrants issued by the company or subordinated associated companies.
6. In addition, with the approval of the Supervisory Board, the shares can also be canceled without the cancellation or execution requiring a further Annual General Meeting resolution.

The aforementioned authorizations can be utilized on one or several occasions, in full or in part, individually or collectively, and the authorizations in accordance with no. 1. to 5. can be utilized in accordance with instructions issued by the general partner but also by dependent companies or companies in which the company holds a majority interest, or third parties acting on the company's account.

Shareholders' subscription rights to treasury shares are excluded if these shares are used as per the above authorizations in no. 1. to 5.

At the end of the reporting year, the company held no treasury shares.

Significant agreements of the company in the event of a change of control and compensation agreements with the Management Board or employees in the event of a takeover bid

There are no compensation agreements in place between the company and the Managing Directors of the general partner, CompuGroup Medical Management SE, that would cover the event of a takeover bid to the shareholders of CompuGroup Medical SE & Co. KGaA.

In the event of a change of control at CompuGroup Medical Management SE, the employment contracts of four Managing Directors grant them a special right of termination. According to the employment contracts, a change of control occurs if an acquirer (as defined in article 10 (1) sentence 2 of the Articles of Association of CompuGroup Medical SE & Co. KGaA) acquires a controlling influence over CompuGroup Medical Management SE. In accordance with article 10 (4) of the Articles of Association of CompuGroup Medical SE & Co. KGaA, a controlling influence is reached when more than 50 % of the voting rights in the general partner are held from shares in the general partner that belong to the acquirer or shares in the general partner that are attributed to the acquirer within the meaning of section 30 German Securities Acquisition and Takeover Act (WpÜG).

In the event that a Managing Director exercises this exceptional right of termination, two employment contracts provide for a compensation payment of mEUR 1.6, payable in 24 equal monthly instalments. It is stipulated that the amount of the severance payment shall not exceed 150 % of the contractually agreed maximum severance payment of two years' total compensation or the total compensation for the remaining term. These two employment contracts further provide, depending on the term of office, that the share options of these Managing Directors do not expire in the event of termination due to a change of control, but can be exercised after the expiry of the waiting period.

The other two employment contracts provide that, if a Managing Director exercises their exceptional right of termination in the event of a change of control, such Managing Director shall in principle receive a severance payment in the amount of the fixed remuneration otherwise still payable until the end of the regular remaining term as well as 50 % of the variable remuneration, but no more than a severance payment in the amount of total remuneration for two years (fixed and variable remuneration) and in no case more than the total remuneration (fixed and variable remuneration) owed until the end of the contractual term. According to these employment contracts, the option rights of these Managing Directors are not forfeited in principle, but can be exercised once the waiting period has expired.

8. Remuneration report

In the following remuneration report, the general partner, CompuGroup Medical Management SE, reports on the structure and amount of its own remuneration and the remuneration of the members of the Supervisory Board of the listed CompuGroup Medical SE & Co. KGaA. In addition, disclosures on the structure and the amount of the remuneration of the Managing Directors and the members of the Administrative Board of the non-listed CompuGroup Medical Management SE are provided, which to this extent is on a voluntary basis.

The remuneration report takes into account the statutory requirements as well as the recommendations of the German Corporate Governance Code, with the exceptions set out in the company's declaration of compliance pursuant to section 161 German Stock Corporation Act (AktG) dated January 19, 2021. The remuneration report is part of the Combined Management Report and follows the requirements of the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS) and the German Accounting Standards (GAS) 17.

The remuneration report is divided into three parts a) "Remuneration systems for the Managing Directors", b) "Total remuneration and remuneration amount for the Managing Directors" and c) "Remuneration system and remuneration amount for the Supervisory Board and for the Administrative Board".

Part 1: Remuneration systems for the Managing Directors

Remuneration of CompuGroup Medical Management SE

The sole general partner of CompuGroup Medical SE & Co. KGaA is CompuGroup Medical Management SE (itself not listed). CompuGroup Medical Management SE has not made a special contribution and does not participate in the profit and loss or assets of CompuGroup Medical SE & Co. KGaA. CompuGroup Medical Management SE is the legal representative and also otherwise manages the business of CompuGroup Medical SE & Co. KGaA. Under article 8 (4) of the Articles of Association of CompuGroup Medical SE & Co. KGaA, it is agreed that the general partner receives an annual remuneration of 4 % of its share capital from the company for assuming the management and liability.

Furthermore, article 8 (3) of the Articles of Association provides that the general partner shall also be reimbursed for all expenses incurred in connection with managing the business of the company.
This applies to the remuneration of the Managing Directors and the members of the Administrative Board of CompuGroup Medical Management SE described in detail below.

Remuneration of the Managing Directors

The remuneration of the Managing Directors of the non-listed CompuGroup Medical Management SE is determined and regularly reviewed by its Administrative Board. The Administrative Board has sought advice from an external compensation consultant (hkp) concerning the development of a remuneration system to be presented for approval at the Annual General Meeting on May 19, 2021.

Until June 18, 2020, the employment contracts for Managing Directors of the non-listed CompuGroup Medical Management SE were with CompuGroup Medical SE & Co. KGaA. With conclusion of the transformation into a KGaA, the employment contracts have been concluded with CompuGroup Medical Management SE.

The remuneration has been paid directly by CompuGroup Medical Management SE to its Managing Directors since June 19, 2020. In the course of the reimbursement of expenses pursuant to article 8 (3) of the Articles of Association of CompuGroup Medical SE & Co. KGaA, the remunerations paid out are rolled over accordingly.

Notwithstanding this, variable remuneration (LTI), insofar as this relates to the financial years up to 2019 and has not yet been paid out, will continue to be granted by CompuGroup Medical SE & Co. KGaA on the respective due dates.

In the finanical year 2020, and thus unchanged from prior years, the remuneration of the Managing Directors consisted of two main components, a) the basic remuneration and b) the variable remuneration:

a) Basic remuneration
The Managing Directors receive a fixed basic remuneration, which consists of a monetary fixed sum and is paid out as a regular monthly salary.

Fringe benefits

The Managing Directors also receive certain fringe benefits. This includes the reimbursement of business expenses including any relocation costs and, as a rule, temporary payments if two households are necessary for business reasons, the provision of a company car as well as the assumption of insurance premiums for a group accident and a pecuniary damage liability insurance (D&O insurance policy). The D&O insurance policy provides for an appropriate deductible that meets the requirements of section 93 (2) sentence 3 German Stock Corporation Act (AktG). Management Board members themselves are generally responsible for the tax liability of the fringe benefits. In the event of incapacity to work due to circumstances beyond one's control, it is also agreed that remuneration will continue to be paid for a limited period of time.

b) Variable remuneration components

The variable, performance-based remuneration of the Managing Directors is linked to performance and based on the short and long-term development of the company. It consists of a short-term component (performance bonus) and long-term components (a multi-year bonus and/or the share option programs). The level of both components depends on the achievement of financial and non-financial performance criteria. The performance criteria are derived from the strategic goals and operational management of the company and also include the performance criterion of sustainability. Ultimately, all performance criteria measure the strategically targeted successful value creation in its various manifestations. The performance criteria include variables such as EBITA in relation to the group as a whole and the business area for which it is responsible, net external sales, adjusted EBITDA for the group as a whole, adjusted Free Cash flow, organic growth of the business areas, growth of the business area-related customer platform and individually agreed performance targets.

The variable remuneration, which is linked to a priorly agreed target, is agreed individually with each Management Board member, including targets measured over a multi-year period.

The total target achievement and the payment of the annual short-term variable remuneration, are limited to a maximum of 100 % of the target value for Frank Brecher (Chief Technology Officer), Dr. Ralph Körfgen (Managing Director Ambulatory & Pharmacy Information Systems) and Hannes Reichl (Managing Director Hospital Information Systems). For Michael Rauch (Chief Financial Officer), the total target achievement and the payment of the annual short-term variable remuneration is limited to a maximum of 200 % of the target value. In the case of Dr. Eckart Pech (Managing Director Consumer and Health Management Information Systems), the total target achievement and the payment of the annual short-term variable remuneration is limited to a maximum of 150 % of the target value.

The target values for the financial performance targets are derived from the corporate planning. Thresholds are defined for all performance targets, above or below which a further improvement or deterioration in the earnings achieved no longer has any effect on the level of target achievement. At the beginning of each financial year, the Administrative Board decides on challenging target and threshold values.

For Mr. Gotthardt (Chief Executive Officer) and Frank Brecher (Chief Technology Officer), the multi-year targets are based on organic growth and group EBITA/EBITDA, apart from the long-term share options granted. Frank Gotthardt is entitled to a performance-related remuneration depending on the average EBITA and average organic growth in the financial year and the two following years (details on the amount in the table below). The existing employment relationship with Frank Gotthardt was terminated by mutual agreement with effect from December 31, 2020. For the period until December 31, 2020, Frank Gotthardt will receive all remuneration claims from his employment contract for the financial years 2018, 2019 and 2020 in accordance with the agreement in the employment contract, even if these are not due until after December 31, 2020. The variable remuneration for the financial year 2020 is derived from the average values of EBITA and organic growth for the 2020, 2021 and 2022 financial years. The variable remuneration for 2020 will be determined after the annual financial statements for 2022 are available. The base bonus amounts to 1.1 % of the EBITA of the CGM group, whereby the EBITA relevant for the base bonus for the respective year is generally determined as a 3-year average. Increases in the base bonus are dependent on exceeding the organic growth target. Frank Brecher was promised a performance-related remuneration over the term of the contract, which is based on the EBITA and organic growth of the CGM group over the contract period.

The objectives (quantitative and qualitative) and their weighting on which the calculation of bonuses is based are aligned with sustainable corporate governance in accordance with section 87 German Stock Corporation Act (AktG).

Share option programs

The Managing Directors named below will receive one-time option rights as long-term variable remuneration in accordance with the conditions of the authorization to issue option rights for CompuGroup Medical SE & Co. KGaA decided upon under agenda item 6 at the Annual General Meeting on May 15, 2019. The option conditions adopted by the Annual General Meeting apply equally to all Managing Directors. Any deviating conditions are described below.

Within the scope of their duties Dr. Ralph Körfgen (Managing Director Ambulatory & Pharmacy Information Systems), Hannes Reichl (Managing Director Hospital Information Systems), Dr. Eckart Pech (Managing Director Consumer and Health Management Information Systems) and Michael Rauch (Chief Financial Officer) were each awarded long-term variable remuneration (LTI) of 250,000 option rights. The waiting period ends in accordance with the general option conditions four years after the issue date.

The price per share to be paid when exercising a share option (exercise price) corresponds, in accordance with the general option conditions, to the volume-weighted average price of the company's shares in XETRA (or a similarly functioning system that replaces XETRA) on the Frankfurt Stock Exchange for a period beginning 45 calendar days before and ending 45 calendar days after the respective issue date, but at least the pro rata amount of the company's share capital attributable to the share (section 9 (1) German Stock Corporation Act (AktG)). Deviating from this, it was determined for Dr. Ralph Körfgen and Hannes Reichl would receive a long-term bonus equal to the difference between the exercise price for the option rights and the aforementioned XETRA average price, in each case multiplied by a factor of 250,000, will be received by both Managing Directors, provided that the performance targets set for the option rights (which result from the general option conditions) are achieved and are due and payable at the time the option rights are exercised. The background for this provision, which deviates from the general option conditions, is that the exercise price newly determined by the Supervisory Board in June 2019 was above the XETRA average price for the period beginning 45 calendar days before November 1, 2018 and 45 calendar days after November 1, 2018.

The option rights can only be exercised if the employment contract of the respective Managing Director is extended beyond the existing term of their respective first employment contract and if the employment contract is still valid at the time the option rights can be exercised for the first time.

Frank Brecher (Chief Technology Officer) was granted 150,000.00 share options in connection with the amendment of his employment contract and the related assumption of the function as Chief Technology Officer in August 2020. The waiting period for Frank Brecher also ends in accordance with the general option conditions exactly four years after the issue date. In addition to the general terms and conditions of the options, the exercise of the share options in the case of Frank Brecher is also subject to Frank Brecher performing the function of Chief Technology Officer beyond December 31, 2021 and for the duration of his employment contract until March 31, 2023.

The equity-settled share option programs of the individual Managing Directors are recognized over the remaining term as an expense up to the fixed fair value on a straight-line basis by offsetting against the capital reserve

Overview share option program as at December 31, 2020:

Share Option Program Frank Brecher	31.12.2020
Total number of outstanding share optons	150.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	71,87
Weighted average remaining term of outstanding rights in years	3,58
Weigthed average fair value of an option (EUR)	18,63
Share price volatility apllied (in %)	31,31 %
risk-free interest rate (in %)	-0,55 %

Share Option Program Dr. Ralph Körfgen	31.12.2020
Total number of outstanding share optons	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	65,53
Weighted average remaining term of outstanding rights in years	2,50
Weigthed average fair value of an option (EUR)	16,85
Share price volatility apllied (in %)	29,65 %
risk-free interest rate (in %)	-0,45 %

Share Option Program Hannes Reichl	31.12.2020
Total number of outstanding share optons	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	65,53
Weighted average remaining term of outstanding rights in years	2,50
Weigthed average fair value of an option (EUR)	16,85
Share price volatility apllied (in %)	29,65 %
risk-free interest rate (in %)	-0,45 %

Share Option Program Michael Rauch	31.12.2020
Total number of outstanding share optons	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	56,27
Weighted average remaining term of outstanding rights in years	2,67
Weigthed average fair value of an option (EUR)	9,60
Share price volatility apllied (in %)	29,79 %
risk-free interest rate (in %)	-0,55 %

Share Option Program Dr. Eckart Pech	31.12.2020
Total number of outstanding share optons	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	56,93
Weighted average remaining term of outstanding rights in years	2,83
Weigthed average fair value of an option (EUR)	12,91
Share price volatility apllied (in %)	30,00 %
risk-free interest rate (in %)	-0,55 %

Overview share option program as at December 31, 2019:

Share Option Program Dr. Ralph Körfgen	31.12.2019
Total number of outstanding share optons	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	65,53
Weighted average remaining term of outstanding rights in years	3,50
Weigthed average fair value of an option (EUR)	16,85
Share price volatility apllied (in %)	29,65 %
risk-free interest rate (in %)	-0,45 %

Share Option Program Hannes Reichl	31.12.2019
Total number of outstanding share optons	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	65,53
Weighted average remaining term of outstanding rights in years	3,50
Weigthed average fair value of an option (EUR)	16,85
Share price volatility apllied (in %)	29,65 %
risk-free interest rate (in %)	-0,45 %

Share Option Program Michael Rauch	31.12.2019
Total number of outstanding share optons	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	56,27
Weighted average remaining term of outstanding rights in years	3,67
Weigthed average fair value of an option (EUR)	9,60
Share price volatility apllied (in %)	29,79 %
risk-free interest rate (in %)	-0,55 %

Share Option Program Dr. Eckart Pech	31.12.2019
Total number of outstanding share optons	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	56,93
Weighted average remaining term of outstanding rights in years	3,83
Weigthed average fair value of an option (EUR)	12,91
Share price volatility apllied (in %)	30,00 %
risk-free interest rate (in %)	-0,55 %

For share-based compensation components that are cash settled, on the other hand, the fair value is recalculated at each reporting date based on current market parameters and recognized in profit or loss as an expense. As at December 31, 2020, mEUR 3.8 was recognized as an expense in profit or loss.

Part 2: Total remuneration and remuneration amount for the Managing Directors

The disclosures on the granting and inflow of the remuneration of the Managing Directors are divided into fixed and variable remuneration components and supplemented by disclosures on service costs. The fixed remuneration components include the non-performance-related fixed remuneration and fringe benefits. The variable performance-based remuneration components are divided into the performance bonus as a short-term, annual remuneration component and the multi-year, long-term components of the performance bonus (deferral) and LTI. The annual bonus, the performance bonus deferral as well as the LTI are listed as "Granted benefits", each with the commitment value at the time of granting (corresponds to a target achievement of 100 %). In addition to the remuneration elements, disclosures on the individually achievable maximum and minimum remuneration are provided. The "inflow" stated in the reporting year comprises the fixed remuneration components actually received plus the amounts of the immediate sums determined at the time of the preparation of the remuneration report that will be received in the following year. Inflows from multi-year variable remuneration, for which the planning period ended in the reporting year, are paid out in the following year. The service costs in the disclosures on the inflow correspond to the amounts granted, although they do not represent an actual inflow in the narrower sense. The Managing Directors have neither received nor been promised any benefits from third parties in financial year 2020 with regard to their activities on the Management Board.

In the following tables, the benefits, inflows and service costs granted to the Managing Directors are shown individually (without the share option programs shown in Part 1).

Remuneration of the Management Board and the Managing Directors

	Frank Gotthardt CEO Member of the board of directors / management board since 29.09.1993					
	Benefits granted				Inflows	
EUR	2019	2020	2020 (min.)	2020 (max.)	2019	2020
Fixed compensation	800,000	800,000	800,000	800,000	800,000	800,000
Fringe benefits	0	0	0	0	0	0
Total	800,000	800,000	800,000	800,000	800,000	800,000
One-year variable compensation	0	0	0	0	0	0
Multi-year variable compensation	0	0	0	0	0	0
Long-term incentive (01.07.2013-31.12.2017)	0	0	0	0	0	0
Long-term incentive (01.01.2018-31.12.2020)	3,221,138	4,836,485	0	0	1,881,737	1,645,655
Other	0	0	0	0	0	0
Total	4,021,138	5,636,485	800,000	800,000	2,681,737	2,445,655
Service cost	0	0	0	0	0	0
Total	4,021,138	5,636,485	800,000	800,000	2,681,737	2,445,655

	Frank Brecher CTO Member of the board of directors / management board since April 1, 2015					
	Benefits granted				Inflows	
EUR	2019	2020	2020 (min.)	2020 (max.)	2019	2020
Fixed compensation	375,000	400,000	400,000	400,000	375,000	400,000
Fringe benefits	33,539	30,523	30,523	30,523	33,539	30,523
Total	408,539	430,523	430,523	430,523	408,539	430,523
One-year variable compensation	180,612	178,098	0	200,000	167,185	191,864
Multi-year variable compensation	0	0	0	0	0	0
Long-term incentive (01.04.2019-31.03.2023)	0	150,000	0	150,000	57,597	0
Other	0	0	0	0	0	0
Total	589,151	758,621	430,523	780,523	633,321	622,387
Service cost	0	0	0	0	0	0
Total	589,151	758,621	430,523	780,523	633,321	622,387

EUR	Dr. Ralph Körfgen Executive Director for medical, dental and pharmacy information systems Member of the board of directors / management board since November 1st, 2018					
	Benefits granted				Inflows	
	2019	2020	2020 (min.)	2020 (max.)	2019	2020
Fixed compensation	400,000	400,000	400,000	400,000	400,000	400,000
Fringe benefits	13,737	14,333	14,333	14,333	13,737	14,333
Total	413,737	414,333	414,333	414,333	413,737	414,333
One-year variable compensation	347,455	324,871	0	400,000	50,000	331,124
Multi-year variable compensation	0	0	0	0	0	0
Long-term incentive (01.11.2018-31.10.2021)	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	761,192	739,204	414,333	814,333	463,737	745,457
Service cost	0	0	0	0	0	0
Total	761,192	739,204	414,333	814,333	463,737	745,457

EUR	Hannes Reichl Executive Director Inpatient and Social Care Member of the board of directors / management board since November 1st, 2018					
	Benefits granted				Inflows	
	2019	2020	2020 (min.)	2020 (max.)	2019	2020
Fixed compensation	400,000	400,000	400,000	400,000	400,000	400,000
Fringe benefits	12,567	12,567	12,567	12,567	12,567	12,567
Total	412,567	412,567	412,567	412,567	412,567	412,567
One-year variable compensation	324,308	353,717	0	400,000	54,052	375,718
Multi-year variable compensation	0	0	0	0	0	0
Long-term incentive (01.11.2018-31.10.2022)	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	736,875	766,284	412,567	812,567	466,619	788,285
Service cost	0	0	0	0	0	0
Total	736,875	766,284	412,567	812,567	466,619	788,285

	Michael Rauch					
	CFO					
	Member of the board of directors / management board since August 1, 2019					
	Benefits granted				Inflows	
EUR	2019	2020	2020 (min.)	2020 (max.)	2019	2020
Fixed compensation	177,083	425,000	425,000	425,000	177,083	425,000
Fringe benefits*	33,057	106,992	106,992	106,992	33,057	106,992
Total	210,140	531,992	531,992	531,992	210,140	531,992
One-year variable compensation	208,333	710,710	0	1,000,000	0	310,000
Multi-year variable compensation	0	0	0	0	0	0
Long-term incentive (01.11.2018-31.10.2022)	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	418,473	1,242,702	531,992	1,531,992	210,140	841,992
Service cost	0	0	0	0	0	0
Total	418,473	1,242,702	531,992	1,531,992	210,140	841,992

* In addition, kEUR 19 from the final tax settlement from 2019 was incurred in 2020.

	Dr. Eckart Pech					
	Excecutive Director Consumer & Health Management Information Systems					
	Member of the board of directors / management board since November 1st, 2019					
	Benefits granted				Inflows	
EUR	2019	2020	2020 (min.)	2020 (max.)	2019	2020
Fixed compensation	66,667	400,000	400,000	400,000	66,667	400,000
Fringe benefits	6,838	22,353	22,353	22,353	6,838	22,353
Total	73,505	422,353	422,353	422,353	73,505	422,353
One-year variable compensation	66,667	350,152	0	600,000	0	66,667
Multi-year variable compensation	0	0	0	0	0	0
Long-term incentive (01.11.2019-31.10.2022)	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	140,172	772,505	422,353	1,022,353	73,505	489,020
Service cost	0	0	0	0	0	0
Total	140,172	772,505	422,353	1,022,353	73,505	489,020

The total remuneration of the Managing Directors / Management Board is as follows:

Remuneration of the Managing Directors 2020 according to IAS 24.17

EUR	Short-term benefits	Other long-term benefits	Total compensation
Gotthardt, Frank	800,000	4,836,485	5,636,485
Brecher, Frank	608,621	150,000	758,620
Körfgen, Ralph Dr.	739,204	0	739,203
Reichl, Hannes	766,284	0	766,285
Rauch, Michael*	1,242,702	0	1,242,702
Pech, Eckart Dr.	772,505	0	772,506
Total	4,929,316	4,986,485	9,915,801

* In addition, EUR 19 thousand from the final tax settlement from 2019 was incurred in 2020.

Remuneration Management Board 2019 according to IAS 24.17

EUR	Short-term benefits	Other long-term benefits	Total compensation
Gotthardt, Frank	800,000	3,221,138	4,021,138
Eibich, Uwe	436,443	148,083	584,526
Teig, Christian B.	17,712,091	350,000	18,062,091
Brecher, Frank	589,151	0	589,151
Körfgen, Ralph Dr.	761,192	0	761,192
Reichl, Hannes	736,875	0	736,875
Rauch, Michael	392,174	0	392,174
Pech, Eckart Dr.	134,754	0	134,754
Total	21,562,680	3,719,221	25,281,901

Remuneration disclosure section 314 (1) no. 6 German Commercial Code (HGB)

Remuneration of the Managing Directors 2020

EUR	Fixed compensation	Variable bonus (performance)	Fringe benefits	Total compensation
Gotthardt, Frank	800,000	1,645,655	0	2,445,655
Brecher, Frank	400,000	189,350	30,523	619,873
Körfgen, Ralph Dr.	400,000	308,540	14,333	722,873
Reichl, Hannes	400,000	405,128	12,567	817,695
Rauch, Michael*	425,000	812,377	106,992	1,344,369
Pech, Eckart Dr.	400,000	350,152	22,353	772,505
Total	2,825,000	3,711,202	186,768	6,722,970

* In addition, EUR 19 thousand from the final tax settlement from 2019 was incurred in 2020.

Remuneration Management Board 2019

EUR	Fixed compensation	Variable bonus (performance)	Fringe benefits	Total compensation
Gotthardt, Frank	800,000	1,881,737	0	2,681,737
Eibich, Uwe	400,000	374,602	36,841	811,443
Teig, Christian B.	17,468,750	550,263	43,341	18,062,354
Brecher, Frank	375,000	255,394	33,539	663,933
Körfgen, Ralph Dr.	400,000	347,455	13,737	761,192
Reichl, Hannes	400,000	328,360	12,567	740,927
Rauch, Michael	177,083	208,333	33,052	418,468
Pech, Eckart Dr.	66,667	66,667	6,838	140,172
Total	20,087,500	4,012,811	179,915	24,280,226

In the case of Christian B. Teig, the fixed salary includes the cash settlement for the settlement of share options to the sum of kEUR 17,000.

Post-contractual non-competition clause

Contractual non-competition clauses have been agreed with the Managing Directors. It has been agreed with the Managing Directors for the duration of the non-competition agreement that the company will pay half of the last contractual remuneration received as compensation for each full year of the non-competition agreement, whereby this provision does not apply to the Chief Executive Officer, who receives no remuneration under his contractual non-competition agreement.

Secondary employment of the Managing Directors

The Managing Directors shall only assume board or supervisory board mandates and/or other administrative or honorary functions outside the company to a limited extent. In addition, they require the consent of the Administrative Board to take up secondary employment. This ensures that neither the time spent nor the remuneration granted for it leads to a conflict with their duties for the company. Insofar as the secondary employment involves mandates on supervisory boards required by law or on comparable supervisory bodies of commercial enterprises, these are listed in the annual financial statements of CompuGroup Medical SE & Co. KGaA, which are published in the Internet. There is generally no entitlement to separate remuneration for the performance of mandates in group companies.

Commitments in connection with the termination of service as a Managing Director

The remuneration system for the Managing Directors also regulates the amount of remuneration they receive if the position is terminated prematurely. Depending on the reason for termination, the following provisions shall apply to the promised remuneration upon leaving office:

Termination by regular expiry of the term

No severance payments or special contributions to the pension scheme are made. There are no pension commitments or other retirement benefits in the event of regular termination of employment.

Premature termination of the appointment by dismissal

In the event of dismissal by the company, Mr. Frank Brecher shall receive a severance payment to the sum of the pro rata total remuneration outstanding until the end of the appointment period. The severance payment is limited to a maximum amount of EUR 900,000.
In the event of termination of the contract by the company, Dr. Ralph Körfgen, Michael Rauch, Hannes Reichl and Dr. Eckart Pech shall receive a severance payment to the sum of the pro rata total remuneration outstanding until the end of the contract term. The severance payment is limited to a maximum amount of two years' total remuneration including bonus or to the fixed remuneration owed until the end of the contract term plus bonus.

Premature termination of the employment contract in the event of a change of control

For four of the Managing Directors, agreements to terminate the employment contract exist in the event of a change of control, whereby a change of control is defined by one or both of the cases described above. This states that a commitment for benefits in the event of early termination as a Managing Director due to a change of control consists of severance in the amount of the total remuneration for the remaining contractual term, capped at a maximum amount of two years' total remuneration. For two of the Managing Directors, the severance payment cap is 150 % based on the total remuneration for the remaining term of their contract, whereby the amount of the total entitlement may not exceed two years' total remuneration. Share-based remuneration is not included here.

The Managing Directors of CompuGroup Medical SE & Co. KGaA have a special right of termination if shareholders or third parties gain control of the company and this could result in significant disadvantages for them. In this case, after a change in corporate control they are free to resign from office for good cause within individually defined periods of up to eight months, subject to agreed notice periods.

In the event of premature termination of the employment contract for an important reason for which the respective Managing Director is responsible, the employment contracts do not provide for any severance payment. The contracts do not contain any regulations governing regular termination.

Remuneration for former members of the Management Board of CompuGroup Medical SE & Co. KGaA

Remuneration granted in 2020 to former members of the Management Board of CompuGroup Medical SE & Co. KGaA amounted to mEUR 1.5.

Revision of the remuneration system for the Managing Directors

On January 1, 2020, the Act Implementing the Second Shareholders' Rights Directive (ARUG II) came into force. In addition, the new version of the German Corporate Governance Code of the Government Commission on the German Corporate Governance Code became effective on March 20, 2020. The Supervisory Board and the Administrative Board, supported by an independent remuneration expert, have dealt with this issue in detail. The Supervisory Board intends to adopt a new remuneration system. This will be submitted to the 2021 Annual General Meeting for approval in accordance with section 120a German Stock Corporation Act (AktG).

Part 3: Remuneration of the Supervisory Board and the Administrative Board in 2020

The members of the Supervisory Board of CompuGroup Medical SE received fixed remuneration and reimbursement of expenses for the period from January 1, 2020 to June 18, 2020 until the conversion of the company into an SE & Co. KGaA.

The remuneration of the members of the Supervisory Board of CompuGroup Medical SE & Co. KGaA are provided for in article 15 of the company's Articles of Association and are approved by the Annual General Meeting with the consent of the general partner pursuant to article 26 (4) of the Articles of Association of the company. Pursuant to the resolution of the (virtual) Annual General Meeting of CompuGroup Medical SE & Co. KGaA of May 13, 2020, the members of the Supervisory Board receive a fixed remuneration of kEUR 40 and reimbursement of expenses upon registration of the conversion into an SE & Co. KGaA. The Chairman of the Supervisory Board receives kEUR 80, twice the fixed remuneration, while the Vice Chairman receives kEUR 60, 1.5 times the fixed remuneration. For membership in a Supervisory Board committee, a member receives an additional fixed remuneration of kEUR 10, and the chairman of a committee receives twice that amount, namely kEUR 20.

The remuneration of the Administrative Board of the general partner, CompuGroup Medical Management SE, is provided for in article 13 of the Articles of Association and is approved by the Annual General Meeting of CompuGroup Medical Management SE pursuant to article 21 (3) of the Articles of Association. The members of the Administrative Board of the general partner receive an annual fixed remuneration of kEUR 60 unrelated to performance as well as the reimbursement of expenses. The chair of the Administrative Board receives twice the amount of the fixed remuneration, namely kEUR 120. A further charge pursuant to article 8 (3) of the Articles of Association of CompuGroup group Medical SE & Co. KGaA regarding the remuneration of the Administrative Board of CompuGroup Medical Management SE has been passed on to CompuGroup Medical SE & Co. KGaA.

The total remuneration (excluding any VAT) of the Supervisory Board of CompuGroup Medical SE & Co. KGaA for the year 2020, including the charges passed on by CompuGroup Medical Management SE for the Administrative Board, is in EUR:

Remuneration 2020 for the Supervisory Board of CompuGroup Medical SE & Co. KGaA

	Supervisory Board compensation EUR
von Ilberg, Philipp	53,808
Müller, Sven Thomas	28,438
Dr. Handel, Ulrike	23,890
Störmer, Matthias	32,219
Veith, Thomas	28,493
Dr. Fuchs, Michael	26,904
Prof Dr. Köhrmann, Martin	22,658
Volkens, Bettina	21,589
Becker, Andrea	19,945
Keller, Ursula	24,219
Kohl, Volker	19,945
Frevel, Claudia	19,945
Total	322,055

Remuneration 2020 for the Supervisory Board of CompuGroup Medical SE

	Supervisory Board compensation EUR
Dr. Esser, Klaus	45,000
Dr. Gotthardt, Daniel	30,000
Dr. Handel, Ulrike	30,000
Seifert, Thomas	30,000
Pagenkopf, Maik	30,000
Schrod, Klaus	30,000
Total	195,000

Remuneration 2019 for the Supervisory Board

	Supervisory Board compensation EUR
Dr. Esser, Klaus	90,000
Dr. Handel, Ulrike	60,000
Dr. Gotthardt, Daniel	60,000
Seifert, Thomas	60,000
Schrod, Klaus	60,000
Pagenkopf, Maik	60,000
Total	390,000

This overview contains the collected remuneration of all Supervisory Board members of the past year.

The remuneration of the Supervisory Board in the first half of the year was in line with the prior year. The transfer of the company to CompuGroup Medical SE & Co. KGaA was also accompanied by some personnel changes to the Supervisory Board and the Administrative Board, in particular on the reporting dates of June 18, 2020 and July 3, 2020. In addition, any remuneration for membership of the Joint Committee and Audit Committee of the Supervisory Board is also included.

More detailed information on the staff and organizational restructuring can be found in the separate report of the Supervisory Board.

The additional remuneration of the employee representatives on the Supervisory Board for activities outside of their Supervisory Board duties is customary in the market. For reasons of materiality, no individualized information is provided.

Remuneration 2020 for the Administrative Board

	Administrative Board compensation EUR
Dr. Klaus Esser	35,000
Prof. Dr. Daniel Gotthardt	35,000
Stefanie Peters	30,000
Total	100,000

Review of the Supervisory Board remuneration system

On the occasion of the entry into force of the ARUG II, the Supervisory Board remuneration system is also to be submitted to the Annual General Meeting for approval pursuant to section 113 (3) of the German Stock Corporation Act (AktG). The Managing Directors and the Supervisory Board have come to the conclusion that the remuneration arrangements for the members of the Supervisory Board serve the corporate interests of CompuGroup Medical SE & Co. KGaA and will propose to the Annual General Meeting 2021 that the current remuneration arrangements are approved.

9. Corporate Governance Statement

The Corporate Governance Statement in accordance with section 289f German Commercial Code (HGB) and section 315d German Commercial Code (HGB) is available on the company website at http://www.cgm.com. It contains the Corporate Governance Statement pursuant to section 161 German Stock Corporation Act (AktG) and details of key corporate governance practices and the working methods of the Management Board and the Supervisory Board.

The following shareholdings currently exist on the basis of the information available to the company:

Supervisory Board of CompuGroup Medical SE & Co. KGaA:

Prof. Dr. Martin Köhrmann	8.000 shares (ca. 0,01 %)
Claudia Frevel	1.210 shares (ca. 0,00 %)
Matthias Störmer:	700 shares (ca. 0,00 %)
Ursula Keller	340 shares (ca. 0,00 %)
Sven Thomas Müller	50 shares (ca. 0,00 %)

Administrative Board of CompuGroup Medical Management SE:

Frank Gotthardt	17.910.804 shares (ca. 33,33 %)
Prof. Dr. Daniel Gotthardt:	3.571.711 shares (ca. 6,65 %)
Dr. Klaus Esser:	140.000 shares (ca. 0,26 %)
Dr. Dirk Wössner:	3.000 shares (ca. 0,01 %
Stefanie Peters:	140 shares (ca. 0,00 %)

Managing Board of CompuGroup Medical Management SE:

Michael Rauch	3.300 shares (ca. 0,01 %)
Dr. Dirk Wössner	3.000 shares (ca. 0,01 %)
Hannes Reichl	2.500 shares (ca. 0,00 %)
Frank Brecher	1.284 shares (ca. 0,00 %)
Dr. Eckart Pech	1.000 shares (ca. 0,00 %)

10. Separate non-financial report for the group

Employees

At the end of financial year 2020, the CGM group employed 7,814 people worldwide. This is 39 % more than in the prior year (5,627).

Employees	2020	2019	2018
Headcount	7,814	5,627	4,955
of which from acquisitions as at the acquisition date	1.832	426	48

In financial year 2020, CGM employed a total of 3,253 people in Germany, this represents 42 % of total workforce in the group.

Corporate social responsibility reporting

CGM's report on non-financial and diversity information (CSR report) is published separately on the company's website http://www.cgm.com. The CSR report is produced in accordance with the EU Directive 2014/95/EU and its application in German law.

11. Final declaration on the dependency report

The Managing Directors have submitted the report on relations with affiliated companies (dependency report) required by section 312 German Stock Corporation Act (AktG) to the Supervisory Board, with the following declaration pursuant to section 312 (3) AktG. "Based on the circumstances known to the Management Board at the time when the legal transactions were entered into, our company received appropriate consideration for each legal transaction. The company neither took nor refrained from measures that are subject to reporting requirements as set out in section 312 German Stock Corporation Act (AktG)."

Koblenz, March 15, 2021

CompuGroup Medical SE & Co. KGaA

Represented by the Management Board
of CompuGroup Medical Management SE

Dr. Dirk Wössner   Frank Brecher   Dr. Ralph Körfgen

Dr. Eckart Pech   Michael Rauch   Hannes Reichl

CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2020

Consolidated statement of financial position

Assets

kEUR	Notes*	Dec 31, 2020	Dec 31, 2019
Non-current assets			
Intangible assets	(1.)	1,088,105	668,329
Property, plant and equipment	(2.)	91,739	88,064
Right-of-use assets	(3.)	44,552	43,189
Investments in associates and joint ventures (valued at-equity)	(4.)	2,001	938
Other investments	(4.)	640	1,458
Finance lease receivables	(8.)	14,169	14,826
Contract assets	(9.)	36	0
Other financial assets	(10.)	10,267	9,003
Other non-financial assets	(11.)	1,200	1,200
Deferred taxes	(5.)	4,953	5,923
		1,257,662	**832,930**
Current assets			
Inventories	(6.)	18,158	27,492
Trade receivables	(7.)	137,203	102,982
Finance lease receivables	(8.)	9,686	7,784
Contract assets	(9.)	23,433	9,092
Other financial assets	(10.)	2,663	3,137
Other non-financial assets	(11.)	24,405	16,918
Income tax receivables	(5.)	16,652	19,177
Cash & cash equivalents	(12.)	75,910	46,350
		308,110	**232,932**
		1,565,772	1,065,862

* Refers to the corresponding note in E. Notes on items of the balance sheet and the income statement

(The enclosed notes are an integral part of the consolidated financial statements.)

Consolidated statement of financial position continued

Equity and Liabilities

kEUR	Notes*	Dec 31, 2020	Dec 31, 2019
Equity	**(13.)**		
Subscribed capital		53,735	53,219
Treasury shares		0	–86,322
Reserves		584,932	292,208
Capital and reserves allocated to the shareholders of the parent company		**638,667**	**259,105**
Non-controlling interests		270	811
		638,937	**259,916**
Non-current liabilities			
Provisions for post-employment benefits and other non-current provisions	(14.)	43,707	30,979
Liabilities to banks	(15.)	461,061	410,838
Contract liabilities	(19.)	6,628	6,114
Purchase price liabilities	(17.)	3,780	7,791
Lease liabilities	(16.)	27,989	28,489
Other financial liabilities	(21.)	9,144	13,619
Other non-financial liabilities	(21.)	1,200	1,193
Deferred taxes	(5.)	82,791	70,619
		636,300	**569,642**
Current liabilities			
Liabilities to banks	(15.)	35,298	38,810
Contract liabilities	(19.)	63,894	42,485
Purchase price liabilities	(17.)	12,078	10,119
Trade payables	(18.)	64,524	47,093
Income tax liabilities	(5.)	19,364	17,973
Other provisions	(20.)	47,277	42,156
Lease liabilities		16,576	14,636
Other financial liabilities	(21.)	9,837	7,849
Other non-financial liabilities	(21.)	21,687	15,183
		290,535	**236,304**
		1,565,772	1,065,862

* Refers to the corresponding note in E. Notes on items of the balance sheet and the income statement

(The enclosed notes are an integral part of the consolidated financial statements.)

Consolidated income statement

kEUR	Notes*	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019
Revenues	(22.)	837,259	745,808
Capitalized inhouse services	(23.)	31,872	24,570
Other income	(24.)	10,562	13,458
Expenses for goods and services purchased	(25.)	–156,178	–138,956
Personnel expenses	(26.)	–377,052	–339,442
Net impairment losses on financial and contract assets		–4,292	–4,037
Other expenses	(27.)	–144,695	–123,275
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**197,476**	**178,126**
Depreciation of property, plant and equipment and right-of-use assets	(28.)	–30,856	–28,521
Earnings before interest, taxes and amortization (EBITA)		**166,620**	**149,605**
Amortization of intangible assets	(28.)	–44,851	–34,335
Earnings before interest and taxes (EBIT)		**121,769**	**115,270**
Result from companies accounted for using the equity method	(29.)	–931	–1,785
Financial income	(30.)	2,651	2,067
Financial expenses	(30.)	–13,063	–7,808
Earnings before taxes (EBT)		**110,426**	**107,745**
Income taxes for the period	(31.)	–37,006	–41,594
Results from continued operations		**73,420**	**66,151**
Profit for the period from discontinued operations		0	0
Consolidated net income for the period		**73,420**	**66,151**
of which: allocated to shareholders of the parent company		73,192	65,819
of which: allocated to non-controlling interests		228	332
Earnings per share (from continuing operations)	**(32.)**		
undiluted (EUR)		1.43	1.35
diluted (EUR)		1.40	1.33

* Refers to the corresponding note in E. Notes on items of the balance sheet and the income statement

(The enclosed notes are an integral part of the consolidated financial statements.)

Consolidated statement of total comprehensive income

kEUR	Notes*	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019
Consolidated net income for the period		**73,420**	**66,151**
Items that will not be reclassified to profit or loss:			
Actuarial gains and losses arising from post-employment benefits		**–1,855**	**–4,107**
Change in actuarial gains and losses	(14.)	–2,617	–4,012
Deferred income taxes for the period	(5.)	762	–95
Items that may be reclassified to profit or loss:			
Currency conversion differences	(13.)	–7,824	806
Changes in equity		350	–1,268
Changes in profit or loss (recycling)		–8,174	2,074
Operating income and expense recognized directly in equity (Other comprehensive income)		**–9,678**	**–3,301**
Total comprehensive income		**63,742**	**62,850**
of which: allocated to shareholders of the parent company		63,514	62,518
of which: allocated to non-controlling interests		228	332

* Refers to the corresponding note in E. Notes on items of the balance sheet and the income statement

(The enclosed notes are an integral part of the consolidated financial statements)

Changes in consolidated equity

kEUR	Subscribed capital	Treasury shares	Reserves	Accumulated other comprehensive income Currency translation	Equity attributable to shareholders of CGM SE & Co. KGaA	Non-controlling interest	Consolidated equity
Balance as at Dec 31, 2018 / Jan 1, 2019 (adjusted)	**53,219**	**–45,259**	**273,067**	**–19,310**	**261,717**	**2,111**	**263,828**
Consolidated net income for the period	**0**	**0**	**65,819**	**0**	**65,819**	**332**	**66,151**
Other comprehensive income	**0**	**0**	**–4,107**	**806**	**–3,301**	**0**	**–3,301**
Actuarial gains and losses	0	0	–4,107	0	–4,107	0	–4,107
Currency conversion differences	0	0	0	806	806	0	806
Total comprehensive income	**0**	**0**	**61,712**	**806**	**62,518**	**332**	**62,850**
Transactions with shareholders	**0**	**–41,063**	**–24,067**	**0**	**–65,130**	**–1,631**	**–66,761**
Dividend distribution	0	0	–24,414	0	–24,414	–1,408	–25,822
Stock option program	0	0	1,435	0	1,435	0	1,435
Non-controlling interests from acquisitions	0	0	0	0	0	46	46
Additional purchase of shares from non-controlling interests after control	0	0	–1,088	0	–1,088	–269	–1,357
Buyback of treasury shares	0	–41,063	0	0	–41,063	0	–41,063
Balance as at Dec 31, 2019	**53,219**	**–86,322**	**310,712**	**–18,504**	**259,105**	**811**	**259,916**
Consolidated net income for the period	**0**	**0**	**73,192**	**0**	**73,192**	**228**	**73,420**
Other comprehensive income	**0**	**0**	**–1,855**	**–7,824**	**–9,678**	**0**	**–9,678**
Actuarial gains and losses	0	0	–1,855	0	–1,855	0	–1,855
Currency conversion differences	0	0	0	–7,824	–7,824	0	–7,824
Total comprehensive income	**0**	**0**	**71,337**	**–7,824**	**63,514**	**228**	**63,742**
Transactions with shareholders	**516**	**86,322**	**229,210**	**0**	**316,048**	**–769**	**315,279**
Capital increase	516	0	32,169	0	32,685	0	32,685
Dividend distribution	0	0	–24,206	0	–24,206	–162	–24,368
Stock option program	0	0	2,059	0	2,059	0	2,059
Additional purchase of shares from non-controlling interests after control	0	0	207	0	207	–607	–400
Sale of treasury shares	0	86,322	218,981	0	305,303	0	305,303
Balance as at Dec 31, 2020	**53,735**	**0**	**611,259**	**–26,327**	**638,667**	**270**	**638,937**

(The enclosed notes are an integral part of the consolidated financial statements)

Group statement of Cash Flows

kEUR	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019
Consolidated net income for the period	73,420	66,151
Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	75,707	62,857
Earnings on sale of fixed assets	–136	424
Change in provisions (including income tax liabilities)	3,378	–1,910
Deferred tax income/expense	6,277	10,696
Other non-cash earnings/ expenditures	3,395	–3,649
	162,041	**134,568**
Change in inventories	9,494	–6,237
Change in trade receivables and other receivables	–34,823	6,618
Change in income tax receivables	3,114	–10,076
Change in other receivables	–2,532	–7,932
Change in trade payables	11,262	4,092
Change contract liabilities	–3,946	–1,641
Change in other liabilities	5,322	–8,897
Operating cash flow	**149,931**	**110,495**
Cash inflow from disposals of intangible assets	0	0
Cash outflow for capital expenditure in intangible assets	–38,045	–29,056
Cash inflow from disposals of property, plant and equipment	660	401
Cash outflow for capital expenditure in property, plant and equipment	–17,684	–14,684
Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in prior periods)	–397,108	–94,857
Cash outflow for acquisitions from prior periods	–3,132	–1,753
Cash inflow from the disposal of subsidiaries and business units	220	505
Cash outflow for capital expenditures in joint ventures and other equity investments	–2,027	0
Cash flow from investing activities	**–457,116**	**–139,444**
Cash inflow from the issue of shares	32,685	0
Cash inflow from the sale of treasury shares	305,303	0
Buyback of own shares	0	–41,063
Dividend paid	–24,206	–24,414
Capital paid to non-controlling interests	–162	–1,408
Acquisition of additional shares from non-controlling interests	–400	–1,356
Downpayment of lease liabilities	–16,762	–16,572
Cash inflow from borrowing of loans	489,048	188,495
Cash outflow from the repayment of loans	–447,433	–54,005
Cash flow from financing activities	**338,073**	**49,677**
Cash and cash equivalents at the beginning of the period	46,350	25,302
Change in cash and cash equivalents	**30,888**	**20,728**
Changes due to exchange rate fluctuations	–1,328	320
Cash and cash equivalents at the end of the period	**75,910**	**46,350**
Interest paid	5,412	5,226
Interest received	1,432	1,150
Income taxes paid	20,554	31,511

(The enclosed notes are an integral part of the consolidated financial statements)

Segment report (old structure)

kEUR	Segment AIS Ambulatory Information Systems 2020 Jan 1 - Dec 31, 2020	Segment AIS 2019 Jan 1 - Dec 31, 2019	Segment PCS Pharmacy Information Systems 2020 Jan 1 - Dec 31, 2020	Segment PCS 2019 Jan 1 - Dec 31, 2019	Segment HIS Hospital Information Systems 2020 Jan 1 - Dec 31, 2020	Segment HIS 2019 Jan 1 - Dec 31, 2019	Segment CHS Consumer and Health Management Information Systems 2020 Jan 1 - Dec 31, 2020	Segment CHS 2019 Jan 1 - Dec 31, 2019
Sales to third parties	**466,671**	**444,643**	**135,374**	**119,394**	**186,588**	**135,907**	**48,078**	**45,689**
thereof Software license	29,019	30,445	6,050	7,045	22,950	15,579	112	598
thereof Hardware	65,443	54,785	37,285	26,654	12,362	10,346	1	804
thereof Professional Services	39,713	47,264	11,918	10,185	38,067	30,403	8,900	7,818
thereof Software Maintenance & hotline	233,099	217,049	36,221	33,714	83,102	66,280	5,222	2,200
thereof Other recurring revenues	96,772	88,752	39,952	38,302	29,859	13,136	490	1,261
thereof Advertising, eDetailing and Data	1,151	1,603	3,886	3,338	0	0	32,118	29,373
thereof Other revenues	1,474	4,745	62	156	248	163	1,236	3,635
Point in time of revenue recognition								
at a specific point in time	73,416	68,657	39,317	28,989	16,989	12,623	1,237	629
over a period of time	393,255	375,986	96,057	90,405	169,599	123,284	46,841	45,060
	466,671	**444,643**	**135,374**	**119,394**	**186,588**	**135,907**	**48,078**	**45,689**
thereof recurring sales	329,871	305,801	76,174	72,016	112,961	79,416	5,712	3,461
Sales between segments	39,137	24,101	808	864	6,066	4,776	3,184	1,912
Segment Sales	**505,809**	**468,744**	**136,182**	**120,258**	**192,654**	**140,683**	**51,261**	**47,601**
Capitalized inhouse services	11,389	10,994	2,650	0	13,155	12,212	318	748
Other income	6,712	8,772	1,601	2,259	2,743	2,973	897	1,754
Expenses for goods and services purchased	–105,182	–101,313	–42,068	–32,727	–37,831	–21,988	–17,496	–15,772
Personnel costs	–161,965	–151,102	–41,876	–39,469	–102,985	–81,726	–15,917	–15,477
Other expenses	–84,849	–75,040	–18,914	–18,426	–38,862	–32,864	–10,810	–7,643
EBITDA	171,914	161,055	37,574	31,895	28,874	19,290	8,254	11,211
in % of sales	36.8%	36.2%	27.8%	26.7%	15.5%	14.2%	17.2%	24.5%
Depreciation of property, plant and equipment and right-of-use assets								
Amortization of intangible assets								
EBIT								
Results from associates recognised at equity								
Financial income								
Financial expense								
EBT								
Taxes on income for the period								
Profit for the period from discontinued operations								
Consolidated net income for the period								
in % of sales								

Segment report (old structure) continued

kEUR	All other Segments		Sum Segments		Consolidation		CGM group	
	2020	2019	2020	2019	2020	2019	2020	2019
	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019	Jan 1 - Dec 31, 2020.	Jan 1 - Dec 31, 2019	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019
Sales to third parties	**548**	**174**	**837,259**	**745,808**	**0**	**0**	**837,259**	**745,808**
thereof Software license	0	0	58,131	53,668	0	0	58,131	53,668
thereof Hardware	0	0	115,090	92,589	0	0	115,090	92,589
thereof Professional Services	512	48	99,110	95,718	0	0	99,110	95,718
thereof Software Maintenance & hotline	0	122	357,645	319,365	0	0	357,645	319,365
thereof Other recurring revenues	0	0	167,073	141,451	0	0	167,073	141,451
thereof Advertising, eDetailing and Data	0	0	37,155	34,314	0	0	37,155	34,314
thereof Other revenues	36	4	3,055	8,703	0	0	3,055	8,703
Point in time of revenue recognition								
at a specific point in time	36	4	130,994	110,902	0	0	130,994	110,902
over a period of time	512	170	706,265	634,906	0	0	706,265	634,906
	548	**174**	**837,259**	**745,808**	**0**	**0**	**837,259**	**745,808**
thereof recurring sales	0	122	524,718	460,816	0	0	524,718	460,816
Sales between segments	14,428	16,384	63,622	48,037	–63,622	–48,037	0	0
Segment Sales	**14,976**	**16,558**	**900,881**	**793,845**	**–63,622**	**–48,037**	**837,259**	**745,808**
Capitalized inhouse services	4,361	616	31,872	24,570	0	0	31,872	24,570
Other income	58,141	46,244	70,094	62,002	–59,532	–48,544	10,562	13,458
Expenses for goods and services purchased	–7,079	–1,395	–209,656	–173,195	53,479	34,239	–156,178	–138,956
Personnel costs	–56,112	–52,945	–378,855	–340,719	1,803	1,277	–377,052	–339,442
Other expenses	–62,932	–54,370	–216,367	–188,343	67,380	61,031	–148,987	–127,312
EBITDA	–48,647	–45,292	197,969	178,160	–493	–34	197,476	178,126
in % of sales			23.6%	23.9%			23.6%	23.9%
Depreciation of property, plant and equipment and right-of-use assets							–30,856	–28,521
Amortization of intangible assets							–44,851	–34,335
EBIT							121,769	115,270
Results from associates recognised at equity							–931	–1,785
Financial income							2,651	2,067
Financial expense							–13,063	–7,808
EBT							110,426	107,745
Taxes on income for the period							–37,006	–41,594
Profit for the period from discontinued operations							0	0
Consolidated net income for the period							**73,420**	**66,151**
in % of sales							8.8%	8.9%

Segment report (new structure)

	Segment AIS Ambulatory Information Systems		Segment PCS Pharmacy Information Systems		Segment HIS Hospital Information Systems		Segment CHS Consumer and Health Management Information Systems	
	2020	2019	2020	2019	2020	2019	2020	2019
kEUR	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019
Sales to third parties	**375,204**	**351,988**	**116,791**	**116,681**	**186,588**	**135,907**	**158,399**	**139,104**
thereof Software license	28,064	28,546	6,050	7,045	22,950	15,579	1,065	2,462
thereof Hardware	30,319	26,405	24,809	26,654	12,362	10,346	47,600	28,380
thereof Professional Services	32,536	33,871	9,686	10,185	38,067	30,403	18,582	21,163
thereof Software Maintenance & hotline	227,397	210,822	36,221	33,714	83,102	66,280	10,925	7,698
thereof Other recurring revenues	54,352	49,407	39,256	38,302	29,859	13,136	43,606	40,605
thereof Advertising, eDetailing and Data	441	422	767	625	0	0	35,947	32,928
thereof Other revenues	2,095	2,515	2	156	248	163	675	5,869
Point in time of revenue recognition								
at a specific point in time	38,571	38,044	12,359	28,989	16,989	12,622	63,039	30,439
over a period of time	336,633	313,945	104,432	87,692	169,599	123,285	95,359	108,665
	375,204	**351,988**	**116,791**	**116,681**	**186,588**	**135,907**	**158,399**	**139,104**
thereof recurring sales	281,749	260,230	75,478	72,016	112,961	79,416	54,531	48,304
Sales between segments	51,365	52,993	5,953	1,236	6,066	4,777	19,036	16,715
Segment Sales	**426,569**	**404,982**	**122,744**	**117,917**	**192,654**	**140,684**	**177,435**	**155,819**
Capitalized inhouse services	8,119	8,713	2,650	0	13,155	12,212	7,011	3,028
Other income	6,179	8,648	1,102	2,258	2,743	2,973	1,569	913
Expenses for goods and services purchased	–99,891	–97,682	–32,762	–32,324	–37,831	–21,988	–68,020	–64,285
Personnel costs	–150,053	–139,799	–41,381	–39,003	–102,985	–81,769	–36,450	–32,685
Other expenses	–73,189	–67,455	–18,854	–18,492	–38,862	–32,822	–32,883	–25,239
EBITDA	117,733	117,407	33,499	30,356	28,874	19,290	48,662	37,552
in % of sales	31.4%	33.4%	28.7%	26.0%	15.5%	14.2%	30.7%	27.0%
Depreciation of property, plant and equipment and right-of-use assets								
Amortization of intangible assets								
EBIT								
Results from associates recognised at equity								
Financial income								
Financial expense								
EBT								
Taxes on income for the period								
Profit for the period from discontinued operations								
Consolidated net income for the period								
in % of sales								

Segment report (new structure) continued

	All other Segments		Sum Segments		Consolidation		CGM group	
	2020	2019	2020	2019	2020	2019	2020	2019
kEUR	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2020
Sales to third parties	**277**	**2,128**	**837,259**	**745,808**	**0**	**0**	**837,259**	**745,808**
thereof Software license	3	36	58,131	53,668	0	0	58,131	53,668
thereof Hardware	0	804	115,090	92,589	0	0	115,090	92,589
thereof Professional Services	239	96	99,110	95,718	0	0	99,110	95,718
thereof Software Maintenance & hotline	0	851	357,645	319,365	0	0	357,645	319,365
thereof Other recurring revenues	0	0	167,073	141,451	0	0	167,073	141,451
thereof Advertising, eDetailing and Data	0	340	37,155	34,314	0	0	37,155	34,314
thereof Other revenues	36	0	3,055	8,703	0	0	3,055	8,703
Point in time of revenue recognition								
at a specific point in time	36	808	130,994	110,902	0	0	130,994	110,902
over a period of time	241	1,320	706,265	634,906	0	0	706,265	634,906
	277	**2,128**	**837,259**	**745,808**	**0**	**0**	**837,259**	**745,808**
thereof recurring sales	0	851	524,718	460,816	0	0	524,718	460,816
Sales between segments	18,321	17,082	100,740	92,803	–100,740	–92,803	0	0
Segment Sales	**18,598**	**19,209**	**937,999**	**838,611**	**–100,740**	**–92,803**	**837,259**	**745,808**
Capitalized inhouse services	937	615	31,872	24,570	0	0	31,872	24,570
Other income	59,072	47,894	70,665	62,686	–60,103	–49,228	10,562	13,458
Expenses for goods and services purchased	–2,761	–1,627	–241,265	–217,906	85,087	78,950	–156,178	–138,956
Personnel costs	–48,023	–48,071	–378,893	–341,327	1,841	1,885	–377,052	–339,442
Other expenses	–58,622	–44,465	–222,410	–188,474	73,423	61,162	–148,987	–127,312
EBITDA	–30,799	–26,445	197,969	178,160	–493	–34	197,476	178,126
in % of sales			23.6%	23.9%			23.6%	23.9%
Depreciation of property, plant and equipment and right-of-use assets							–30,856	–28,521
Amortization of intangible assets							–44,851	–34,335
EBIT							121,769	115,270
Results from associates recognised at equity							–931	–1,785
Financial income							2,651	2,067
Financial expense							–13,063	–7,808
EBT							110,426	107,745
Taxes on income for the period							–37,006	–41,594
Profit for the period from discontinued operations							0	0
Consolidated net income for the period							**73,420**	**66,151**
in % of sales							8.8%	8.9%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

A. General disclosures

1. Company information

CompuGroup Medical SE & Co. KGaA (hereinafter also referred to as "the company" or "CGM") is a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) registered in Germany in the commercial register of the Local Court of Koblenz under HRB no. 27430. It is the ultimate parent company of the group. The domicile of the company is Maria Trost 21, 56070 Koblenz, Germany.

The Annual General Meeting on May 13, 2020 resolved to change the group's legal form to a partnership limited by shares (KGaA), thereby changing the name from CompuGroup Medical SE to CompuGroup Medical SE & Co. KGaA. The change of legal form took effect upon entry into the commercial register of Koblenz on June 18, 2020. The general partner of the partnership limited by shares (KGaA) is CompuGroup Medical Management SE, a monistic European stock corporation (SE) indirectly owned by the company's founder Frank Gotthardt and Professor Dr. Daniel Gotthardt. The change of legal form gives the company the greatest possible flexibility to finance its future growth, while at the same time retaining the founding Gotthardt family as an anchor shareholder in order to uphold the company's entrepreneurial vision and spirit.

The purpose of the company and its main activities are divided into the following business units:

- Ambulatory Information Systems (AIS);
- Pharmacy Information Systems (PCS);
- Hospital Information Systems (HIS); and
- Consumer and Health Management Information Systems (CHS).

These business units form the basis for the segment reporting. The four business units provide the following range of services:

- AIS: Develops and sells practice software solutions and renders services for registered physicians and dentists. It also renders Internet services for physicians and other healthcare professionals.
- PCS: Develops and sells software solutions and renders services for pharmacies.
- HIS: Develops and sells clinical software solutions and renders services.
- CHS: Inter-connects service providers (physicians, dentists, clinics and pharmacies) with other key market participants in the healthcare sector, for example payers, pharmaceutical companies and research institutions.

As at January 1, 2021, the company has amended the classification of individual profit centers in the segment reporting. One major change was to concentrate the Telematics Infrastructure activities within the Consumer and Health Management Information Systems (CHS) business unit. For more details on the business units, please refer to section 1.1 group Business Model of the Management Report.

2. Basis of reporting and fundamental principles

These consolidated financial statements combine the financial statements of CompuGroup Medical SE & Co. KGaA and those of its subsidiaries (hereinafter also referred to as "the CGM group"). As in the prior year, the CGM group's consolidated financial statements as at December 31, 2020 were prepared in accordance with section 315e of the German Commercial Code (HGB) and in compliance with the International Financial Reporting Standards (IFRS).

All International Financial Reporting Standards (IFRS) – formerly International Accounting Standards (IAS) – as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRS IC) – formerly Standing Interpretations Committee (SIC) – required for the reporting period ending December 31, 2020 as applicable in the EU have been applied. How the individual standards are applied is indicated in the comments on the individual items of the consolidated financial statements.

In addition, the provisions of commercial law pursuant to section 315e German Commercial Code (HGB) have also been observed.

The Managing Directors of CompuGroup Medical Management SE prepared and authorized for issue the consolidated financial statements on March 15, 2021.

The consolidated income statement and the consolidated statement of financial position adhere to the classification rules set out in IAS 1, whereby the income statement was prepared using the nature of expense method.

The group's accounting policy requires the individual subsidiaries to use the same accounting principles and measurement principles.

In general, the consolidated financial statements are based on cost-based measurement. Unless stated otherwise, assets and liabilities are recognized on the basis of historical cost less necessary impairment (fair value).

The estimates and assumptions used in preparing the IFRS consolidated financial statements affect the measurement of assets (in particular, goodwill and deferred tax assets) and liabilities (provisions and purchase price liabilities) as well as the disclosure of contingent assets and liabilities at the respective balance sheet dates and the amount of income and expenses in the reporting period. Although these assumptions and estimates have been made to the best of the Managing Directors' knowledge, the actual results may differ from these estimates.

Unless otherwise stated in individual cases, all amounts in the consolidated financial statements are given in thousands of euro (kEUR). Rounding may result in minor deviations in totals and the calculation of percentages in this report.

B. Key accounting principles and measurement methods

1. Principles for the preparation of the consolidated financial statements

The consolidated financial statements of CGM were prepared on the basis of historical purchase and manufacturing costs. This does not apply to certain financial instruments that are measured at the remeasured amount or fair value as at the balance sheet date. Corresponding information can be found in the respective accounting principles and measurement methods.

In general, historical purchase and manufacturing costs are based on the fair value of the consideration paid in exchange for the asset.

The fair value is the amount that would be received to sell an asset or paid to transfer a liability between market participants on the measurement date. It is irrelevant whether the amount can be observed on the market directly or is estimated based on the best possible measurement method.

When measuring the fair value of an asset or liability, the group takes into account certain characteristics thereof, such as the condition and location of the asset or any restrictions on the sale or use thereof, provided that the market participants would also take these characteristics into account when determining the purchase price of an asset or the transfer of a liability as at the balance sheet date. In these consolidated financial statements, the fair value to be used for measurement and/or the disclosure requirements is generally calculated on the basis of the principles described above. This does not apply to:

- share-based payment transactions within the scope of IFRS 2 Share-based Payment
- leases within the scope of IFRS 16 Leases and
- measurements similar to but not the same as the fair value. This includes, for example, net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

The fair value is not always based on a direct market quote; hence, it is often necessary to calculate it based on various measurement parameters. Depending on the availability of observable parameters and the relevance of these in determining the fair value as a whole, the fair value is assigned to Level 1, 2 or 3. The following factors determine the assignment to these levels:

- **Level 1 parameters:** The market value of assets and liabilities is calculated on the basis of quoted and unadjusted prices for these or identical assets and liabilities listed on active markets. Tradeability on the principal or most advantageous market at the measurement date is key.
- **Level 2 parameters:** The market value of assets and liabilities is calculated using parameters for which either directly or indirectly derived quoted prices are available on an active market. Examples: Price quotations on non-active markets; observable interest rates and curves; implied volatilities; credit spreads and adjusted Level 1 inputs.
- **Level 3 parameters:** The market value of assets and liabilities is calculated using parameters for which no observable market data is available. Examples: interest rates calculated using models; historical volatilities; financial forecast based on company's own data and adjusted Level 2 inputs.

2. New and amended standards, interpretations and amendments to published standards effective for the first time in 2020

The accounting principles and measurement methods applied are the same as those applied in the prior year. New or amended standards that have been endorsed by the EU and became mandatory on January 1, 2020 are described below:

Standard (published on)	Content	Effective for financial years beginning on or after (EU)
Amendments to the Conceptual Framework (March 29, 2018)	In particular, the revision of the Framework Concept included a new section on the measurement of assets and liabilities, guidance on the presentation of the results of operations, revised definitions of assets and liabilities, and clarifications of the significance of accountability and the prudence principle in the context of IFRS accounting.	January 1, 2020
Amendments to IAS 1 and IAS 8: Definition of Material (October 31, 2018)	The aim of the amendment is to standardize the definition of material in all IFRSs and the Conceptual Framework, and to prevent the obscuring of important information through insignificant information. The definition of "material" has therefore been clarified.	January 1, 2020
Amendments to IFRS 3 Business Combinations (October 22, 2018)	The amendments make it easier for companies to decide whether the activities and assets they acquire are a business or merely a group of assets.	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 (September 26, 2019)	The amendments aim to ensure that the discontinuation of certain benchmark interest rates does not generally cause hedge accounting to terminate.	January 1, 2020
Amendments to IFRS 16 leases COVID-19 rent concessions (May 28, 2020)	In response to the COVID-19 coronavirus pandemic, lessees are permitted to account for reductions to lease payments as if they were not lease modifications if they are a direct result of COVID-19 and meet certain conditions.	June 1, 2020

The amendments had no material effect on consolidated earnings.

3. New financial reporting standards that have already been endorsed in European law and will be effective in the future

Standard (published on)	Content	Effective for financial years beginning on or after (EU)
Amendments to IFRS 4 Insurance Contracts (June 25, 2020)	**Deferral of IFRS 9**	**January 1, 2021**
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (August 27, 2020)	**The amendments address the effects from updating the actual interest rates in contracts and the details in hedging relationships.**	**January 1, 2021**

The management of the CGM group currently assumes that the adoption of the amendments will not have any significant impact on the consolidated financial statements.

4. Amendments, standards and interpretations published by the IASB but not yet endorsed in European law

Between 2014 and 2020, the IASB approved further standards that are not yet mandatory for financial year 2020. The application of these IFRSs is still subject to endorsement by the EU.

Standard (published on)	Content	Effective for financial years beginning on or after (EU)
Changes to IFRS 16 (February 11, 2021)	This is a draft endorsement recommendation to extend the practical relief provided in IFRS 16 related to the COVID19-pandemic.	April 1, 2021
Amendments to IFRS 3, IAS 16; IAS 37 and annual improvements to the IFRS standards 2018-2020 (May 14, 2020)	Amendments to IFRS 3 comprise references to the conceptual framework, IAS 16 deals with proceeds before intended use and IAS 37 specifies which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Amendments made within the scope of the annual improvement process comprise amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	January 1, 2022
IFRS 17 (May 18, 2017) including amendments to IFRS 17 (June 25, 2020)	This standard creates a uniform international accounting standard for insurance business. Its objective is to enhance the transparency and comparability of accounting by insurance companies.	January 1, 2023
Amendments to IAS 1 (January 23, 2020 resp. July 15, 2020)	The amendments to the classification of liabilities as current or non-current affect only the reporting of liabilities in the presentation of the financial position, and not the amount or timing of the recognition of assets, liabilities, income or expenses, or the related disclosures made by entities.	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2 (February 12, 2021)	The amendments address the disclosure of significant accounting principles and measurement methods and the application of the materiality concept.	January 1, 2023
Amendments to IAS 8 (February 12, 2021)	The amendments clarify how entities should distinguish changes in accounting principles and measurement methods from changes in accounting estimates.	January 1, 2023
IFRS 14 (January 30, 2014)	Regulatory Deferral Accounts	Will not be introduced until the final standard is endorsed
Amendments to IFRS 10 and IAS 28 (September 11, 2014)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Will not be introduced until the final standard is endorsed

The management of the CGM group currently assumes that the adoption of the amendments will not have any significant impact on the consolidated financial statements.

C. Principles of consolidation

1. Date of consolidation

The group's balance sheet date is December 31, in line with that of the annual financial statements of the parent company and its subsidiaries.

2. Consolidated subsidiaries

The consolidated financial statements include the financial statements of the parent company and the companies controlled by the parent company, including their structured entities (subsidiaries), as at December 31 of each year.

The company achieves control when it:
- has power over the investee;
- is exposed to variable returns from its involvement and;
- can use its power to affect the amount of returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three aforementioned criteria for control.

In the event that the company does not hold the majority of the voting rights, it still controls the investee if its voting rights give it the practical ability to direct the relevant activities unilaterally. When assessing whether its voting rights are sufficient to give it power, the company considers all facts and circumstances, including:
- the extent of the company's possession of voting rights relative to the extent and proportion of those held by other parties;
- the potential voting rights of the company, as well as of those held by other parties;
- rights from other contractual arrangements; and
- any additional facts and circumstances that indicate the investor has, or does not have, a present ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins from the date the company obtains control of the subsidiary and ends when the company no longer has control of the subsidiary. The results of the subsidiaries acquired or sold during the year are recognized in the consolidated income statement as other comprehensive income from the actual acquisition date to the actual disposal date.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the parent company and to the non-controlling interests. This applies even if this results in the non-controlling interests having a deficit balance.

If necessary, the annual financial statements of the subsidiaries are adjusted so that their accounting principles and measurement methods match those of the group.

The principles of purchase accounting applied by the CGM group are as follows:

a) Changes in ownership held by the group in existing subsidiaries

Changes in the ownership interests in subsidiaries within the CGM group that do not trigger a loss of control over the respective subsidiary are accounted for as equity transactions. The carrying amounts of interests and non-controlling interests held by the CGM group are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognized directly in equity and attributed to shareholders of the parent company.

If the company loses control of a subsidiary, the deconsolidation gains or losses are recognized in profit or loss. A distinction is made between:
- the total fair value of the consideration received and the fair value of the retained interests; and
- the carrying amount of the assets (including any goodwill), the liabilities of the subsidiary and any non-controlling interests.

All amounts reported in other comprehensive income in connection with this subsidiary are accounted for as if the assets were sold, resulting in reclassification to the income statement or a direct transfer to retained earnings.

Any investment that the company retains in the former subsidiary is recognized at its fair value at the date when control is lost. This value represents the cost of the shares, which depending on the degree of control in subsequent measurement, is measured in accordance with IFRS 9 Financial Instruments: recognition and measurement or the regulations for associated companies or joint ventures.

b) Acquisition of subsidiaries

The CGM group accounts for the acquisition of companies and businesses using the acquisition method. Consideration transferred in a business acquisition is measured at fair value. This is calculated as the total of the fair values, as at the acquisition date, of the assets transferred and the liabilities assumed as well as the equity instruments issued by the group in exchange for obtaining control of the acquiree. Transaction costs associated with the business combination are recognized in profit or loss when incurred.

The identifiable assets acquired and liabilities assumed are measured at fair value with the following exceptions:
- deferred tax assets or deferred tax liabilities as well as assets or liabilities for employee benefits are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits;
- liabilities or equity instruments based on share-based payment transactions or compensation for share-based payment transactions by the CGM group are measured in accordance with IFRS 2 Share-based Payment as at the acquisition date; and
- assets (or disposal groups) classified as held for sale are measured in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Goodwill is the residual of the total amount of the consideration transferred, the amount of any non-controlling interests in the acquiree and, if available, the fair value of the equity interest in the acquiree priorly held by the acquirer, less the fair value of identifiable assets acquired and liabilities assumed as at the acquisition date. If the measurement of an acquisition of a subsidiary results in negative goodwill, this is recognized immediately as income in profit and loss after a further review of all measurement methods applied for the business combination.

If there are non-controlling interests that convey ownership interests and ensure the shareholder's right to receive a pro rata share of the net assets of the entity in the event of liquidation, these interests are initially measured either at fair value or in the amount of the corresponding share of the identifiable net assets. This option can be exercised individually for each business combination. If non-controlling shareholders hold other components of interests, they are measured at fair value or by applying the requirements of other applicable standards. Liabilities from put options on non-controlling interests are initially measured at their fair value (anticipated acquisition method). As the initial recognition of these liabilities in equity has not yet been conclusively regulated, the equity share of non-controlling interests is reduced or written off regardless of the transfer of risks and rewards of ownership of the shares concerned. This also applies to a liability resulting from a forward.

If contingent consideration is a component of the consideration transferred for the acquisition of the subsidiary, this is measured at fair value as at the acquisition date. Changes arising in the fair value of the contingent consideration are adjusted retrospectively within the measurement period and offset against goodwill accordingly. Corrections to be made within the measurement period for business combinations are adjustments reflecting additional information on facts and circumstances that existed on the acquisition date, but could not yet be conclusively assessed. In principle, the measurement period must not exceed one year from the acquisition date.

Changes in the fair value of contingent consideration not measured as an adjustment during the measurement period are accounted for depending on the classification of the contingent consideration. Contingent consideration classified as equity is not remeasured on future reporting dates after initial recognition and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is measured at future reporting dates, if applicable, in accordance with IFRS 9 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Any resulting gains or losses are recognized in profit or loss (in financial expenses/income if the contract parameters change, e.g., EBITDA, and in other expenses/income if a change results from a contractual amendment between parties).

If a business combination is achieved in stages, the equity interest that the company had priorly held in the acquiree is remeasured at fair value as at the acquisition date. The resulting gains or losses are recognized in profit or loss.

Changes in the value of the equity interests held in the acquiree prior to the acquisition date to be recognized in other comprehensive income are reclassified to the income statement when the company obtains control of the acquiree.

If the first-time accounting of a business combination has not yet been completed by the end of a financial year, CGM provides preliminary values. If new information arises within the measurement period regarding circumstances as at the acquisition date, the preliminary amounts used are corrected, or if necessary, additional assets and liabilities are recognized.

The results of the subsidiaries acquired or sold during the year are included in the statement of comprehensive income from the acquisition date or until the loss of control.

Purchase price liabilities: changes due to negotiations are reported in the operating result; changes due to contractual adjustments are reported in the financial result.

c) Goodwill

Goodwill resulting from a business combination is recognized at cost and, if necessary, less any impairment and is reported separately in the consolidated statement of financial position.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units, or groups of cash-generating units within the group that are expected to benefit from the synergies of the combination.

Cash-generating units (CGUs), to which part of goodwill has been allocated, are tested for impairment at least annually (IAS 36). If there are specific indications that a CGU is impaired, it is tested for impairment more frequently. If the recoverable amount of a cash-generating unit is less than its carrying amount, the resulting impairment loss is initially allocated to the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss of goodwill is recognized directly in the income statement. Impairment losses recognized on goodwill cannot be reversed in future periods.

In the event of the disposal of a cash-generating unit, the goodwill attributable to it is taken into account when calculating the gain or loss on disposal.

3. Associated companies and joint ventures

The CGM group accounts for associated companies using the equity method. An associated company is an entity over which the group is able to exercise significant influence through participation in its financial and operating policy decisions but not control. Significant influence is presumed when the group holds 20 % or more of the voting rights, thereby establishing its status as an associated company.

A joint venture is a joint arrangement whereby the parties that share control of the arrangement hold rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control over an economic arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. The results, assets and liabilities of joint ventures are included in these financial statements using the equity method.

An investment in an associated company or joint venture is accounted for using the equity method from the date on which the requirements for an associated company or joint venture are fulfilled.Any surplus of the share acquisition cost in excess of the acquired share of the fair value of the identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Goodwill arising on the acquisition of an associated company or a jointly controlled entity is included in the amortized carrying amounts of the associated companies or jointly controlled entities and is not tested separately for impairment.

The regulations of IFRS 9 are applied accordingly to determine any indications requiring impairment on investments in associated companies or joint ventures. If an impairment test is to be carried out, the carrying amount of the interest (including goodwill) is tested for recoverability in accordance with IAS 36 by comparing the recoverable amount of the investment to its carrying amount. Any resulting impairment loss is offset against the carrying amount. Impairment losses are not allocated to assets, including goodwill, contained in the carrying amount of the interest. If the recoverable amount rises again in subsequent years, impairment losses are reversed in accordance with IAS 36.

The CGM group no longer uses the equity method from the date when its investment ceases to be an associated company or joint venture, or the investment can be classified as held for sale in accordance with IFRS 5. If the CGM group retains an interest in the former associated company or joint venture and this interest is a financial asset as defined by IFRS 9, this interest is measured at fair value on initial recognition. The difference between the prior carrying amount of the associated company or the joint venture at the date the equity method ceased to be applied and the fair value of any retained investment and any proceeds from disposing of part of the interest in an associated company or joint venture is included in the calculation of the gain or loss on disposal.

Furthermore, the CGM group accounts for all amounts related to these associated companies or joint ventures priorly recognized in other comprehensive income in the manner that would be required if the associated company or joint venture had sold the assets or liabilities directly. This means the CGM group reclassifies gains or losses, which the associated company or joint venture to date has recognized in other comprehensive income and then reclassified in the income statement when the assets or liabilities are sold, from equity to the income statement following the discontinuation of the equity method. In the event of a disposal of an associated company or jointly controlled entity, the attributable amount of goodwill is taken into account in determining the deconsolidation result.

If an investment changes from being an associated company to being a joint venture, or vice versa, the group continues to apply the equity method and does not remeasure its fair value on account of the change in investment category.

If the group's ownership interest in an associated company or a joint venture changes but the group continues to apply the equity method, the portion of the gain or loss attributable to the reduction in the ownership interest, which was priorly recognized in other comprehensive income, is reclassified to profit or loss if this gain or loss would have to be reclassified to profit or loss upon disposal of the assets and liabilities in question.

For transactions between a CGM group company and an associated company or joint venture of the CGM group, gains and losses are eliminated to the extent of the group's portion of the corresponding associated company or joint venture.

Within the CGM group, seven associated companies are accounted for using the equity method. Where necessary, the accounting principles and measurement methods for associated companies were changed to guarantee uniform accounting policies throughout the group.

4. Scope of consolidation

All included financial statements of the CGM group are prepared in accordance with uniform accounting policies. The consolidated financial statements are prepared at the level of CompuGroup Medical SE & Co. KGaA, Koblenz (parent company).

a) Changes to the consolidation group

The consolidation group has changed from the prior year as follows:

Changes to the consolidation group	Germany	Foreign countries	Total
CompuGroup Medical SE & Co. KGaA and consolidated subsidiaries:			
As at January 1, 2020	36	57	93
Additions	0	7	7
Disposals / Merger	4	1	5
As at December 31, 2020	**32**	**63**	**95**

Four disposals from the consolidation group were the result of the intragroup merger of Gotthardt Informationssysteme GmbH, Qualitätsverbund MED-IT GmbH & Co. KG and CoSi medical IT GmbH, all German companies, into CGM Medistar Systemhaus GmbH, Germany; as well as from the intragroup merger of eHealth Business Media AG into EBM Medienholding GmbH, both German companies. Another disposal came about from the liquidation of CompuGroup Medical Singapore PTE.LTD. in Singapore.

The additions were the result of the CGM group acquiring H&S Qualità nel Software S.p.A. in Italy, Titanium Dental BV in Belgium, Schuyler House Inc. in USA and eMDs group in USA and India in financial year 2020.

Together with other business combinations that had no impact on the consolidation group, the additions from business acquisitions shown in the table below use the values as at the acquisition date and their effects on the consolidated financial statements.

b) company acquisitions and disposals

The following table lists the business combinations that the CGM group conducted in financial year 2020 using the values as at the acquisition date and the effects on the consolidated financial statements:

kEUR	Total	H&S Qualità nel Software S.p.A.	Cerner Corporation	eMDs group	Schuyler House Inc.	Complimenta ApS	Other additions
Acquisition date		**1/1/2020**	**7/1/2020**	**12/31/2020**	**12/31/2020**	**12/31/2020**	
Shares acquired in %		**100 %**	**Asset Deal**	**100 %**	**100 %**	**Asset Deal**	
Assets acquired and liabilities assumed that were recognized as at the acquisition date							
Non-current assets	**238,454**	**4,556**	**134,822**	**94,262**	**2,725**	**1,082**	**1,007**
Standard and special software	69,948	433	36,212	32,355	531	339	78
Customer relationships	134,729	3,015	77,904	51,256	1,083	653	818
Trademark rights	6,898	178	2,764	3,707	160	72	17
Order backlog	14,145	0	14,051	0	0	0	94
Property and buildings	1,278	40	119	168	951	0	0
Other equipment, plant and office equipment	787	43	4	722	0	18	0
Right-of-use assets	8,751	693	2,338	5,720	0	0	0

Contract assets	100	0		100			
Other non-current financial assets	344	80	30	234	0	0	0
Deferred tax assets	1,474	74	1,400	0	0	0	0
Current assets	**30,185**	**1,573**	**10,242**	**17,634**	**390**	**0**	**346**
Inventories	169	111	58	0	0	0	0
Trade receivables	8,457	873	0	7,209	52	0	323
Contract assets	7,066	0	7,066	0	0	0	0
Other current financial assets	98	98	0	0	0	0	0
Other current non-financial assets	5,504	122	3,118	2,264	0	0	0
Income tax receivables	584	196	0	388	0	0	0
Cash and cash equivalents	8,307	173	0	7,773	338	0	23
Non-current liabilities	**27,961**	**2,129**	**9,912**	**15,186**	**444**	**0**	**290**
Pensions	8,003	429	7,574	0	0	0	0
Lease liabilities	6,790	693	2,338	3,759	0	0	0
Deferred tax liabilities	13,168	1,007	0	11,427	444	0	290
Current liabilities	**43,920**	**1,134**	**13,553**	**27,778**	**812**	**364**	**279**
Contract liabilities	26,010	383	9,924	15,080	105	364	154
Trade payables	5,795	364	1,670	3,676	22	0	63
Liabilities to banks	635	0	0	0	635	0	0
Other provisions	5,063	0	1,927	3,124	0	0	12
Lease liabilities	1,961	0	0	1,961	0	0	0
Income tax liabilities	1,591	0	0	1,591	0	0	0
Other financial liabilities	86	54	32	0	0	0	0
Other non-financial liabilities	2,779	333	0	2,346	50	0	50
Net assets acquired	196,758	2,866	121,599	68,932	1,859	718	784
Purchase price paid in cash	405,415	5,305	203,731	188,858	4,013	2,150	1,358
Liabilities assumed (receivable for purchase price reimbursement)	2,702	0	0	1,444	1,258	0	0
of which contingent consideration	2,702	0	0	1,444	1,258	0	0
Total consideration transferred	408,117	5,305	203,731	190,302	5,271	2,150	1,358
Currency-related effects	1,526	0	0	1,471	55	0	0
Goodwill	209,833	2,439	82,132	119,899	3,357	1,432	574
Acquired cash and cash equivalents	8,307	173	0	7,773	338	0	23
Purchase price paid in cash	405,415	5,305	203,731	188,858	4,013	2,150	1,358
Prepayments on acquisitions	0	0	0	0	0	0	0
Payments for acquistions after date of acquistion	3,532	0	0	0	0	0	3,532
Cash outflow for acquisitions (net)*	**–400,640**	**–5,132**	**–203,731**	**–181,085**	**–3,675**	**–2,150**	**–4,867**
Effects of the acquisition on CGM's results							
Revenues from acquisition date*	46,825	2,865	43,540	0	0	0	420
Result from acquisition date*	2,234	–51	2,186	0	0	0	99
Revenue for the financial year (notional acquisition date January 1)	169,615	2,865	79,601	83,727	1,827	1,024	571
Result for the financial year (notional acquisition date January 1)	21,803	–51	6,472	14,845	236	173	128

* kEUR 400 of which included in "Acquisition of additional shares from non-controlling interests" in Cash flow from financing activities
** Values taken from the single-entity financial statements, whereby the revenue figure for Cerner Corporation includes a higher IFRS 3 step-down

Acquisition of a Portion of Cerner Corporation's Healthcare IT Portfolio

In July, CompuGroup Medical CEE GmbH, a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, concluded a purchase agreement for part of Cerner's IT healthcare portfolio in Germany and Spain. The assets were acquired through the existing subsidiaries CompuGroup Medical Clinical Europe GmbH (Germany) and CompuGroup Medical Espana S. L. (Spain).

The main products of the acquired portfolio are medico and Soarian Integrated Care, leading hospital information systems in Germany; Selene, a leading hospital information system in Spain; and Soarian Health Archive, an archive solution for healthcare facilities.

The business unit was incorporated in the consolidated financial statements for the first time as at July 1, 2020. The preliminary purchase price is mEUR 204 and it is subject to an adjustment mechanism. 2019 revenues of the acquired business units amounted to approximately mEUR 74 with EBITDA of approximately mEUR 13.

The acquired net assets amount to kEUR 121,623. The current assessment computes preliminary goodwill of kEUR 82,132, which is attributable in particular to the expansion of sales channels and the associated upselling opportunities in the HIS business unit. Recognized goodwill is deductible for income tax purposes in the future.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 130,931 and relates to software, customer relationships, order backlog and trademark rights.

No contingent liabilities or contingent assets have been identified to date. Trade payables assumed at the acquisition date include accruals for outstanding supplier invoices. The measurement of the Cerner asset deal was performed provisionally, as the measurement of the acquired customer relationships, software, order backlogs as well as trademark rights is to be regarded as not yet completed since some information has not been fully received or evaluated to date.

Acquisition of H&S Qualità nel Software S.p.A., Italy

In January 2020, CompuGroup Medical Holding S.r.l., a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, acquired 100 % of the shares in H&S Qualità nel Software S.p.A. (hereinafter H&S), Piacenza, Italy.

H&S specializes in telemedicine, patient telemonitoring and ambient assisted living (AAL) for older individuals. It also enables private and public providers to perform health and other care services with turn-key solutions while optimizing processes and costs. In addition, the company offers tailor-made projects and manages information systems for key Italian home care services as a trusted third party.

H&S was consolidated for the first time on January 1, 2020. Its 2019 revenues amounted to around kEUR 2,957 and EBITDA was kEUR 704. The total consideration to be paid was kEUR 5,740 and was paid in full as at the balance sheet date less a discount of kEUR 435.

Based on the current estimate, the goodwill of kEUR 2,439 is mainly a result of the expansion of sales channels in Italy and new strategies for synchronizing healthcare and social service providers as well as those in need of care. Recognized goodwill is not deductible for income tax purposes.

The fair value of acquired intangible assets not including goodwill amounts to kEUR 3,610 and relates to software, trademark rights and customer relationships. For the receivables acquired in the business acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed Cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 1,007 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

eMDs group, USA and India

CompuGroup Holding USA, Inc. a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, entered into an agreement in December with MDeverywhere Midco, Inc., USA, the sole indirect shareholder of eMDs, Inc., USA (together "eMDs"), to acquire 100 % of the shares in eMDs.

eMDs' main products include ambulatory information systems and outsourcing services for the billing of medical services. eMDs currently has approximately 1,400 employees.

eMDS was consolidated for the first time on December 31, 2020. In financial year 2019/2020 (ended March 31, 2020), eMDs generated revenues of approximately mEUR 79 with an adjusted EBITDA of approximately mEUR 16 with more than 60,000 service providers. The consideration transferred for the acquisition amounts to approximately mUSD 230 (mEUR 189). Financing was provided from cash, the current Cash flow and a low double-digit million euro range drawdown on the revolving multi-year credit line and was paid out in full as at the balance sheet date. Furthermore, contractually outstanding purchase price payments of kEUR 1,444 are reported under current purchase price liabilities as at the balance sheet date; the payment of which is linked to agreed guarantees being met.

The current assessment reports goodwill of kEUR 119,899, which is mainly attributable to the expansion of the sales network in the USA and the expertise of the employees. Recognized goodwill is not deductible for income tax purposes.

The fair value of acquired intangible assets not including goodwill amounts to kEUR 87,318 and relates to software, trademark rights and customer relationships. For the receivables acquired in the business acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed Cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 14,022 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

The measurement of the eMDs business acquisition was performed provisionally, as the measurement of the acquired software, customer relationships and trademark rights is to be regarded as not yet complete since some information has not been fully received or evaluated to date.

Schuyler House Inc., USA
In December 2020, CompuGroup Medical Holding USA, Inc., a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, acquired 100 % of the shares in Schuyler House Inc. (hereinafter Schuyler House), Valencia, USA.

Schuyler House specializes in Physician Office Labs (POL), small to mid-sized hospitals, clinics and independent as well as reference laboratories. Their installations are located in the United States, Central America, Ghana and Malaysia.

Schuyler House was consolidated for the first time as at December 31, 2020. The 2019 revenues of Schuyler House amounted to around kEUR 1,803 and EBITDA was kEUR 141. The total consideration to be paid was kEUR 5,271 and kEUR 4,013 was paid as at the balance sheet date. The contractually outstanding purchase price payments of kEUR 1,258 are reported under current and non-current purchase price liabilities as at the balance sheet date.

Based on the current estimate, the goodwill amounting to kEUR 3,357 is mainly owed to effects arising from the group growing its market reach in the USA and expanding its sales channels. Recognized goodwill is not deductible for income tax purposes.

The fair value of acquired intangible assets not including goodwill amounts to kEUR 1,774 and relates to software, trademark rights and customer relationships. For the receivables acquired in the business acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed Cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 444 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

The measurement of the Schuyler House business acquisition was performed provisionally, as the measurement of the acquired software, customer relationships and trademark rights is to be regarded as not yet complete since some information has not been fully received or evaluated to date.

Acquisition of Assets of Complimenta ApS, Denmark
In December 2020, CompuGroup Medical Denmark A/S, a wholly owned subsidiary of Profdoc AS, took over the business of the company Complimenta ApS (hereinafter Complimenta) as part of a business combination within the scope of an asset deal.

Complimenta ApS is the third largest service provider in Denmark and offers an AIS solution for various therapist groups; it currently serves some 400 customers.

The business unit was incorporated in the consolidated financial statements for the first time as at December 31, 2020. In financial year 2019/2020 (ended on June 30, 2020), Complimenta generated revenues of approximately kEUR 1,024 with EBITDA of about kEUR 222. The total consideration to be paid was kEUR 2,150, and the amount was paid in full as at the balance sheet date.

The acquired net assets amount to kEUR 719. The current assessment reports a preliminary goodwill of kEUR 1,432, which is attributable in particular to the expansion of sales channels and the associated upselling opportunities in the AIS business unit. Recognized goodwill is deductible for income tax purposes in the future.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 1,064 and relates to software, customer relationships and trademark rights.

No contingent liabilities or contingent assets have been identified to date. The measurement of the Complimenta asset deal was performed provisionally, as the measurement of the acquired customer relationships, software as well as trademark rights is to be regarded as not yet completed since some information has not been fully received or evaluated to date.

Other additions

The remaining additions include the following business combinations:

Business Combination	Acquisition date	Shares acquired in %	Description of how the acquirer obtained control of the acquiree	Primary reasons for the business combination
Titanium Dental BV	Mar 1, 2020	100 %	Acquisition of 100 % of the shares	Extension of the customer platform in the AIS business segment in Belgium and expansion of market reach
Vega Informatica e Farmacia S.r.l.	Aug 31, 2016	100 %	Business combination achieved in stages without status change and exercise of a call option (shareholding increased from 80 % to 100 %)	Extension of the customer platform in the PCS business segment in Italy and expansion of market reach
en-software GmbH	Oct 15, 2019	n.a.	Purchase price payment in 2020 resulting from the asset deal in 2019	Extension of the customer platform in the AIS business segment in Austria and expansion of market reach
n-design Gesellschaft für systematische Gestaltungen mbH	Jul 10, 2018	100 %	Payment of the outstanding price for the exercise of an option to acquire further 5 % of the shares in the company	Positive effects from the acquisition of development know-how and innovative strength
Eurosof2000 S.L.U.	Apr 25, 2019	n.a.	Purchase price payment in 2020 resulting from the asset deal in 2019	Extension of the customer platform in the PCS business segment in Spain and expansion of market reach
Qualizorg B.V.	Feb 14, 2019	100 %	Purchase price payment in 2020 resulting from the acquisition of 100 % of the shares in 2019	Extension of the customer platform in the AIS business segment in the Netherlands and establishment of a strong sales and service structure
La-Well Systems GmbH	Apr 1, 2018	100 %	Payment of the outstanding price for the exercise of an option to acquire further 25 % of the shares in the company	Positive market strategy effects due to the acquired know-how
Viani Northeim GmbH & Co. KG	Oct 23, 2019	n.a.	Purchase price payment in 2020 resulting from the asset deal in 2019	Extension of the customer platform in the AIS business segment in Germany and expansion of market reach
Barista Software BVBA	Aug 15, 2017	100 %	Annual payment of the price of contingent consideration in the form of an earnout agreement resulting from the acquisition of 100 % of the shares in 2017	Extension of the customer platform in the AIS business segment in Belgium and expansion of market reach
EPSILOG SAS	Dec 31, 2019	100 %	Purchase price payment in 2020 resulting from the acquisition of 100 % of the shares in 2019	Expansion of sales channels in France and associated upselling opportunities in the AIS business segment

Acquisition of Titanium Dental BV, Belgium

In March 2020, CompuGroup Medical Belgium BVBA, a subsidiary of CompuGroup Medical SE & Co. KGaA (99 %) and of CompuGroup Medical Deutschland AG (1 %), acquired 100 % of the shares in Titanium Dental BV (hereinafter Titanium Dental), Wetteren, Belgium.

Titanium Dental's main activities include the development, maintenance and marketing of software in Flanders, Brussels and Wallonia. It is Belgium's third-largest provider of dental software and currently serves 875 practicing dentists.

Titanium Dental was consolidated for the first time on March 1, 2020. Its 2019 revenues amounted to around kEUR 529 and EBITDA was kEUR 232. The total consideration to be paid was kEUR 1,358 and was paid in full as at the balance sheet date.

Based on the current estimate, the goodwill of kEUR 574 is mainly owed to expected effects arising as a result of the group growing its market reach in Belgium and expanding its sales channels. Recognized goodwill is not deductible for income tax purposes.

The fair value of acquired intangible assets not including goodwill amounts to kEUR 1,001 and relates to software, trademark rights, order backlog and customer relationships. For the receivables acquired in the business acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed Cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 290 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

Acquisition of Vega Informatica e Farmacia S.r.l., Italy
In January 2020, CompuGroup Medical Italia Holding S.r.l. acquired a further 10 % of the shares in Vega Informatica e Farmacia S.r.l. for a purchase price of kEUR 400.

In addition, a call and put option was agreed for the acquisition of the outstanding 10 % of the shares, which was exercised in 2020 and paid out in the amount of kEUR 550 as at the balance sheet date.

Acquisition of the Assets of en-software GmbH, Austria
In 2019, CompuGroup Medical Deutschland AG, a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA acquired the assets of en-software GmbH. The purchase price amounted to kEUR 248, and an amount of kEUR 186 had already been paid out as at December 31, 2019. The outstanding purchase price of kEUR 56 was paid out in 2020.

Acquisition of n-design Gesellschaft für systematische Gestaltungen mbH, Germany
In 2018, CompuGroup Medical SE & Co. KGaA acquired 95 % of the shares in n-design Gesellschaft für systematische Gestaltungen mbH with its registered office in Cologne, Germany. A call and put option was agreed for the acquisition of the outstanding 5 % of the shares, which was exercised in 2020 and paid out in the amount of kEUR 125 as at the balance sheet date.

Acquisition of the Assets of Eurosof2000 S.L.U., Spain
In 2019, OWL Computer S.L.U., a wholly owned subsidiary of Medigest Consultores S.L., acquired the assets of Eurosof2000 S.L.U. The purchase price amounted to kEUR 2,100, and an amount of kEUR 1,680 had already been paid out as at December 31, 2019. The outstanding purchase price of kEUR 210 was paid out in 2020.

Acquisition of Qualizorg B.V., the Netherlands
In 2019, the CompuGroup Medical Holding Coöperatief U.A., a subsidiary of CompuGroup Medical SE & Co. KGaA, (99.98 %) and CompuGroup Medical Deutschland AG (0.02 %) acquired 100 % of the shares in Qualizorg B.V. (hereinafter Qualizorg) with its registered office in Deventer, the Netherlands. The purchase price amounted to kEUR 9,656, and an amount of kEUR 7,156 had already been paid out as at December 31, 2019. In 2020, contingent purchase price payments of kEUR 1,250 were effected.

Acquisition of La-Well Systems GmbH, Germany
In 2018, CompuGroup Medical Software GmbH acquired 75 % of the shares in La-Well Systems GmbH with registered office in Bünde, Germany. A call and put option was agreed for the acquisition of the outstanding 25 % of the shares, which was exercised in 2020 and paid out in the amount of kEUR 438 as at the balance sheet date.

Acquisition of the Assets of Viani Northeim GmbH & Co. KG, Germany
In 2019, Turbomed Vertriebs- und Service GmbH, a wholly owned subsidiary of CompuGroup Medical Deutschland AG, acquired the assets of Viani Northeim GmbH & Co. KG. The purchase price amounted to kEUR 493, and amount of kEUR 350 had already been paid out as at December 31, 2019. The outstanding purchase price of kEUR 30 was paid out in 2020.

Acquisition of Barista Software BVBA, Belgium
In 2017, the CompuGroup Medical Belgium BVBA, a subsidiary of CompuGroup Medical SE & Co. KGaA (99 %) and CompuGroup Medical Deutschland AG (1 %) acquired 100 % of the entire shares in Barista Software BVBA with registered office in Hasselt, Belgium.
In addition to the initially agreed fixed purchase price, which had been paid out as at December 31, 2017, contingent considerations in the form of earn-outs were agreed in the purchase agreement. These provide for an additional annual purchase price payment, which is calculated on the basis of fixed revenues figures in the years post completion. The total amount expected to be paid out under the earn-out agreements is kEUR 603 and has a remaining term of two years. In 2020, a purchase price payment of kEUR 325 was made for financial year 2019. The outstanding purchase price payments will continue to be reported under current and non-current purchase price liabilities.

Acquisition of EPSILOG SAS
In 2019, CompuGroup Medical SE & Co. KGaA purchased 100 % of the shares in MB Invest SAS (hereinafter MB Invest), which in turn holds 100 % of the shares in Epsilog SAS (hereinafter Epsilog) with its registered office in Castries, France. The purchase price amounted to kEUR 77,830 and had already been paid out in full as at December 31, 2019. In 2020, the purchase price was adjusted by kEUR 149.

Change in purchase price allocation

The purchase price allocation for MB Invest SAS/ Epsilog SAS in France, acquired in 2019, was completed in 2020. This resulted in the following changes to the purchase price allocation:

kEUR	Before change of purchase price allocation	Change of purchase price allocation	After change of purchase price allocation
Non-current assets	45,903	–7,928	37,975
Current assets	11,416	818	12,234
Non-current liabilities	15,420	–3,450	11,970
Current liabilities	9,450	–8	9,442
Net equity acquired	32,449	–3,652	28,797
Total consideration transferred	77,831	149	77,980
Goodwill	45,382	3,801	49,183

c) Subsidiaries included in the scope of consolidation

	Company name	Participation held by	Registered Office	Equity voting rights in %
Participations in the region Central Europe (CER)				
1	AESCU DATA Gesellschaft für Datenverarbeitung mbH	5	Winsen	100.00
2	CompuGroup Medical Deutschland AG		Koblenz	100.00
3	CompuGroup Medical Dentalsysteme GmbH	20	Koblenz	100.00
4	CGM Immobilien Stuttgart GmbH	10	Stuttgart	100.00
5	CompuGroup Medical Managementgesellschaft mbH		Bochum	100.00
6	docmetric GmbH (formerly: ifap Institut für Unternehmensberatung und Wirtschaftsdienste im Gesundheitswesen GmbH)	7	Koblenz	100.00
7	ifap Service Institut für Ärzte und Apotheker GmbH		Martinsried	100.00
8	Intermedix Deutschland GmbH	3	Koblenz	100.00
9	IS Informatik Systeme Gesellschaft für Informationstechnik mbH	10	Kaiserslautern	100.00
10	LAUER-FISCHER GmbH		Fürth	100.00
11	CGM IT Solutions und Services GmbH	2	Koblenz	100.00
12	CGM Clinical Deutschland GmbH		Koblenz	100.00
13	CGM Medistar Systemhaus GmbH (formerly: K-LINE Praxislösungen GmbH)	2	Koblenz	100.00
14	CGM Mobile Software GmbH (formerly: Privadis GmbH)	2	Koblenz	100.00
15	Meditec Marketingservices im Gesundheitswesen GmbH	2	Koblenz	100.00
16	EBM Medienholding GmbH	2	Hamburg	100.00
17	KoCo Connector GmbH		Berlin	100.00
18	CompuGroup Medical Research GmbH	7	Koblenz	100.00
19	CompuGroup Medical Mobile GmbH	7	Koblenz	100.00
20	CGM LAB International GmbH		Koblenz	100.00
21	CGM LAB Deutschland GmbH	20	Koblenz	100.00
22	Turbomed Vertriebs- und Service GmbH	2	Koblenz	100.00
23	CGM Mobile Services GmbH	91	Koblenz	100.00
24	LAUER-FISCHER ApothekenService GmbH	11	Koblenz	100.00
25	APV Ärztliche Privatverrechnungsstelle GmbH	2	Koblenz	100.00
26	HABA Computer Aktiengesellschaft	25	Hamburg	98.00
27	La-Well Systems GmbH	91	Bünde	100.00
28	n-design Gesellschaft für systematische Gestaltungen mbH		Cologne	100.00

Company name		Participation held by	Registered Office	Equity voting rights in %
29	factis GmbH	12	Freiburg im Breisgau	100.00
30	MED-IT Verwaltungs-GmbH	13	Osnabrück	100.00
31	CGM Clinical Europe GmbH (formerly: 10B GmbH)	33	Koblenz	100.00
Participations in the region Central Eastern Europe (CEE)				
32	AESCU DATA Gesellschaft für Datenverarbeitung mbH AT	1	Steyr/Austria	100.00
33	CompuGroup Medical CEE GmbH		Vienna/Austria	100.00
34	CGM Arztsysteme Österreich GmbH	33	Wiener Neudorf/Austria	100.00
35	HCS Health Communication Service Gesellschaft m.b.H.	33	Steyr/Austria	100.00
36	INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH	33	Wiener Neudorf/Austria	80.20
37	Intermedix Österreich GmbH	33	Wiener Neudorf/Austria	100.00
38	CGM Clinical Österreich GmbH	33	Steyr/Austria	100.00
39	CompuGroup Medical Schweiz AG	33	Bern/Switzerland	100.00
40	CompuGroup Medical Polska Sp. z o.o.		Lublin/Poland	100.00
41	CompuGroup Medical Ceská republika s.r.o.	a)	Prague/Czech Republic	100.00
42	Intermedix Ceská republika s.r.o.	41	Prague/Czech Republic	100.00
43	CompuGroup Medical Slovensko s.r.o.	41	Bratislava/Slovakia	100.00
Participations in the region North Europe (NER)				
44	CompuGroup Medical Norway AS	45	Lysaker/Norway	100.00
45	Profdoc AS		Lysaker/Norway	100.00
46	CompuGroup Medical Sweden AB	45	Uppsala/Sweden	100.00
47	Lorensbergs Communication AB	48	Gothenburg/Sweden	100.00
48	Lorensbergs Holding AB	45	Gothenburg/Sweden	100.00
49	CompuGroup Medical LAB AB	46	Borlänge/Schweden	100.00
50	CompuGroup Medical Denmark A/S	45	Aarhus/Denmark	100.00
51	CompuGroup Medical Belgium BVBA	b)	Wetteren/Belgium	100.00
52	CompuGroup Medical Holding Coöperatief U.A.	c)	Echt/Netherlands	100.00
53	CompuGroup Medical Nederland B.V.	52	Echt/Netherlands	100.00
54	Qualizorg B.V.	52	Deventer/Netherlands	100.00
55	Compufit BVBA	51	Ostend / Belgium	100.00
56	Barista Software BVBA	51	Hasselt / Belgium	100.00
57	ATX Advanced Technology Extended SA	51	Wetteren/Belgium	100.00
58	Titanium Dental BV	51	Wetteren/Belgium	100.00
59	CGM LAB Belgium SA	d)	Barchon/Belgium	100.00
60	CompuGroup Medical UK Limited		London/United Kingdom	100.00
Participations in the region South Europe (SER)				
61	EPSILOG SAS	62	Castries/France	100.00
62	MB Invest SAS		Aix-en-Provence/France	100.00
63	CompuGroup Medical Solutions SAS	92	Montpellier/ France	100.00
64	Intermedix France SAS	92	Nanterre/France	100.00
65	CompuGroup Medical France SAS		Nanterre/France	100.00
66	Imagine Assistance S.a.r.l.		Soulac sur mer/France	100.00
67	Imagine Editions SAS		Soulac sur mer/France	100.00
68	CGM LAB France SAS	20	Nanterre/France	100.00
69	CompuGroup Medical Italia SpA		Molfetta/Italy	100.00

	Company name	Participation held by	Registered Office	Equity voting rights in %
70	CompuGroup Medical Italia Holding S.r.l.		Milan/Italy	100.00
71	CGM XDENT Software S.r.l.	69	Ragusa/Italy	90.00
72	Studiofarma S.r.l.	70	Brescia/Italy	100.00
73	Qualità in Farmacia S.r.l.	70	Novara/Italy	100.00
74	Farloyalty s.r.l.	72	Brescia/Italy	51.00
75	farma3tec S.r.l.	70	Milan/Italy	80.00
76	Mondofarma S.r.l.	75	Chiusi/Italy	100.00
77	Medicitalia S.r.l.	69	Milan/Italy	90.00
78	Vega Informatica e Farmacia Srl	70	Pavia/Italy	100.00
79	Fablab S.r.l.	69	Milan/Italy	100.00
80	H&S Qualità nel Software S.p.A.	70	Milan/Italy	100.00
81	CGM Clinical España, S.L. (formerly: Intermedix ESPANA SL)	33	Madrid/Spain	100.00
82	Medigest Consultores S.L.		Madrid/Spain	100.00
83	CompuGroup Medical Bilgi Sistemleri A.S.	e)	Istanbul/Turkey	100.00
Participations in the region United States und Canada (USC)				
84	CompuGroup Holding USA, Inc.		Delaware/USA	100.00
85	CompuGroup Medical, Inc.	84	Delaware/USA	100.00
86	Schuyler House Inc.	84	Valencia/USA	100.00
87	MDeverywhere Midco Inc.	84	Austin/USA	100.00
88	eMDs Holding Inc.	87	Austin/USA	100.00
89	eMDs Inc.	88	Austin/USA	100.00
Participations in the region "Other" (OTH)				
90	CompuGroup Medical South Africa (Pty) Ltd.	f)	Cape Town/South Africa	100.00
91	CompuGroup Medical Software GmbH	2	Koblenz	100.00
92	UCF Holding S.a.r.l.	2	Luxembourg/Luxembourg	100.00
93	CGM Software RO SRL	g)	Iasi/Romania	100.00
94	Intermedix SA (PTY) LTD	90	Cape Town/South Africa	100.00
95	MDeverywhere India Pvt. Ltd	89	Noida/India	100.00
Joint ventures				
96	MGS Meine Gesundheit Services GmbH	19	Koblenz	37.50
Associated companies at equity				
97	Mediaface GmbH		Hamburg	49.00
98	AxiService Nice S.a.r.l.	92	Nice/France	28.00
99	Technosante Nord-Picardie SAS	92	Lille/France	20.00
100	Smoove Software S.r.l.	78	Milan/Italy	47.60
101	R56+ Regionalmarketing GmbH & Co. KGaA	h)	Koblenz	19.20
102	R56+ Management GmbH		Koblenz	20.00
103	Better@Home Service GmbH	18	Berlin	25.00
Other participations				
104	AES Ärzteservice Schwaben GmbH	2	Neckarsulm	10.00
105	ic med EDV-Systemlösungen für die Medizin GmbH	2	Halle	10.00
106	Savoie Micro S.a.r.l.	92	Meythet/France	10.00
107	Technosante Toulouse S.A.S.	92	Toulouse/France	10.00
108	Consalvo Servizi S.r.l.	72	Salerno/Italy	5.00

Company name	Participa-tion held by	Registered Office	Equity vot-ing rights in %
109 Daisy-NET S.c.a r.l.	69	Bari/Italy	0.50
110 Practice Perfect Medical Software (PTY) Limited	90	Hillcrest/South Africa	15.00
111 Conai System	72	Rome/Italy	1.00
112 DrugAgency a.s.	41	Prague/Czech Republic	10.00
113 Qurasoft GmbH	19	Koblenz	15.00

a) Participation held by CompuGroup Medical SE & Co. KGaA (78.5 %) and CompuGroup Medical Deutschland AG (21.5 %)
b) Participation held by CompuGroup Medical SE & Co. KGaA (99 %) and CompuGroup Medical Deutschland AG (1 %)
c) Participation held by CompuGroup Medical SE & Co. KGaA (99.98 %) and CompuGroup Medical Deutschalnd AG (0.02 %)
d) Participation held by CGM LAB International GmbH (99.9 %) and CompuGroup Medical SE & Co. KGaA (0.1 %)
e) Participation held by CompuGroup Medical SE & Co. KGaA (43.99 %), CompuGroup Medical Deutschland AG (53.16 %), Intermedix Deutschland GmbH (0 %), CGM Clinical Deutschland GmbH (0.48 %) and CompuGroup Medical Software GmbH (2.37 %)
f) Participation held by CompuGroup Medical SE & Co. KGaA (91.511 %) and Profdoc AS (8.489 %)
g) Participation held by CompuGroup Medical SE & Co. KGaA (5 %) and CompuGroup Medical Software GmbH (95 %)
h) Participation held by R56+ Management GmbH (86 %) and CompuGroup Medical SE & Co. KGaA (2 %)
Note: The companies INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH, CGM XDENT Software S.r.l., farma3tec S.r.l. and n-design Gesellschaft für systematische Gestaltungen mbH will be incorporated with 100 % through existing Put-/ Call- Options in the consolidated financial statement without recognitions of minoritites.

5. Debt consolidation
Receivables, liabilities and provisions between the companies included in the consolidated financial statements were offset against each other.

6. Consolidation of results
Internal revenues between the consolidated companies were offset against the expenses attributable to them. Other income (including investment income) was offset against the corresponding expenses with the recipient of the services. Intercompany profits from goods and services within the group were eliminated.

7. Foreign currency translation
When preparing the financial statements of each individual group company, transactions denominated in currencies other than the respective functional currency of the company are translated at the exchange rates prevailing on the date of the transaction. The functional currency is usually the respective national currency equal to that of the primary business environment. At each reporting date, monetary items in foreign currencies are converted to the currency of the report (euro) using the effective closing rate. Non-monetary items denominated in foreign currencies, which are measured at fair value, are converted at the rates effective at the date on which the fair value was established. Non-monetary items measured at cost are translated at the exchange rate as at the date of their initial recognition.

Exchange differences on monetary items are recognized through profit or loss in the period in which they occur. This does not apply to:

- Exchange differences resulting from borrowings denominated in foreign currencies that arise on assets intended for productive use during the production process. These differences are attributed to manufacturing costs if they represent adjustments to the interest paid on borrowings denominated in foreign currency. Such exchange differences had no effect on these consolidated financial statements of CGM, as there were no such circumstances at CGM.
- Exchange differences from transactions that were entered into to hedge against certain foreign currency risks. Such exchange differences had no effect on these consolidated financial statements of CGM.
- Exchange differences from monetary items retained from or payable to a foreign business whose performance is neither planned nor likely to occur and which are thus part of the net investment in that foreign business, that were initially recognized in other comprehensive income and are reclassified to the income statement in the disposal of equity.

When preparing the consolidated financial statements, the assets and liabilities of the affiliated foreign currency operations are converted into euro (EUR) using the exchange rates prevailing as at the reporting date. Income and expenses are translated at the average rate for the period. Strong fluctuations in foreign currencies, which would trigger a translation of income and expenses at the time of a transaction, are not material to these consolidated financial statements. Equity is translated at historic rates.

In the event of a disposal of a foreign business, all accumulated exchange differences attributable to the group recognized in other comprehensive income from this business are reclassified to the income statement. The following transactions are regarded as disposals of foreign business:

- the disposal of the whole group's interest in a foreign business,
- a partial disposal with the loss of control over a foreign subsidiary, or
- a partial disposal of an investment in a joint arrangement or an associated company, which includes a foreign business.

If parts of a subsidiary are disposed of and those parts include a foreign business without causing a loss of control, the percentage of the amount of exchange differences attributable to the portion disposed of is allocated to non-controlling interests at the time of disposal.

Both goodwill resulting from the acquisition of a foreign business and adjustments to the fair values of identifiable assets and liabilities are treated as assets and liabilities from the foreign business and are translated at the closing rate. The resulting exchange differences are recognized in the currency translation reserve (other comprehensive income).

The following table provides information on the exchange rates of the (essential) currencies used within the CGM group:

	Closing rates		Average rates Jan 1 - Dec 31	
1 Euro corresponds to	Dec 31, 2020	Dec 31, 2019	2020	2019
Denmark (DKK)	7.44	7.47	7.45	7.47
Great Britain (GBP)	0.90	0.85	0.89	0.88
India (INR)	89.66	80.19	84.64	78.84
Canada (CAD)	1.56	1.46	1.53	1.49
Malaysia (MYR)	4.93	4.60	4.80	4.64
Norway (NOK)	10.47	9.86	10.72	9.85
Poland (PLN)	4.56	4.26	4.44	4.30
Romania (RON)	4.87	4.78	4.84	4.75
Sweden (SEK)	10.03	10.45	10.48	10.59
Switzerland (CHF)	1.08	1.09	1.07	1.11
Singapore (SGD)	1.62	1.51	1.57	1.53
South Africa (ZAR)	18.02	15.78	18.77	16.18
Czech Republic (CZK)	26.24	25.41	26.46	25.67
Turkey (TRY)	9.11	6.68	8.05	6.36
USA (USD)	1.23	1.12	1.14	1.12

D. Summary of the principal accounting and measurement methods and underlying assumptions

Individual items of the statement of financial position and the income statement are summarized and are reported and explained separately in the notes. The statement of financial position items are classified as current and non-current items, with non-current items being those expected to be realized after more than twelve months or not within an ordinary business cycle. Deferred taxes are generally classified as non-current items.

1. Intangible assets

a) Intangible assets acquired separately and as part of a business combination

CGM recognizes intangible assets with a definite useful life that were acquired separately and not as part of a business combination at cost less accumulated amortization and impairment. Amortization is recognized in profit or loss on a straight-line basis over the expected useful life of the asset. Both the expected useful life and the amortization method are reviewed at the end of each reporting period. All changes resulting from reassessments are taken into account prospectively.

If the CGM group acquires intangible assets with an indefinite useful life separately, these are recognized at cost less accumulated impairment (if any).

Currently, the CGM group does not own any separately acquired assets with indefinite useful lives.

Intangible assets acquired as part of a business combination are recognized separately from goodwill and measured at fair value at the acquisition date. Amortization is recognized in profit or loss on a straight-line basis over the expected useful life of the asset. Both the expected useful life and the amortization method are reviewed at the end of each reporting period. All changes resulting from reassessments are taken into account prospectively.

The following useful lives are assumed for the amortization of intangible assets:

	Useful life in years
Acquired software	2-15
Customer relationships	10-30
Brands	1-20
Order backlogs	1-3

Amortization as well as any impairment losses and reversals of impairment losses on intangible assets are recognized in the income statement under Amortization of intangible assets.

The majority of the intangible assets reported in the statement of financial position derive from company acquisitions. Currently, with the exception of goodwill, the CGM group has no assets with indefinite useful lives acquired as part of a business combination.

b) Capitalized inhouse services

Costs directly allocated to research activities are recognized as expenses in the period in which they are incurred.

Internally generated intangible assets resulting from development activities or the development phase of an internal software development project are recognized (capitalized) if all the following conditions have been fulfilled:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- There is an intention to complete the intangible asset and to use or sell it.
- The intangible asset can be used or sold.
- The intangible asset is expected to generate future economic benefit.
- Suitable technical, financial and other resources are available to complete the development and to use or sell the intangible asset.
- The expenses allocated to the development of the intangible asset can be reliably determined (e.g., by means of project-specific time sheets).

Internally generated intangible assets are capitalized for the first time at the amount of the expenses accrued from the date when the intangible asset first fulfils the above conditions. As long as an internally generated intangible asset cannot be capitalized or an intangible asset does not yet exist, development costs are recognized in profit or loss in the period in which they are incurred.

Following initial recognition, internally generated intangible assets are measured in subsequent periods at cost less accumulated amortization and impairment, in the same way as acquired intangible assets.

Borrowing costs directly attributable to software development (qualifying asset) are capitalized as part of the cost of that asset until all work to prepare the asset for its intended use or sale has essentially been completed.

Internally generated intangible assets (usually software) are amortized on a straight-line basis over their expected useful lives (two to fifteen years). Intangible assets not yet completed are tested annually for impairment. If required, impairment is then recognized.

c) Goodwill
Goodwill is not subject to planned amortization, but is tested annually for impairment on December 31. Goodwill arising from a business combination is recognized at acquisition cost less accumulated impairment.

For the purpose of impairment testing, goodwill upon acquisition is allocated to those cash-generating units (or groups thereof) of the CGM group that are expected to benefit from the synergies generated by the business combination.

Goodwill is allocated to the individual cash-generating units or groups of cash-generating units for which synergies are expected to arise. Since the completion of the transformation of legal form in June 2020, CGM group has monitored the recoverability of goodwill at the level of the reportable segments. Prior to the change in the monitoring level, an impairment test was performed at the level of a cash-generating unit (CGU). No impaired goodwill was identified in this context.

The recoverable amount is the higher of the two values: the value in use and the fair value less costs to sell. To determine the recoverable amount, the company first calculates the value in use of the cash-generating units using a discounted Cash flow method (DCF). A subsequent reversal of an impairment loss on goodwill recognized in prior financial years on the grounds that the reasons no longer exist is not permitted.

Even if the recoverable amount exceeds the carrying amount of the CGU to which the goodwill is allocated in future periods, no reversals of impairment losses on goodwill are recognized. Impairment of goodwill is recognized in the income statement under Amortization of intangible assets.

The accounting policy for goodwill arising from the acquisition of an associated company is described under C.3. Associated Companies and Joint Ventures.

d) Impairment of property, plant, and equipment and intangible assets (not including goodwill)
At the end of each reporting period, the group reviews the carrying amounts of its property, plant and equipment and intangible (depreciable) assets to determine whether there is any indication that those assets may be impaired. If there are any such indications, the recoverable amount of the asset is determined in order to assess the extent of the potential impairment loss. If the recoverable amount cannot be determined for the individual asset, the recoverable amount is estimated at the level of the cash-generating unit to which the asset belongs. This also applies if there are indications of an impairment.

The recoverable amount is the higher of value in use and fair value less costs to sell. When determining the value in use, the estimated future Cash flows are discounted to their present value using the current market interest rate.

If the estimated recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. The impairment is recognized immediately in profit or loss.

If an impairment is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to its revised estimated recoverable amount.

The increase in the carrying amount is limited to the value that would have been determined if no impairment had been recognized for the asset (cash-generating unit) in prior years. A reversal of the impairment is recognized immediately in profit or loss.

e) Derecognition of intangible assets
Intangible assets are derecognized upon disposal or when no further economic benefits are expected from its use or disposal. The gain or loss on derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the income statement when the asset is derecognized under Other income or Other expenses.

2. Property, plant and equipment

a) Land and buildings

Land and buildings held for use in production or supply of goods or provision of services or for administrative purposes are carried at amortized cost less accumulated planned depreciation and accumulated impairment. The cost also includes interest on borrowings eligible for capitalization.

Land and buildings intended for use in production or supply of goods or provision of services or for administrative purposes and are under construction are carried at amortized cost less any impairment losses recognized. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until all work to prepare the asset for its intended use or sale has essentially been completed. Depreciation of these assets begins on the same basis as for other buildings when the asset is ready for use. Property is not subject to planned depreciation. Subsequent expenses are capitalized only if it is probable that the group can obtain the future economic benefits associated with the expenses.

The estimated useful life for the current year and comparative years of significant property, plant and equipment: buildings: up to 60 years.

To depreciate the cost of property, plant and equipment, depreciation is calculated using the straight-line method over the time period of the estimated useful lives of the assets, less their estimated residual values. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

b) Other Equipment, Operating and Office Equipment

Other fixed assets and office equipment are carried at cost less accumulated depreciation and recognized impairment.

Depreciation is calculated using the straight-line method and the acquisition costs or fair values are depreciated to the residual carrying amount over the expected useful life of the assets. Expected useful lives, residual values and depreciation methods are reviewed at each reporting date and adjusted if necessary. All changes resulting from reassessments are taken into account prospectively. The following useful lives are used for the depreciation of property, plant and equipment.

The estimated useful life for the current year and comparative years of significant property, plant and equipment: other equipment, operating and office equipment: 3 to 21 years.

Depreciation and recognized impairment losses and reversals of impairment losses on property, plant and equipment are recognized in the income statement under Depreciation of property, plant and equipment.

3. Investments in companies accounted for using the equity method

Investments in companies accounted for using the equity method include associated companies and joint ventures.

a) Associated companies

Associated companies are accounted for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.

Associated companies are recognized at cost at the acquisition date. The carrying amounts of joint ventures also include goodwill identified at the acquisition date less impairment. Distributions from associated companies are recognized directly in equity in the year of the dividend distribution, thereby reducing the carrying amount of the investment. The company's share in an associated company's profit or loss is recognized as profit or loss in the respective period.

If the group's share of losses in an associated company equals or exceeds its interest in the associated company, including other unsecured accounts receivable, the group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associated company.

Impairment tests are carried out whenever a triggering event occurs (in particular, conspicuous changes in results).

b) Joint ventures

Joint ventures are also accounted for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. They are classified as joint ventures in accordance with the criteria of IFRS 11 Joint Arrangements.

They are recognized at cost at the acquisition date. The carrying amounts of joint ventures also include goodwill identified at the acquisition date less impairment. Dividend payments from joint ventures are recognized directly in equity in the year of the dividend distribution, thereby reducing the carrying amount of the investment.

If the group's share of losses in a joint venture equals or exceeds its interest in the associated company, including other unsecured accounts receivable, the group does not recognize further losses unless it has incurred obligations or made payments on behalf of the joint venture.

Impairment tests are carried out whenever a triggering event occurs (in particular, conspicuous changes in results).

4. Financial assets

a) Classification

The CGM group classifies its financial assets in the following categories: measured at amortized cost (AC) and measured at fair value through profit or loss (FVtPL). The classification depends on the company's business model with regard to the management of financial assets liabilities on initial recognition.and on the contractual Cash flows. The management of the CGM group determines the classification of financial assets upon initial recognition.

Measurement of a financial asset at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- the financial asset is held using a business model that aims to hold financial assets to collect contractual Cash flows; and
- the contractual terms of the financial asset give rise on specified dates to Cash flows that are solely repayments of principal and interest on the principal outstanding.

Measurement of a financial asset at fair value through profit and loss

A financial asset that is not measured at amortized cost or at fair value through other comprehensive income is measured at fair value through profit or loss. Financial assets at fair value through profit or loss also include investments in equity instruments held for trading and investments in equity instruments for which the company has chosen not to recognize changes in fair value in other comprehensive income.

The CGM group does not have any financial assets classified and measured at fair value that are recognized directly in equity.

b) Recognition and measurement

A regular purchase or sale of a financial asset is recognized on the trade date – the date on which the group commits to purchase or sell the asset.

Financial assets are measured at fair value on initial recognition. Financial assets in the AC measurement category are recognized including any applicable transaction costs. The transaction costs of financial assets measured at fair value through profit or loss are recognized in the income statement. Subsequent measurement of financial assets is based on the measurement categories described under a).

c) Impairment of financial assets

The CGM group has four types of financial assets that are subject to the model of expected credit losses:

- Trade Receivables;
- Contract Assets;
- Other financial assets, and
- Financial instruments measured at amortized cost.

For further information on the impairment of financial assets to which the group is exposed, see note G. 6 Credit risk.

d) Derecognition of financial assets

The CGM group derecognizes a financial asset only when the contractual right to receive Cash flows from the financial asset expires or if the group transfers the financial asset.

e) Offsetting financial instruments

Financial assets and liabilities are offset and disclosed as a net amount in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts against each other and there is an intention either to settle on a net basis, or to realize the asset and settle the liability simultaneously. There were no material transactions as at the reporting date.

5. Inventories

Inventories are measured at the lower of cost and net realizable value. The costs of conversion include direct material costs and, if applicable, direct production costs as well as production overheads. The values are calculated using either the weighted average cost formula or the first-in-first-out (FIFO) formula. Net realizable value is the estimated selling price less all estimated costs of completion and marketing, selling and distribution costs. Impairments and reversals are recognized as a measurement adjustment through cost of sales.

6. Trade account receivables and other current account receivables

Trade account receivables are amounts owed by customers for goods sold or services rendered in the ordinary course of business. They are generally payable within 14 days and are therefore classified as current.

Trade account receivables are initially recognized at the amount of the unconditional consideration. If they contain significant financing components, they must instead be recognized at fair value. These do not exist in the CGM group.

The group holds trade account receivables in order to collect the contractual Cash flows and subsequently measures them at amortized cost using the effective interest method. For further information on the impairment of trade account receivables to which the group is exposed, see note G. 6. Credit risk.

7. Cash and bank deposits

Cash and bank deposits are measured at cost. They comprise Cash at hand, bank deposits available on call and other current, highly liquid financial assets with a maturity of three months or less at the time of acquisition. Where the group holds a significant amount of Cash and cash equivalents that are not at the group's disposal, a disclosure is made.

Cash and cash equivalents are also subject to the impairment provisions of IFRS 9, but the impairment loss identified was immaterial and therefore not recognized.

8. Provisions for post-employment benefits

The cost of providing benefits under defined benefit plans is determined using the projected unit credit method, whereby an actuarial valuation is performed at each reporting date. This method takes into account biometric calculation bases as well as the most recent long-term capital market interest rate and current assumptions about future salary and pension increases.

Remeasurements consisting of actuarial gains and losses, changes resulting from the application of the asset ceiling and the return on plan assets (excluding interest on the net defined benefit liability) are recognized directly in other comprehensive income and are thus included directly in the statement of financial position. The remeasurements recognized in other comprehensive income are part of retained earnings and are not reclassified to the income statement.

Past service cost is recognized in profit or loss as an expense as soon as the plan amendment occurs and to the extent that the changes to the pension plan are not conditional on the employee remaining in service for a specified period of time (the vesting period).

Net interest is calculated by multiplying the discount rate used by the net defined benefit liability (pension obligation less plan assets) or the net defined benefit asset at the beginning of the financial year if the plan assets exceed the pension obligation. The defined benefit costs include the following components:

- service cost (including current service cost, past service cost and potential gain or loss result from a plan amendment or curtailment);
- net interest expense or income on net defined benefit liability or asset;
- remeasurement of net defined benefit liability or asset.

The CGM group reports the first two components in the Personnel expenses item in the income statement. Gains or losses from curtailments are recognized as past service cost.

The provision for defined benefit plans recognized in the consolidated statement of financial position equals the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. Any resulting overfunding is limited to the present value of future economic benefits available in the form of (contribution) refunds from the plans or reduced future contribution payments to the plans.

Payments for defined contribution plans are recognized as an expense in personnel expenses when the employees have performed the work that entitles them to the contributions. Payments for state pension plans are treated in the same way as payments for defined contribution plans. The CGM group has no further payment obligations beyond the payment of contributions.

9. Other provisions

Provisions are recognized for legal and actual obligations that have arisen or have been incurred at the balance sheet date, where it is probable that the fulfilment of the obligation will result in an outflow of funds or an outflow of other resources of the company and where there is uncertainty as to the maturity and estimated amount of the obligation.

The measurement is based on the settlement amount with the highest probability of occurrence or, if the probabilities of occurrence are equally distributed, on the expected value of the settlement amounts. Risks and uncertainties inherent in the obligation must be taken into account. If a provision is measured on the basis of the estimated Cash flows required to settle the obligation, these Cash flows must be discounted if the interest effect is material.

If it can be assumed that parts or all of the economic benefit required to settle the provision will be reimbursed by an external third party, the CGM group capitalizes this as an asset, provided that the reimbursement is virtually certain and the amount of the reimbursement can be reliably estimated.

a) Onerous contracts
Present obligations arising in connection with onerous contracts are recognized as provisions. An onerous contract is deemed to exist if the CGM group is a party to a contract where it is expected that the unavoidable costs of meeting the obligation under the contract will exceed the economic benefits that can be generated from it.

b) Restructuring
A provision for restructuring expenses is recognized when the CGM group has prepared a detailed, formal restructuring plan that has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Only the direct expenses for restructuring are recognized in the measurement of the restructuring provision. Accordingly, only those amounts are recognized that arise as a result of the restructuring and are not related to the group's continuing operations.

c) Warranties
Provisions for the expected expenses from warranty obligations under national sales contract law are recognized at the time of sale of the relevant product. The amount is derived by estimating the expenses required to meet the group's obligation. Where there are a number of similar obligations – as in the case of warranties – the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is also recognized as a liability if the probability of an outflow of resources relating to an individual asset included in this group is low.

d) Severance payments
A liability for severance payments is recognized if the CGM group can no longer withdraw the offer of such benefits. If severance payments are incurred in connection with restructuring, the liability for termination benefits is recognized earlier (before the offer is made).

e) Provisions for anniversaries
Provisions for anniversaries are measured using the projected unit credit method in accordance with IAS 19.67. The provisions for anniversaries are paid out in accordance with the age structure of the workforce on the employees' respective anniversaries. Based on the current number of employees, payment will mainly be made in the next 30 years.

10. Financial liabilities

The CGM group recognizes financial liabilities when a group company becomes a contractual party to the financial instrument. Such liabilities are classified depending on the circumstances either as financial liabilities at fair value through profit or loss or as financial liabilities measured at amortized cost.

The CGM group measures financial liabilities at fair value on initial recognition. Financial liabilities measured at amortized cost are recognized less any transaction costs. The management of the CGM group determines the classification of financial liabilities on initial recognition.

a) Financial liabilities measured at fair value through profit or loss
Financial liabilities are classified as financial liabilities at fair value through profit or loss if they are either held for trading or are voluntarily designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it was acquired principally for the purpose of being repurchased in the near term, or
- on initial recognition, it is part of a portfolio of clearly identified financial instruments that are jointly managed by the CGM group and for which there have been indications of short-term profit-taking in the recent past, or
- it is a derivative that is not designated and effective as a hedging instrument and is not a financial guarantee.

Financial liabilities other than financial liabilities held for trading may be designated as at fair value through profit or loss on initial recognition if:

- such designation eliminates or significantly mitigates a measurement or recognition inconsistency that would otherwise arise, or
- the financial liability belongs to a group of financial assets or financial liabilities that are managed and measured on a fair value basis in accordance with a documented risk or investment management strategy of the group and for which the internal flow of information is based thereon.

Financial liabilities classified as fair value through profit or loss (FVtPL) are measured at fair value. Any gains or losses resulting from the measurement are thus recognized in profit or loss. The net gain or loss recognized in the income statement includes interest paid on the financial liability and is included in the Financial income and expenses item.

b) Other financial liabilities
Other financial liabilities, such as loans, trade payables and other liabilities, are measured at amortized cost (AC) using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense to the corresponding periods. The effective interest rate is the interest rate that is used to discount estimated future Cash outflows, including fees incurred and fees paid or received that are an integral component of the effective interest rate, as well as transaction costs and other premiums or discounts over the expected life of the financial instrument or a shorter period, to the net carrying amount of the financial asset upon initial recognition.

c) Derecognition of financial liabilities
The CGM group derecognizes a financial liability as soon as the respective obligation has been settled, i.e., the obligations specified in the contract are met, canceled or have expired. The difference between the carrying amount of the derecognized financial liability and the consideration received is stated in the income statement.

11. Equity
If equity instruments exist, they are recognized in the amount of issue proceeds less any directly attributable issue costs. Issue costs include costs that would not have been incurred if the equity instrument had not been issued.

Shares that are bought back by the CGM group (treasury shares) are deducted directly from equity. There is no recognition in the income statement from the acquisition, sale, issue or redemption of own equity instruments. Any consideration paid or received is recognized directly in equity.

12. Accumulated other comprehensive income
Accumulated other comprehensive income includes changes in equity not recognized in profit or loss, provided that such changes are not based on transactions with shareholders that are recognized in equity. Changes recognized in other comprehensive income include the currency translation differences, unrealized gains and losses from the fair value measurement of available-for-sale assets and derivative financial instruments in hedge accounting. Actuarial gains and losses are recognized in the reserves in equity in the period in which they are recognized as other comprehensive income.

13. Derivative financial instruments (in hedge accounting)
The CGM group enters into derivative financial instruments to manage its interest rate and exchange rate risks. This includes the conclusion of forward exchange transactions and interest rate swaps. Derivatives are initially recognized at fair value at the time the contract is entered into and subsequently measured at fair value at the end of each reporting period. The gain or loss resulting from the measurement is recognized immediately in profit or loss unless the derivative is designated as a hedging instrument in a hedging relationship (hedge accounting).

In principle, designated hedges belong to one of the following categories:

- fair value hedges of a recognized asset or liability or a firm commitment;
- hedging a specific risk associated with the recognized asset or liability (such as a portion or all the future interest payments on a variable-rate liability) or a risk associated with a highly probable future transaction (Cash flow hedge);
- hedging of a net investment in a foreign operation as defined by IAS 21 (Net Investment Hedge).

The relationship between the hedged item and the hedging instrument, including the risk management objectives and the corporate strategy underlying the hedge, is documented at the start of hedge accounting. In addition, both when the hedging relationship is entered into and during the course of the hedging relationship, regular documentation is provided as to whether the hedging instrument designated in the hedging relationship is highly effective in offsetting changes in the fair value or Cash flows of the hedged item in accordance with the hedged risk. Recognition through profit or loss of the valuation results depends on the nature of the hedging relationship.

The total fair value of a derivative designated as a hedging instrument is classified as a non-current asset or non-current liability if the hedged item has a remaining term of more than one year and as a current asset or current liability if the hedged item has a remaining term of less than one year.
In accordance with IAS 1.68 and IAS 1.71, trading derivatives with a remaining term of more than one year are classified as non-current assets or liabilities; otherwise they are classified as current.

As at the reporting date, there were neither derivatives to be recognized in profit or loss nor derivatives in the form of interest rate swaps in hedging relationships. Furthermore, there were no forward exchange transactions as at the reporting date.

14. Cash flow hedges

The effective amount of the change in the fair value of derivatives that are designated and qualify as Cash flow hedges is recognized in other comprehensive income under Cash flow hedges. A gain or loss attributable to the ineffective portion is recognized immediately in profit or loss and reported in the financial result in the income statement.

Amounts recognized in other comprehensive income are transferred to the income statement in the period in which the hedged item is recognized in profit or loss. They are reported in the income statement under the same item as the hedged item. However, if a hedged expected transaction results in the recognition of a non-financial asset or non-financial liability, the gains and losses priorly recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the asset or liability.

The hedge relationship is no longer recognized in the statement of financial position if the CGM group dissolves, sells, terminates or exercises the hedge or if the hedging instrument is no longer suitable for hedging purposes. The entire gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is not recognized in profit or loss until the expected transaction is also recognized in the income statement. If the transaction can no longer be expected to be realized, the entire income recognized in equity is immediately recycled to profit or loss in the income statement.

Information on the fair values of derivatives used for hedging purposes is provided under Fair value measurement. There were no Cash flow hedges as at the reporting date.

15. Leases

The CGM group as Lessee

As a lessee, the group mainly leases real estate, motor vehicles, IT equipment as well as operating and office equipment. In accordance with IFRS 16, the CGM group recognizes right-of-use assets and lease liabilities for all leases.

When use of an asset commences or when a contract containing a lease component is amended, the contractually agreed consideration is allocated on the basis of the relative stand-alone prices. The CGM group does not separate the non-lease components for vehicle leases, and instead accounts for lease and related non-lease components (mainly service fees) as a single lease component.

As at the commencement date, the cost of the right-of-use asset is equal to the lease liability, adjusted for prepayments, initial direct costs and estimated costs of dismantling the asset. Incentive payments from the lessor that have already accrued reduce the acquisition cost.

In the scope of subsequent measurement, the right-of-use asset is depreciated on a straight-line basis over the lease term and, if necessary, adjusted for any extraordinary impairment.

The lease liability is recognized in the amount of the present value of the future lease payments over the reasonably certain term of the lease. It is discounted at the interest rate implicit in the lease. If this cannot be readily determined, it is discounted using the incremental risk-adjusted borrowing rate of the CGM group. This interest rate is adjusted to reflect the nature of the asset and the terms and conditions of the lease. The CGM group currently uses its risk-adjusted incremental borrowing rate for the discounting of all its leases. Similar leases are grouped into portfolios and measured using a uniform discount rate.

Lease payments comprise all fixed and quasi-fixed payments, less any incentives paid by the lessor. In addition, payments are recognized for purchase and termination options the group is reasonably certain to exercise. All other variable payments are recognized as an expense. The lease liability is measured and adjusted using the effective interest method.

The lease term is the reasonably certain period over which an asset is leased. In addition to the non-cancelable basic lease term, extension periods are included if it is reasonably certain they will be exercised. This estimate is reviewed if either events beyond the lessee's control or significant changes in circumstances occur that require a change in the term of the lease.

The lease term is adjusted if it is reasonably certain that an extension option will be exercised or a termination option will not be exercised, and this was not taken into account in the original assessment. The adjustment of the lease term alters the future series of payments, thus resulting in a remeasurement of the lease liability using the current interest rate. The resulting difference is recognized directly in equity in the right-of-use asset.

The CGM group as Lessor
Leases are classified as a finance leases if they transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. Leases in which a significant portion of the risks and rewards incidental to ownership of the leased asset remain with the lessor are classified as operating leases.

If assets are leased out under a finance lease (particularly in the PCS segment), the present value of the minimum lease payments is recognized as a lease receivable. The difference between the gross account receivable (minimum lease payments before discounting) and the present value of the receivable is recognized as financial income over the term of the lease. The difference is recognized in revenues. Lease income is recognized over the lease term using the annuity method, which – in relation to the lease receivable – yields a constant annual return.

Assets leased by customers under operating leases are reported under non-current assets. Income from leases is recognized on a straight-line basis over the term of the lease.

16. Income taxes and deferred taxes

The income tax expense reported in the CGM group's income statement for the reporting period is the sum of the current tax expense and the deferred taxes recognized in profit or loss. The CGM group determines the current tax expense on the basis of the taxable income of the group companies using the respective current national income tax rates.

In accordance with the provisions of IAS 12, the CGM group recognizes all temporary differences between the tax accounts and the consolidated financial statements as deferred taxes. Deferred tax assets on loss carryforwards are capitalized up to the amount for which it can be assumed that they will be utilized within a medium-term (generally five years) and tax-law permissible time frame.

Deferred tax assets and liabilities are also recognized on temporary differences arising from business acquisitions. An exception to this is temporary differences on goodwill, for which no deferred taxes are recognized.
If goodwill is taken into account for tax purposes, deferred taxes that are only realized upon disposal are recognized in the subsequent measurement.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associated companies are not recognized for reasons of materiality.

Deferred taxes are calculated using the respective current national income tax rates of the group companies. Income tax rates that have already been enacted but will only be applied in future periods are also taken into account when determining deferred taxes.

Deferred taxes are generally recognized in profit or loss (exception: first-time consolidation), unless they relate to items recognized directly in equity or in other comprehensive income. In this case, the taxes are also recognized in equity or in other comprehensive income.

17. Sales revenues from contracts with customers and other income

Revenues are recognized in accordance with IFRS 15.

IFRS 15 is generally applicable to all contracts with customers. Exceptions to this are the following contracts:

- Leases covered by IFRS 16 Leases;
- financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures;
- insurance contracts within the scope of IFRS 4; and
- non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

Revenues are determined based on the consideration specified in a contract with a customer. The group recognizes revenues when it transfers the control of goods or services to a customer.

Five steps are derived from the principles set forth in IFRS 15.

Step 1 is to determine whether a customer contract falls within the scope of IFRS 15. This is the case if all the criteria given below in IFRS 15.9 are met:

(a) the parties to the contract have approved the contract and are committed to perform their respective obligations
(b) the company can identify each party's rights regarding the goods or services to be transferred
(c) the company can identify the payment terms for the goods or services to be transferred
(d) the contract has commercial substance and
(e) it is probable that the company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. The assessment of probability must be based solely on the customer's ability and intention to pay when the invoice is due. The amount of consideration to which the company will be entitled may be less than the price stated in the contract if the consideration is variable because the company may offer the customer a price concession.

Two or more contracts entered into at or near the same time with the same customer shall be combined and accounted for as a single contract if one or more of the following criteria are met:

(a) the contracts are negotiated as a package with a single commercial objective;
(b) the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
(c) the goods or services promised in the contracts are a single performance obligation in accordance with IFRS 15.22-30.

Step 2 is to identify the performance obligations included in the contract, as revenues must be recognized at the level of individual performance obligations. Goods or services are distinct and therefore classified as individual performance obligation if the customer can benefit from them independent of other promises for performance in the contract. In addition, these promises must be separately identifiable from other promises in the contract.

Step 3 is to determine the transaction price, which is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. Although this price will often be a fixed amount, the transaction price may also include variable components, such as discounts, credits, performance bonuses, penalties, etc. The amount of such variable consideration shall be estimated and included in the transaction price. The associated uncertainty is accounted for by recognizing these variable amounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenues recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The transaction price also includes potential financing components and non-cash consideration (measured at fair value).

The transaction price determined as priorly explained is allocated to the individual performance obligations in step 4 based on the relative stand-alone selling prices. If these are not directly observable (e.g., from corresponding transactions with the individual performance obligations), these prices must be estimated.

Finally, in step 5, revenues must be recognized at the point in time or over the time the underlying performance is satisfied. The performance obligation is satisfied when the control of the goods or services is transferred. Control of an asset refers to the ability to direct the use of, and obtain the benefits from, the asset.

When entering into a contract in accordance with IFRS 15, it must be determined whether the revenues arising from the contract are to be recognized at a point in time or over time. In this regard, it must first be clarified by applying specific criteria, if the control of the individual performance obligations is transferred over time. If this is not the case, revenues are recognized at the point in time when control is transferred to the customer. Indicators of this are, for example, legal transfer of ownership, transfer of significant risks and rewards, or formal acceptance.

If, on the other hand, control is transferred over time, revenues may be recognized over time only if the percentage of completion can be measured reliably using input or output methods. In addition to general revenue recognition principles, the standard provides detailed guidance on topics such as disposals with rights of return, customer options on additional goods or services, principal-agent relationships, and bill-and-hold arrangements. IFRS 15 also includes new guidelines related to costs to obtain or fulfil a contract with a customer and for the question when such costs must be recognized as an asset. Costs that do not meet the defined criteria should be expensed as incurred.

The CGM group recognizes its revenues net of sales deductions such as bonuses, Cash discounts or rebates.

The following table provides information about the nature and timing of the satisfaction of performance obligations under contracts with customers, including significant payment terms, and the related revenue recognition principles. The group recognizes revenues from the following main sources:

Type of sales revenues	Description and revenue recognition
Software licenses	This includes revenues from the sale of software licenses, which are usually remunerated with a single payment. The license entitles the customer to permanent use of the software. The license fee is contractually fixed and does not trigger any future license payments or usage-based billing. Only extensions of the software modules used trigger further license payments. Revenues from the sale of software licenses are deferred over the minimum contractual term of the maintenance agreement if the requirements for a multi-component transaction are met using the "right to access" approach. This affects practically all license sales in the classic AIS and PCS segment. CGM applies the portfolio approach in accordance with IFRS 15.4 for this purpose. By contrast, license sales in the HIS segment typically do not satisfy the requirements for a multi-component transaction. Revenues from rental and lease transactions that cannot be regarded as sales are recognized on a straight-line basis over the lease period.
Software maintenance and other recurring revenues	This includes revenues from contracts that give customers access to new releases of software products after the latter have already been supplied. These updates serve to rectify bugs, improve performance and other features and also adapt the software to changes in the legal framework. The contractual relationship for software maintenance also usually includes hotline support (either via telephone or online). The minimum contract terms for software maintenance vary depending on the product line (from cancellation possible at any time to cancellation possible for the first time after five years), taking into account the individual cancellation periods. If cancellations are not made in due time as agreed in the contract, the software maintenance contract usually extends by a further twelve months. Revenues from recurring, transaction-specific services and other long-term services, including, for example, multi-year software licensing (SAAS and period-related transfer of use), application service provider services, hosting fees, Internet service provider fees, eServices fees, EDI and remuneration payments, receivables management payments, outsourcing agreements, hardware maintenance and repair agreements, etc. Customer relationships are usually long-term. Revenues from software maintenance and other recurring revenues and from support services are recognized on a pro-rata over the period when the services are rendered.
Professional Services	Revenues from services that are remunerated on an hourly basis or at contractually agreed fixed prices are included in the revenue type professional services. The activities performed on behalf of the customer include for example, project management, analyses, training, system configuration and customer-related programming. The revenues for services that are remunerated on an hourly basis is recognized at the point in time when the service is rendered. Revenues are generally recognized over time, whereby the CGM group makes use of the practical expedient to recognizes them in the amount that the CGM group has a right to invoice. Revenues from service components within the framework of contracts for work and services and other service contracts are recognized over time using the percentage-of-completion method. The percentage of completion is typically determined by dividing the contract costs incurred for work performed to that date by the estimated total contract costs (cost-to-cost method). For complex contracts where it is not possible to reliably estimate the total contract costs and thus the percentage of completion cannot be determined, revenues are recognized only to the extent of the contract costs incurred. Even though it is impossible to estimate the percentage of completion, the CGM group nevertheless expects a positive margin. A pro rata profit is therefore only recognized when the project has been fully completed (zero profit method).

Hardware	Revenues from the sale of hardware and infrastructure components, such as PCs, servers, monitors, printers, switches, racks, network components, etc. These revenues are recognized immediately upon delivery of the hardware components. This is not the case for hardware components which are contractually agreed within the scope of construction awards; these are recognized in the project as a whole according to the percentage of completion. The percentage of completion is typically determined by dividing the contract costs incurred for work performed to that date by the estimated total contract costs (cost-to-cost method). For complex contracts where it is not possible to reliably estimate the total contract costs and thus the percentage of completion cannot be determined, revenues are recognized only to the extent of the contract costs incurred. Even though it is impossible to estimate the percentage of completion, the CGM group nevertheless expects a positive margin. A pro rata profit is therefore only recognized when the project has been fully completed (zero profit method). Revenues from rental and lease transactions that cannot be regarded as sales are recognized on a straight-line basis over the lease period.
Advertising, e-Detailing and Data	This includes revenues from paid advertising and communication services via software or other media. Furthermore, revenues from software services and the associated services that support the sales process of pharmaceutical companies are reported under this revenue type. Revenues from the collection, structuring, and provision of data (e.g., blacklists) for healthcare providers (e.g., health insurers, pharmaceutical companies, etc.) are also allocated to this revenue type. Revenues from advertising, eDetailing and data that take the form of a continuing obligation are recognized on a pro rata basis over time as long as the service is rendered. For services to be rendered on a daily basis, which are remunerated on an hourly basis, revenue is recognized at the point in time when the service is rendered.
Software-Assisted Medicine (SAM)	This includes revenues from healthcare management and associated services. In addition, revenues generated from the use of special software modules (i.e., software supporting medical decision-making) within medical practices, hospitals, physician-hospital networks, health insurance companies, patient networks, etc. are allocated to this type of revenue. For services in health management to be rendered on a daily basis, which are remunerated on an hourly basis, revenue is recognized at the point in time when the service is completed. Revenues are generally recognized over time, whereby the CGM group makes use of the practical expedient to recognizes them in the amount that the CGM group has a right to invoice. Revenues from sales of SAM software licenses are recognized in part immediately upon delivery, provided that the delivered software only grants the customer a right to access. If revenues from the sale of SAM software licenses fall under the "right to use" approach, the revenues from software licenses, revenues from software maintenance and other recurring revenues in the SAM area as well as support services, are recognized on a pro-rata basis over the minimum contractual term for the provision of the service.
Other revenues	This comprises all revenues that cannot be attributed to any of the aforementioned categories. Revenue recognition is carried out on a case-by-case basis in compliance with the relevant IFRS requirements.

When hardware components are sold at the same time as a hardware maintenance and support contract is signed, a discount is usually applied at the expense of the hardware sale. CGM has identified two performance obligations for this multi-component transaction. The amounts allocated to sales for hardware components are increased due to the allocation method prescribed by IFRS 15 (i.e., an allocation based on the stand-alone selling price), while the amounts allocated to hardware maintenance and support contracts are decrease accordingly over their term. Therefore, the revenues have been adjusted to reflect the change in accounting policies. Current and non-current contract assets were recognized for this amount.

On average, the system implementation process for software services takes between three and six months. For very large system implementation contracts (e.g., hospital information system implementation for a chain of hospitals), the implementation process may extend over several years. Depending on the form of the contract, CGM is entitled to invoice the customer on a monthly basis according to time spent, as soon as certain milestones are reached or not before completion of the project (successful acceptance by the client). Under IFRS 15, revenues that are realized before the customer is invoiced are recognized as a contract asset.

The CGM Ggoup incurs commissions that are paid to intermediaries or its own sales employees for arranging purchase agreements and service agreements for software licenses, software maintenance or other service agreements. Whenever the CGM group expects to be reimbursed for these incremental costs, it capitalizes them and depreciates them over the period in which the performance from the provision of the software license is transferred to the customer together with the software maintenance contract or the provision of services.

Given the CGM group's business model and the customer groups it addresses, there are no significant reimbursement obligations or corresponding rights to return goods.

A contract asset must be recognized if the CGM group has recognized revenues as a result of the satisfaction of a contractual performance obligation before the customer has made a payment or before – irrespective of the due date – the conditions for invoicing and thus recognizing the account receivable are met.

A contract liability must be recognized if the customer has made a payment or an account receivable from the customer becomes due before the CGM group has satisfied a contractual performance obligation and recognized the corresponding revenue. Contract liabilities are to be offset against contract receivables within a customer contract.

Interest income is accrued periodically taking into account the outstanding loan amount and the applicable interest rate. The applicable interest rate equals the rate that discounts estimated future Cash flows over the term of the financial asset to the net carrying amount of the asset.

Dividend income from financial investments is recognized when the shareholder's legal right to receive payment is established.

18. Earnings per share and share-based payment transaction

a) Earnings per share

Undiluted earnings per share are calculated by dividing the share of profit or loss for the period attributable to the shareholders of CompuGroup Medical SE & Co. KGaA by the weighted average number of shares issued. If new shares are issued or bought back within a reporting period, they are included in the calculation on a pro rata basis for the period in which they are outstanding. The share options granted by the company lead to a dilution of earnings per share.

b) Share-based payment transactions

The fair value of share options granted is determined in accordance with IFRS 2 Share-based Payment by simulating the future performance of the company's subscribed capital on the basis of market parameters (e.g., volatility and risk-free interest) and normally distributed random numbers (Monte Carlo simulation). The fair value of the share options is offset against capital reserves through profit or loss over the expected option period of up to four years.

The fair value at the grant date is used for measurement purposes.

19. Estimates and Management Judgments

The preparation of the consolidated financial statements in accordance with IFRS requires that assumptions and estimates be made. These affect the amount and recognition of assets and liabilities, income and expenses, and contingent liabilities in the reporting period. The significant estimates and judgments made in the preparation of the consolidated financial statements are discussed below. For the carrying amounts of the above-stated line items, please refer to note E. Notes on items on the statement of financial position and income statement.

a) Purchase price allocation and business acquisitions

Assumptions and estimates are made in particular as part of the purchase price allocations for business acquisitions. User software from business acquisitions is determined using the license price analogy, customer relationships are determined using the multi-period excess earnings method, and trademark rights are determined using the license price analogy. Estimates are also used as a basis for the planned amortization of identified hidden reserves.

b) Estimated impairment of goodwill

Goodwill is tested for impairment on the basis of Cash flow projections for the cash-generating units for the next five years and applying a discount rate adjusted for the company risk, both annually and immediately outside the annual period as soon as there is any indication that goodwill is impaired. The CGM group determines the recoverability on the basis of the higher of the fair value less costs to sell and the value in use. The management of the CGM group believes that the assumptions used to calculate the recoverable amount are appropriate. Unforeseen changes in these assumptions could result in impairment losses, which would have a negative impact on the net assets, financial position and results of operations of the CGM group. The calculation of values in use is subject to discretion because of the necessity to make estimates regarding future Cash flows.

c) Recoverability of assets

At each reporting date, the CGM group reassesses as part of the impairment test, whether there are any indications that an item of property, plant and equipment or an intangible asset (including intangible assets from internally generated software) may be impaired. The recoverable amount of the asset in question is determined using the best estimates for the input parameters. The recoverable amount corresponds to the higher of the fair value less costs to sell and the value in use, in line with the procedure for goodwill impairment testing.

The recoverable amount is determined on the basis of Cash flow projections from the asset concerned for the next five years, using a discount rate adjusted for the company risk. The management of the CGM group is of the opinion that the assumptions used to calculate the recoverable amount are appropriate with regard to the economic environment and the industry development; nevertheless, changes in the underlying parameters could lead to an adjustment of the impairment analysis of the asset being tested. This could result in further impairment losses or reversals of impairment losses in future periods if the assumptions and estimates used by management prove to be incorrect.

d) Useful life of property, plant and equipment
As already stated in the notes on Property, plant and equipment in this section, the CGM group reviews the estimated useful lives of property, plant and equipment at each reporting date to determine whether they are appropriate. In this context, reassessments are made with regard to the remaining useful lives. Changes that result in a reassessment of the remaining useful life may arise, for example, from changes in market conditions (e.g., price erosion) or general technological progress.

e) Assessment of the probability of other provisions
Since other provisions are recognized and measured on the basis of the best estimate of the probability of the future outflow of resources and on the basis of past experience, taking into account the circumstances known at the reporting date, the actual outflow of resources may differ from the other provisions recognized for this purpose.

f) Provisions for post-employment benefits
The present value of the pension obligation depends on a variety of factors that are based on actuarial assumptions. The assumptions used in determining net pension expense (or income) include the discount rate. Any change in these assumptions will have an impact on the carrying amount of the pension obligation.

g) Revenues recognition for project orders
Some of the consolidated subsidiaries of the CGM group enter into project orders with only one performance obligation as part of their business activities. Contractually agreed revenues are recognized over time. This relates in particular to the HIS segment. Under IFRS 15, revenues are recognized when it is highly probable that contract amendments will not result in a significant cancellation. Furthermore, the introduction of IFRS 15 ensures that the new provisions for variable consideration (e.g., incentives) as well as for the accounting of addenda and contract amendments are included in the calculation as contract modifications. The CGM group recognizes provisions for onerous contracts in accordance with IAS 37.66 et seqq. The CGM group regularly reviews the estimates relevant to the measurement of project orders for appropriateness and, if necessary, adjusts the estimates to reflect new findings.

h) Income taxes
Management is also required to make estimates and assumptions when calculating actual and deferred taxes. Deferred tax assets are recognized to the extent that it is probable that future tax benefits will be realized. The actual usability of deferred tax assets depends on the future development of the actual taxable result. This may differ from the assessment at the time the deferred taxes are capitalized. Various factors are used to assess the probability of future usability, including past results of operations, operating projections, loss carryforward periods and tax planning strategies.

i) Fair value of derivative and primary financial instruments
The fair value measurement of derivative and primary financial instruments takes into account expected future developments, such as interest rate and credit risks, and well as the underlying assumptions.
Further information on the assumptions and estimates underlying these consolidated financial statements are provided in the notes on the individual items of the financial statements.

Judgments must be made when applying accounting principles and measurement methods. These decisions are continually reassessed and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

This applies especially with regard to the following issues:

- Management must make judgments in determining the fair values of assets and liabilities acquired as part of a business combination, as well as of the useful lives of the assets.
- Management must determine with regard to assets held for sale whether they can be sold in their present condition and whether the sale of such assets is highly probable.

j) Measurement of individual non-current assets held for sale

Assets held for sale are carried at the lower of their residual carrying amount and fair value less costs to sell. Management estimates and assumptions may be used to determine the fair value less costs to sell.

All assumptions and estimates are based on the circumstances and assessment at the end of the reporting period. Actual future circumstances may, by their nature, deviate from these assumptions and estimates. If this occurs, the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned are adjusted.

k) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are possible obligations or assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the CGM group. Contingent liabilities are also present obligations that arise from past events, for which an outflow of resources embodying economic benefits is unlikely or for which the extent of the obligation cannot be estimated with sufficient reliability. Contingent liabilities are recognized at fair value if they have been acquired as part of a business combination. Contingent liabilities not acquired as part of a business combination are not recognized. Contingent assets are not recognized. However, if the realization of income is virtually certain, the asset in question is no longer considered a contingent asset and is recognized as an asset. Where an outflow of resources embodying economic benefits is not unlikely, information on contingent liabilities is disclosed in the notes to the consolidated financial statements. The same applies to contingent assets if the inflow of economic benefits is probable.

E. Notes on items on the statement of financial position and income statement

1. Intangible assets

a) Development of intangible assets

The most significant changes in intangible assets result from acquisitions (note C.4.) and capitalized in-house services (note E.1.e). All amortization and impairments of intangible assets are recognized in profit or loss.

The complete development of intangible assets is disclosed in the separate appendix to the notes to the consolidated financial statements Changes in intangible assets and property, plant and equipment in financial year 2020.

b) Goodwill

Goodwill is attributable to the individual cash generating units (CGU) as follows:

kEUR	Jan 1, 2020	Changes in the scope of consolidation	Other additions	Disposals	Impairment	Reclassifications	Exchange rate differences	Dec 31, 2020
Ambulatory Information Systems	248,367	129,064	0	0	0	0	–2,297	375,134
Pharmacy Information Systems	43,797	0	0	0	0	0	0	43,797
Hospital Information Systems	32,468	84,570	0	0	0	0	281	117,319
Consumer and Health Management Information Systems	6,273	0	0	0	0	0	–74	6,199
Total	330,905	213,634	0	0	0	0	–2,090	542,449

The additions from changes in the scope of consolidation relate both to business combinations by transferring the shares in the equity of a company (share deal) and to business combinations by transferring the net assets (asset deal).

c) Goodwill impairment test

For the purpose of impairment testing, goodwill is allocated to the cash generating unit (CGU) or a Group of cash generating units which are expected to benefit from the synergies of the business combination. Since the completion of the transformation of legal form in June 2020, CGM Group has been monitoring the recoverability of goodwill at the level of the reportable segments. Prior to the change of the monitoring level, an impairment test was performed at the level of the individual goodwill items. No impaired goodwill was identified in this context.

The discounted future Cash flows of the CGUs, discounted by using the DCF method, are determined on the basis of the approved planning for 2021 for the net assets, financial position and results of operations and are then verified by using historical values. The results are then extrapolated for four additional years using bottom-up, five-year planning that reflects the future development of the CGUs under current conditions. After the five-year time period, a perpetuity value is calculated using a conservative Group-wide growth rate of 0.5 %. To determine the present value of future Cash flows, a discount rate based on the weighted average cost of capital (WACC) is applied. The following table provides information on key assumptions used to compile corporate planning:

Notes on business planning assumptions

Description of key assumptions of corporate planning	Approach used to determine key assumptions of corporate planning
– Expected development of sales revenue (new customers, cross-selling opportunities, winning project tenders)	Group's own estimates referring to past experiences and expected market trends, market potential analysis. External market studies are also used, if available.
– Expected enforceable price increases for existing customers in relation to software maintenance and other recurring revenue	
– Application of current and historical organic growth rates for business units or business areas	
– Consideration of regulatory changes affecting the development of business units	

– Development of purchased services based on current circumstances (e.g., contractual basis, strategic business model) and the anticipated development of sales activities (expected revenue situation)
– Expected development of personnel expenses and other operating expenses, based on demand analyses, contractual framework (e.g., collective bargaining agreements) and statistical procedures (e.g., inflation)

Goodwill is tested for impairment on the basis of euro Cash flows. For this purpose, the local currency company planning of the individual Group entities are translated into euro and then allocated to the cash-generating unit to be tested. The estimated future Cash flows are derived from the planning approved by the responsible bodies. The assumptions underlying the main planning parameters take into account not only past experience and aspects arising from the operating business, but also the particular circumstances of the COVID-19-pandemic.

The growth assumptions included for calculating the 2020 value in use of the individual CGUs are as follows: The EBITDA margin resulting from the application of the assumed planning assumptions is also included for the purpose of transparency of the assumptions made. For 2020, an average of the EBITDA margins assumed for subsequent years (continuation planning period) is used to determine the EBITDA margin.

	EBITDA-Marge		Growth-rate	
	2020		2020	
	year 1	following years	year 1	following years
Ambulatory Information Systems (AIS)	21.7%	27.3%	9.7%	11.3%
Pharmacy Information Systems (PCS)	13.5%	18.2%	–3.7%	5.3%
Hospital Information Systems (HIS)	13.5%	18.2%	2.2%	9.0%
Consumer and Health Management Information Systems (CHS)	–20.8%	30.7%	34.5%	35.1%

The discount rates (WACC) used to calculate the 2020 value in use have been divided into WACC after tax and WACC before taxes as follows:

	WACC (after taxes)	WACC (before taxes)
	2020	2020
Ambulatory Information Systems (AIS)	8.0%	10.7%
Pharmacy Information Systems (PCS)	8.0%	10.8%
Hospital Information Systems (HIS)	8.3%	10.7%
Consumer and Health Management Information Systems (CHS)	8.0%	10.7%

In financial year 2020, there was no impairment requirement for any of the segments tested on the basis of value in use.

Similarly, there is no need to recognize an impairment loss if the growth rate in the perpetual value were 0.5 percentage points lower. The Group-wide surplus would be reduced by mEUR 745.8 if the growth rate in the perpetual value were 0.5 percentage points lower.

An increase in WACC of 1 percentage point would not give ris+e to an impairment loss. An increase in WACC of 1 percentage point would give rise to a reduction in the Group-wide surplus by mEUR 620.1.

An increase in WACC of 2 percentage point would not give rise to an impairment loss. The Group-wide surplus would thereby be reduced by mEUR 1,108.2.

d) Acquired software, customer relationships, trademark rights and order backlog

Acquired software, customer relationships and trademark rights represent, in addition to goodwill, the main Groups of intangible assets of CompuGroup Medical SE & Co. KGaA. The following table provides an overview of these intangible assets and their useful lives:

kEUR	Dec 31, 2020	Dec 31, 2019	Amortization until latest
Acquired standard and special software for distribution to customers from business combinations			
CGM US (formerly Visionary Group)	0	284	08/31/2020
Compufit	192	277	03/31/2023
CGM South Africa	291	498	12/31/2022
CGM Deutschland	345	424	04/30/2025
CGM Clinical Österreich	469	1,173	08/31/2021
Lauer-Fischer	543	1,638	06/30/2021
Imagine Editions	678	904	12/31/2023
Qualizorg	713	1,026	03/31/2025
CGM LAB International	3,108	3,496	12/31/2028
Epsilog	5,335	6,638	12/31/2029
eMDs Group	32,355	0	12/31/2030
Cerner Corporation	34,401	0	06/30/2030
Other	17,090	20,637	
Total software	95,520	36,995	
Acquired customer relationships			
FARMA3TEC	1,175	1,879	08/31/2022
CGM Clinical Deutschland	1,248	1,354	11/01/2035
CGM US (formerly Noteworthy Group)	1,702	2,420	12/31/2024
ATX	1,846	2,032	11/30/2030
Qualità in Farmacia (incl. Puntofarma)	2,441	2,709	07/31/2033
CGM Italy	2,779	3,464	06/30/2029
Fablab	2,913	4,078	12/31/2027
Vega	3,454	3,777	08/31/2031
Turbomed Vertrieb und Service	3,784	4,216	03/30/2030
CGM South Africa	3,817	4,425	06/30/2038
CGM Norway	4,317	4,564	06/30/2038
CGM Denmark	4,570	4,847	06/30/2038
Qualizorg	4,727	6,302	03/31/2027
Innomed	5,108	5,674	12/31/2029
CGM Netherlands	6,729	7,816	12/31/2030
CGM LAB International	6,930	7,250	12/31/2043
Imagine Editions	8,059	8,679	12/31/2033
Lauer-Fischer	9,880	10,517	06/30/2036
CGM Sweden	10,279	10,873	06/30/2038
GIS-Group	11,758	13,567	12/31/2033
CGM US (formerly Visionary Group)	15,730	16,769	08/31/2040
H&S	2,638	0	12/31/2027
Epsilog	25,260	28,154	12/31/2034
eMDs Group	51,256	0	12/31/2040

Cerner Corporation	75,956	0	06/30/2040
Other	22,440	21,605	
Total acquired customer relationships	290,796	176,971	
Acquired trademark rights			
CGM Sweden	35	143	12/31/2020
Vega	158	201	08/31/2024
Lauer-Fischer	189	569	30/06/2021
CGM Clinical Österreich	237	593	08/31/2021
Epsilog	514	1,555	12/31/2029
CGM LAB International	1,583	1,704	12/31/2033
Cerner Corporation	2,625	0	06/30/2030
eMDs Group	3,707	0	12/31/2030
Other	1,824	2,188	
Total acquired trademark rights	10,872	6,953	
Acquired Order backlog			
Epsilog	0	3,918	
Cerner Corporation	9,489	0	08/31/2022
Other	68	0	
Total acquired Order backlog	9,557	3,918	

* In the prior year, other accounted software for operating activities was also reported under software from acquisitions.

In 2020, as in the prior-year comparison period 2019, changes occurred at Epsilog concerning the useful lives underlying intangible assets due to adjustments to the purchase price allocation, which was prepared on a preliminary basis as at December 31, 2019 and finalized in the current financial year 2020.

e) Internally generated software
In financial year 2020, in-house services (software development) of kEUR 31,872 were capitalized in accordance with IAS 38 (prior year: kEUR 24,570). These were measured at directly attributable production costs. In accordance with the provisions of IAS 23, borrowing costs attributable to in-house services (software development) of kEUR 803 (prior year: kEUR 699) were capitalized in financial year 2020. Amortization of capitalized in-house services of kEUR 5,899 (prior year: kEUR 4,063) was incurred in the reporting year.
For further details on the development of intangible assets, please see the separate appendix to the notes to the consolidated financial statements Changes in intangible assets and property, plant and equipment in financial year 2020.

f) Accumulated impairment
Intangible assets include accumulated impairment on goodwill from the financial years 2008 to 2020 of mEUR 19.3, based on the exchange rates as at the December 31, 2020 reporting date.

There is no impairment required for financial year 2020.

Furthermore, the Goodwill item includes amortization of mEUR 5.4 that resulted from financial years before the implementation of IAS/IFRS.

g) Intangible assets from business acquisitions

The following additions to acquired software, customer relationships, order backlog and trademark rights resulted from business combinations in the 2020 reporting period:

kEUR	Total	H&S Qualità nel Software S.p.A.	Cerner Corporation	eMDs Group	Schuyler House Inc.	Complimenta ApS	Other Acquisitions
Software	69,948	433	36,212	32,355	531	339	78
Customer relationships	134,729	3,015	77,904	51,256	1,083	653	818
Trademark rights	6,898	178	2,764	3,707	160	72	17
Order backlog	14,145	0	14,051	0	0	0	94
Total	**225,720**	**3,626**	**130,931**	**87,318**	**1,774**	**1,064**	**1,007**

2. Property, plant and equipment

The main changes in Property, plant and equipment arise from acquisitions (note C.4.), investments in land and buildings at the Koblenz site of about mEUR 3.0 and data centers and IT equipment.

The complete development of intangible assets is disclosed in the separate appendix to the notes to the consolidated financial statements "Changes in intangible assets and property, plant and equipment in financial year 2020".

3. Right-of-use assets

The Group mainly rents office space and the respective car parking spaces. The remaining terms of these leases are between one and ten years. All long-term leases concern sites that are to be retained in the longer term. As any asset retirement obligations under these leases are linked to early termination, it is currently not expected that the Group will be required to honor them. Some of the property leases provide for rent increases that are linked to (price) indices. These were measured at the index level valid at the commencement date.

Leases have also been agreed for vehicles. They typically have a term of two to three years.

Leases for hardware, operating and office equipment are of minor importance. These leases typically have a term of three to five years; the underlying values in use accounted for less than 1 % of the total value of the right-of-use assets on December 31, 2020.

The development of right-of-use assets is disclosed in the separate appendix to the notes to the consolidated financial statements Changes in intangible assets and property, plant and equipment in financial year 2020.

4. Financial assets

a) Investments in associated companies and joint ventures accounted for using the equity method

kEUR	Dec 31, 2020	Dec 31, 2019
Joint ventures		
MGS Meine Gesundheit Services GmbH	0	785
Associated companies at equity		
Mediaface GmbH	50	50
AxiService Nice S.a.r.l.	0	0
Technosante Nord-Picardie SAS	8	8
Smoove Software S.r.l.	85	85
R56+ Regionalmarketing GmbH & Co. KGaA	10	10
R56+ Management GmbH	0	0
Better@Home Service GmbH	1,849	0
Total	2,002	938

Better@Home Service GmbH

Due to the acquisition of additional shares in Better@Home Service GmbH by CompuGroup Medical Research GmbH, the company, which was priorly recognized under other equity investments is now recognized under associated companies.

kEUR	2019*
Revenue	112
Depreciation and amortization	–11
Other expenses	–1,018
Other comprehensive income	103
Total result	–814

	Dec 31, 2019
Current assets	854
thereof cash and cash equivalents	10
Non-current assets	191
Current liabilities	74
Non-current liabilities	134
Net assets	837
Group's share of the joint venture at the beginning of the period	1,303
Portion of the total result	–202
Capital measures/dividends/changes in the scope of consolidation during the period	748
Group's share of the associated company at the end of the period	1,849
Carrying amount of the interest in joint venture at the end of the period	1,849

* No current information was available as of the balance sheet date.

MGS Meine-Gesundheit-Services GmbH

Summarized financial information regarding MGS Meine Gesundheit Services GmbH are as follows:

kEUR	2020	2019
Revenue	8,437	5,617
Depreciation and amortization	–3,688	–3,091
Interest expense	–708	–216
Other expenses	–8,205	–6,930
Total result	–4,164	–4,620

	Dec 31, 2020	Dec 31, 2019
Current assets	7,145	9,463
thereof cash and cash equivalents	5,326	7,339
Non-current assets	14,110	10,675
Current liabilities	3,050	768
Non-current liabilities	17,000	14,000
Net assets	1,206	5,370
Group's share of the joint venture at the beginning of the period	785	2,570
Portion of the total result*	–1,609	–1,785
Group's share of the joint venture at the end of the period	0	785
Carrying amount of the interest in joint venture at the end of the period	0	785

* Thereof, kEUR 824 was not recognized in the carrying amount as excess losses.

Further disclosures in accordance with IFRS 12 on other investments in associates and joint ventures at equity are not provided, as these companies are of minor importance.

b) Other equity investments

These equity investments are measured at fair value. The investments are as follows:

kEUR	Dec 31, 2020	Dec 31, 2019
Better@Home Service GmbH	0	1,303
Qurasoft GmbH	530	0
Sonstige	110	155
Total	640	1,458

5. Income tax receivables, income tax liabilities and deferred taxes

a) Income tax receivables and liabilities

kEUR	Dec 31, 2020	Dec 31, 2019
Income tax receivables	16,652	19,177
Benefit of tax losses to be carried back to recover taxes paid in prior periods	0	0
Income tax receivables	16,652	19,177
Income tax liabilities	19,364	17,973
Income tax liability	18,815	17,420
Other	549	553
Total	2,711	–1,204

Income tax receivables (kEUR 16,652; prior year: kEUR 19,177) comprise current income tax receivables of the Group companies. Income tax liabilities (kEUR 19,364; prior year: kEUR 17,973) essentially relate to current tax expenses less prepayments made (kEUR 18,815; prior year: kEUR 17,420).

b) Deferred tax assets and liabilities

Deferred tax rates abroad ranged between 16 % and 28 % in financial year 2020 (prior year: 16 % and 28 %).

Deferred taxes are calculated using the relevant tax regulations that are effective or enacted as at the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and if the deferred tax assets and liabilities relate to the same taxation authority.

Group company	Substantial evidence according to IAS 12.82
KoCo Connector GmbH	As a result of the positive business situation as part of the nationwide Telematics Infrastructure rollout, it can be assumed that the existing loss carryforwards will be fully utilized in the coming two years, which is why a deferred tax asset was recognized on the full amount of the existing tax loss carryforwards.
CGM US Inc.	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
eMDs Inc.	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
Turbomed Vertriebs- und Service GmbH	As a result of the positive business prospects in the context of the nationwide Telematics Infrastructure rollout, it can be assumed that the existing loss carryforwards will be fully utilized. Given the company's loss history, deferred tax assets are only recognized up to the amount of deferred tax liabilities.
Mondofarma S.r.l.	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CGM Schweiz AG	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CGM LAB Deutschland GmbH	Based on the economic development of the company, it can be assumed that the existing loss carryforwards will be fully utilized, which is why a deferred tax asset has been recognized in full on these loss carryforwards.
CGM LAB International GmbH	Following the merger of the subsidiary CompuGroup Medical Dentalsysteme GmbH with CGM LAB International as at January 1, 2019 and the conclusion of a domination and profit transfer agreement between the two companies, it can be still assumed that the existing tax loss carryforwards will be fully utilized in the future, which is why deferred tax assets were recognized on the full amount.
Medigest Consultores S.L.	Given the company's performance and loss history, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CGM XDENT Software S.r.l.	Based on the historical economic development of the company, a deferred tax asset was recognized in the amount of the deferred tax liability.
APV Ärztliche Privatverrechnungsstelle GmbH	Due to the reorganization measures initiated within the Group, it can be assumed that the existing loss carryforwards can be fully utilized, which is why a deferred tax asset has been recognized for the full amount of these loss carryforwards.

La-Well Systems GmbH	Given the company's loss history, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CGM LAB France SAS	Given the company's performance and loss history, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
Barista Software BVBA	Given the company's loss history, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CompuGroup Medical South Africa (Pty) Ltd.	Based on the economic development of the company, it can be assumed that the existing loss carryforwards will be fully utilized, which is why a deferred tax asset has been recognized in full on these loss carryforwards.
Intermedix SA (PTY) LTD	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
docmetric GmbH	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CompuGroup Medical Research GmbH	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CGM Mobile Services GmbH	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CGM Mobile Software GmbH	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
EBM Medienholding GmbH	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CompuGroup Medical Belgium BVBA	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.

The deferred tax assets and liabilities by consolidated statement of financial position item as at December 31, 2020 are shown in the table below:

	Jan 1, 2020		Recognized in profit or loss		Recognized in OCI		Recognized in equity		Acquisitions/Dis-posals		Dec 31, 2020	
kEUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets kEUR	Deferred tax liabilities kEUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	19	71,676	–1,150	12,403	0	0	0	0	1,474	9,361	343	93,440
Property, plant and equipment	465	1,356	412	–616	0	0	0	0	0	0	877	740
Right-of-use assets	191	11,387	–186	–1,412	0	0	0	0	0	0	5	9,975
Financial assets	42	1,064	–42	–1,064	0	0	0	0	0	0	0	0
Inventories	4,928	387	111	–387	0	0	0	0	0	0	5,039	0
Trade receivables	20	5,052	2,225	–4,490	0	0	0	0	0	0	2,245	4,202
Finance lease receivables*	0	4,733	0	332	0	0	0	0	0	0	0	5,065
Contract assets	21	1,477	267	2,163	0	0	0	0	0	0	288	0
Other assets	1,471	1,209	–1,091	768	0	0	0	0	0	0	380	1,977
Equity	0	0	0	0	0	0	1,120	0	0	0	1,120	0
Provisions for post-employment benefits and other non-current provisions	5,229	19	156	–19	762	0	0	0	0	0	6,147	0
Trade payables	3,114	2,360	–2,790	1,288	0	0	0	0	0	0	324	3,648
Contract liabilities	5,546	0	–1,107	0	0	0	0	0	0	0	4,439	0

Other provisions and liabilities	894	1,379	801	–870	0	0	0	0	0	0	1,695	509
Leasing liabilities	10,573	0	–1,310	5	0	0	0	0	0	0	9,263	5
Tax losses carried forward	4,890	0	4,668	0	0	0	0	0	0	0	9,558	0
	37,404	102,100	963	8,100	762	0	1,120	0	1,474	9,361	41,723	119,561
Offsetting of deferred tax assets against deferred tax liabilities	–31,481	–31,481	0	0	0	0	0	0	–5,289	–5,289	–36,770	–36,770
Total	5,923	70,619	963	8,100	762	0	1,120	0	–3,815	4,072	4,952	82,791

* Including changes due to currency effects.

The netting of deferred tax assets with deferred tax liabilities in the current reporting year amounts to kEUR -5,289 in the acquisitions/disposals column and relates to deferred taxes for the Group as a whole. The deferred tax assets and liabilities by consolidated statement of financial position item for the comparative prior-year period as at December 31, 2019 are shown in the table below:

	Jan 1, 2019		Recognized in profit or loss		Recognized in OCI		Acquisitions/Disposals		Dec 31, 2019	
kEUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	40	66,315	–21	–13,647	0	0	0	19,008	19	71,676
Property, plant and equipment	1,932	809	–1,467	547	0	0	0	0	465	1,356
Right-of-use assets	0	10,416	191	971	0	0			191	11,387
Financial assets	15	31	27	1,033	0	0	0	0	42	1,064
Inventories	3,650	10	1,278	377	0	0	0	0	4,928	387
Trade receivables	1,218	319	–1,198	4,732	0	0	0	0	20	5,052
Finance lease receivables*	0	4,065	0	668	0	0	0	0	0	4,733
Contract assets	872	2,391	–850	–914	0	0	0	0	21	1,477
Other assets	164	613	1,307	596	0	0	0	0	1,471	1,209
Provisions for post-employment benefits and other non-current provisions	3,021	0	2,303	19	–95	0	0	0	5,229	19
Trade payables	170	332	2,944	2,028	0	0	0	0	3,114	2,360
Contract liabilities	6,694	0	–1,148	0	0	0	0	0	5,546	0
Other provisions and liabilities	8,341	43	–7,446	1,337	0	0	0	0	895	1,380
Leasing liabilities	10,416	0	157	0	0	0				
Tax losses carried forward	13,777	0	–8,887	0	0	0	0	0	4,890	0
	50,310	85,344	–12,810	–2,253	–95	0	0	19,008	37,404	102,100
Offsetting of deferred tax assets against deferred tax liabilities	–41,834	–41,834	0	0	0	0	10,353	10,353	–31,481	–31,481
Total	8,476	43,510	–12,810	–2,253	–95	0	10,353	29,361	5,923	70,619

* Including changes due to currency effects.

c) Tax loss carryforwards

kEUR	Dec 31, 2020	Dec 31, 2019
Total losses carried forward	**258,796**	**214,505**
thereof tax deductible	53,579	72,951
thereof unused tax losses carried forward	131,753	72,356
thereof not usable for tax purposes	73,464	69,198

The tax loss carryforwards of kEUR 53,579 (prior year: kEUR 72,951) can currently be carried forward and used unlimited. As at the reporting date, tax loss carryforwards exist in foreign subsidiaries, which are not recognized due to unforeseeable usability. The current estimate may change in future years depending on the results of operations of the companies and tax legislation and may require an adjustment. No deferred tax assets were recognized for these tax loss carryforwards of kEUR 131,753 (prior year: kEUR 72,356), as it is currently assumed that the tax loss carryforwards can probably not be utilized in the context of tax result planning. Loss carryforwards of kEUR 73,464 (prior year: kEUR 69,198) can no longer be utilized for tax purposes. The majority of the loss carryforwards not recognized and non-deductible (for tax purposes) originate from US subsidiaries.

For the calculation of loss carryforwards that are non-deductible (for tax purposes), we use the information on the historical view of tax loss carryforwards in the local tax returns of the subsidiaries concerned.

Deferred tax liabilities essentially relate to capitalized internally generated software at Group level and acquired software licenses, customer relationships and trademark rights from business acquisitions as well as deferred taxes on other consolidation procedures (in particular the elimination of intercompany results).

Deferred taxes break down as follows in relation to their expected future usability:

	Deferred tax assets		Deferred tax liabilities	
kEUR	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Utilization expected within 12 months	2,131	1,313	13,769	8,652
Utilization expected after more than 12 months	2,822	4,610	69,022	61,967
Total	4,953	5,923	82,791	70,619

6. Inventories

	Dec 31, 2020	Dec 31, 2019
Raw materials and supplies	297	151
Products	17,861	27,341
Total	**18,158**	**27,492**

Inventories including write-downs on inventories developed as follows:

kEUR	Dec 31, 2020	Dec 31, 2019
Inventories as of 1 January	**27,492**	**19,579**
Changes in the scope of consolidation	169	1,671
Write-downs in the reporting period	–70	–162
Changes in inventory	–9,446	6,400
Reversal write-downs	22	0
Changes in exchange rate	–9	4
Inventories as of 31 December	**18,158**	**27,492**

There are no inventories pledged as security for liabilities. The inventories reported as at the reporting date are not expected to be held for more than one year.

7. Trade receivables

Trade account receivables are amounts owed by customers for goods sold or services rendered in the ordinary course of business. They are generally payable within 14 days and are therefore classified as current assets. The consist exclusively of contracts with customers. Trade account receivables are initially recognized at the amount of the unconditional consideration. If they contain significant financing components, they must instead be recognized at fair value. The CGM Group does not have any trade account receivables with a significant financing component.

a) Trade receivables

kEUR	Dec 31, 2020 Current	Dec 31, 2020 Non-current	Dec 31, 2019 Current	Dec 31, 2019 Non-current
Trade receivables	150,072	0	114,557	0
Write-down	–12,869	0	–11,575	0
Total	137,203	0	102,982	0

Information on impairments of trade account receivables is provided in note G.6 Credit risk.

b) Trade receivables (regions)

kEUR	Dec 31, 2020	Dec 31,2019
Trade receivables		
of which domestic	68,946	40,473
of which foreign	68,257	62,509
Total	137,203	102,982

8. Finance lease receivables

Finance lease receivables relate primarily to the following Group companies, which offer hardware leases to their customers (including all peripheral devices) with terms of up to five years: Lauer-Fischer GmbH, CGM Clinical Österreich GmbH, CGM Arztsysteme Österreich, HCS Health Communication Service GmbH, Innomed Gesellschaft für medizinische Softwareanwendungen GmbH, CGM Denmark A/S, CGM Dentalsysteme GmbH, CGM Italia SpA, Qualità in Farmacia S.r.l., Farma3tec S.r.l., Mondofarma S.r.l., Vega Informatica e Farmacia S.r.l., ATX Advanced Technology Explained NV, Turbomed Vertriebs und Service GmbH and EPSILOG SAS. Income from these leases is reported in the income statement as revenues. The contracts are classified as finance leases.

The following table provides an overview of the maturities of future lease payments and the interest components of finance lease receivables reported under trade account receivables:

	2020			2019		
kEUR	Future minimum lease payments	Interest component	Present value of future leasing receivables	Future minimum lease payments	Interest component	Present value of future leasing receivables
< 1 year	11,321	1,566	9,755	9,266	1,420	7,846
1–5 years	15,740	1,667	14,073	16,539	1,722	14,817
> 5 years	222	3	219	132	3	129
Total	27,283	3,236	24,047	25,937	3,145	22,792

Finance lease receivables were reduced by the amount kEUR 192 for expected credit losses. Information on the loss allowance for Receivables from finance leases as per IFRS 9 can be found in note G. 6. Credit risk.

9. Contract assets

Contract assets are broken down as follows:

	Dec 31, 2020		Dec 31, 2019	
kEUR	Current	Non-current	Current	Non-current
Contract assets	23,551	36	9,165	0
Write-down	–118	0	–73	0
Total	23,433	36	9,092	0

Contract assets originate exclusively from contracts with customers. For information on impairment recognized as per IFRS 9, please see note G.6. Credit risk.

10. Other financial assets

Other financial assets are broken down as follows:

	Dec 31, 2020		Dec 31, 2019	
kEUR	Short-term	Long-term	Short-term	Long-term
Leasing receivables	25	0	25	0
Loans	43	6,752	207	5,623
Creditors with debit balances	1,275	0	1,525	0
Asset value of liability insurance	0	413	0	414
Deposits	117	1,607	154	1,150
Purchase price receivables	200	536	283	757
Other financial assets	1,003	960	944	1,060
Total	2,663	10,266	3,137	9,003

The following table provides information on impairment on other financial assets:

kEUR	Dec 31, 2020	Dec 31, 2019
Other financial assets	13,031	12,237
Impairment	–102	–97
Total	12,929	12,140

11. Other non-financial assets

Other non-financial assets are broken down as follows:

	Dec 31, 2020		Dec 31, 2019	
kEUR	current	non-current	current	non-current
Capitalized sales commissions	800	1,200	800	1,200
Input tax surplus receivables	7,223	0	2,937	0
Prepayments for future periods	16,035	0	12,020	0
Other	348	0	1,160	0
Total	24,406	1,200	16,918	1,200

In the 2020 financial statements, depreciation and impairment of the costs of obtaining a contract amounted to kEUR 800 (prior year: kEUR 800) and were recognized in personnel expenses in the amount of kEUR 600 (prior year: kEUR 600) and in cost of materials in the amount of kEUR 200 (prior year: kEUR 200). Moreover, costs of obtaining a contract amounting to kEUR 800 (prior year: kEUR 800) were again capitalized in the financial year as at December 31, 2020 in line with the carrying amount.

12. Cash and cash equivalents

kEUR	Dec 31, 2020	Dec 31,2019
Cash and cash equivalent	74,605	43,785
Restricted cash	1,305	2,565
Total	75,910	46,350

As at December 31, 2020, cash and cash equivalents include restricted cash held by subsidiaries in countries with restrictions on foreign exchange transactions. These are subject to legal transfer restrictions and are therefore not available to the Group for general use. This mainly relates to South Africa (kEUR 55, prior year: kEUR 63). Furthermore, restricted cash includes an amount of kEUR 1,250 (prior year kEUR 2,500) from the Netherlands in an escrow account, which is managed under a fiduciary relationship and is therefore not available for general use.

Cash at banks relates to current accounts, currently bearing interest at 0 % per year. Please see the statement of Cash flows for information on changes in cash.

13. Equity

a) Subscribed capital

The company's subscribed and authorized capital consists of:

kEUR	Dec 31, 2020	Dec 31, 2019
Issued and fully paid ordinary shares		
53,734,576 nominal shares of € 1.00 each	53,735	53,219
Authorized capital		
26,094,449 nominal shares of € 1.00 each	26,094	26,610

(i) Issued and fully paid ordinary shares

The company has only one class of shares. These do not grant entitlement to a fixed dividend. Subscribed capital is divided into 53,734,576 no-par registered shares, having the securities ID number A28890 (ISIN: DE000A288904). Subscribed capital cannot be repaid.

(ii) Authorized capital

We refer to the explanations on authorized capital in the section Authorization of the general partner to Issue and Buy Back Shares in the Management Report.

(iii) Contingent capital

We refer to the explanations on contingent capital in the section Authorization of the general partner to Issue and Buy Back Shares in the Management Report.

b) Treasury shares

The total holding of 4,806,709 treasury shares was placed with qualified investors by way of an accelerated book building process at a placement price of EUR 64.00 each as at June 22, 2020. The gross issue proceeds of the placement amount to mEUR 307.6. As at December 31, 2020, CompuGroup Medical SE & Co. KGaA therefore no longer holds any treasury shares (prior year: 4,806,709, representing 9.03 % of the share capital).

The company's treasury shares result from the following acquisitions and disposals:

Financial Year	Period of the buyback program / date of sale of treasury shares	Number of shares repurchased/ sold	Interval acquisition cost/sale price in EUR	Weighted average acquisition cost/sale price per share in EUR
2018		4,013,458		
2019	January 2 to March 19, 2019	377,652	39.6816 to 53.3255	47.8901
2019	September 18 to December 30, 2019	415,599	52.1297 to 58.7994	55.2865
2020	June 22, 2020	–4,806,709	64.0000	64.0000
Total		0		

CompuGroup Medical SE & Co. KGaA is authorized by resolution of the Annual General Meeting of May 16, 2019 in conjunction with the resolution on the change of legal form of May 13, 2020 to acquire treasury shares up to a total of 10 % of the share capital existing at the time of the resolution or, if this amount is lower, of the share capital existing at the time this authorization is exercised. Please refer to the detailed information on Authorization to Acquire and Use (Including Cancellation of) Treasury Shares in the management report.

c) Reserves

The changes in the CGM Group's reserves under consolidated equity are as follows:

kEUR	Dec 31, 2020	Dec 31, 2019
Balance as at January 1	310,712	273,067
Group net income	73,192	65,819
Actuarial gains and losses	–1,855	–4,107
Capital increase	32,169	0
Dividend distribution	–24,206	–24,414
Stock options programm	2,059	1,435
Additional purchase of shares from non-controlling interests after control	207	–1,088
Sale of own shares	218,981	0
Balance as at December 31	611,259	310,712

The most significant developments in 2020 are described below:

The consolidated net income for the period (attributable to the shareholders of the parent company) of kEUR 73,192 (prior year: kEUR 65,819) was transferred to Reserves.

By way of resolution of the Annual General Meeting of May 13, 2020 a dividend of kEUR 24,206 (prior year: kEUR 24,414) was distributed to the shareholders, which translates to a dividend of EUR 0.50 (prior year: EUR 0,50) per entitled share.

By contrast, reserves (capital reserves, retained earnings and dividends on equity instruments) were reduced by the actuarial loss of kEUR -1,855 (prior year: kEUR - 4,107).

By acquiring additional shares of non-controlling interests after having already held a majority interest, the reserves increased by kEUR 207 (prior year: kEUR -1,087).

The expenses for share options of the Managing Directors and Senior Management (Frank Brecher, Dr. Ralph Körfgen, Dr. Eckart Pech, Michael Rauch, Hannes Reichl and Agnieszka Mögelin-Zinger) amounted to kEUR 2,059 (prior year: kEUR 1,435) and were recognized in other reserves.

If a final dividend is recommended, it will be conditional on shareholder approval at the Annual General Meeting in 2021; therefore, it is not recognized as a liability in the consolidated financial statements. The company will not experience any income tax effects as the result of a dividend. The amount of the dividend is exclusively dependent on the separate financial statements of CompuGroup Medical SE & Co. KGaA. For financial year 2020, a dividend of EUR 0.50 per entitled share will presumably be proposed, which translates to a total amount of kEUR 26,867.The total distribution amount stated above does not take into account any change in the number of shares entitled to dividends as a result of any capital measures and share buybacks.

d) Reserves from foreign currency translation

kEUR	Dec 31, 2020	Dec 12, 2019
Balance as at January 1	–18,504	–19,310
Changes in unrealized gains/losses	350	–1,268
Changes in realized gains and losses (Recycling)	–8,173	2,074
Balance as at December 31	–26,327	–18,504

Exchange differences from translating the functional currency of foreign operations into the Group's reporting currency (EUR) are recognized in the consolidated financial statements directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences which were recognized earlier in the foreign currency translation reserve (translation of net assets of foreign operations) are reclassified to the income statement once a partial or complete sale of the foreign operation has been performed.

The loan conversion of the intercompany loan relationship between CompuGroup Medical SE & Co. KGaA and CompuGroup Holding USA, Inc. took place as planned in the third quarter of 2020. The realized gains/losses accumulated in recycling to that date were thus reclassified as unrealized gains/losses in foreign currency reserves.

An intercompany loan between CompuGroup Medical SE & Co. KGaA and CompuGroup Medical Bilgi Sistemleri A.S. was also measured in accordance with IAS 21.15 in the current financial year. The currency loss of kEUR 1,956 was also reported in other comprehensive income under Currency translation.

e) Non-controlling interests

Non-controlling interests by company

	Medicitalia S.r.l.		IS Informatik Systeme Gesellschaft für Informationstechnik mbH		Farloyalty S.r.l.		Vega Informatica e Farmacia S.r.l.		HABA Computer AG		Total	
kEUR	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Amount of holding	90%	90%	100%	100%	51%	51%	100%	90%	98%	98%	-	-
Voting interest	90%	90%	100%	100%	51%	51%	100%	80%	98%	98%	-	-
Equity of non-controlling shares	38	62	0	0	192	108	0	607	40	34	270	811
Dividends paid to non-controlling shares	0	0	0	1,214	162	119	0	0	0	0	162	1,333
Assets	–1,784	–1,844	0	0	779	700	0	5,012	1,262	1,659	257	5,527
Liabilities	–3,963	–3,787	0	0	1,145	902	0	7,294	2,449	2,733	–369	7,142
Net income of the company	–237	–31	0	0	500	183	0	670	370	378	633	1,200

Changes in non-controlling interests in financial year 2020

kEUR	Dec 31, 2020	Dec 31, 2019
Balance as at January 1	811	2,111
Share of profit for the year	228	332
Addition Qualitätsverbund MED-IT GmbH & Co. KG	0	62
Dividend distribution to non-controlling shareholder	–162	–1,408
Additional purchase of shares from non-controlling interests after control	–607	–269
Disposal SF Sanità S.r.l.	0	–17
Balance as at December 31	270	811

Acquisition of additional interests in subsidiaries

The CGM Group carried out the following transactions with non-controlling shareholders in financial year 2020:

Addition of Vega Informatica e Farmacia S.r.l., Italy
The transfer of a further 10.5 % interest in Vega Informatica e Farmacia S.r.l. to CompuGroup Medical Italia Holding S.r.l. was resolved as at January 31, 2020. The purchase price was kEUR 400 and has been paid in full as at the reporting date. CompuGroup Medical Italia Holding S.r.l. now holds 100 % of the shares in Vega Informatica e Farmacia S.r.l.

The effect of the change in the CGM Group's interest in the equity attributable to shareholders of the parent company in financial year 2020 is as follows:

	2020	2019		
kEUR	Vega Informatica e Farmacia S.r.l.	Qualitätsverbund MED-IT GmbH & Co. KG	IS Informatik Systeme Gesellschaft für Informationstechnik GmbH	Vega Informatica e Farmacia S.r.l.
Book value of acquired non-controlling interests	–607	–34	33	–268
Purchase price paid to non-controlling shareholders	400	6	1,100	250

14. Retirement plans and provisions for post-employment benefits and other non-current provisions

a) Defined benefit plans

The CGM Group offers defined benefit plans in various countries with different characteristics.

Germany:
There are vested pension obligations for current and former employees in Germany. The acquisition of the German Cerner portfolio, which was completed in financial year 2020, led to a significant increase in defined benefit obligations. In principle, retirement and disability pension commitments with death and survivors' benefits were contractually agreed in the existing portfolio in varying compositions. Where available, these are partially covered by reinsurance policies.

In the context of the business acquisition, the obligation for employees taken over was also additionally recognized through contribution-based Siemens pension plans (BSAV) as well as through already concluded partial retirement agreements. The majority of the employees taken over participate in the BSAV pension plan, which means that future benefits will be based primarily on nominal contributions and their investment income, as well as a guaranteed minimum interest rate. The BSAV plans are partially covered by assets and reinsurance in contractual trust arrangements (CTA).

Italy:
Obligations also exist in Italy within the scope of the TFR Fund (Italian Civil Code Article 2120), which are considered as post-employment benefits in accordance with IAS 19. The TFR fund is equivalent to severance pay based on the years of service that eligible employees receive when they leave the company.

Austria:
Severance payment provisions have been made for the majority of Austrian employees (in accordance with section 23 of the Angestelltengesetz (Austrian Salaried Employees Act) and section 2 of the Arbeiterabfertigungsgesetz (Austrian Employees Severance Pay Act)) that are considered post-employment benefits in accordance with IAS 19. These severance payment provisions constitute a severance payment in relation to payments that eligible employees receive when they leave the company or upon death.

Switzerland:
Employees at the subsidiary CGM Schweiz AG are granted pensions financed by a pension fund consisting of employer and employee contributions and income generated on investments. Given the inclusion of the statutory minimum pension provision in accordance with Swiss law through Swiss occupational pension plans (BVG), the pension plan is recognized as a defined benefit plan. All benefits vest immediately. Under the legal requirements, the employer is required to pay employer contributions that enable the pension fund to finance the minimum level of provision. The pension fund is managed through a trust board comprising employee and employer representatives, which manages and monitors the benefit plan and asset investment.

The Netherlands:
In the Netherlands, there are defined benefit plans typically dependent on salary and years of service. The defined benefit pension plan for the Dutch subsidiary's active employees was changed in 2013. All active employees at that time were transferred to a defined contribution plan. The commitment remains unchanged for former employees who are entitled under the defined benefit pension.

Other countries:

There are also obligations at other foreign subsidiaries for statutory programs in France, India and Turkey. They have a similar structure to the obligations in Italy or Austria and should thus be considered as Post employment benefits in accordance with IAS 19.

Risks:

In general, the CGM Group is exposed to the following actuarial risks with regard to the existing CGM Group defined benefit plans:

- **Longevity risk:**
  The present value of the defined benefit obligation for the corresponding defined benefit plans is determined based on the best estimate of mortality of each beneficiary both during employment and after termination. An increase in the life expectancy of eligible employees leads to an increase in the plan liability.

- **Salary risk:**
  The present value of the defined benefit obligation for appropriate benefit plans is determined based on the expected future salaries of eligible employees. Accordingly, salary increases of eligible employees raise the benefit obligation associated with the plan.

- **Inflation risk:**
  An increase in the long-term inflation assumption would primarily affect the expected pension trend and the expected increase in pensionable salaries.

Risks arising from the payment of benefits to family members (surviving dependent benefits) of eligible employees are partially reinsured by an external insurance company.

Accounting and measurement

Provisions for post-employment benefits are accounted for using the current pension reports, all of which were compiled by external service providers (actuaries).

The following actuarial parameters were taken as a basis for determining the defined benefit obligation and related plan assets:

	Germany		Austria		Netherlands		Italy		France		Switzerland		Turkey		India	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Discount rate(s) in %	0.22	0.39	0.45	0.71	0.63	0.95	0.22	0.71	0.63	0.99	0.00	0.15	11.40	11.70	6.50	n/a
Expected rate(s) of salary increase in %	2.50	n/a	2.50	2.50	n/a	n/a	3.00	3.00	3.00	3.00	1.40	1.60	8.50	8.00	4.00	n/a
Pension growth rate(s) in %	1.75	1.75	n/a	n/a	2.00	1.70	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Domestic pension obligations are based on the new mortality rates applied in Germany (based on the 2018 G Heubeck mortality tables). For the Netherlands, pension obligations are based on the new mortality rates according to the AG2018 table.

The development of the defined benefit plan in the year under review and the prior year is as follows:

kEUR	2020 Present value of pension commitment	2020 Fair value of plan assets	2020 Total	2019 Present value of pension commitment	2019 Fair value of plan assets	2019 Total
Balance as at 1 January	32,298	–5,683	26,615	24,966	–3,908	21,058
Current service costs	2,974	263	3,237	1,767	0	1,767
Interest income/cost	281	–50	231	439	–113	326
Past service cost, including losses/gains on curtailments	–150	0	–150	–59	0	–59
Components of defined costs recognised in profit or loss	**3,105**	**213**	**3,318**	**2,147**	**–113**	**2,034**
Return on plan asset (excluding amounts included in net interests)	0	–159	–159	0	115	115
Actuarial gains and losses arising from changes in demographic assumptions	–7	0	–7	–126	0	–126
Actuarial gains and losses arising from changes in financial assumptions	3,132	0	3,132	4,613	0	4,613
Actuarial gains and losses arising from experience adjustments	–341	0	–341	–590	0	–590
Other effects	–8	0	–8	6	0	6
Components of defined benefit costs recognised in other comprehensive income	**2,776**	**–159**	**2,617**	**3,903**	**115**	**4,018**
Payment of debts/disposal of assets by plan settlement	–178	17	–161	0	0	0
Liabilities assumed in a business combination / acquisitions	15,265	–7,144	8,121	350	0	350
Liabilities assumed in mergers and transfers	–128	0	–128	364	–284	80
Exchange rate differences on foreign pension plans	–123	–39	–162	474	–322	152
Benefits paid	–1,351	317	–1,034	–105	–491	–596
Contributions from the employer	0	–494	–494	0	–481	–481
Contributions from plan participant	206	–206	0	199	–199	0
Other Reconciliation items and Payments	**13,691**	**–7,549**	**6,142**	**1,282**	**–1,777**	**–495**
Balance as at 31 December	51,870	–13,178	38,692	32,298	–5,683	26,615

The annual cost in kEUR 3,318 (prior year: kEUR 2,034) is recognized in personnel expenses of the CGM Group. Defined benefit costs arising from the remeasurement of the net liability for defined benefit plans in the amount of kEUR 2,617 (prior year: kEUR 4,018) were recognized in other comprehensive income.

The fair values of plan assets to secure the pension obligations are broken down as follows:

kEUR		Dec 31, 2020 with quoted market price	Dec 31, 2020 do not have quoted market price	Dec 31, 2020 Total	Dec 31, 2019 with quoted market price	Dec 31, 2019 do not have quoted market price	Dec 31, 2019 Total
Germany	Cash and cash equivalent	1,025	0	1,025	0	0	0
	Equity instruments (shares)	1,189	0	1,189	0	0	0
	Debt instruments (annuity bonds)	3,494	0	3,494	0	0	0
	Liability insurance	0	2,049	2,049	0	689	689
	Other	0	4	4	0	0	0
Switzerland	Other (Pension fund)	0	9,769	9,769	0	9,389	9,389
Netherlands	Liability insurance	0	1,374	1,374	0	1,330	1,330
Total		5,707	13,196	18,903	0	11,408	11,408

The average weighted duration of the pension obligation is 18 years for Germany, 27 years for the Netherlands, 20 years for Switzerland, 19 years for France, 17 years for Austria, 16 years for Italy and 6 years for Turkey.

Changes in provisions for post-employment benefits in the last five years are shown in the following table:

kEUR	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020
Present value of pension commitment	21,770	23,231	24,095	24,966	32,298	51,870
Fair value of plan assets	–2,940	–3,094	–2,926	–3,908	–5,683	–13,178
Shortfall	18,830	20,136	21,169	21,058	26,615	38,692

A total kEUR 4,020 (prior year: kEUR 644) is expected to be paid into defined benefit pension plans in the coming financial year 2021 and recognized in profit or loss accordingly.

Sensitivity analyses

The primary actuarial assumptions used to determine the defined benefit obligation in the CGM Group are the discount rate, expected salary increases, and inflation expectations. The sensitivity analyses presented below are based on the best estimate of potential changes in the assumptions as at the reporting date of December 31, 2020. In the event of a change in one actuarial assumption in the sensitivity analysis, the other actuarial assumptions remain unchanged.

	Increase in %	Increase kEUR	Decrease in %	Decrease kEUR
Impact of the discount rate on pension commitment	0.50%	–18,809	0.50%	21,119
Impact of future salary increases on pension commitment	0.50%	16,914	0.50%	–16,637
Impact of future pension development on pension commitment	0.50%	13,730	0.50%	–13,051

For the above sensitivity analysis, it is unlikely that the scenario in question will occur in reality because it is likely that a change in one actuarial parameter assumption will correlate with others. The sensitivity analysis of the defined benefit obligations applies the same method used to calculate pension provisions recognized in the statement of financial position.

b) Defined contribution plans and state plans

On the basis of statutory or contractual provisions, contributions to the defined contribution plans are paid to state or private pension funds. Expenses recognized in profit or loss totaled kEUR 18,596 in financial year 2020 (prior year: kEUR 16,203).

In 2020, contributions in the amount of kEUR 12,050 (prior year: kEUR 10,112) were paid to the German pension insurance.

c) Anniversary provisions

The anniversary provisions for the German companies (kEUR 5,014; prior year: kEUR 4,366) are calculated with a discount rate of 0.2 % (prior year: 0.4 %). In accordance with the option in IAS 19, the interest component is not accounted as part of net interest result but as part of the operating cost. The calculation is based on the 2018 mortality tables by Professor Dr. Klaus Heubeck and take social security payments into consideration.

15. Financial liabilities (current and non-current)

The financial liabilities of the CGM Group break down as follows:

	Dec 31, 2020		Dec 31, 2019	
kEUR	Current	Non-current	Current	Non-current
Current liabilities to banks	35,298	461,061	38,810	410,839
Other loans	4,472	9,141	4,413	13,617
Total	39,770	470,202	43,223	424,456

In financial year 2020, new liabilities to banks and other loans amounting to kEUR 489,048 (prior year: kEUR 188,495) were obtained and repaid in the amount of kEUR 447,433 (prior year: kEUR 54,005). Financial liabilities increased by kEUR 635 as a result of changes in the consolidation Group.

a) Liabilities to banks

Liabilities to banks break down as follows:

kEUR	Book value as at Dec 31,2019	Interest rate as at Dec 31,2020	Currency	Due Year	Book value as at Dec 31,2020	Fair value as at Dec 31,2020
Syndicated Loan	398,855	0.61%	EUR	2026	453,349	453,349
Secured bank loan	15,000	-	EUR	-	-	-
Other secured bank loans	7,841	2,75 % - 3,30 %	EUR	2022-2023	4,478	4,803
Other unsecured bank loans	27,952	0,03 % - 3,10 %	EUR	2021-2032	37,897	38,305
Other unsecured bank loans		1,00 % - 4,90 %	USD	2022-2032	635	784
Total	449,648		EUR		496,359	497,240

On January 28, 2020, CGM took out a new credit facility of mEUR 1,000 with a term of at least five years; the facility comprises a revolving multi currency credit facility (RCF) of mEUR 600 and a mEUR 400 term loan (TLF). In this context, the existing syndicated loan agreement was terminated and repaid.

The syndicated loan has a total term of five years with two renewal options of one year each for the revolving credit facility. The first option was exercised in January 2021. The interest rate is based on EURIBOR (LIBOR for foreign currency loans) for the selected interest period plus a margin that can change in contractually agreed stages in line with the leverage ratio. A margin of 0.95 % (TLF) and 0.65 % (RCF) was set for the first six months of the term. As at December 31, 2020, the TLF was utilized in the amount of mEUR 400 and the RCF in the amount of mEUR 56. The interest rate was 0.65 % for the TLF and 0.35 % for the RCF as at December 31, 2020.

In addition, loan commitment fees in the total amount of kEUR 3,292 were incurred in 2020, which are recognized in profit or loss using the effective interest method over the term of the loan agreement.

The amount recognized in 2020 was kEUR 1,785 (prior year: kEUR 297), kEUR 1,145 of which relate to the release of the remaining transaction costs of the redeemed syndicated credit facility. The interest rates for the syndicated loan have not been hedged. The loans are subject to compliance with contractually agreed financial covenants (leverage ratio).

Various German Group companies have issued joint and several payment guarantees for this loan agreement (default liability for nonpayment by CompuGroup Medical SE & Co. KGaA).

In the 2020 financial year under review, CompuGroup Medical fully complied with all financial covenants in the existing loan agreements.

b) Other loans

Other loans as at December 31, 2020 amounted to kEUR 13,613 (prior year: kEUR 18,030). This mainly relates to the financing of the "OneGroup Project" in the form of a "sale and hire-purchase back" transaction, which is reported under other financial liabilities.

c) Expected payments for financial liabilities

kEUR	Total financial debt	of which liabilities to banks
2021	39,770	35,298
2022	8,093	3,545
2023	6,987	2,394
2024	1,011	1,011
2025 and after	454,111	454,111
Total	509,972	496,359

16. Lease liabilities (current and non-current)

Lease liabilities break down as follows:

	Dec 31, 2020		Dec 31, 2019	
kEUR	current	non-current	current	non-current
Liabilities Land and Buildings	12,201	24,305	9,970	23,600
Liabilities Vehicles	4,276	3,582	4,521	4,660
Liabilities Other	99	102	145	229
Total	16,576	27,989	14,636	28,489

For further details, please refer to section D. note 15. Leases. The lease liabilities of the companies acquired in financial year 2020 amount to kEUR 8,751 as at December 31, 2020.

17. Purchase price liabilities (current and non-current)

	Dec 31, 2020			Dec 31, 2019		
kEUR	current	non-current	Total	current	non-current	Total
Fablab S.r.l.	0	2,603	2,603	0	2,603	2,603
Farma3Tec S.r.l.	1,720	0	1,720	1,720	0	1,720
La-Well Systems GmbH	0	0	0	0	1,381	1,381
Qualizorg B.V.	1,250	0	1,250	0	2,500	2,500
Innomed GmbH	5,822	0	5,822	5,687	0	5,687
Schuyler House Inc.	419	839	1,258	0	0	0
eMDs Inc.	1,444	0	1,444	0	0	0
Other	1,422	338	1,760	2,713	1,307	4,020
Total	12,077	3,780	15,857	10,120	7,791	17,911

Changes to prior year

La-Well Systems GmbH: In financial year 2020, a call option was carried out for the acquisition of further 25 % of the shares in La-Well Systems GmbH. The exercise price amounted to kEUR 438 and was paid in full as at December 31, 2020.

Qualizorg B.V.: In financial year 2020, contingent purchase price payments of kEUR 1,250 were effected.

Current Purchase Price Liabilities (due in less than one year)

Innomed Gesellschaft für medizinische Softwareanwendungen GmbH: Purchase price liabilities from the put options held by non-controlling shareholders for the outstanding 19.8 % of shares in Innomed. The purchase price is based on the average EBITDA for the years 2019 and 2020 multiplied by the factor six. Furthermore, the undistributed profits totaling kEUR 5,377 since financial year 2010 are recognized pro rata (19.8 %) in the purchase price liability (kEUR 5,822). Following a contractual extension, the put options can now be exercised until December 31, 2023.

Farma3Tec S.r.l.: Call and put options were agreed for the acquisition of the outstanding 20.02 % of the shares. Following a contractual extension of the exercise period for both the call and the put options, these can now be exercised at any time between August 30, 2019 and April 30, 2021 at a fixed purchase price of kEUR 1,720.

Qualizorg B.V.: According to the signed share purchase agreement, the purchase price for 100 % of the shares amounts to kEUR 9,656, kEUR 8,406 of which was already paid as at the reporting date. In addition, contingent purchase price payments of kEUR 1,250 are expected by 2021.

Schuyler House Inc.: Contingent considerations were agreed in the purchase agreement that foresee three additional purchase price payments which are based on pre-defined earnings figures. The amount of the expected payment amount totals kEUR 1,258 and is reported under both current and non-current purchase price liabilities.

eMDs Inc.: As per the share purchase agreement, purchase price components exist that are based on pre-defined earnings figures. The expected amount from these contingent purchase price components totals kEUR 1,444 and is reported under current purchase price liabilities.

Non-Current Purchase Price Liabilities (due in more than one year)

Fablab S.r.l.: Contingent considerations in the form of earn-out agreements were agreed in the purchase agreement that foresee two additional purchase price payments which are based on pre-defined earnings figures for financial years 2021 and 2022. The amount of the expected payment from the earn-out agreements totals kEUR 2,603 and is reported under non-current purchase price liabilities.

Schuyler House Inc.: Non-current share of the reported purchase price liabilities of kEUR 839 as at December 31, 2020.

18. Trade payables

kEUR	Dec 31, 2020	Dec 31, 2019
Trade payables	64,524	47,093

Trade payables amounting to kEUR 64,524 (prior year: kEUR 47,093) all have a remaining term to maturity of up to one year. The trade payables from businesses acquired in the financial year 2020 amount to kEUR 5,944.

19. Contract liabilities

Contract liabilities are broken down as follows

	Dec 31, 2020		Dec 31, 2019	
kEUR	Current	Non-current	Current	Non-current
Contract liabilities	63,894	6,628	42,485	6,114

Contract liabilities originate exclusively from contracts with customers. The revenues recognized in 2020, which were included in the balance of contract liabilities at the beginning of the financial year, amount to kEUR 42,485 (prior year: kEUR 33,951), kEUR 12,196 (prior year: kEUR 13,594) of which relates to performance obligations that were fulfilled or partially fulfilled in earlier periods.

The acquisition of subsidiaries increased contract liabilities by kEUR 26,010 (prior year: kEUR 9,281).

20. Other provisions

The development of short-term provisions for personnel and other provisions for the financial year 2020 is as follows:

kEUR	Personnel expenses	Guarantee and sales commitments	External year-end accounting costs	Legal charges	Others	Total
Balance as at Jan 1, 2020	35,315	1,974	2,192	1,557	1,119	42,156
Exchange rate differences	–149	–21	–7	–13	–2	–192
Addition from first-time consolidation	3,008	0	0	244	1,811	5,063
Arising during the year	24,882	185	1,705	996	393	28,161
Utilized	–22,632	–309	–1,542	–118	–397	–24,998
Unused amounts reversed	–2,608	–50	–111	–128	–17	–2,914
Balance as at Dec 31, 2020	37,816	1,779	2,237	2,538	2,907	47,277

The development of short-term provisions for personnel and other provisions for the prior-year period 2019 is as follows:

kEUR	Personnel expenses	Guarantee and sales commitments	External year-end accounting costs	Legal charges	Others	Total
Balance as at Jan 1, 2019	**41,873**	**1,751**	**2,288**	**1,418**	**3,471**	**50,801**
Exchange rate differences	15	4	3	–4	–4	13
Addition from first-time consolidation	1,816	68	71	76	144	2,175
Disposal due to deconsolidation	0	0	0	–16	0	–16
Arising during the year	25,974	415	1,421	409	320	28,539
Utilized	–32,329	–206	–1,246	–182	–2,333	–36,296
Unused amounts reversed	–2,034	–58	–345	–144	–479	–3,060
Balance as at Dec 31, 2019	**35,315**	**1,974**	**2,192**	**1,557**	**1,119**	**42,156**

Provisions for personnel expenses primarily result from provisions for wages/salaries as well as bonuses/commission (2020: kEUR 29,880; prior year: kEUR 27,504). This item also includes provisions for vacation (2020: kEUR 6,736; prior year: kEUR 6,781) and for overtime (2020: kEUR 1,200; prior year: kEUR 1,030). These are calculated on the basis of the underlying hourly rates and social security deductions.

The provisions for guarantees relate to contractual commitments in connection with the installation of hospital software solutions.

The provisions recognized for litigation costs in financial year 2020 largely stem from the subsidiaries in France (2020: kEUR 1,273; prior year: kEUR 1,117). They mainly relate to legal disputes with former employees and customers.

Provisions for guarantees and litigation costs are, by their very nature, subject to higher levels of uncertainty. Other provisions essentially relate to short-term provisions.

21. Other financial and non-financial liabilities

a) Other financial liabilities

Other financial liabilities break down as follows:

	Dec 31, 2020		Dec 31, 2019	
kEUR	current	non-current	current	non-current
Loans	4,472	9,141	4,413	13,617
Debitors with credit balances	1,258	0	1,559	0
Other financial liabilities	4,107	3	1,877	2
Total	9,837	9,144	7,849	13,619

Loans essentially include the financing of the SAP One Group project.

b) Other non-financial liabilities

Other non-financial liabilities are broken down as follows:

	Dec 31, 2020		Dec 31, 2019	
kEUR	current	non-current	current	non-current
VAT, payroll tax	13,647	0	8,127	0
Guarantees	0	1,200	0	1,193
Liabilities from social security costs	3,107	0	3,143	0
Other non-financial liabilities	338	0	87	0
Liabilities from wages and salaries	4,595	0	3,826	0
Total	21,687	1,200	15,183	1,193

22. Sales revenues

Revenues can be broken down as follows:

kEUR	2020	2019
Software licenses	58,131	53,668
Software maintenance and other recurring revenues	524,718	460,816
Services	99,110	95,718
Hardware	115,090	92,589
Advertising, e-detailing and data	37,155	34,314
Other revenues	3,055	8,703
Total	837,259	745,808

The revenues from Software Assisted Medicine of mEUR 3,991 that were reported separately in financial year 2019 are recognized under Other revenues from 2020 onwards.

Revenues are essentially generated from contracts with customers within the meaning of IFRS 15. Other revenues that do not fall under the scope of IFRS 15 (kEUR 8,354, prior year: kEUR 12,154) result from leases with customers.

Please refer to the segment report for a breakdown of revenues in accordance with IFRS 15.114.

No information is provided on the remaining benefit obligations as at December 31, 2020, which have an original expected duration of one year or less according to IFRS 15.

The total amount of the transaction price of the unfulfilled or partially unfulfilled performance obligations as at December 31, 2020, is kEUR 132,617 (prior year: kEUR 85,541). Management expects that this will result in the recognition of the following amounts of revenues in the coming financial years:

within 1 year kEUR	1 - 5 years kEUR
53,226	79,391

23. Research and development expenses and capitalized in-house services

a) Research and development expenses

Research and development expenses include all costs arising in the course of software research and development activities. In financial year 2020, these costs amounted to mEUR 152.5 (prior year: mEUR 134.9).

Of this amount, mEUR 81.8 (prior year: mEUR 79.6) relate to development costs incurred due to statutory or contractually obligated development work (updates, maintenance, etc.), which cannot be predetermined or controlled by the CGM group.

The other expenses for research and development, which were recognized in profit or loss, amounted to mEUR 70.7 (prior year: mEUR 55.3), mEUR 31.9 (prior year: mEUR 24.6) of which was recognized as capitalized internally generated software.

b) Capitalized in-house services

Capitalized in-house services within the CGM group relate to the capitalization of expenses for internally generated software and the applicable expenses of its own employees for the group-wide launch of the new enterprise resource planning (ERP) and customer relationship management (CRM) software as part of the "One group" project that satisfies IAS 38 criteria.

Approximately 656 thousand working hours were rendered in financial year 2020 and capitalized along with their applicable cost rates (prior year: approximately 538 thousand hours). Depending on the country, the hourly rate for capitalization is between EUR 24 and EUR 80.

The assets in progress were tested for impairment but did not give rise to any impairment losses for financial year 2020.

24. Other income

kEUR	2020	2019
Income from services performed	1,326	643
thereof rental income	141	178
thereof services related income	77	51
thereof investment grants	1,108	414
Remaining other operating income	9,236	12,815
thereof compensation received from damages	339	582
thereof gain on sale of fixed assets	282	373
thereof revenues from valuation allowances/reversals	5,210	4,787
thereof other	3,405	7,073
Total	10,562	13,458

Rental income essentially relates to the letting of office, warehouse and training space.

Investment grants were provided to subsidiaries in Germany, the Netherlands and Sweden.

The income from services performed relates to income from the provision of administrative services for related parties.

Income from impairment/reversals mainly includes income of kEUR 2,771 of the parent company. It primarily relates to reversals of M&A provisions recognized in 2019.

25. Expenses for goods and services purchased

kEUR	2020	2019
Software licenses	10,397	10,948
Software maintenance and other recurring revenues	59,118	41,923
Professional services	16,980	15,470
Hardware	62,478	62,149
Advertising, eDetailing and data	4,772	4,706
Other cost of goods	2,433	3,760
Total	156,178	138,956

Purchased services for software maintenance and other recurring sales revenue primarily relates to external service providers operating the customer service hotline and sales activities.

26. Personnel expenses and employees

a) Personnel expenses

kEUR	2020	2019
Salaries	298,957	270,868
Employer social security costs	64,772	56,707
of which net pension expenses – Benefits	3,318	2,034
of which net pension expenses – Contribution	18,596	16,203
Termination benefits	2,424	1,581
Other personnel expenses	10,899	10,285
Total	377,052	339,442

In financial year 2020, contributions to domestic statutory pension insurance amounted to kEUR 12,050 (prior year: kEUR 10,112).

b) Employees

The average number of CGM group employees in financial years 2020 and 2019 breaks down as follows:

Headcount (HC)	2020	2019
Full-time employees	5,113	4,501
Apprentices	173	169
Part time	845	746
Total	6,131	5,416

The average number of employees in a managerial role within the CGM group amounts to 95 (prior year: 86). The Managing Directors were not counted.

27. Other expenses

Other expenses can be broken down as follows:

kEUR	2020	2019
Outsourcing	54,713	34,383
Legal and consulting fees	26,785	26,281
Advertising/entertainment	9,531	10,876
Travel expenses	4,048	9,641
IT (software, maintenance etc.)	10,938	9,296
company cars	7,483	7,798
Occupancy	8,821	6,755
Losses on disposal of fixed assets	146	798
Other	22,232	17,447
Total	144,695	123,275

After the conversion of CompuGroupMedical SE in a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) as at June 18, 2020, all previous management board members of CGM SE were appointed as Managing Directors of CompuGroup Medical Management SE. As at that date, their remuneration is no longer included in personnel expenses, but in external services. This results in an increase in other expenses by kEUR 10,575. The "Other" item relates, in particular, to costs for the Supervisory Board and members of the Works Council of kEUR 619 (prior year: kEUR 560) and incidental costs of monetary transactions of kEUR 1,166 (prior year: kEUR 1,115).

28. Depreciation and amortization

Depreciation of property, plant and equipment breaks down as follows:

kEUR	2020	2,019
Property and buildings	2,343	2,432
Other fixed assets and office equipment	11,386	9,486
Total	13,729	11,918

Amortization of intangible assets breaks down as follows:

kEUR	2020	2,019
Goodwill	0	1,250
Acquired software rights	14,217	12,870
Customer relationships	18,012	13,937
Trademark rights	2,034	1,883
Order backlog	4,589	0
Capitalized inhouse services	5,899	4,063
Total	44,751	34,004

Of this amount, kEUR 31,056 relates to depreciation and amortization from purchase price allocations (prior year: kEUR 20,988).

Depreciation of right-of-use assets breaks down as follows:

kEUR	2020	2,019
Property and buildings	11,452	11,130
Vehicles	5,477	5,276
Other	198	197
Total	17,127	16,603

CompuGroup Medical Singapore PTE.LTD was liquidated in financial year 2020. This resulted in an impairment loss of kEUR 100.

29. Result from companies accounted for using the equity method

The results from companies accounted for using the equity method in financial year 2020 amount to kEUR - 931 (prior year: kEUR - 1,785). This essentially results from the valuation at equity of MGS Meine Gesundheit Services GmbH.

30. Financial income and financial expenses

a) Financial income

Financial income can be broken down as follows:

kEUR	2020	2019
Bank interest	548	890
Currency gains	144	329
Other	1,959	848
Total	2,651	2,067

Bank interest includes interest income from bank balances of kEUR 244. In financial year 2019, these costs amounted to kEUR 764. In financial year 2020, other financial income primarily includes income from the reversal of purchase price liabilities of kEUR 955 (prior year: kEUR 674) and interest income on tax of kEUR 974 (prior year: kEUR 161).

b) Financial expenses

Financial expenses are broken down as follows:

kEUR	2020	2019
Bank interest	5,378	4,306
Capitalized borrowing costs on qualified assets	–803	–699
Transaction costs/loan commitment fees	1,785	297
Increase/change in purchase price liabilities	937	1,198
Interest on lease liabilities	722	712
Currency losses	4,414	159
Other	630	1,834
Total	13,063	7,808

Other financial expenses include interest on tax liabilities of kEUR 130 (prior year: kEUR 1,361).

The amount of currency losses of kEUR 4,414 (prior year: kEUR 159) arose especially from exchange rate losses in Turkey.

Transaction costs rose by kEUR 1,488 to kEUR 1,785. For more detailed information, please refer to section D, note 15. a) Liabilities to banks.

31. Income taxes

Income taxes are comprised as follows according to their origin:

kEUR	Dec 31, 2020	Dec 31, 2019
Current income taxes	29,767	31,556
thereof Germany	9,676	12,216
thereof other countries	20,091	19,340
Deferred taxes	7,239	10,038
Total	37,006	41,594

Current tax expenses include a tax expense of kEUR 968 for prior financial years (prior year: kEUR 3,200). There were also tax effects of prior losses in Germany. Deferred tax expenses include kEUR 278 (prior year: kEUR 1,536) for the recognition and reversal of temporary differences and kEUR - 4,668 (prior year: kEUR 8,887) from the consumption of tax losses in prior periods, for which deferred tax assets had been recognized.

(Deferred) income taxes, which are recognized directly in other comprehensive income, are broken down as follows:

kEUR	31.12.2020	12/31/2019
Current taxes	0	0
Deferred taxes	–762	95
Arising in connection with income and expenses recognized in other comprehensive income:	–762	95
Remeasurement of defined benefit obligation	–762	95
Deferred tax recognized in other operating income	–762	95

The consolidated tax rate serves as the basis for corporation tax and legal structure planning. The group tax rate is taken as meaning the figure that conveys information on the tax expense (income) of the company. The notional group tax rate is calculated by dividing the reported income tax expense by the result for the year before taxes. Consequently, the consolidated tax expense is the total amount of current and deferred taxes whereby the utilization of loss carryforwards, the use of tax credits, tax allowances and the carrying amount of deferred tax assets have a favorable effect on the final consolidated tax rate.

The weighted average tax rate was unchanged from the prior year at 30 %, which is equal to the corporate tax rate on taxable profits to be paid by CompuGroup Medical SE & Co. KGaA in Germany. Under German tax law, income taxes consist of corporation tax, trade tax and the solidarity surcharge for the former East Germany. For domestic legal entities of the CGM group, the corporate tax amounts to 15 % (prior year: 15 %), the solidarity surcharge amounts to 5.5 % on corporation tax (prior year: 5.5 % on corporation tax) and the trade tax amounts to 14 % (prior year: 14 %). For the foreign subsidiaries, the effective national tax rates are applied for the financial year.

The reconciliation between the statutory tax rate (nominal) and the actual tax rate is shown below:

	31.12.2020		Dec 31, 2019	
kEUR		in %		in %
Earnings before taxes (EBT) from continuing operations	110,426		107,745	
Tax expense at a tax rate of 30%	33,128	30.00%	32,324	30.00%
Effects of differing national tax rates	–3,994	–3.62%	–1,997	–1.85%
Effects of changes in tax rates on deferred taxes	–834	–0.75%	–357	–0.33%
Effects from tax losses and offset options for which no deferred tax asset was recognized	2,313	2.09%	4,641	4.31%
Effects from the priorly unrecognized and unused tax losses and offset options that are now recognized as deferred tax assets	–335	–0.30%	–111	–0.10%
Effects of non-tax-deductible expenses	1,687	1.53%	2,235	2.07%
Effects of tax-free earnings	–80	–0.07%	–71	–0.07%
Impact of non taxable goodwill amortization/ impairment	0	0.00%	311	0.29%
Tax expense from prior years (True-Up's)	–147	–0.13%	1,807	1.68%
Effects on tax expense from prior years due to tax audits	741	0.67%	1,879	1.74%
Tax effects from permanent tax differences	0	0.00%	–486	–0.45%
Effects from stock option programs	2,059	1.86%	430	0.40%
Other differences	2,469	2.24%	989	0.92%
Effective income tax expense	37,006	33.51%	41,594	38.60%

The effects of changes in tax rates on deferred taxes essentially relate to the French and Swedish subsidiaries.

Effects from deferred tax assets on tax loss carryforwards and temporary differences not recognized predominantly result from CompuGroup Medical Inc., USA, CompuGroup Medical Schweiz AG, Switzerland, CGM Mobile Services GmbH, Turbomed Vetriebs- und Service GmbH and docmetric GmbH, all Germany.

The effects on tax expenses from prior years due to the tax audit result from risks on the basis of expected results from changes in the findings of external audits.

The actual tax expense includes tax expenses of domestic and foreign companies which are related to other periods.

32. Earnings per share from continuing operations

	Dec 31, 2020	Dec 31, 2019
Consolidated net income for the period from continuing operationsallocated to the parent company in kEUR	73,192	65,819
Number of ordinary shares	53,734,576	53,219,350
Treasury shares	0	4,806,709
Outstanding ordinary shares at closing date	53,734,576	48,412,641
Earnings per share from continuing operations (in EUR)		
– undiluted	1.43	1.35
– diluted	1.40	1.33

The (undiluted) earnings per share are calculated by dividing the consolidated net income for the year by the weighted average number of shares issued. The share options granted by the company lead to a dilution of earnings per share.

The time-weighted number of shares issued as at the reporting date, including share options, amounts to 52,367,125 (prior year: 49,422,217).

F. Segment reporting

For the definition of the business segments, the managing directors draw on internal reports that are also available to the Supervisory Board and analysts for their strategic decisions. In order to reflect regional differences of the healthcare industry with regard to organization and regulation, the reporting covers product and service-related financial data and regional information. For management purposes and resource allocation, the product and service-related structure is a decisive parameter and is divided into a total of four business segments.

As of January 1, 2021, CGM has adjusted the allocation of individual profit centers in the segment reporting. As a significant change, the Telematics Infrastructure activities were bundled in the CHS segment.

For the purpose of assessing and evaluating the operating segments, the managing directors use the earnings indicator "earnings before interest, taxes, depreciation and amortization (EBITDA)", which therefore represents the segment result.

The activities included under "All other Segments (IFRS 8.16)" mainly comprise income and expenses from the software development operations based centrally in Koblenz. In addition, compared with the prior year, these corporate functions managed centrally from the Koblenz site (e.g., IT, Human Resources, and Legal) are shown under All other Segments.

The column "consolidation" shows the consolidation adjustments between the segments.

The segment information is based on the same reporting and valuation methods as the consolidated financial statements. The business relationships between the companies of the group's segments are generally based on prices that would also be agreed with third parties.

For further detailed information on segment reporting, please refer to the management report, section 1.1 Group business model.

G. Other disclosures

1. Notes on cash and the cash flow statement

The CGM group prepares the consolidated cash flow statement in accordance with IAS 7 Statement of Cash Flows. In doing so, the CGM group discloses its cash flows in order to reveal the sources and uses of cash and cash equivalents. It distinguishes between cash flows from operating activities, investing activities and financing activities.

Cash funds include cash on hand, checks, cash at banks and other financial assets with a maturity of not more than three months, and correspond to the cash and cash equivalents reported in the balance sheet as at the reporting date. Therefore only short-term securities without any subject to a significant risk of price fluctuations are accounted in cash and cash equivalents. In addition, cash funds include bank deposits (kEUR 1,305), which are mainly classified as restricted cash due to capital export restrictions (see also note 12. Cash and cash equivalents). Effects from currency translation of cash and cash equivalents are adjusted in the calculation and reported separately in the cash flow statement.

Cash flows from operating activities are determined by first adjusting consolidated net income for the period for non-cash items such as depreciation, impairment, write-ups of intangible assets and property, plant and equipment while including changes in provisions and changes in other receivables and liabilities and in net current assets.

Cash flows from investing activities relate to cash outflows for investments in intangible assets, property, plant and equipment, subsidiaries and other business units and investments accounted for using the equity method and jointly controlled entities. In addition, this is where we document the proceeds from the sale of intangible assets and property, plant and equipment and subsidiaries and other business units.

Outflows for acquisitions of subsidiaries and other business units relate to company acquisitions shown in the secion "Company acquisitions and disposals".

With regard to cash flows from financing activities, we report both paid and received dividends, the repayment of debt and new borrowing, payments for the acquisition of non-controlling interests and other financing transactions, and the cash outflows for the principal portions of finance lease liabilities. The change in financial liabilities in the reporting year was dominated by additional borrowing. Furthermore, loans and liabilities from finance leases have been settled according to schedule.

Payments for income taxes for the period are already included in the consolidated net income for the period, which is the basis for the calculation of cash flows from operating activities. Income taxes actually paid in the reporting period are reported as additional information below the cash flow statement. The same applies to the reporting of interest paid and received.

			Non-Cash				
kEUR	Dec 31, 2019	Cash flow from financing activities	changes in scope of consolidation	currency-effects	other effects*	change of fair value	Dec 31, 2020
Current liabilities to banks	449,648	46,028	635	-	48	-	496,359
Lease Liabilities	40,424	–16,762	8,751	241	11,9122	-	44,566
Other loans	18,030	–4,413	-	-	–4	-	13,613
Total financial liabilities	508,102	24,853	9,386	241	11,956	-	554,538

* Includes, among others, additions to leases, changes in other loans, accrued interest and transaction costs.

"Reconciliation" shows changes in such financial liabilities whose payments (inflows and outflows) are presented in the cash flow statement in the cash flow from financing activities. Please refer to note 62. a) Other financial liabilities for more information on finance lease liabilities and other loans.

2. Capital management

The CGM group aims to strengthen its equity base in the long term and to achieve an adequate return on capital invested. However, the shareholders equity is only a passive risk control criterion, while the key performance incators listed in the chapter financial and non-financial performance indicators of the combined managment report act as active control elements.

The CGM group's capital structure consists of net debt (incurred borrowings less cash and cash equivalents) and the consolidated equity. The group's equity includes issued shares less treasury shares, capital and revenue reserves, other reserves and shares of non-controlling shareholders. A detailed breakdown of the group's equity can be found under Changes in Consolidated Equity or Equity.

Both the aim and the strategy of capital management are to maintain or optimize the financial ratios specified in the credit agreements in order to continue financing on unchanged or improved terms.

The group's equity ratio as per the consolidated financial statements as at December 31, 2020 is 41 % (prior year: 24 %) and is influenced in particular by:
- the addition of the consolidated net income for the period (kEUR 73,192; prior year: kEUR 65,819),
- the distribution of dividends (kEUR - 24,206; prior year: EUR - 24,414),
- currency conversion differences (kEUR - 7.824; prior year: kEUR - 1,236), and
- actuarial gains and losses (kEUR - 1,855; prior year: kEUR - 4,111).

The CGM group's gearing ratio as at December 31, 2020 is calculated as follows:

kEUR	Dec 31, 2020	Dec 31, 2019
Financial liabilities*	509,972	467,679
Cash and cash equivalents	75,910	46,350
Net liabilities	434,062	421,329
Equity**	638,937	259,916
Net debt to equity ratio	68%	162%

* Financial liabilities are defined as current and non-current financial liabilities to banks (excluding derivatives and financial guarantee contracts) and other loans.
** Equity includes all capital and reserves of the group that are managed as capital (including minority).

The leverage ratio is described in the main financial indicators section of the combined management report.

3. Financial instruments

A financial instrument is a contract that simultaneously gives rise to a financial asset at one company and a financial liability or equity instrument at another entity. Financial instruments are recognized when CGM becomes a party to the financial instrument.

The CGM group's financial instruments to be classified as financial investments consist of "Cash and cash equivalents", "Trade receivables", "Other financial assets" and "Other investments".

Financial instruments to be classified as financial liabilities were composed of "Liabilities to banks", "Purchase price liabilities", "Trade payables", "Other financial liabilities" and "Lease liabilities".

Fair value is not always available as market value, which often necessitates a determination based on various measurement parameters. Depending on the availability of observable parameters and the relevance of these parameters for determining the fair value as a whole, fair value is assigned to Level 1, 2 or 3. The assignment within these levels is done under consideration of the following factors:

– Level 1 parameters: The market value of assets and liabilities is calculated on the basis of quoted and unadjusted prices for these or identical assets and liabilities arise on active markets. Tradeability on the principal or most advantageous market on the measurement date is key.
– Level 2 parameters: The market value of assets and liabilities is calculated on the basis of parameters for which either directly or indirectly derived quoted prices are also available on an active market. Examples: Price quotations in non-active markets; observable interest rates and curves; implied volatilities; credit spreads and adjusted Level 1 input factors.
– Level 3 parameters: The market value of assets and liabilities is calculated on the basis of parameters for which no observable market data are available. Examples: interest rates calculated using models; historical volatilities; financial forecast based on company's own data and adjusted level 2 inputs.

For financial instruments to be measured at fair value, the determination was based on the market information available as at the reporting date using the following methods and assumptions:

– Financial instruments at fair value through profit and loss (FVtPL) are financial assets that do not meet the criteria of IFRS 9 for the categories "at amortized cost (AC)" or "at fair value through equity (FVOCI)", or financial investments in equity instruments for which the FVOCI option was not applied on initial recognition. As no companies in the CGM group have exercised this FVOCI option to date, equity investments with an interest of less than 20 % are reported as "Other investments" and measured accordingly. For the measurement of other investments, the cost as at the reporting date represents an appropriate estimate of the fair value.

– There are no other financial instruments in the fair value through profit or loss (FVtPL) category.

All other financial assets and financial liabilities are accounted at amortized cost based on the effective interest method.

– Financial assets "at amortized cost" are assets held to receipt the contractual cash flows and for which these cash flows represent solely payments of principal and interest. Interest income from these financial assets is reported in financial income based on the effective interest method. Gains or losses on write-off are recognized directly in the income statement and, together with foreign currency gains and losses, are reported under other gains/losses.

– Among the financial assets, the CGM group reports "Cash and cash equivalents", "Trade receivables" and "Other financial assets". The book value of the financial instruments classified as financial assets corresponds approximately to the fair value for the proportion of short-term positions they contain, as a result of their short maturity.

The fair value of loans granted by the CGM group results from the discounted value of the future cash flows. The appropriate interest rates as at the reporting date are used for discounting purposes. The fair value of the loans granted by the CGM group as at the reporting date is approximately equal to the book value.

– All financial liabilities are measured at cost using the effective interest method and assigned to the amortized cost category. The book value of "Trade payables" and "Other financial liabilities" is virtually the same as the fair value. "Liabilities to banks" within financial liabilities is divided into fixed interest-rate liabilities and variable interest-rate liabilities.

– For fixed-rate liabilities, fair value is measured as the present value of expected future cash flows while the appropriate interest rates as at the reporting date (including a CGM-specific margin) are used for discounting purposes. The fair value of the variable interest-rate liabilities corresponds approximately to the book values.

The financial assets of "Finance lease receivables" and financial liabilities from "Lease liabilities" are not covered by the measurement categories under IFRS 9, but are reported in the table below under financial instruments. These are included in the depreciation after expected credit losses. Financial assets from "Finance lease receivables" and financial liabilities from "Lease liabilities" are measured at cost in accordance with IFRS 16. A market interest rate and an average terms for leases contracts are assumed to calculate fair value.

The following table shows the book values and valuations for the Group's existing financial instruments in accordance with the measurement categories in accordance with IFRS 9 as at December 31, 2020:

kEUR	Measurement category according to IFRS 9	Book value as at Dec 31, 2020	IFRS 9 valuation: Amortized costs	IFRS 9 valuation: Fair value through profit or loss	IFRS 9 valuation: Fair value through equity	IFRS 16 valuation: Amortized costs	Fair value as at Dec 31, 2020
Financial assets							
Cash and cash equivalents	AC	75,910	75,910	0	0	0	75,910
Trade receivables	AC	137,203	137,203	0	0	0	137,203
Other financial assets	AC	12,930	12,930	0	0	0	12,930
Finance lease receivables	-	23,855	0	0	0	23,855	23,855
Other investments	FVtPL	640	0	640	0	0	640
Total financial assets		**250,538**	**226,043**	**640**	**0**	**23,855**	**250,538**
Financial liabilities							
Liabilities to banks	AC	496,359	496,359	0	0	0	497,240
Purchase price liabilities	AC	15,858	15,858	0	0	0	15,858
Trade payables	AC	64,524	64,524	0	0	0	64,524
Other financial liabilities	AC	18,981	18,981	0	0	0	18,981
Lease Liabilities	-	44,565	0	0	0	44,565	44,565
Total financial liabilities		**640,287**	**595,722**	**0**	**0**	**44,565**	**641,168**
Total per category							
Financial instruments at fair value through profit or loss	FVtPL	640	0	640	0	0	640
Amortized costs	AC	821,765	821,765	0	0	0	822,646

The financial instruments by valuation category for the prior-year period as at December 31, 2019 are as follows:

kEUR	Measurement category according to IFRS 9	Book value as at Dec 31, 2019	IFRS 9 valuation: Amortized costs (continued)	IFRS 9 valuation: Fair value through profit and loss	IFRS 9 valuation: Fair value through OCI	IFRS 16 valuation: Amortized costs (continued)	Fair value as at Dec 31, 2019
Financial assets							
Cash and cash equivalents	AC	46,350	46,350	0	0	0	46,350
Trade account receivables	AC	102,982	102,982	0	0	0	102,982
Other financial assets	AC	12,141	12,141	0	0	0	12,141
Receivables from finance lease agreements	-	22,792	0	0	0	22,792	24,182
Other investments	FVtPL	1,458	0	1,458	0	0	1,458
Total financial assets		**185,721**	**161,473**	**1,458**	**0**	**22,792**	**187,113**
Financial liabilities							
Liabilities to banks	AC	449,648	449,648	0	0	0	450,926
Purchase price liabilities	AC	17,910	17,910	0	0	0	17,910
Trade payables	AC	47,093	47,093	0	0	0	47,093
Other financial liabilities	AC	25,295	25,295	0	0	0	25,295
Finance lease obligations	-	43,125	0	0	0	43,125	39,627
Total financial liabilities		**583,071**	**539,946**	**0**	**0**	**43,125**	**580,851**
Total per category							
Financial instruments at fair value through profit or loss	FVtPL	1,458	0	1,458	0	0	1,458
Amortized costs	AC	701,419	701,419	0	0	0	702,697

4. Fair value measurement

a) Fair value of financial assets and liabilities that are regularly measured at fair value (according to valuation hierarchies)

As in the prior year, as at December 31, 2020, there were no financial assets or liabilities of the CGM group to be regularly measured at fair value at the reporting date. For the measurement of other investments, the cost as at the reporting date represents an appropriate estimate of the fair value. The value is kEUR 640 as at December 31, 2020.

b) Fair value of financial assets and liabilities not regularly measured at fair value (according to valuation hierarchies)
The financial assets and liabilities that are not regularly measured at fair value as at December 31, 2020 are as follows:

kEUR	Dec 31, 2020	Level 1	Level 2	Level 3
Fair value of financial assets valuated at amortized costs				
Trade receivables	137,203	0	0	137,203
Other financial assets	12,930	0	6,134	6,796
Finance lease receivables	24,048	0	24,048	0
Total	174,181	0	30,182	143,999
Fair value of financial liabilities valuated at amortized costs				
Liabilities to banks	497,240	0	0	497,240
Purchase price liabilities	15,858	0	0	15,858
Trade payables	64,524	0	64,524	0
Other financial liabilities	18,981	0	5,368	13,613
Lease liabilities	44,565	0	44,565	0
Total	641,168	0	114,457	526,711

The financial assets and liabilities that are not regularly measured at fair value as at December 31, 2019 are as follows:

kEUR	Dec 31, 2019	Level 1	Level 2	Level 3
Fair value of financial assets valuated at amortised costs				
Trade receivables	102,982	0	0	102,982
Other receivables	12,141	0	6,311	5,830
Finance lease receivables	24,182	0	24,182	0
Total	139,305	0	30,493	108,812
Fair value of financial liabilities valuated at amortized costs				
Liabilities to banks	450,926	0	0	450,926
Purchase price liabilities	17,910	0	0	17,910
Trade payables	47,093	0	47,093	0
Other financial liabilities	25,295	0	6,985	18,310
Lease liabilities	39,627	0	39,627	0
Total	580,851	0	93,705	487,146

5. Net profits and losses on financial assets and liabilities

kEUR	2020	2019
Net profit/loss from currency conversion differences (AC)	– 4,414	143
Net profit/loss from discount/reversal of purchase price liabilities (AC)	339	– 524
Total	– 4,075	– 381

The net profit/loss from the foreign currency translation is recognized according to the origin in other income and other expenses or financial income and financial expenses.

Furthermore, allowances for doubtful receivables are stated under other operating expenses in the amount of kEUR - 4,292 (prior year: kEUR - 4,037), which are allocated to the category of instruments at amortized cost (AC).

6. Credit risk

The rules for recognizing impairment included in IFRS 9 will be based on expected losses ("expected loss model") in the future. A three-step model is provided for determining the extent of risk provisioning. A provision for expected credit losses is recognized for financial assets at amortized cost. For "Trade receivables", "Contract assets" and "Finance lease receivables", the simplified approach is based on lifetime expected credit losses. "Trade receivables", "Finance lease receivables" and "Contract assets" were calculated on the basis of common risk characteristics, taking into account the corresponding industry and country risks, to measure expected credit losses. For the calculation of the expected credit losses, historical loss rates are determined, which are adjusted on the basis of future macroeconomic data.

The default risk of the group mainly results from trade receivables. Trade receivables result from contracts with customers. The amounts reported in the balance sheet are net of impairment on expected future losses (expected loss model). Contract assets are essentially work in progress that have not been invoiced and that has the same risk characteristics as trade receivables due to the same types of contract.

The CGM group's procedure for calculating allowances for doubtful receivables is as follows:

For receivables not yet due and those overdue by between 0 and 12 months, a write-down of 0.8 percentage points is recognized as the loss allowance for expected credit losses. An individual write-down (management judgment) is recognized for all receivables overdue between 13-24 months. All receivables past due by 24 months are written down in full. For receivables that are overdue by 14 days, the internal company dunning process is triggered. Financial assets are derecognized if the receivable is uncollectible. If recoveries are made after the write-off of a receivable, these are recognized in the income statement. The age structure of the receivables is classified as not critical within the group. The default rate is reassessed at each reporting date, taking into account the sector and country risks.

Allowances for "Trade receivables", "Contract assets" and "Finance lease receivables" were calculated on this basis. The CGM group therefore recognizes a loss allowance for expected credit losses of 0.8 percentage points on all financial assets from day one.

The table shows the gross book values to represent the maximum credit risk:

	Dec 31, 2020		
kEUR	0-12 months overdue (0,8 %)	13-24 months overdue (individual)	more than 24 months overdue (100 %)
Trade receivables	127,078	16,377	6,617
Contract assets	23,587	0	0
Finance lease receivables	24,048	0	0
Total	174,713	16,377	6,617
Individually impaired	– 2,886	– 2,279	– 6,617
Loss allowances for expected credit losses	– 1,398	0	0
Total Amount	– 4,284	– 2,279	– 6,617

	Dec 31, 2019		
kEUR	0-12 months overdue (0,8 %)	13-24 months overdue (individual)	more than 24 months overdue (100 %)
Trade Receivables	102,023	4,428	8,106
Contract assets	9,165	0	0
Finance lease receivables	22,792	0	0
Total	133,980	4,428	8,106
Individually impaired	–4 26	– 2,226	– 8,106
Loss allowances for expected credit losses	– 1,072	0	0
Total Amount	– 1,498	– 2,226	– 8,106

Development of allowances for "Trade receivables", "Contract assets" and "Finance lease receivables" from December 31, 2019 to December 31, 2020.

kEUR	Trade Receivables	Contract Assets	Finance Lease Receivables
Opening balance of write-down as at Jan 1, 2020	–11,575	–73	–182
Loss allowances for expected credit losses	–326	–45	–10
Arising during the year	–11,472	0	0
Utilized	3,516	0	0
Unused amounts reversed	6,987	0	0
Write-down as at Dec 31, 2020	–12,870	–118	–192

kEUR	Trade Receivables	Contract Assets	Finance Lease Receivables
Opening balance of write-down as at Jan 1, 2019	–13,249	–78	–144
Expected Credit Loss	–17	5	–38
Addition	–11,219	0	0
Utilization	2,131	0	0
Reversal	10,779	0	0
Write-down as at Dec 31, 2019	–11,575	–73	–182

The CGM group has no significant concentration of default risk as it is spread across a large number of contracting parties and customers.

Impairment losses on "Trade receivables" and "Contract assets" are shown in the operating result as impairment losses. In subsequent periods priorly written off amounts are recognized in the same item.

The loss of major customers in the hospitals, laboratories, and pharmaceuticals business can have a detrimental effect on the group's liquidity. The tendering procedures for major customers and project business are closely monitored to detect and address changes in the market.

The maximum credit risk of investments in equity instruments as at the reporting date is the book value of all equity investments below 20 %, which have been classified accordingly.

The default risk is limited to liquid assets, as these are short-term and held at banks certified by international rating agencies as having high credit quality.

Furthermore, as at December 31, 2020 there were no legal transactions with banks in the United Kingdom. There are thus no effects on the default risk.

The following table shows a summary of cash and cash equivalents after classification by the international rating agencies Standard and Poor's and Moody's and Fitch as at December 31, 2020:

kEUR	Dec 31, 2020	Dec 31, 2019
AA-	404	415
A+	27,423	20,383
A	10,724	890
A-	5,643	3,448
BBB+	3,579	932
BBB	8,564	11,236
BBB-	1,512	640
BB	6,604	6,727
BB-	48	6
B+	9,777	0
B	0	155
Not rated	1,632	1,518
Total amount	75,910	46,350

7. Currency risk

The market success and gross sales revenues of exporting companies is influenced by fluctuating exchange rates. In 2020, around 84 % of sales revenue was generated in euro (prior year: 82 %) and around 16 % in foreign currencies (prior year: 18 %).

The book value of group monetary assets and liabilities denominated in a foreign currency is as follows:

Carrying amount of monetary assets and liabilities in foreign currencies	Assets		Liabilities	
kEUR	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
US Dollar	33,161	13,842	21,958	2,936
Norwegian Crowns	869	659	2,471	190
Swedish Crowns	4,283	3,273	6,403	1,618
Polish Zloty	7,120	4,779	3,752	1,068
Turkey Lira	10,158	724	591	63
Czech Crowns	4,772	2,500	2,556	413
Franc Switzerland	2,799	1,881	1,552	192
Danish Crowns	2,301	1,672	2,500	418
South African Rand	8,501	7,795	797	236
Singapore Dollar	0	9	0	0
Romanian Leu	1,684	838	3,768	843
Indian Rupee	1,083	0	3,645	0

a) Sensitivity analysis: impact on net income of a 10 % rise or fall in the EURO against the respective foreign currency:

The following table shows the group's sensitivity to a 10 % rise or fall in the EURO against the respective foreign currency. The assumption of the 10 % change represents management's best estimate regarding a possible change in exchange rates from a rational perspective. The sensitivity analysis includes only outstanding monetary items denominated in foreign currency adjusting their translation based on a 10 % change in exchange rates.

	Currency impact net income					
	Dec 31, 2020			Dec 31, 2019		
Sensitivity Analysis	+/- 0 percent	+10 percent	-10 percent	+/- 0 percent	+10 percent	-10 percent
US Dollar	10,025	11,028	9,023	6,176	6,794	5,559
Norwegian Crowns	–14,597	–16,057	–13,137	–7,661	–8,427	–6,895
Swedish Crowns	–8,683	–9,551	–7,815	–6,727	–7,400	–6,054
Polish Zloty	–2,177	–2,395	–1,959	–1,444	–1,589	–1,300
Turkey Lira	1,839	2,023	1,655	1,265	1,391	1,138
Czech Crowns	–2,845	–3,129	–2,560	–2,312	–2,543	–2,080
Franc Switzerland	673	740	605	268	295	241
Danish Crowns	–3,011	–3,312	–2,710	–3,555	–3,911	–3,200
Malaysian Ringgit	0	0	0	–5	–5	–4
South African Rand	980	1,078	882	–2,005	–2,206	–1,805
Romanian Leu	–1,487	–1,636	–1,339	233	256	210

b) Sensitivity analysis: impact on equity of a 10 % rise or fall in the EURO against the respective foreign currency:

	Currency impact net income					
	Dec 31, 2020			Dec 31, 2019		
Sensitivity Analysis	+/- 0 percent	+10 percent	-10 percent	+/- 0 percent	+10 percent	-10 percent
US Dollar	–348,747	–383,621	–313,872	10,985	12,083	9,886
Norwegian Crowns	–38,280	–42,108	–34,452	–36,041	–39,645	–32,437
Swedish Crowns	–19,785	–21,763	–17,806	–17,947	–19,742	–16,152
Polish Zloty	–5,195	–5,715	–4,676	–6,334	–6,968	–5,701
Turkey Lira	–98	–107	–88	8,161	8,978	7,345
Czech Crowns	–3,212	–3,534	–2,891	–2,806	–3,087	–2,525
Franc Switzerland	2,357	2,592	2,121	1,905	2,095	1,714
Danish Crowns	–5,221	–5,743	–4,699	–5,810	–6,391	–5,229
South African Rand	6,329	6,962	5,696	6,091	6,700	5,482
Singapore Dollar	0	0	0	–9	–10	–8
Romanian Leu	–701	–771	–631	791	870	712
Indian Rupee	–3,473	–3,820	–3,126	0	0	0

In light of the highly scalable nature of sales revenues and general business activity of the CGM group, management considers the sensitivity analysis to be an effective method for discerning currency risks.

8. Interest rate risk

The CGM group's interest rate risk arises from long-term loans with variable interest calculation. Liabilities to banks amount to kEUR 496,359 as at December 31, 2020. Given the prevailing interest rate environment and interest rate expectations since then the group does not foresee any significant interest rate fluctuations and therefore currently sees no necessity for interest rate hedging transactions.

The group uses relevant financial instruments to hedge against increases in interest rates in order to counter interest rate risks. The effects of interest rate fluctuations are explained in more detail below. Borrowings with fixed interest rates are not included in this analysis. In addition, it must be noted that if the market interest rate decreasing by 20 basis points results in negative interest, an interest rate of 0 % is assumed as no finance instruments exist for which negative interest would need to be paid. EURIBOR was at 0 % the whole year on account of contractual agreements. Hence, the interest paid is calculated on the basis of the fixed margin only, which is not subject to any fluctuations of the market interest rate. Consequently, a drop in the market interest rate had no effect on the financial result.

Expected future interest payments to be made by the CGM group are shown below:

kEUR	Book value as at Dec 31, 2020	Interest payments 2021	Interest payments 2022	Interest payments 2023	Interest payments from 2024
Liabilities to banks	496,359	2,846	2,742	2,652	2,383
Lease liabilities	44,566	756	508	312	397
Other loans	13,613	154	94	33	0
Other financial liabilities	5,367	0	0	0	0
Trade payables	64,524	0	0	0	0
Purchase price liabilities	15,857	0	0	0	0

kEUR	Book value as at Dec 31, 2019	Interest payments 2020	Interest payments 2021	Interest payments 2022	Interest payments from 2023
Liabilities to banks	449,648	3,658	3,452	3,344	4,781
Lease liabilities	43,125	779	545	352	412
Other loans	18,030	214	154	94	33
Other financial liabilities	3,439	0	0	0	0
Trade payables	47,093	0	0	0	0
Purchase price liabilities	17,910	0	0	0	0

Given the current low interest rate environment, an interest rate sensitivity analysis in which the variable interest (here 3-month Euribor) is changed by + 20bp/-20bp shows only immaterial effects on the CGM group's effective interest payments.

9. Liquidity risk

To ensure that financial obligations can be complied with throughout the group, CGM group has negotiated adequate syndicated loans and overdraft facilities. The Group has short-term credit lines not yet exhausted of kEUR 47,411 and an unused revolving credit facility in the amount of kEUR 544.000 as at December 31, 2020.

Liquidity risk differs between the countries in which the CGM group operates. Companies operating in Germany usually receive revenue from customers via direct debit agreements, whereby liquidity risk is minimized. The same applies for companies that operate in countries where direct debit is the predominant payment method (e.g. Austria, Norway, Sweden and France).

Parts of the Group cooperate in cash pooling arrangements. These agreements provide a needs-based cash management that ensures sufficient liquidity to individual companies to meet their operational needs. Cash pooling is controlled centrally through the Group's headquarters in Koblenz. For those operating entities that do not participate in cash pooling arrangements, control of cash holdings is accomplished through medium-term cash planning methods.

Group companies exceeding the level of working capital requirements usually have their cash transferred to the Group's cash management department on a quarterly basis.

The CGM group considers any limitation on debt and capital absorption capacity to be a liquidity risk. Restrictions place a significant risk on the achievement of corporate goals and affect overall financial flexibility.

The CGM group understands liquidity risk management as performing regular risk analysis involving the use of financial instruments to ensure that potential risks can be adequately addressed.

Around 90 % of financing relates to the syndicated loan. Through continuous monitoring and reporting critical concentration of risk with regard to refinancing is identified in a timely manner. Further information on the syndicated loan can be found in the management report under 2.3.2.1 Capital structure and 2.3.2.3 Liquidity and in Note 15. a) Liabilities to banks.

The following tables show the remaining contractual maturities of the financial liabilities of the CGM group. The tables are based on the undiscounted cash flows of financial liabilities and show payments of both principal and interest. To the extent that interest payments are based on variable parameters, the undiscounted amount was determined on the basis of yield curves at the end of the reporting period. The contractual maturities are based on the earliest date on which the group can be required to pay.

Expected future payments as at December 31, 2020:

kEUR	Book value as at Dec 31, 2020	Payments 2021	Payments 2022	Payments 2023	Payments from 2024
Liabilities to banks	496,359	38,144	6,287	5,046	457,505
Lease liabilities	44,566	17,332	11,479	7,908	9,820
Other loans	13,613	4,627	4,642	4,627	0
Other financial liabilities	5,367	5,365	2	0	0
Trade payables	64,524	64,524	0	0	0
Purchase price liabilities	15,857	12,077	2,047	1,733	0

Expected future payments as at December 31, 2019:

kEUR	Book value as at Dec 31, 2019	Payments 2020	Payments 2021	Payments 2022	Payments from 2023
Liabilities to banks	449,648	42,468	8,484	6,354	407,577
Lease liabilities	43,125	15,415	10,823	7,572	11,402
Other loans	18,030	4,627	4,627	4,627	4,645
Other financial liabilities	3,439	3,439	0	0	0
Trade payables	47,093	47,093	0	0	0
Purchase price liabilities	17,910	8,966	4,178	1,640	3,126

10. Contingent liabilities

The following table provides information on the existing contingent liabilities of the CGM group:

	Maximum liability		Liability reserves	
kEUR	2020	2019	2020	2019
Guarantees for warranties and contract execution	3,620	4,289	0	0
Guarantees	489	891	0	0
Other liability statements	424	444	285	100
Total	4,533	5,624	285	100

There are no major purchase commitments from operating activities. The guarantees for warranties and contract execution mainly comprise the performance guarantees of kEUR 1,000 for CGM Clinical Österreich GmbH as part of the NÖKIS project and the group's credit guarantees for its Norwegian and American subsidiaries with the amount of kEUR 2,620 as well as other declarations of liability in the amount of kEUR 285 resulting from ongoing litigation. For this provisions have been recognized. Disclosures resulting from IAS 37.86 have been omitted due to reasons of practicality.

11. Disclosures on related parties

During the financial year, group companies entered into the following transactions with related parties outside the consolidated group.

These were conducted under conditions which are equivalent to those applied to third parties to stay in accordance with the arm's length principle.

In addition, the following amounts were outstanding at the end of the reporting period:

	Sale of goods		Purchase of goods		Receivables		Liabilities	
kEUR	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Frank Gotthardt	69	59	1			1		
Dr. Brigitte Gotthardt	5	38						
Prof. Dr. Daniel Gotthardt	6	18	30	109			30	60
CompuGroup Medical Management SE	32		1,600				266	
further Administrative Board*	62							
Superviosry Board*			1	2				
further related companies**	7,308	1,757	2,806	2,624	256	222	378	64
Associated companies	9,611	5,977	14	27	1,163	110		3
Total	17,093	7,849	4,453	2,762	1,418	333	674	126

* The further members of the Administrative Board are shown. Members who were appointed to the Supervisory Board prior to the change in legal form are only shown under the Administrative Board in order to improve presentation.

** Business relationships with all members of the Supervisory Board during the financial year are shown, with the exception of members who have moved to the Administrative Board.

As at December 31, 2020, Frank Gotthardt directly and indirectly holds a significant stake in CompuGroup Medical SE & Co. KGaA (see section shareholder structure). Therefore, in addition to the associated companies shown in the list of investments, all companies which have a corporate relationship with Frank Gotthardt, Dr. Brigitte Gotthardt or Prof. Dr. Daniel Gotthardt are considered a related party to CompuGroup Medical SE & Co. KGaA.

The significantly reduced direct realtions to Prof. Dr. Daniel Gotthardt are mainly attributed to a transfer into the Gotthardt Grundstücksgesellschaft GbR and therefore into the related companies. Payments related to employee parking account for kEUR 54 (prior year: kEUR 49).

Payments of kEUR 1,600 (prior year: kEUR 0) occurred towards the General partner CompuGroup Medical Management SE, which is controlled by Frank Gotthardt, for remuneration of the Managing Directors, the Administrative Board and additional compensations.

Further related persons:

Administrative Board

Business realtions with Frank Gotthardt und Prof. Dr. Daniel Gotthardt are displayed seperately and are therefore not included. The number shown consists of invoiced flight costs, that occurred for private reasons.

Supervisory Board

The paid remunerations are displayed seperately in the Remuneration Report and therfore not listed here.
No significant additional direct business relations occurred with members of the supervisory board during the financial year.

Further related companies:
The following business realtions with related companies are to be highlighted:

Gotthardt Bürotechnik GmbH

From Gotthardt Bürotechnik GmbH CompuGroup Dienstleistungen obtained services in the form of leases for copiers for kEUR 125 (prior year: kEUR 128)

Gotthardt Healthgroup AG

Gotthardt Healthgroup AG mainly purchased services related to hostings and maintenance for a total amount of kEUR 291 (prior year: kEUR 45). Included are recent payments for services in prior years.

INFOSOFT Informations- und Dokumentationssysteme GmbH

The received goods and services from Infosoft Informations- und Dokumentationssysteme GmbH include the purchase of licenses, as well as services in form of software maintenance for a total amount of kEUR 224 (prior year: kEUR 279).

KEC Vertriebs GmbH & Co. KG bzw. KEC Kölner Eishockey-Gesellschaft „Die Haie" mbH

The received deliverables of the KEC companies mainly consist of advertisemnt and sponsoring services for a total amount of kEUR 617 (prior year: kEUR 286).

mps public solution GmbH

The received (kEUR 364; prior year: kEUR 553) as well as the delivered goods and services of kEUR 1.718 (prior year: kEUR 1.586) mainly include services for software maintenance for software licenses between CompuGroup Medical Clinical Deutschland GmbH and mps public solution GmbH.

Fährhaus Koblenz GmbH & Co. KG

Essentially this describes the usage of the Fährhaus for meetings and conferences for a total amount of kEUR 245 (prior year: kEUR 108).

MW Office / Marketing und Werbung GmbH

Delivered goods and services amount to kEUR 5.195 during the financial year and can be mainly attributed to adverstising measures on customer behalfs. Additionally, CompuGroup purchased marketing consultation from MW Office. (kEUR 1.186; prior year: kEUR 1.100).

Deutsche Leasing Fleet GmbH

From Deutsche Leasing Fleet GmbH Compu Group received vehicle leasing services for a total amount of kEUR 770

Associated companies:

Business realtions with associated companies can be mainly attributed to delivered goods and services towards MGS Meine Gesundheit Services GmbH. The relation was essentially characterised by the software development services of CompuGroup Medical Mobile GmbH or an amount of kEUR 9.611 (prior year: kEUR 5.934).

12. Declaration of compliance with the German Corporate Governance Code

The declaration of conformity in accordance with section 161 AktG was issued by the Management Board and the Supervisory Board and is publicly accessible on the Company's website (https://www.cgm.com/corp/ueber_uns_1/investor_relations/coporate_governance/entsprechungserklaerung/entsprechenserklaerung.en.jsp).

13. Auditor's fees in accordance with section 314(1) no. 9 HGB

The following table shows the total fees payable, including expenses and all additional costs, to KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, for the financial year 2020. The item "Auditing financial statements" includes the fees for auditing the single-entity financial statements, the consolidated statements and the dependency report of CompuGroup Medical SE & Co. KGaA, Koblenz. Additionally, these include the fees for auditing four subsidiaries. The fees for auditing financial statements also include kEUR 185 from the prior year. The other confirmatory services are discribed by the external audit of the combined separate non-financial report in the financial year 2020 to achieve limited assurance. Other services describes a training provided in the financial year 2020.

kEUR	Dec 31, 2020	Dec 31,2019
Auditing financial statements	986	711
Other confirmatory services	33	41
Tax advisory	0	16
other services	6	0
Total	**1,025**	**768**

14. Events after the reporting date

The disclosures in the notes pursuant to IAS 10 par.19 and 31 are presented in the subsequent events in the management report.

15. Management Board and Supervisory Board

Members of the Management Board

Last name	First name	Occupation/ membership in supervisory boards and other controlling bodies
Gotthardt	Frank (Chairman)	Chairman of the Administrative Board and Chief Executive Officer (CEO) (until December 31, 2020) Chairman of the Supervisory Board of Rhein Massiv Verwaltung AG, Koblenz Chairman of the Supervisory Board of CompuGroup Medical Deutschland AG, Koblenz Chairman of the Supervisory of XLHEALTH AG, Heidelberg
Brecher	Frank	Managing Director, Chief Technology Officer (CTO)
Körfgen	Dr. Ralph	Managing Director for Ambulatory & Pharmacy Information Systems
Pech	Dr. Eckart	Managing Director for Consumer and Health Management Information Systems
Rauch	Michael	Managing Director, Chief Financial Officer CFO Deputy Chairman of the Supervisory Board of edding AG, Ahrensburg
Reichl	Hannes	Managing Director for Inpatient and Social Care

Members of the Supervisory Board:

Members of the Supervisory Board since the transformation into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) per reporting date:
(since June 18, 2020 CompuGroup Medical SE & Co. KGaA)

Last name	First name	Occupation/ membership in supervisory boards and other controlling bodies
von Ilberg	Philip (Chairman)	CEO of Mayer Sitzmöbel Verwaltungs-GmbH General partner of Mayer Sitzmöbel GmbH & Co. KG,and MINX Fashion GmbH *(since June 18, 2020; Chairman since June 18, 2020)*
Müller	Sven Thomas (Deputy Chairmanr)	Chief Information Officer of CompuGroup Medical SE & Co. KGaA *(since July 3, 2020; Deputy Chairman since July 29, 2020)*
Fuchs	Dr. Michael	Freelancing Businessconsultant Member and Chairman of the Supervisory Board of Schmiedewerke Gröditz GmbH, Gröditz *(since June 18, 2020)*
Handel	Dr. Ulrike	CEO of Dentsu Aegis Network Germany GmbH, Frankfurt/Main *(since June 18, 2020, Deputy Chairman from June 18 until July 29, 2020)*
Köhrmann	Prof. Dr. Martin	Deputy Director of Klinik für Neurologie am Universitätsklinikum Essen *(since June 18, 2020)*
Störmer	Matthias	Freelancing Businessconsultant *(since June 18, 2020)*
Volkens	Dr. Bettina	Self-employed legal expert Member of the Supervisory Board of Bilfinger SE, Mannheim Member of the Supervisory Board of Vossloh AG, Werdohl *(since June 18, 2020)*
Becker	Andrea (Employee representative)	Senior Product Architect at CompuGroup Medical Deutschland AG *(from July 3, 2020 until January 15, 2021)*
Frevel	Claudia (Employee representative)	Project Manager at CGM IT Solutions Services GmbH *(since July 3, 2020)*
Keller	Ursula (Employee representative)	Communication Professional at CompuGroup Medical SE & Co. KGaA *(since July 3, 2020)*
Kohl	Volker (Employee representative)	Senior Manager Development at CompuGroup Medical Deutschland AG *(since July 3, 2020)*
Veith	Thomas (Employee representative)	Vice President CS Administration of CompuGroup Medical SE & Co. KGaA Member of the Supervisory Board of RheinMassiv Verwaltung Aktiengesellschaft *(from July 3, 2020 until January 15, 2021)*

Members of the Supervisory Board until the transformation into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) with effective date June 18, 2020: *(until June 18, 2020 CompuGroup Medical SE)***:**

Last name	First name	Occupation/membership in supervisory boards and other controlling bodies
Esser	Dr. Klaus (Chairman)	Managing Director of Klaus Esser Verwaltungs GmbH, Düsseldorf
Gotthardt	Prof. (apl.) Dr. med. Daniel (Deputy Chairman)	CEO of Mediteo GmbH, Heidelberg Member of the Management Board of Gotthardt Healthgroup AG, Heidelberg, and XL HEALTH AG, Heidelberg Deputy Chairman of the Supervisory Board of ProMinent GmbH, Heidelberg
Handel	Dr. Ulrike	CEO of Dentsu Aegis Network Germany GmbH, Frankfurt/Main
Seifert	Thomas	CFO of Cloudfare, Inc. San Francisco, USA Supervisory Board member of IPG Photonics Corp., Delaware, USA
Pagenkopf	Maik (Employee representative)	Qualified IT specialist for application development at CGM Clinical Deutschland GmbH, Koblenz
Schrod	Klaus (Employee representative)	Senior Business Development Manager at CGM subsidiary AESCU DATA Gesellschaft für Datenverarbeitung mbH, Winsen

16. Remuneration of the Management Board

Please refer to the remuneration report in the combined management report for information on the remuneration of the Managing Directors.

17. Stock option programs

With regard to the stock option program, we refer to the remunaeration report included in the combined management report.

18. Remuneration of the Supervisory Board and the Administrative Board

Please refer to the remuneration report in the combined management report for information on the remuneration of members of the Supervisory Board and the Administrative Board.

19. Risk management system

Please refer to the management report for information on the principles of the risk management system.

20. Release from disclosure requirement

All German corporations with profit transfer agreements exercise the exemption under section 264(3) HGB regarding the preparation and publication of a management report and annual financial statements. This concerns the following companies:

- CGM Clinical Deutschland GmbH, Koblenz
- CompuGroup Medical Deutschland AG, Koblenz
- CompuGroup Medical Software GmbH, Koblenz
- ifap Service-Institut für Ärzte und Apotheker GmbH, Martinsried
- LAUER-FISCHER GmbH, Fürth
- CGM IT Solutions and Services GmbH, Koblenz
- CompuGroup Medical Mobile GmbH, Koblenz
- LAUER-FISCHER ApothekenService GmbH, Koblenz
- Meditec Marketingservices im Gesundheitswesen GmbH, Koblenz
- CGM Medistar Systemhaus GmbH, Koblenz
- AESCU DATA Gesellschaft für Datenverarbeitung mbH, Winsen
- CompuGroup Medical Dentalsysteme GmbH, Koblenz
- Intermedix Deutschland GmbH, Koblenz

Koblenz, March 15, 2021

CompuGroup Medical SE & Co. KGaA

**Represented by the Management Board
of CompuGroup Medical Management SE**

Dr. Dirk Wössner

Frank Brecher

Dr. Ralph Körfgen

Dr. Eckart Pech

Michael Rauch

Hannes Reichl

FURTHER INFORMATION

Changes in intangible assets and property, plant and equipment in financial year 2020

kEUR	Purchase and manufacturing costs: Jan 1, 2020	Additions due to changes in scope of consolidation	Other additions	Reclassifications	Disposals	Exchange rate differences	Dec 31, 2020
Intangible assets	1,088,774	431,906	38,045	0	–24,648	–10,395	1,523,682
Goodwill	350,260	213,631	0	0	0	–2,172	561,718
Acquired software rights	246,408	69,254	3,144	345	–20,562	–2,543	296,046
Customer relationships	289,375	133,639	0	0	0	–3,518	419,496
Trademark rights	34,760	5,914	6	0	0	–324	40,356
Order backlog	12,547	10,227	0	0	0	0	22,774
Capitalized inhouse services	153,884	0	32,675	0	–4,086	–1,796	180,678
Prepayments on software	1,540	–759	2,220	–345	0	–42	2,614
Property, plant and equipment	134,271	782	17,684	0	–28,668	–628	123,441
Land and buildings	66,508	1,278	4,077	0	–627	–164	71,072
Other fixed assets and office equipment	63,093	–496	12,359	736	–28,041	–462	47,188
Assets under construction	4,670	0	1,248	–736	0	–2	5,180
Right of use assets	58,715	8,751	10,026	0	–7,075	–270	70,147
Property and buildings - IFRS 16	43,874	7,537	6,957	0	–4,433	–212	53,723
Vehicles - IFRS 16	14,289	1,190	3,072	0	–2,481	–63	16,007
Other - IFRS 16	552	24	–3	0	–161	5	418
	1,281,760	441,439	65,755	0	–60,391	–11,294	1,717,269

kEUR	Depreciation and amortization: Jan 1, 2020	Additions	Disposals	Transfers	Exchange rate differences	Dec 31, 2020	Net book value: Dec 31, 2020	Jan 1, 2020
Intangible assets	420,445	44,751	–24,646	0	–4,973	435,577	1,088,105	668,329
Goodwill	19,355	0	0	0	–87	19,269	542,449	330,905
Acquired software rights	209,453	14,217	–20,560	0	–2,585	200,526	95,520	36,955
Customer relationships	112,404	18,012	0	0	–1,716	128,700	290,796	176,971
Trademark rights	27,807	2,034	0	0	–358	29,483	10,872	6,953
Order backlog	8,629	4,589	0	0	0	13,217	9,557	3,918
Capitalized inhouse services	42,548	5,899	–4,086	0	–229	44,132	136,546	111,336
Prepayments on software	249	0	0	0	0	249	2,365	1,291
Property, plant and equipment	46,206	13,729	–28,008	0	–225	31,701	91,739	88,064
Land and buildings	17,132	2,343	–531	–856	–48	18,040	53,032	49,376
Other fixed assets and office equipment	29,018	11,386	–27,476	856	–177	13,606	33,583	34,075
Assets under construction	56	0	0	0	0	56	5,124	4,614
Right of use assets	15,526	17,127	–6,950	0	–109	25,595	44,552	43,189
Property and buildings - IFRS 16	10,679	11,452	–4,319	0	–80	17,731	35,991	33,196
Vehicles - IFRS 16	4,675	5,477	–2,472	0	–30	7,650	8,356	9,614
Other - IFRS 16	172	198	–159	0	1	214	204	379
	482,177	75,607	–59,603	0	–5,308	492,873	1,224,396	799,582

Changes in intangible assets and property, plant and equipment in financial year 2019

kEUR	Purchase and manufacturing costs Jan 1, 2019	Restatement of opening balance*	Additions due to changes in scope of consolidation	Other additions	Reclassifications	Disposals	Exchange rate differences	Dec 31, 2019
Intangible assets	924,884	0	139,207	29,056	–1,039	–4,976	1,642	1,088,774
Goodwill	280,451	0	70,691	26	0	–1,173	266	350,260
Acquired software rights	233,108	0	8,230	2,233	4,153	–1,640	323	246,408
Customer relationships	236,596	0	53,991	0	0	–2,005	793	289,375
Trademark rights	32,088	0	2,615	2	0	0	54	34,760
Order backlog	8,629	0	3,918	0	0	0	0	12,547
Capitalized inhouse services	128,361	0	0	25,304	0	0	219	153,884
Prepayments on software	5,651	0	–238	1,491	–5,194	–158	–13	1,540
Property, plant and equipment	128,284	–1,398	2,765	14,684	40	–10,277	173	134,271
Land and buildings	66,022	–1,043	517	1,152	0	–164	24	66,508
Other fixed assets and office equipment	61,412	–355	2,248	9,659	65	–10,086	150	63,093
Assets under construction	850	0	0	3,873	–25	–27	–1	4,670
Right of use assets	0	40,852	5,629	13,873	0	–1,672	31	58,715
Property and buildings - IFRS 16	0	31,919	4,718	8,017	0	–799	19	43,874
Vehicles - IFRS 16	0	8,519	858	5,748	0	–848	12	14,289
Other - IFRS 16	0	414	54	108	0	–25	0	552
	1,053,168	39,454	147,601	57,613	–999	–16,925	1,846	1,281,759

kEUR	Depreciation and amortization Jan 1, 2019	Restatement of opening balance*	Additions**	Disposals	Exchange rate differences	Dec 31, 2019	Net book value Dec 31, 2019	Jan 1, 2019
Intangible assets	388,345	0	34,004	–2,842	938	420,445	668,329	536,540
Goodwill	18,240	0	1,250	–200	65	19,355	330,905	262,211
Acquired software rights	197,871	0	12,870	–1,635	347	209,453	36,955	35,237
Customer relationships	99,091	0	13,937	–1,007	383	112,404	176,971	137,505
Trademark rights	25,852	0	1,883	0	71	27,807	6,953	6,236
Order backlog	8,629	0	0	0	0	8,629	3,918	0
Capitalized inhouse services	38,412	0	4,064	0	72	42,548	111,336	89,949
Prepayments on software	249	0	0	0	0	249	1,291	5,402
Property, plant and equipment	44,631	–569	11,918	–9,915	140	46,206	88,064	83,653
Land and buildings	15,225	–371	2,432	–162	8	17,132	49,376	50,797
Other fixed assets and office equipment	29,350	–198	9,486	–9,753	132	29,018	34,075	32,062
Assets under construction	56	0	0	0	0	56	4,614	794
Right of use assets	0	569	16,603	–1,679	33	15,526	43,189	0
Property and buildings - IFRS 16	0	371	11,130	–844	22	10,679	33,196	0
Vehicles - IFRS 16	0	198	5,276	–810	11	4,675	9,614	0
Other - IFRS 16	0	0	197	–25	0	172	379	0
	432,976	0	62,525	–14,436	1,111	482,177	799,582	620,193

* Changes due to first-time adoption of the new standard IFRS 16
** Additions to depreciation and amortisation in the current financial year include impairments of goodwill on the CGUs CGM Turkey, CGM OWL Computer and CGM Farmages amounting to kEUR 1.248, see Note 41.b).

Information by region for financial year 2020

kEUR	Revenues with third parties		Non-current assets without deferred taxes	
	2020	2019	2020	2019
Central Europe Region (CER)*	471,085	405,527	482,341	317,072
Central Eastern Europe Region (CEE)	82,987	81,613	57,803	60,019
South Europe Region (SER)	145,814	116,128	210,649	182,680
United States and Canada Region (USC)	39,347	40,820	273,729	60,900
All other regions	5,377	8,178	97,878	80,555
CGM Group	837,259	745,808	1,252,709	827,006

* The CER (Central Europe Region) region comprises the domestic market only (Germany).

Statement by the Management Board

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Koblenz, March 15, 2021

CompuGroup Medical SE & Co. KGaA

Represented by the Management Board
of CompuGroup Medical Management SE

Dr. Dirk Wössner | Frank Brecher | Dr. Ralph Körfgen

Dr. Eckart Pech | Michael Rauch | Hannes Reichl

Independent Auditor's Report

Report on the audit of the consolidated financial statements and of the combined management report

Opinions

We have audited the consolidated financial statements of CompuGroup Medical SE & Co. KGaA (until June 18, 2020: CompuGroup Medical SE), Koblenz, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of CompuGroup Medical SE & Co. KGaA and the Group (combined management report) for the financial year from January 1 to December 31, 2020.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Acquisition and first-time consolidation of parts of the Cerner business

For further information on the accounting policies applied please refer to Section "Consolidation policies/9. Consolidated subsidiaries/b. Acquisition of subsidiaries" in the notes to consolidated financial statements.

Disclosures on the acquisition of parts of the Cerner business are presented in the notes to the consolidated financial statements in Section "C. 4 Scope of consolidation/b. company acquisitions and disposals".

THE FINANCIAL STATEMENT RISK

On July 1, 2020, the CompuGroup Medical SE & Co. KGaA Group acquired the German and Spanish parts of the IT Healthcare Portfolio of Cerner Corporation, North Kansas City, USA. The purchase price amounted to EUR 203.7 million. With due regard to the net assets acquired in the amount of EUR 121.6 million, goodwill amounts to EUR 82.1 million.

The acquired identifiable assets and assumed liabilities are usually recognized at fair value pursuant to IFRS 3 on the date of acquisition. The Group engaged an external expert to identify and measure the assets acquired and the liabilities assumed.

The identification and measurement of acquired (especially intangible) assets and assumed liabilities is complex and based on management’s assumptions that require judgment. The significant assumptions include the projections of the acquired business’s revenue and margins, the license fees utilized, useful lives applied as well as the cost of capital.

There is the risk for the consolidated financial statements that the assets acquired and liabilities assumed are identified improperly or measured inaccurately. There is also the risk that the disclosures in the notes to the consolidated financial statements are not complete and accurate.

OUR AUDIT APPROACH

We first gained an understanding of the acquisition by evaluating the relevant agreements and consulting employees of the finance department.

We assessed the competency, skills and objectivity of the independent expert engaged by CompuGroup. Furthermore, we assessed the process for identifying the assets acquired and liabilities assumed in terms of conformity with the requirements of IFRS 3 using our knowledge of the business model of the acquired activities. We investigated the valuation methods used for their compliance with the accounting policies.

With the involvement of our own valuation experts, we assessed the appropriateness of the identification and valuation methods along with the key assumptions.

We discussed projected revenue and margin development with those responsible for planning. Furthermore, we reconciled these with the budgets prepared by management and assessed the consistency of the assumptions with the general market development. The license rates utilized to measure the intangible assets were compared with benchmarks from relevant databases. We compared the assumptions and data underlying the capital costs, in particular the risk-free rate, the market risk premium and the beta factor with our own assumptions and publicly available data.

To assess computational accuracy, we verified selected calculations based on risk criteria. Finally, we assessed whether the disclosures in the notes regarding the acquisition of the IT Healthcare Portfolio are complete and appropriate.

OUR CONCLUSIONS

The approach used for identifying and measuring the assets acquired and liabilities assumed is appropriate and in line with the accounting policies to be applied. The key assumptions and data underlying the purchase price allocation are appropriate and the presentation in the notes to the consolidated financial statements is complete and appropriate.

Impairment testing of goodwill

For more information on goodwill, please refer to Section “D.1.c) Goodwill” in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

As of December 31, 2020, goodwill amounted to EUR 542.4 million and, at 34.6% of total assets, accounts for a substantial share of assets.

Impairment of goodwill is tested annually at the level of business segments. For this purpose, the carrying amount of the assets is compared with their recoverable amount of the respective segment. If the carrying amount exceeds the recoverable amount, there is a need for impairment. The company generally takes the value in use of the respective segment as the recoverable amount. The company calculates this using the discounted cash flow method based on the present values of the expected future cash flows, which stem from the budgets prepared by management for the coming financial year, which are extrapolated using assumptions about future growth rates. The respective discount rate is derived from the return on a risk-appropriate alternative investment. The reporting date for the impairment test was November 30, 2020.

Calculation of values in use is complex and, as regards the assumptions made, based largely on estimates and assessments of the company. This applies particularly to estimates of future cash flows and long-term growth rates, and the determination of the capitalization rate.

The calculated values did not provide any indications for the need to recognize an impairment. There is the risk for the consolidated financial statements that the impairment loss as of the reporting date is not recognized in the amount required. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

On the basis of the information obtained in our audit, we first assessed which goodwill shows indications of impairment. With the assistance Initially on the basis of the information gained in our audit, we assessed for which goodwill there were indications of a need for impairment. With the involvement of our valuation experts, we subsequently assessed the appropriateness of the significant assumptions and the valuation model of the Group. In addition, we discussed the expected cash flows and the assumed growth rates with those responsible for planning. Furthermore, we reconciled the budget with the budget approved by the joint Committee for financial year 2021 and assessed whether the budget amounts and growth rates applied are in line with sector development.

We also confirmed the accuracy of the company's previous forecasts by comparing the budgets of previous financial years with actual results and analyzed deviations.

We compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data. In order to take account of forecast uncertainty, we also investigated the impact of potential changes to the discount rate and the terminal value growth rate on the value in use by calculating alternative scenarios and comparing these with the Group's measurements (sensitivity analysis). To ensure the computational accuracy of the valuation model used, we verified the company's calculations on the basis of selected risk-based elements. Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill are appropriate. This also included an assessment of the appropriateness of the disclosures pursuant to IAS 36.134(f) on sensitivities in the event of a reasonably possible change in key assumptions underlying the evaluation.

OUR CONCLUSIONS

The process used by the company for impairment testing of goodwill is appropriate and in line with the accounting policies. The company's assumptions and parameters are appropriate. The related disclosures in the notes are appropriate.

Initial measurement of internally generated software

For more information on internally generated software, please refer to Section "D.1.b) Internally generated software" in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

Internally generated software totaling EUR 136.5 million is recognized in the consolidated financial statements.

The recognition of internally generated software under assets pursuant to IAS 38 is complex and based on a range of assumptions that require judgment. These include the assessment of the future flow of benefits that the Group anticipates from the development projects carried out, as well as the recognition of the expenses included in the production costs. There is the risk that development costs not covered by the recognition criteria under IAS 38 are capitalized.

There is the risk for the financial statements that development costs not covered by the recognition criteria under IAS 38 are capitalized. In addition, there is the risk that the capitalized development costs are overstated due to overly generous inclusion of expense components in production costs.

OUR AUDIT APPROACH

First, we gained an understanding of the process activities with regard to ongoing capitalization decisions and assessed the design and implementation of established internal controls for the recognition of development costs. In addition, we evaluated the methodical approach to the recognition of capitalizable development costs.

For individual projects selected on the basis of risk, we assessed the extent to which significant costs incurred in financial year 2020 qualify for capitalization using the Group's detailed project descriptions. Through discussions with project managers, we gained an understanding of the future flow of benefits expected to result from the development work in question and verified the company's assessment. Based on these discussions as well as other information obtained in the course of our audit, we assessed whether the Group has the option to use the results of development itself or to sell them.

We evaluated the amount and proper classification of the capitalized development costs for the projects selected on a sample basis based on the time sheets of the employees whose development work was capitalized. In addition, we assessed the recognition of the types of costs included.

OUR CONCLUSIONS

The procedure as well as the associated assumptions requiring judgment for the capitalization of development costs are in line with the recognition criteria under IAS 38. The distinction of the expense components included in the development costs is appropriate overall and is in line with the applicable accounting policies.

Existence of revenue

For more information on revenue, please refer to "Section 17 Revenue from contract with customers and other income" in the notes to the consolidated financial statements

THE FINANCIAL STATEMENT RISK

The consolidated financial statements of CompuGroup Medical SE & Co. KGaA reported revenue of EUR 837.3 million for the financial year 2020. Revenue is generated from various activities of the Group and includes income from the sale of software licenses and software maintenance contracts, as well as income from rents, services and hardware sales.

Revenue is recognized once the Group has fulfilled its performance obligation by transferring control of the goods or services to the customer. Due to the complex regulations on revenue recognition, the Group analyzes each revenue category to determine whether the revenue is to be recognized at a point in time or over time.

Due to the heterogeneity of the revenue categories and the complexity of the rules on revenue recognition, there is the risk that revenue is not reported in the proper amount in financial year 2020.

OUR AUDIT APPROACH

First, we assessed whether the Group's interpretation with regard to the dates of recognition for earnings from the individual revenue categories is in line with the provisions of IFRS 15. Then we gained an understanding of the process activities and assessed the design and implementation of the established controls with regard to order acceptance, service performance and revenue recognition cut-off.

For the revenue to be recognized at a point in time, we assessed, on the basis of a representative sample, revenue recognition cut-off by reconciling invoices with the related contracts, external proof of delivery, acceptance protocols or time sheets. Furthermore, we assessed the applicable point in time and the amount of revenue recognized by obtaining third-party confirmations selected on the basis of a statistical procedure or alternatively by reconciling invoices with the related orders, external delivery records or incoming payments. We also inspected credits issued after the reporting date based on elements selected on the basis of risk. For revenue to be recognized over time, we evaluated the extent of the services rendered as well as the resulting recognition on the balance sheet and income statement.

OUR CONCLUSIONS

CompuGroup's approach to recognizing of revenue in financial year 2020 is appropriate.

Other information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:
- the Group's separate non-financial report, which is referred to in the combined management report, and
- the Group's corporate governance statement referred to in the combined management report.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the Group's assets, liabilities, financial position, and financial performance. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the data in the attached file „compugroupmed_187474.zip" (SHA256-Hashvalue:ddfd71d54c1da0f3d6696d65a6e521b6c016709e0d6d816bd3b a46688905f66), being prepared for publication purposes and containing reproductions of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents"), which can be retrieved by the issuer in the protected client portal, complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2020, contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above.

We conducted our assessment of the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether tagging the ESEF documents with Inline XBRL technology (iXBRL) provides an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as auditor by the annual general meeting on May 13, 2020. We were engaged by the Supervisory Board on October 5, 2020. We have been the group auditor of CompuGroup Medical SE & Co. KGaA without interruption since the financial year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Responsible auditor
The German Public Auditor responsible for the engagement is Alexander Bock.

Frankfurt/Main, March 16, 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by]

[signature] Bock
Wirtschaftsprüfer (German Public Auditor)

[signature] Palm
Wirtschaftsprüfer (German Public Auditor)

FINANCIAL CALENDAR 2021

Financial Calendar 2021

Date	Event
March 25, 2021	Annual Report 2020
May 6, 2021	Interim Report Q1 2021
May 19, 2021	Annual Gerneral Meeting
August 5, 2021	Interim Report Q2 2021
September 15, 2021	Capital Markets Day 2021
November 4, 2021	Interim Report Q3 2021

IMPRINT

Published by:

CompuGroup Medical SE & Co. KGaA
Maria Trost 21
56070 Koblenz
Germany
Phone +49 261 8000-0
www.cgm.com

Managing Directors:
Dr. Dirk Wössner (CEO), Frank Brecher, Dr. Ralph Körfgen, Dr. Eckart Pech, Michael Rauch, Hannes Reichl

Chairman of the Supervisory Board:
Philipp von Ilberg

Registered office:
Koblenz, commercial register number HRB 27430

VAT identification number:
DE 114 134699

Contact Investor Relations:
Claudia Thomé
Phone +49 261 8000-7030
E-mail: investor@cgm.com

The non-financial report ist published separately from the annual report. Publication date: March 25, 2021

CompuGroup Medical SE & Co. KGaA
Maria Trost 21
56070 Koblenz
Germany

www.cgm.com

Synchronizing Healthcare

CompuGroup
Medical