CompuGroup Medical SE

Financial Report
1 January – 31 March 2018

Synchronizing Healthcare

CompuGroup Medical

Content

Key Events and Figures

+ First quarter revenue of EUR 166.0 million corresponding to 17 percent organic growth
+ Operating profit (EBITDA) of EUR 38.9 million, up 29 percent from EUR 30.1 million in the first quarter of 2017
+ Operating margin of 23 percent, up from 21 percent last year
+ Operating cash flow of EUR 50.7 million, up from EUR 35.4 million last year
+ Cash net income of EUR 24.3 million and cash net income per share of EUR 0.49
+ The roll-out of the Telematics Infrastructure in Germany proceeds according to plan with accumulated more than 20,000 orders and over 13,000 live installations by the end of the first quarter
+ Strong start to the year for pharmacy software and hospital information systems
+ 2018 guidance reaffirmed

EUR `000	01.01. - 31.03. 2018	01.01. - 31.03. 2017	Veränderung
Revenue	165,961	141,505	17%
EBITDA	38,854	30,098	29%
Margin	*23%*	*21%*	
EPS (EUR)	0.34	0.25	
Cash net income (EUR)*	24,284	19,799	
Cash net income per Share (EUR)	0.49	0.40	23%
Cash flow from operating activities	50,667	35,389	
Cash flow investing activities	-5,699	-10,645	
of which equity acquisitions	0	-1,671	
Number of shares outstanding ('000)	49,724	49,724	
Net debt	278,046	306,794	

* Cash net income: Periodenüberschuss vor Anteilen Dritter zzgl. der Abschreibungen auf immaterielle Vermögenswerte mit Ausnahme der Abschreibungen auf selbst erstellte Software.

Management Report

THE CGM GROUP

CompuGroup Medical SE (CGM) develops and sells efficiency- and quality-enhancing software as well as information technology services exclusively for the healthcare sector. The company plays a leading role in the development of global e-health solutions and enjoys market leadership in Germany as well as in other key European countries. CGM's software products and related services are designed to support all medical and organizational activities in doctors' offices, medical laboratories, pharmacies, hospitals and other provider organizations. Its information services for health insurance companies and pharmaceutical producers contribute towards safer and more efficient healthcare. The company's services are based on a unique customer base of doctors, dentists, hospitals and pharmacies, as well as other service providers in healthcare. With headquarters in Germany (Koblenz), the company has a wide and global reach with offices in 19 countries and installations in 55 countries worldwide. Approximately 4,600 highly qualified employees support customers with innovative solutions for the steady growing demands of the healthcare system.

CHANGE IN SEGMENTATION

To better reflect the evolving portfolio of products and services in CGM, a change in segmentation was made in 2017. Previous reporting segments HPS I, HPS II and HCS have been replaced by four new reporting segments as follows:

+ Ambulatory Information Systems (AIS), including the previous operating segment ISP.
+ Pharmacy Information Systems (PCS).
+ Hospital Information Systems (HIS).
+ Health Connectivity Services (HCS), no longer divided into operating segments.

Some business units have also been re-allocated to a different segment to reflect market changes over the last 10 years. This mostly concerns the AIS business in Sweden where a part corresponding to approximately EUR 19 million of annual revenue has been re-allocated to the HIS segment. Parts of the HCS business in Germany corresponding to approximately EUR 7 million of annual revenue and where the customers group is hospital pharmacies has also been re-allocated to the HIS segment. All prior year figures have been re-stated according to the new segmentation.

COURSE OF BUSINESS

The following sections describe the main operational developments during the first quarter of 2018.

Ambulatory Information Systems (AIS)

The doctor and dental software business started the year with 27 percent organic growth in the first quarter of 2018. The main growth driver is the continuing roll-out of the Telematics Infrastructure (TI) in Germany. Outside the TI revenue, there are normal positive developments in most European markets whereas revenue in the United States continues to be flat year-on-year in local currency.

Telematics Infrastructure, Germany

In November 2017, CGM received all necessary approvals and was the first company able to deliver the complete chain of required TI components and services. These components and services include the CGM primary software for physicians, dentists and hospitals, the connector, the VPN access service, the stationary e-health card terminal and practice /institutional card (SMC-B). CGM closed the year 2017 with around 12,000 orders for the TI connection package, of which around 4,700 were installed by 31 December 2017.

CGM has remained the only approved supplier of TI connection packages throughout the first quarter of 2018. Sales and installation activities have continued according to plan and as 31. March 2018, CGM had accumulated more than 20,000 orders for the CGM connection package, of which over 13,000 were installed. Practically all orders and installations are done with existing CGM primary software customers and for the rest of the German market, the roll-out has not started with any material volume.

Developments in the United States

In the United States, revenue in local currency was stable at USD 10.2 million during the first quarter of 2018 (2017: USD 10.3 million). Other important developments in 2018 are a new G3 based software platform for the US market which is going to form an upgrade path for all legacy products currently in use in the US.

Pharmacy Information Systems (PCS)

The pharmacy software business started the year with 6 percent year-on-year organic growth in the first quarter 2018. The German and Italian markets are developing as expected with well-established products and services. In terms of further business development, the Spanish pharmacy software market is a focus area in 2018 based on the initial position taken through the acquisition of two smaller market players OWL Computer in 2016 and Farmages in 2017.

Hospital Information Systems (HIS)

The HIS-segment started the year with 5 percent year-on-year organic growth in the first quarter 2018. This is a good start to the year especially given that a change to customer contract structures have reduced pass-through revenue from 3rd party software compared to last year. The hospital business is currently dominated by the activities in the DACH region with Germany, Austria and Switzerland currently making up over 70% of the revenue in the segment.

Health Connectivity Services (HCS)

The flat revenue development in the HCS-segment during the first quarter is according to expectations for 2018.

RESULTS OF GROUP OPERATIONS

Unless stated otherwise, all figures in the management report refer to the first quarter of 2018 and 2017 respectively, i.e. the three month period 01.01. – 31.03. (Q1).

Revenue

Revenue in the first quarter of 2018 was EUR 166.0 million compared to EUR 141.5 million in the same period last year. This corresponds to 17 percent growth of which practically all is organic growth. Currency fluctuations decreased revenue with EUR 2.0 million compared to the first quarter last year and organic growth at constant exchange rates was 18 percent.

Sales to third parties in Ambulatory Information Systems grew 27 percent, of which 28 percent is organic growth at constant exchange rates. In Pharmacy Information Systems, sales to third parties grew 6 percent, of which practically all is organic growth with no currency exchange effect. Hospital Information Systems also had a strong start to the year with 5 percent organic growth. Sales to third parties in Health Connectivity Services were down -6 percent year-on-year. Adjusted for divestitures and currency effects, the organic contraction in HCS was -2 percent.

Segment sales to third parties (including acquisitions, divestitures and currency effects):

EUR Mio.	01.01.-31.03. 2018	01.01.-31.03. 2017	Changes
Ambulatory Information Systems	106.1	83.6	27%
Pharmacy Information Systems	26.4	24.9	6%
Hospital Information Systems	23.6	22.5	5%
Health Connectivity Services	9.8	10.4	-6%
SUM	165.9	141.5	17%

Revenue from acquisitions and divestitures:

EUR Mio.	01.01.-31.03. 2018	01.01.-31.03. 2017
Ambulatory Information Systems	0.8	
Pharmacy Information Systems	0.1	
Hospital Information Systems		
Health Connectivity Services	0.1	0.4
SUM	1.0	0.4

Profit

Consolidated EBITDA amounted to EUR 38.9 million compared to EUR 30.1 million in the first quarter of 2017. The corresponding operating margin was 23.1 percent compared to 21.3 percent in 2017. The main developments in operating expenses in the first quarter were:

+ Expenses for goods and services increased EUR 11.1 million year-on-year with a gross margin of 79 percent, which is 4 percent lower than last year. The increase in costs of goods and change in gross margin is related to the purchase of card readers, production of connectors and outsourcing of installation and training services in connection with the roll-out of the Telematics Infrastructure.
+ Personnel expenses are up 3 percent from last year at EUR 69.7 million (first quarter 2017: EUR 67.5 million). The increase in personnel expenses is driven by smaller changes in the composition of the workforce as well as general salary inflation.
+ Other expenses are EUR 3.3 million higher than last year at EUR 27.0 million (first quarter 2017: EUR 23.7 million). This increase is due to more use of outsourced research and development related to an accelerated completion of new modules for CGM Clinical (new G3-based Hospital information System) and more marketing spending related to Telematics Infrastructure rollout in Germany.

Depreciation of tangible fixed assets in the first quarter is EUR 0.6 million higher than last year at EUR 2.8 million (first quarter 2017: EUR 2.1 million). This is due to more assets related to the Telematics Infrastructure in Germany. Amortization of intangible fixed assets is mostly unchanged from last year at EUR 7.8 million.

Financial income decreased from EUR 2.5 million in the first quarter 2017 to EUR 0.6 million this year due to changes in currency exchange rates which lead to non-cash translation gains on Group internal debt in 2017.

The financial expense decreased from EUR 3.3 million in the first quarter 2017 to EUR 2.7 million in the same period this year and is composed of the following items:

EUR Mio.	01.01.-31.03. 2018	01.01.-31.03. 2017
Interest and expenses on loans and financial services	1.7	1.9
Changes in purchase price liabilities	0.2	0.2
Translation loss on non-Euro internal debt	1.0	1.4
Calculated interest on assets under construction (IAS 23)	-0.2	-0.2
SUM	2.7	3.3

After tax earnings came in at EUR 17.0 million in the first quarter of 2018, up from EUR 12.5 million in the first quarter of 2017.The tax rate was 34 percent in the first quarter this year compared to 33 percent in the first quarter of 2017.The different tax rates are mostly due to non-cash changes in deferred tax assets and liabilities, losses in tax free areas as well as changes in non-tax relevant currency conversion.

Cash net income increased from EUR 19.8 million in the first quarter 2017 to EUR 24.3 million in the first quarter 2018, corresponding to a Cash net income per share of 49 Cent (Q1/2017: 40 Cent).

Cash flow

Cash flow from operating activities during the first quarter of 2018 was EUR 50.7 million compared to EUR 35.3 million in the same period 2017.The changes compared to 2017 mainly come from the following positions:

+ Adjusted for non-cash earnings/expenditures and cash taxes, the gross cash flow from operations before change in working capital increased from EUR 23.0 million in the first quarter last year to EUR 27.2 million this year.
+ Change in working capital gave an increase in operating cash flow of EUR 23.5 million, up from EUR 12.4 million in the same period last year.

Cash flow from investment activities during the first quarter of 2018 amounted to EUR -5.7 million compared to EUR -10.6 million in the same period last year. During the first quarter of 2018, CGM's capital expenditure consisted of the following:

EUR Mio.	01.01.-31.03. 2018	01.01.-31.03. 2017
Company acquisition	0.0	1.7
Purchase of minority interest and past acquisition	0.0	1.1
Capitalized in-house services and other intangible assets	4.1	3.8
Cash outflow for capital expenditure in joint ventures	0.0	1.0
Office building and property	0.1	0.1
Other property and equipment	1.5	2.9
SUM	5.7	10.6

Cash flow from financing was EUR -40.5 million in the first quarter 2018 (previous year: EUR -18.4 million) and relates to the net cash outflow from assumption and repayment of loans.

Statement of financial position

Since the statement of financial position from 31 December 2017, total assets increased by EUR 28.4 million to EUR 853.5 million as at 31 March 2018.The largest changes to the assets represents the decrease in intangible assets of EUR 7.6 million, a EUR 26.3 million increase in contract assets and trade receivables as well as a EUR 4.4 million increase in cash and cash equivalents. For all other assets there are only minor changes during the first quarter of 2018.

Group equity was EUR 236.1 million as at 31 December 2017 and decreased to EUR 234.3 million on 31 March 2018. The decrease in equity results from the first time application of new accounting standards (IFRS 15, IFRS 9) with an amount of EUR -16.5 million, a net profit after consolidation for the period from 01 January 2018 to 31 March 2018 as well as EUR -2.0 million from the equity effect from changes in currency exchange rates and change in interest rates (actuarial gains and losses from pensions).The equity ratio is at 27.4 percent as at 31 March 2018.

The biggest changes to liabilities is a EUR 80.1 million increase in current non-financial liabilities and contract liabilities mostly related to seasonal pre-payments of software maintenance contracts. Liabilities to banks show a decrease of EUR 39.5 million which is related to the strong operating cash flow and limited investments in the period.

Research & Development

Under IAS 38, development work on internally generated software must be capitalized if certain criteria are fulfilled. This generated EUR 3.4 million additional operating profit for the Group during the first quarter of 2018 (previous year EUR 3.0 million), less amortization and write-downs of EUR 0.5 million during the same period (previous year EUR 0.5 million). Most of the capitalized software development expenses are accounted for by two projects, G3.HIS (new HIS system development) and G3.AIS (new AIS software generation).Upon completion, the software will be amortized based on its useful life.

REPORT ON EXPECTED DEVELOPMENTS

CGM reaffirms the outlook presented in the 2017 Annual Report published 29 March 2018.

Total Group revenue is in 2018 expected to be in the range of EUR 700 million to EUR 730 million, corresponding to an organic growth rate of 20-25 percent. The following revenue details are based on the four new reporting segments:

+ AIS revenue is expected to be in the range of EUR 453 million to EUR 477 million including a growth contribution of approximately EUR 3 million from acquisitions. The corresponding growth rate is 36-43 percent, of which most all is organic growth. This outlook reflects all currently available information related to the further roll-out of the Telematics Infrastructure in Germany in 2018.
+ PCS revenue is expected to be in the range of EUR 107 million to EUR 109 million with only a minor growth contribution from acquisitions. This corresponds to an organic growth rate of 2-4 percent.
+ HIS revenue is expected to be in the range of EUR 98 million to EUR 100 million, which is a small contraction compared to last year. Some opportunities in 2017 will not repeat in 2018 and a change to customer contract structures will reduce pass-through revenue from 3rd party software with approximately EUR 3 million in 2018.
+ Revenue in the HCS segment is expected to be in the range of EUR 42 million to EUR 44 million in 2018, corresponding to a flat revenue development.

In terms of profitability, 2018 is expected to be a year of margin expansion relative to 2017. Operating margin (EBITDA margin) is expected to be in the range of 25-26 percent and the corresponding EBITDA is expected to be in the range of EUR 175 million to EUR 190 million.

Depreciation of fixed assets is on Group level expected to be approximately EUR 10 million in 2018 and amortization of intangible assets is expected to be approximately EUR 30 million, of which EUR 24 million will come from amortization of purchase price allocations related to past acquisitions. The corresponding Group earnings before interest and tax (EBIT) is in 2018 expected to be in the range of EUR 135 million to EUR 150 million.

In summary, CompuGroup Medical reaffirms the following guidance for 2018:

+ Group revenue is expected to be in the range of EUR 700 million to EUR 730 million.
+ Group operating income (EBITDA) is expected to be in the range of EUR 175 million to EUR 190 million.

The foregoing outlook is given as at May 2018 and does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2018. The outlook for 2018 represents management’s current best estimate of the market conditions that will exist in 2018 and how the business segments of CGM will perform in this environment.

REPORT ON OPPORTUNITIES AND RISKS

As an internationally operating company, CGM is subject to variety of different risks. These risks mainly include strategic and macroeconomic risks as well as operating, legal and political risks. Furthermore, the group is faced with risks resulting from its project-business, risks related to key personnel and financial risks.

The group's technological expertise and market knowledge makes it possible to assess risk and apply appropriate measures to actively manage the risk exposure. To guarantee a responsible risk handling, CGM works with standardized, group-wide integrated risk management system so that risks can be identified and analyzed at an early stage. A detailed description of the main risks and the specific structure of the risk management system can be found in the CompuGroup Medical SE annual report of 2017. It can be downloaded free of charge from the company's homepage at www.cgm.com.

With the exception of the factors described under "Financial and Operational Review", we see no changes compared to the risk and opportunities described in the group management report for the financial year 2017. Risks that may impact the company as a going concern were not evident during the first quarter of 2018, neither in form of individual risks nor from the total risk position for CGM as a whole.

Interim Statement of Financial Position

as at 31 March 2018

ASSETS

TEUR	31.03.2018	31.03.2017	31.12.2017
Non-current assets			
Intangible Assets	527,042	536,427	534,608
Property, plant and equipment	81,931	74,866	82,812
Financial assets			
Investments in Associates and Joint Ventures	10,377	5,206	10,734
Other participations	172	182	172
Receivables from finance leases*	11,096	11,793	11,178
Trade account receivables	1,580	0	0
Other financial assets	1,718	867	1,510
Derivative financial instruments	0	0	0
Deferred tax asset	7,437	8,765	6,041
	641,352	638,106	647,055
Current assets			
Inventory	14,596	5,766	12,497
Trade account receivables	126,903	131,025	110,908
Receivables from finance leases*	5,430	5,329	5,197
Contract assets	8,702	0	0
Other financial assets	1,610	1,736	2,118
Other non-financial assets	13,932	16,634	10,351
Income tax receivables	6,132	4,358	6,521
Cash & cash equivalents	34,795	34,062	30,362
	212,099	198,911	177,954
Non current assets held for sale	0	1,222	0
	853,451	838,239	825,009

** In the previous year, receivables from finance lease agreements were posted under trade account receivables*

SHAREHOLDER EQUITY AND LIABILITIES

EUR `000	31.03.2018	31.03.2017	31.12.2017
Shareholder Equity			
Subscribed capital	53,219	53,219	53,219
Treasury shares	-20,292	-20,292	-20,292
Reserves	199,387	197,534	201,247
Capital and reserves allocated to the shareholder of the parent company	232,314	230,461	234,174
Minority interests	1,957	1,601	1,886
	234,271	232,062	236,060
Non-current liabilities			
Provisions and other non-current provisions	24,858	24,047	24,806
Liabilities to banks	276,846	315,370	318,118
Contract liabilities	7,446	0	0
Purchase price liabilities	5,367	3,401	5,321
Other financial liabilities	8,019	11,518	9,018
Other non-financial liabilities	2,128	2,496	1,427
Derivative financial instruments	0	0	0
Deferred taxes	44,054	51,958	48,976
	368,717	408,789	407,666
Current liabilities			
Liabilities to banks	35,995	25,486	34,241
Contract liabilities	92,343	0	0
Trade payables	32,392	21,864	43,944
Income tax liabilities	15,617	13,134	15,261
Other Provisions	31,195	29,667	33,237
Purchase price liabilities	8,423	10,071	9,078
Derivative financial instruments	0	0	0
Other financial liabilities	10,307	9,012	9,063
Other non-financial liabilities	24,190	88,152	36,459
	250,463	197,387	181,283
Liabilities related to assets held for sale	0	0	0
	853,451	838,239	825,009

Interim Income Statement

for the reporting period of 1 January - 31 March 2018

EUR `000	01.01.-31.03. 2018	01.01.-31.03. 2017	01.01.-31.12. 2017
Continuing operations			
External Revenues	165,961	141,505	582,375
Capitalized in-house services	3,393	2,964	16,806
Other income	1,581	1,066	10,649
Expenses for goods and services purchased	-35,406	-24,274	-107,149
Personnel expenses	-69,669	-67,470	-269,524
Other expenses	-27,006	-23,692	-104,713
Earnings before interest, taxes, depr. and amortization (EBITDA)	38,854	30,098	128,444
Depreciation of property, plant and tangible assets	-2,760	-2,139	-9,147
Earnings before interest, taxes and amortization (EBITA)	36,093	27,960	119,297
Amortization of intangible assets	-7,810	-7,913	-29,228
Earnings before interest and taxes (EBIT)	28,283	20,047	90,069
Result from associates recognized at equity	-421	-346	-1,136
Financial income	627	2,469	3,754
Financial expenses	-2,727	-3,349	-27,131
Earnings before taxes (EBT)	25,762	18,820	65,556
Taxes on income of the period	-8,804	-6,283	-33,813
Consolidated net income of the period from continuing operations	16,958	12,537	31,743
Discontinued operations			
Result from discontinued operations	0	0	-61
Consolidated net income of the period	16,958	12,537	31,682
of which: allocated to parent company	16,887	12,465	31,250
of which: allocated to minority interests	71	73	432
Earnings per share			
undiluted (EUR)	0.34	0.25	0.63
diluted (EUR)	0.34	0.25	0.63
Additional information:			
Cash net income (EUR)	24,284	19,799	58,147
Cash net income per share (EUR)	0.49	0.40	1.17

*Definition Cash Net Income: net income before minority interests plus amortization on intangible assets exept amortization on in-house capitalized software

Interim Statement of comprehensive income

for the reporting period of 1 January - 31 March 2018

EUR `000	01.01.-31.03. 2018	01.01.-31.03. 2017	01.01.-31.12. 2017
Consolidated net income of the period	16,958	12,537	31,682
Other results			
Items that will not be reclassified to profit or loss at a future point in time			
Changes in actuarial gains and losses	-141	9	-57
Deferred taxes on actuarial gains and losses on defined benefit plans	35	-14	21
Items that will be reclassified to profit or loss at a future point in time when specific conditions are met			
Cashflow hedges			
of which in equity	0	0	0
of which income	0	0	0
Deferred taxes on cash flow hedges	0	0	0
Currency conversion differences	-2,143	892	3,500
of which changes in equity	343	892	3,500
of which changes in income (Recycling)	-2,486	0	0
Total comprehensive income for the period	14,709	13,425	35,146
of which: allocated to parent company	14,638	13,352	34,714
of which: allocated to minority interests	71	73	432

Cash Flow Statement

as at 31 March 2018

EUR`000	01.01.-31.03. 2018	01.01.-31.03. 2017	01.01.-31.12. 2017
Group net income	16,958	12,537	31,682
Amortization of intangible assets, plant and equipment	10,570	10,052	38,375
Earnings on sale of fixed assets	18	-8	-277
Change in provisions (inlcuding income tax liabilities)	-1,491	-3,095	3,663
Change in deferred taxes	-635	640	-1,113
Other non-cash earnings/ expenditure	1,788	2,865	17,593
	27,208	**22,992**	**89,923**
Change in inventories	-2,102	-335	-6,999
Changes in receivables and contract assets (Formerly Trade receivables)	-25,722	-18,917	1,550
Change in income tax receivables	383	-454	-2,552
Change in other assets	-3,324	-2,821	2,691
Change in trade payables	-11,448	-9,700	11,926
Changes in contract liabilities	59,642	0	0
Change in other liabilities	6,040	44,623	-10,654
Operating Cashflow - continuing activities	**50,677**	**35,389**	**85,885**
Operating Cashflow - non continuing activities	**0**	**0**	**-62**
Operating Cashflow	**50,677**	**35,389**	**85,823**
Cash flow on disposals of intangible assets	0	0	88
Cash outflow for capital expenditure in intangible assets	-4,059	-3,791	-22,887
Cash inflow from disposals of sales of property, plant and equipment	205	10	587
Cash outflow for capital expenditure in property, plant and equipment	-1,845	-3,031	-18,673
Net cash outflow for aquisitions (less acquired cash and cash equivalents)	0	-1,671	-7,709
Cash outflow for the aquisition in prior periods	0	-1,162	-2,523
Cash inflow from disposals of subsidiaries and business units	0	0	500
Cash outflow for capital expenditure in joint ventures	0	-1,000	-5,490
Cash flow from investing activities - continuing activities	**-5,699**	**-10,645**	**-56,107**
Cash flow from investing activities - non continuing activities	**0**	**0**	**1,160**
Cash flow from investing activities	**-5,699**	**-10,645**	**-54,947**
Dividends paid	0	0	-17,403
Dividens paid to non-controlling interests	0	0	-25
Acquisitions of additional shares from non-controlling interests	0	-87	-402
Cash outflow from the repayment of liabilities from finance lease*	-919	-899	-3,566
Cash inflow from assumption of loans	1,946	5,000	85,021
Cash outflow from the repayment of loans	-41,527	-22,435	-91,607
Cash flow from financing activities - continuing activities	**-40,500**	**-18,421**	**-27,982**
Cash flow from financing activities - non continuing activities	**0**	**0**	**0**
Cash flow from financing activities	**-40,500**	**-18,421**	**-27,982**
Cash and cash equivalents at the beginning of the period	30,362	27,756	27,756
Change in cash and cash equivalents	4,478	6,323	2,892
Changes in cash and cash equivalents due to exchange rate fluctuations	-45	-16	-286
Cash and cash equivalents at the end of the period	**34,795**	**34,062**	**30,362**
Interest paid	2,408	1,768	8,414
Interest received	127	86	900
Income tax paid	6,099	6,133	27,598

Changes in Consolidated Equity

for the reporting period of 1 January - 31 March 2018

EUR `000	Share capital	Treasury shares	Reserves	Conversion	Equity attributable to shareholders of CompuGroup Medical SE	Non-controlling interest	Consolidated equity
Balance as at 01.01.2017	**53,219**	**-20,292**	**208,640**	**-23,737**	**217,830**	**823**	**218,653**
Group net income	**0**	**0**	**31,250**	**0**	**31,250**	**432**	**31,682**
Other results	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Changes in the fair value of cashflow hedges	0	0	0	0	0	0	0
Reversals of cashflow hedges	0	0	0	0	0	0	0
Actuarial gains and losses	0	0	-36	0	-36	0	-36
Currency conversion differences	0	0	0	3,500	3,500	0	3,500
Total result of the period	**0**	**0**	**31,214**	**3,500**	**34,714**	**432**	**35,146**
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Capital contributiion	0	0	0	0	0	0	0
Dividend distribution	0	0	-17,403	0	-17,403	-25	-17,428
Stock options programm	0	0	0	0	0	0	0
Repurchase of treasury shares	0	0	0	0	0	0	0
Non-controlling interes from acquisitions	0	0	0	0	0	87	87
Additional purchase of shares from non-controlling interests after control	0	0	-972	0	-972	570	-402
Other changes (Previous year: Changes in scope of consolidation)	0	0	5	**0**	5	-1	4
Balance as at 31.12.2017	**53,219**	**-20,292**	**221,484**	**-20,237**	**234,174**	**1,886**	**236,060**
Changes due to the application of new standards IFRS 15 and IFRS 9	**0**	**0**	**-16,452**	**0**	**-16,452**	**0**	**-16,452**
Group net income	**0**	**0**	**16,887**	**0**	**16,887**	**71**	**16,958**
Other results	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Changes in the fair value of cashflow hedges	0	0	0	0	0	0	0
Actuarial gains and losses	0	0	106	0	106	0	106
Currency conversion differences	0	0	0	-2,144	-2,144	0	-2,144
Total result of the period	**0**	**0**	**541**	**-2,144**	**-1,603**	**71**	**-1,532**
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Own shares	0	0	0	0	0	0	0
Dividend distribution	0	0	0	0	0	0	0
Stock options programm	0	0	0	0	0	0	0
Non-controlling interrests from acquisitions	0	0	0	0	0	0	0
Additional purchase of shares from non-controlling interests after control	0	0	-257	0	-257	0	-257
Repurchase of treasury shares	0	0	0	0	0	0	0
Issue of treasury shares	0	0	0	0	0	0	0
	0	0	284	-2,144	-1,860	71	-1,789
„Other changes (Formerly Changes in the scope of consolidation)“	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance as at 31.03.2018	53,219	-20,292	221,768	-22,381	232,314	1,957	234,271

Explanatory Notes

GENERAL ACCOUNTING PRINCIPLES FOR THE INTERIM FINANCIAL REPORT

General Accounting Principles

The accompanying condensed IFRS-Interim Financial Statement for the period ended 31 March 2018 is a Consolidated Financial Statement. Unless otherwise specified, all amounts are provided in thousands of euros (EUR thousands) or millions of euros (EUR millions). Rounding differences of +/- one unit (EUR thousands, percent, etc.) may arise due to calculations.

The first quarter consolidated financial statements as of 31 March 2018 have been prepared, like the Consolidated Annual Financial Statements for the year 2017, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. This Consolidated Interim Financial Statement prepared in accordance to IAS 34 is condensed compared to the scope applied for the Consolidated Financial Statement for the full year.

The accounting policies in the interim Financial Statements are consistent with those used in the Consolidated Financial Statements in 31 December 2017, with the exception of the subsequently illustrated and firstly applied revised standards. Relevant information is shown in the Consolidated Financial Statements as of 31 December 2017. This Consolidated Interim Financial Statements and the Interim Management Report were not reviewed by any auditor.

The overview below gives information about the relevant foreign exchange rates for the condensed consolidated interim IFRS-financial statements:

1€ corresponds to	Fixed rates 31.03.2018	 31.12.2017	Average rates January - March 2018	 2017
Denmark (DKK)	7.45	7.44	7.45	7.44
Canada (CAD)	1.59	1.50	1.55	1.44
Malaysia (MYR)	4.77	4.85	4.82	4.73
Norway (NOK)	9.68	9.84	9.63	8.99
Poland (PLN)	4.21	4.18	4.18	4.32
Romania (RON)	4.66	4.66	4.66	4.52
Sweden (SEK)	10.28	9.84	9.97	9.51
Switzerland (CHF)	1.18	1.17	1.17	1.07
Singapore (SGD)	1.62	1.60	1.62	1.51
South Africa (ZAR)	14.62	14.81	14.71	14.08
Czech Republic (CZK)	25.43	25.54	25.40	27.02
Turkey (TRY)	4.90	4.55	4.69	3.94
USA (USD)	1.23	1.20	1.23	1.06

Unless otherwise stated, all figures refer to the first three months of 2018 and 2017 respectively. The business development showed no signs of significant cyclical fluctuations. The business volume of CompuGroup Medical SE normally tends to be higher in the second half of the year and particularly in the fourth quarter of the financial year (1 October – 31 December).

When preparing the consolidated interim financial statements, CGM's management made estimates and assumptions in the process of applying the accounting policies that may influence the amounts of assets, liabilities as well as expense and income. Although these assumptions and estimates were made to the best knowledge of the Management Board, actual results may differ from these estimates.

The main assumptions being used for preparing the Consolidated Interim Financial Statements are identical to those used for the preparation of the Consolidated Financial Statements as at year-end 31 December 2017, with the exception of new standards to be applied. Furthermore, assumptions have been made for the current fiscal year 2018 in the determination of the personnel expenses, the provisions for post-employment benefits and anniversaries and for the tax accruals for the fiscal year.

New and revised Standards to be applied for the fiscal year 2018

CompuGroup Medical has implemented all the accounting standards adopted by the EU and required to be applied as of 1 January 2018.

Standard (Issue date)	Subject matter	Effective for financial years beginning on or after (EU)
"IFRIC 22 (8 December 2016)"	The interpretation covers transactions in foreign currency, if a company records a non monetary asset or liability, which arises of a payment in advance or a in advanced received consideration, before the company recognizes the asset, revenue or expense.	1 January 2018
"Amendments to IAS 40 (8 December 2016)"	Clarification for the application of section 57 of IAS 40. The amendments are aimed to strengthen especially the principal of transfering into or out of the portfolio of real estate held as financial investment by bringing out that such a transfer is only possible in case of a change in use.	1 January 2018
"Amendments to IFRS 2 (20 June 2016)"	Clarification for the consideration of vesting conditions (service conditions, market conditions and market-independent perfomance conditions) in the scope of the assesment for cash settled share-based payments. Classification of shared-based payments, which provide a net settlement. The accounting of a modification in the case it leads to a change in classification of the payment from "as chash settled" to "with settlement through equity".	1 January 2018
"Annual improvements to IFRS (2014-2016 Cycle) (8 December 2016)"	The annual improvement process affects following standards: IFRS 1, IFRS 12, IAS 28.	"1 January 2018/ 1 January 2017"
"Amendment to IFRS 4 (12 September 2016)"	Changes are based on the common application of IFRS 9 with IFRS 4. This does not include a complete amendment to the financial accounting but a transitional arrangement: insurers have the opportunity of a provisional postponement for the application of IFRS 9 (Deferral approach). Furthermore, serveral expenses and revenues developing from qualified assets can be reclassified from the P&L to the other comprehensive income (Overlay approach).	1 January 2018
"IFRS 9 (24 July 2014)"	IFRS 9 contains requirements governing the recognition and measurement of financial instruments, derecognition and hedge accounting. The final version of IFRS 9 replaces all previously versions.	1 January 2018
"IFRS 15 (28 May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (11 September 2015)"	The new standard establishes uniform requirements regarding the amount, time and time period of revenue recognition. The standard will in future replace the existing requirements governing revenue recognition under IAS 18 Revenue and IAS 11 Construction Contracts.	1 January 2018
"Clarification to IFRS 15 (12 April 2016)"	Explanations are aimed at a transitional relief for modified as well as closed.	1 January 2018

With the exception of the new accounting standards IFRS 9 and IFRS 15, the same accounting policies and consolidation principles are generally applied for the preparation of consolidated interim financial statements and the presentation of the prior-year comparative figures as to the consolidated financial statements for 2017. A detailed description of these accounting policies is given in the notes of the 2017 consolidated financial statements. For the accounting standards applied for the first time in 2018, the accounting policies used, are described below with regard to their effects in the consolidated interim financial statements.

Standards, Interpretations and amendments which have already been endorsed by the EU but are applied at a later date

Standard (Issue date)	Subject matter	Effectiv for financial years beginning on or after (EU))
"IFRS 16 (13 January 2016)"	The core requirement of IFRS 16 is to recognized generally all leasing arrangements as well as the associated contractual rights and obligations in the balance sheet of the lessee. The previous differentiation between finance lease and operating lease apllied under IAS17, is therewith not applicable anymore for the lessee.	1 January 2019
"Amendments to IFRS 9 (12 October 2017)"	The proposed amendments to IFRS 9 apply to a restricted modification of accounting criteria that are relevant for the classification of financial assets. Financial assets with a prepayment feature with negative compensation can be recognized, under certain conditions, by their continued purchase costs or with the fair falue under the other comprehensive income instead of being recognized at fair value through profit and loss.	1 January 2019

The expectations have been illustrated in detail in the annual report of 31 December 2017, on which is referred at this point.

Amendments, standards and interpretations published by the IASB but not yet transported into European legislation
The IASB and IFRIC have adopted several additional standards and interpretations which are not yet mandatory applicable in the fiscal year 2018 starting from 1 January 2018. The application of these IFRS and IFRIC is depending from the EU-endorsement.

Standard (Issue date)	Subject matter	Effectiv for financial years beginning on or after (EU)
"IFRS 17 (18 May 2017)"	This standard makes a consistent international accounting standard for insurance businesses available. The objective is to raise transparency and comparability of insurance accountings.	1 January 2021
"IFRIC 23 (7 June 2017)"	IFRIC 23 clarifies the financial accounting of uncertainty of income taxes. The interpretation applies for the taxable earnings (tax losses), taxables bases, not yet utilized tax losses, not yet utilized tax credits and tax rates, if there is an uncertainty regarding income tax handling as per IAS 12.	1 January 2019
"Amendments to IAS 28 (12 October 2017)"	The amendments to IAS 28 clarify that IFRS 9 has to be applied to non current investments in associates or joint ventures, whose accounting is not carried out according to the equity method.	1 January 2019
"Annual improvements to IFRS (2015-2017 Cycle) (12 December 2017)"	"The annual improvement process affects following standards: IFRS 3, IFRS 11, IAS 12 und IAS 23"	1 January 2019
"Amendments to IAS 19 (7 February 2018)"	The amendments require a remeasurement of the current service cost and the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the remeasured net defined benefit liability (asset). For the remeasurement the current fair value of plan assets and the current actuarial assumptions shall be used.	1 January 2019
"Amendments to the conceptual framework (29 March 2018)"	The revision of the Conceptual Framework mainly focused on a new chapter on measurement of assets and liabilities, guidance on reporting financial performance, revised definitions of an asset and a liability, and clarifications of the role of stewardship and the concept of prudence in context of the objective of IFRS general purpose financial reporting.	1 January 2020
"IFRS 14 (30 January 2014)"	Regulatory Deferral Accounts	The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
"Amendments to IFRS 10 and IAS 28 (11 September 2014)"	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely

The possibility of an early application for particular standards is given. CompuGroup Medical SE does not make use of the possibility of an early application of these standards. Currently CompuGroup Medical SE evaluates the consequences, which will arise from the first time adoption of these standards.

The impact of the amendments to IAS 19 and the Framework is currently under review.

For the application of the remaining standards, amendments and interpretations no significant changes for the (interim-) consolidated financial statements of CompuGroup Medical SE are expected. More detailed expectations were described in the Annual Report from 31 December 2017, on which is referred at this point.

Selected explanatory notes

Changes in the business and the economic circumstances

In comparison to the financial year 2017, the first quarter of 2018 shows no significant changes to the business and the economic circumstances of CompuGroup Medical SE, with the exception of the factors described in the Interim Management Report.

Scope of Consolidation

The Consolidated Interim Financial Statements as of 31 March 2018 include the Financial Statements of CompuGroup Medical SE and all companies controlled by CompuGroup Medical SE (subsidiaries) as of 31 March 2018. The consolidation begins from the date control is obtained and ends when control ceases to exist. Compared to the 31 December 2017 the scope of consolidation has changed as follows:

Changes in scope of Consolidation	Germany	Foreign countries	Total
CompuGroup Medical SE and consolidated subsidiaries:			
As at 1 January 2018	29	60	89
Additions	0	0	0
Disposals / Merger	0	2	2
As at 31 March 2018	29	58	87

The two disposals result from the internal merger of CompuGroup Medical Nederland B.V. and Labelsoft Clinical IT B.V., both Netherlands, into CompuGroup Medical Nederland Software and Services B.Vv., Netherlands.

Significant effects of changes in accounting policies

On 01 January 2018, both standards, IFRS 9 and IFRS 15 must be applied mandatory.

IFRS 15

The new accounting standard IFRS 15 replaces the regulations of IAS 11 and IAS 18 for the recognition of revenues and has been firstly applied on 1 January 2018. CompuGroup Medical SE implements the modified retrospective transition method (15.C3(b)). This method implies a recognition of the accumulated adjustment amounts from the first time application at the time of first adoption as an adjustment to the opening balance in the position other reserves. The prior-year figures have not been adapted to the balance sheet. This standard only applies retrospectively to contracts, which are not fulfilled at the date of first time adoption. A detailed description of the essential effects from the application of IFRS 15 for CGM, can be found in the annual report 2017.

Additionally, contract assets and contract liabilities are stated for the first time in the balance sheet due to the application of IFRS 15. Contract assets, which have been recognized on 31. March 2018 with an amount of EUR 8,702 thousand, would be shown as trade receivables without the application of IFRS 15. Contract liabilities, which have been recognized on 31. March 2018 with an amount of EUR 99,788 thousand, would be shown as non-financial liabilities without the application of IFRS 15. Group sales are especially generated by contracts with customers in the sense of IFRS 15. Other revenues, which are not in the scope of IFRS 15 (EUR 1,866 thousand), result mainly from leasing contracts with customers. As a practical instruction, the company uses the portfolio approach according to IFRS 15 section 4.

For the disaggregated breakdown of sales revenues according to IFRS 15 Section 114 it is referred to the segment reporting.

The required adaption from the first time application of IFRS 15 per balance sheet items, results from the following table:

01.01.2018 in EUR `000	01.01.2018	Adjustments	Amounts after application of IFRS 15
Assets			-
Trade account receivables	11,178	1,593	12,771
deferred taxes	6,041	1,262	7,303
Non-current assets	**647,055**	**2,855**	**649,910**
Contract asset	-	8,364	8,364
Receivables from finance lease agreements	-	5,197	5,197
Trade account receivables	116,105	-12,924	103,181
Current assets	**177,954**	**637**	**178,591**
Total assets	**825,009**	**3,492**	**828,501**
Equity			
Other reserves	201,247	-15,457	185,790
Equity, which is attributed to the owners of the company	**234,174**	**-15,457**	**218,717**
Minority interest	**1,886**	**-**	**1,886**
Total Shareholder equity	**236,060**	**-15,457**	**220,603**
Liabilities			
Contract liabilities	-	7,558	7,558
deferred taxes	48,976	-4,281	44,695
Non-current liabilities	**407,666**	**3,277**	**410,943**
Deferred income	16,913	-16,913	-
Contract liabilities	-	32,585	32,585
Current liabilities	**181,283**	**15,672**	**196,955**
Total liabilities	**588,949**	**18,949**	**607,898**
Total equity and liabilities	**825,009**	**3,492**	**828,501**

IFRS 9

The new accounting standard IFRS 9 Financial Instruments supersedes the existing regulations of IAS 39 Financial Instruments: Recognition and Measurement and was applied for the first time on 1 January 2018. IFRS 9 introduces new rules on the classification and measurement of financial assets and contains new rules on impairments of financial instruments. A detailed description of the new impairment model can be found in the Annual Report of 2017. Since hedge accounting did not exist in the Group as at the reporting date or as of 31 December 2017, there were no effects from the first-time adoption of IFRS 9 as of the reporting date.

The following tables present the classification and measurement categories of financial assets in accordance with IAS 39 and the reconciliation to the new classification and measurement categories in accordance with IFRS 9 and the respective carrying amounts as of 1 January 2018. The first application of IFRS 9 resulted in respect of classification and measurement to no significant changes. For reasons of materiality, the calculation of the fair value of other investments was waived on the balance sheet date.

Reconciliation IFRS 9 Classification and Measurement:

	Measurment category		Carrying amount 01.01.2018		Difference carrying amount 01.01.2018
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Financial assets					
Cash and cash equivalents	LaR	AC	30,362	30,362	0
Trade account receivables	LaR	AC	103,977	103,977	0
Receivables from construction contracts	LaR	AC	8,297	8,297	0
Other receivables	LaR	AC	3,628	3,628	0
Other financial assets	AfS	FVtPL	172	172	0
Total financial assets			**146,436**	**146,436**	**0**
Financial liabilities					
Liabilities to banks	oL	AC	352,359	352,359	0
Purchase price liabilities	oL	AC	14,399	14,399	0
Trade payables	oL	AC	43,944	43,944	0
Other financial liabilities	oL	AC	5,578	5,578	0
Total financial liabilities			**416,280**	**416,280**	**0**

**Shown as other receivables in the previous year*

The following table shows the first-time application effects of the new impairment model. The first-time application effect of TEUR 995 was recognized in the opening balance of other reserves as of 1 January 2018.

Reconciliation IFRS 9 - Bad debt provisions

in EUR `000	Bad debt provisions on trade account receivables, receivables from finance lease agreements and contract assets
Accumulated bad debt provisions IAS 39 as at 31. December 2017	13,745
Profit-neutral IFRS 9 – first-time application effect	995
Accumulated bad debt provisions IFRS 9 as at 1. January 2018	14,740

The following tables present the carrying amounts and valuations for the Group's existing financial instruments according to the measurement categories in accordance with IAS 39 and in accordance with IFRS 9 as at 31.03.2018.

Financial instruments - measurement categories according to IAS 39	Measurment category-according to IAS 39	Book value as at 31.03.2018	IAS 39 valuation Amortized costs	IAS 39 valuation Fair value through profit and loss	IAS 39 valuation Fair value through equityl	IAS 17 valuation Amortized costs	Fair value as at 31.03.2018
Financial assets							
Cash and cash equivalents	LaR	34,795	34,795	0	0	0	34,795
Trade account receivables	LaR	128,483	128,483	0	0	0	128,483
Receivables from construction contracts	LaR	8,702	8,702	0	0	0	8,702
Other financial assets*	LaR	3,327	3,327	0	0	0	3,327
Receivables from finance lease agreements	-	16,526	0	0	0	16,526	17,534
Other investments	AfS	172	-	-	-	-	-
Total financial assets		**192,005**	**175,307**	**0**	**0**	**16,526**	**192,841**
Financial liabilities							
Liabilities to banks	oL	312,841	312,841	0	0	0	312,841
Purchase price liabilities	oL	13,790	13,790	0	0	0	13,790
Trade payables	oL	32,392	32,392	0	0	0	32,392
Other financial liabilities	oL	6,587	6,587	0	0	0	6,587
Financial lease obligations	-	11,740	0	0	0	11,740	11,621
Total financial liabilities		**377,350**	**365,610**	**0**	**0**	**11,740**	**377,231**
Total per category							
Asset loans available for sale	AfS	172	0	0	0	0	0
Loans and receivables	LaR	175,307	175,307	0	0	0	175,307
Other financial liabilities	oL	365,610	365,610	0	0	0	365,610

Shown as other receivables in the previous year

	Category according to IFRS 9	Book value as at 31.03.2018	IFRS 9 valuation			IAS 17 valuation	
			Amortized costs	Financial instruments at fair value through equity	Financial instruments at fair value through profit or loss	Amortized costs	Fair value as at 31.03.2018
Financial assets							
Cash and cash equivalents	AC	34,795	34,795	0	0	0	34,795
Trade account receivables	AC	128,483	128,483	0	0	0	128,483
Receivables from construction contracts	AC	8,702	8,702	0	0	0	8,702
Other financial assets*	AC	3,327	3,327	0	0	0	3,327
Receivables from finance lease agreements	-	16,526	0	0	0	16,526	17,534
Other investments	FVtPL	172	0	0	172	0	172
Total financial assets		**192,005**	**175,307**	**0**	**172**	**16,526**	**193,013**
Financial liabilities							
Liabilities to banks	AC	312,841	312,841	0	0	0	312,841
Purchase price liabilities	AC	13,790	13,790	0	0	0	13,790
Trade payables	AC	32,392	32,392	0	0	0	32,392
Other financial liabilities	AC	6,587	6,587	0	0	0	6,587
Financial lease obligations	-	11,740	0	0	0	11,740	11,621
Total financial liabilities		**377,350**	**365,610**	**0**	**0**	**11,740**	**377,231**
Total per category							
Amortized costs	AC	540,917	540,917	0	0	0	540,917
Financial instruments at fair value through equity	FVtOCI	0	0	0	0	0	0
Financial instruments at fair value through profit or loss	FVtPL	172	0	0	172	0	172

**Shown as other receivables in the previous year*

As of 01.01.2018 the bad debt provision on receivables was reassessed on the basis of the requirements of IFRS 9. For open positions at the balance sheet date, as well as country and industry-specific default data, an expected credit loss of 0.8 per cent for nun-due receivables and receivables overdue until 12 months was determined and a corresponding depreciation was made. Individual bad debt provisions remain possible. The input parameters considered are regularly validated and updated if necessary, which can lead to an adjustment of the failure ratio. For all receivables that are overdue between 13-24 months, an individual bad debt provision is made on the basis of management's estimate. All receivables, which are due over 24 months are impaired at 100%.

Acquisitions and disposals of items of Tangible assets
In the first three months of the financial year 2018, CompuGroup Medical SE acquired tangible assets with a total amount of EUR 1.8 million.

Assessment loan USA
The management decided through a resolution concerning the existing internal loan relationship between the CompuGroup Medical SE and the CompuGroup Holding Inc. to evaluate the US-loan according to IAS 21 section 15 for the current fiscal year. Thereby, the currency loss has been recognized with an amount of EUR 2,486 thousand under the other comprehensive income in the position currency conversion.

Related party transactions
The related party transactions are as follows:

	Sale of goods		Purchase of goods		Receivables		Liabilities	
EUR `000	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Related Persons	10	9	97	86	1	0	0	78
Related companies	548	633	500	4.227	140	223	198	143
Associated companies	582	588	1,896	14	5,066	694	1,286	17
Total	1,140	1,230	2,493	4,327	5,207	917	1,484	238

Related Persons:
The rise of received accounts payable as well as the thereof resulting liabilities to related Persons arise due the inclusion of the provision for the supervisory board on 10 May 2017.

Related companies:
The received accounts payable include especially the business relationship to mps public solution GmbH with an amount of EUR 289 thousand. However, the business relationship to mps public solution GmbH has change compared to the previous year in the way that mps public solution GmbH executes a direct invoicing to the end customer, which led to a significant decrease of the received accounts payable. Furthermore, Gotthardt Informationssysteme GmbH has been reclassified to the associated companies in the second quarter of 2017. This led to an additional reduction of the received accounts payable from related companies.

Associated Companies:
With the Gotthardt Informationssysteme GmbH accounts payable with the amount of EUR 434 thousand have been delivered as well as accounts payable of EUR 1,843 thousand have been received. The receivables especially include those from MGS Meine Gesundheits Services GmbH by an amount of EUR 3,215 thousand as well as Fablab S.r.l. with an amount of EUR 1,546 thousand.

All transaction with related parties have been concluded at market conditions.

Compliance with payment obligations and financial covenants
On the 23 September 2014 CGM entered into a syndicated loan facility for a total sum of EUR 400.0 million. The syndicated loan facility consists of a “term loan facility” (also referred to in the following as “TLF”) with the amount of EUR 225.0 million and a “revolving loan facility” (also referred to in the following as “RLF”) with the amount of EUR 175.0 million.

The syndicated loan facility has a duration of five years. The TLF must be repaid pro rata in equal instalments of EUR 15.0 million on 31 January and 31 July in each year, commencing on 31 July 2015, with a final payment of the balance of any outstanding term facility loans to be repaid on the termination date. The RLF must be repaid at the end of each interest period and can be taken out again immediately thereafter.

The interest period can be chosen by CGM SE at its discretion. The interest rate is based upon the EURIBOR rate for the interest period chosen plus a margin derived from the relationship between the consolidated net borrowings and the adjusted consolidated EBITDA (Leverage). The margin was 1.5 percent for the first three months of 2018.

As of 31 March 2018 EUR 135.0 million of the TLF and EUR 140.0 million of the RLF were utilized. Loan origination fees totaling EUR 3.5 million were incurred related to these facilities. These fees will be charged as a financial expense over the term of the loan agreement. For this syndicated loan facility, no hedge has been concluded. The grant of the loan is linked to the compliance of certain financial covenants.

The loan agreement includes joint and several guarantees for payment by a number of CGM's subsidiaries (contingent liability in case of non-payment of CompuGroup Medical SE).

During the ongoing financial year 2018 CGM is compliant with all financial covenants entered in all of its loan agreements.

EUR 000	31.03.2018	31.03.2017
Within 1 year	14,120	13,297
Between 2 and 5 years	23,103	23,025
Longer than 5 years	3,053	5,119
Total	38,276	41,441

Payments from operating lease agreements include the rent for office equipment and particularly for office buildings (without purchase option). Lease agreements are concluded for an average term of three years. The rents are fixed for three to seven years. Operating leasing relationships are recognized on a pro rata basis in the income statement.

During the financial year 2018, contingent liabilities, guarantees and other commitments did not change significantly compared to 31 December 2017.

Significant post balance sheet events

Acquisition of La-Well Systems GmbH, Germany

At the beginning of April 2018 CompuGroup Medical Software GmbH, a 100 percent subsidiary of CompuGroup Medical Deutschland AG, acquired 100 percent of the shares in La-Well Systems GmbH, with registered office in Bünde, Germany.

La-Well Systems GmbH develops and distributes currently two products. The first product ‚Wartezimmer TV' offers a platform for information and entertainment of patients as well as for targeted practice marketing. In addition to individual practices, the product ‚Wartezimmer TV' also provides entire doctors' networks. The second product, elVi, enables video consultation hours.

La-Well was initially consolidated on 1 April 2018. The turnover of La-Well for the financial year 2017 amounted to about EUR 725 thousand with an EBITDA of EUR 91 thousand. The total consideration amounts to EUR 1,500 thousand and contains both fixed and variable components of the purchase price, of which EUR 900 thousand have been paid already.

The preliminary goodwill estimate is EUR 1,839 thousand and results primarily from the positive market strategy effects that can be expected from the acquired know-how, as well as from the synergies within the Group as a result of the integration of La-Well into the Group. The recognized goodwill will not be deducted for tax purposes.

The fair value of the acquired intangible assets, excluding goodwill, amounts to EUR 1,449 thousand and is related to customer relationships, media contents and trademark rights. The receivables associated with the acquisition, are balanced at fair value, which equals due to the expected lifespan of receivables and best estimated access to contractual fixed cash flows, the adopted book values at acquisition date. Uncollectable receivables were not identified after first analysis of the available financial information at the time of initial recognition.

Deferred tax liabilities of EUR 438 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims identified during the initial accounting.

The initial accounting of La-Well was carried out in provisional form as at 1 April 2018. Since the contractual obligations to prepare the effective date balance sheet as at 31 March 2018 have not yet been finalized and thus, in particular, the valuation of the acquired media content, customer relationships and trademark rights are only preliminary.

Segment reporting

In accordance with IFRS 8 „Operating Segments“ the activities of CompuGroup Medical SE are divided into operating segments for segment reporting purposes.

At the end of the fiscal year 2017, the business segments Ambulatory Information Systems (AIS) and Pharmacy Communication Systems (PCS), which have been previously included in the segment Health Provider Services I (HPS I), are illustrated in future as individual operating segments. Furthermore, the current business segment Internet Service Providing (ISP), which so far has been included in the operating segment Health Connectivity Services (HCS), is in future integrated in the new business and operating segment Ambulatory Information Systems (AIS). Additionally amendments and realignments of several Profit Centers led to further changes concerning the composition of business and operating segments. A detailed explanation of the changes can be found in the annual report 2017.

CompuGroup Medical SE is active in the following four business segments, which also represent the reporting segments for the external segment reporting of the CGM:

+ Ambulatory Information Systems (AIS) is focused on practice management software, connectors and electronic medical records for office-based physicans, dentists, hospitals, and clinics).
+ Pharmacy Information Systems (PCS) is focused on integrated clinical, administrative and financial software applications for pharmacies and mail order pharmacies.
+ Hospital Information Systems (HIS): Hospital, laboratory and special care information systems (clinical software).
+ Health Connectivity Services offers software solutions to producer of pharmaceutical and medical devices, which are used to offer physicians information over interfaces. In addition, an information channel is offered to payers in the health sector (health insurance companies, care institutions and companies in the public sector) and physicians through software solutions, which shall help them for the optimization of the decision processes.

The board of directors as Chief Operating Decision Maker evaluates the performance of the four reporting segments based on the reporting system and takes decisions on the allocation of resources. For the evaluation of the performance of the operating segments, the board of directors use „Earnings before interest, tax, depreciation and amortization“(EBITDA) as key performance indicator, which represents the result of the individual segment.

	Segment AIS: Ambulatory Information Systems			Segment PCS: Pharmacy Information Systems			Segment HIS Hospital Information Systems		
	2018	2017	2017	2018	2017	2017	2018	2017	2017
EUR 000	Jan - Mar	Jan - Mar	Jan-Dec	Jan - Mar	Jan - Mar	Jan-Dec	Jan - Mar	Jan - Mar	Jan-Dec
Sales to third parties	106,120	83,621	334,089	26,408	24,908	104,794	23,642	22,546	100,834
thereof Software license	9,500	-	-	1,341	-	-	2,845	-	-
thereof Hardware	17,020	-	-	4,639	-	-	410	-	-
thereof Professional Services	12,720	-	-	2,190	-	-	5,487	-	-
thereof Software Maintenance & hotline	52,149	-	-	8,273	-	-	12,252	-	-
thereof Other recurring revenenues	12,720	-	-	9,141	-	-	2,513	-	-
thereof Advertising, eDetailing and Data	558	-	-	785	-	-	0	-	-
thereof Software Assisted Medicine	7	-	-	0	-	-	0	-	-
thereof Other revenue	1,446	-	-	39	-	-	136	-	-
Point in time of revenue recognition									
at a specific point in time	19,318	-	-	4,913	-	-	879	-	-
over a period of time	86,802	-	-	21,495	-	-	22,763	-	-
	106,120	-	-	26,408	-	-	23,642	-	-
Sales between segments	8,525	2,730	16,555	13,611	2,509	17,932	884	837	2,741
Segment Sales	114,644	86,351	350,644	40,019	27,417	122,726	24,526	23,383	103,575
thereof recurring sales	64,869	65,521	256,525	17,414	16,956	66,414	14,765	15,176	61,172
Capitalized inhouse services	1,332	1,313	9,291	0	0	0	1,819	1,525	6,109
Other income	616	636	3,845	133	126	747	459	479	2,364
Expenses for goods and services purchased	-34,532	-16,961	-73,636	-18,303	-7,865	-42,355	-3,949	-3,890	-19,176
Personnel costs	-31,596	-31,593	-125,771	-9,928	-9,506	-36,376	-15,388	-15,148	-60,396
Other expense	-17,139	-15,309	-63,955	-4,969	-4,630	-18,899	-4,983	-4,552	-22,370
EBITDA	33,325	24,438	100,419	6,951	5,543	25,842	2,484	1,797	10,106
in % of sales	29.1%	28.3%	28.6%	17.4%	20.2%	21.1%	10.1%	7.7%	9.8%
Depreciation of property, plants and tangible assets									
Amortization of intangible assets									
Impairment for financial 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									
CASH NET INCOME*									

* Cash net income: net income before minority interests plus amortization on intangible assets except amortization on in-house capitalized software..

Segment HCS Health Connectivity Services			All other Segments			Sum Segmente			Consolidation			CGM Group		
2018 Jan - Mar	2017 Jan - Mar	2017 Jan-Dec	2018 Jan - Mar	2017 Jan - Mar	2017 Jan-Dec	2018 Jan - Mar	2017 Jan - Mar	2017 Jan-Dec	2018 Jan - Mar	2017 Jan - Mar	2017 Jan-Dec	2018 Jan - Mar	2017 Jan - Mar	2017 Jan-Dec
9,757	10,380	42,506	34	49	120	165,961	141,505	582,343	0	0	32	165,961	141,505	582,375
92	-	-	0	-	-	13,777	-	-	0	-	-	13,777	-	-
0	-	-	0	-	-	22,069	-	-	0	-	-	22,069	-	-
1,352	-	-	0	-	-	21,749	-	-	0	-	-	21,749	-	-
732	-	-	20	-	-	73,425	-	-	0	-	-	73,425	-	-
330	-	-	0	-	-	24,704	-	-	0	-	-	24,704	-	-
6,292	-	-	0	-	-	7,635	-	-	0	-	-	7,635	-	-
993	-	-	0	-	-	1,000	-	-	0	-	-	1,000	-	-
-34	-	-	14	-	-	1,601	-	-	0	-	-	1,601	-	-
-34	-	-	14	-	-	25,091	-	-	0	-	-	25,091	-	-
9,791	-	-	20	-	-	140,870	-	-	0	-	-	140,870	-	-
9,757	-	-	34	-	-	165,961	-	-	0	-	-	165,961	-	-
1,293	1,580	6,376	757	749	3,158	25,070	8,404	46,762	-25,070	-8,404	-46,762	0	0	0
11,050	11,960	48,882	791	798	3,278	191,031	149,909	629,105	-25,070	-8,404	-46,731	165,961	141,505	582,375
1,062	845	3,711	20	3	12	98,130	98,501	387,835	0	0	0	98,130	98,501	387,835
0	0	0	63	0	932	3,215	2,839	16,333	179	126	474	3,393	2,964	16,806
38	82	566	1,716	1,499	6,078	2,962	2,822	13,600	-1,380	-1,756	-2,950	1,581	1,066	10,649
-3,080	-3,227	-12,692	-506	-134	-231	-60,370	-32,077	-148,090	24,964	7,803	40,941	-35,406	-24,274	-107,149
-3,001	-3,021	-11,701	-3,975	-3,002	-14,673	-63,889	-62,270	-248,918	-5,781	-5,200	-20,606	-69,669	-67,470	-269,524
-1,639	-1,648	-5,332	-2,554	-2,161	-8,674	-31,285	-28,300	-119,230	4,278	4,608	14,517	-27,006	-23,692	-104,714
3,368	4,145	19,723	-4,465	-3,001	-13,291	41,664	32,924	142,800	-2,810	-2,825	-14,356	38,854	30,098	128,444
30.5%	34.7%	40.3%				21.8%	22.0%	22.7%				23.4%	21.3%	22.1%
												-2,760	-2,139	-9,417
												-7,810	-7,913	-29,228
												0	0	0
												28,283	20,047	90,069
												-421	-346	-1,136
												627	2,469	3,754
												-2,727	-3,349	-27,131
											-	25,762	18,820	65,556
												-8,804	-6,283	-33,813
												0	0	-61
												16,958	12,537	31,682
												10.2%	8.9%	5.4%
												24,284	19,799	58,147

Additional information

FINANCIAL CALENDAR 2017

Date	Event
03 May 2018	Interim Report Q1 2018
15 May 2018	Annual General Meeting
09 August 2018	Interim Report Q2 2018
18 October 2018	Investor and Analyst Conference
08 November 2018	Interim Report Q3 2018

SHARE INFORMATION

The share of CompuGroup finished the first quarter with a closing price of EUR 43.94. The average closing share price decreased by 5.9 percent from EUR 52.54 (Q4/2017) to EUR 49.43 (Q1/2018).

The highest quoted price during the quarter was EUR 60.30 on 24 January 2018 and the lowest price EUR 41.80 on 23 March 2018.

The trading volume of CompuGroup shares was 4.8 million shares during the first quarter, up 29 percent compared to the previous quarter. On average, the daily trading volume was approximately 75,000 shares (daily average in 2017: approximately 51,000).

By the end of March 2018, a total of seven analyst companies were covering the CompuGroup Medical share on a regular basis. The forecast price targets ranged from EUR 48.00 to EUR 63.00. Four analysts rated the shares a "buy" and three analysts as "hold" or "neutral".

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Management Responsibility Statement

To the best of our knowledge, and in accordance with applicable accounting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group interim management report 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 over the remainder of the financial year.

Koblenz, 03. May 2018

CompuGroup Medical Societas Europaea
The Management Board

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