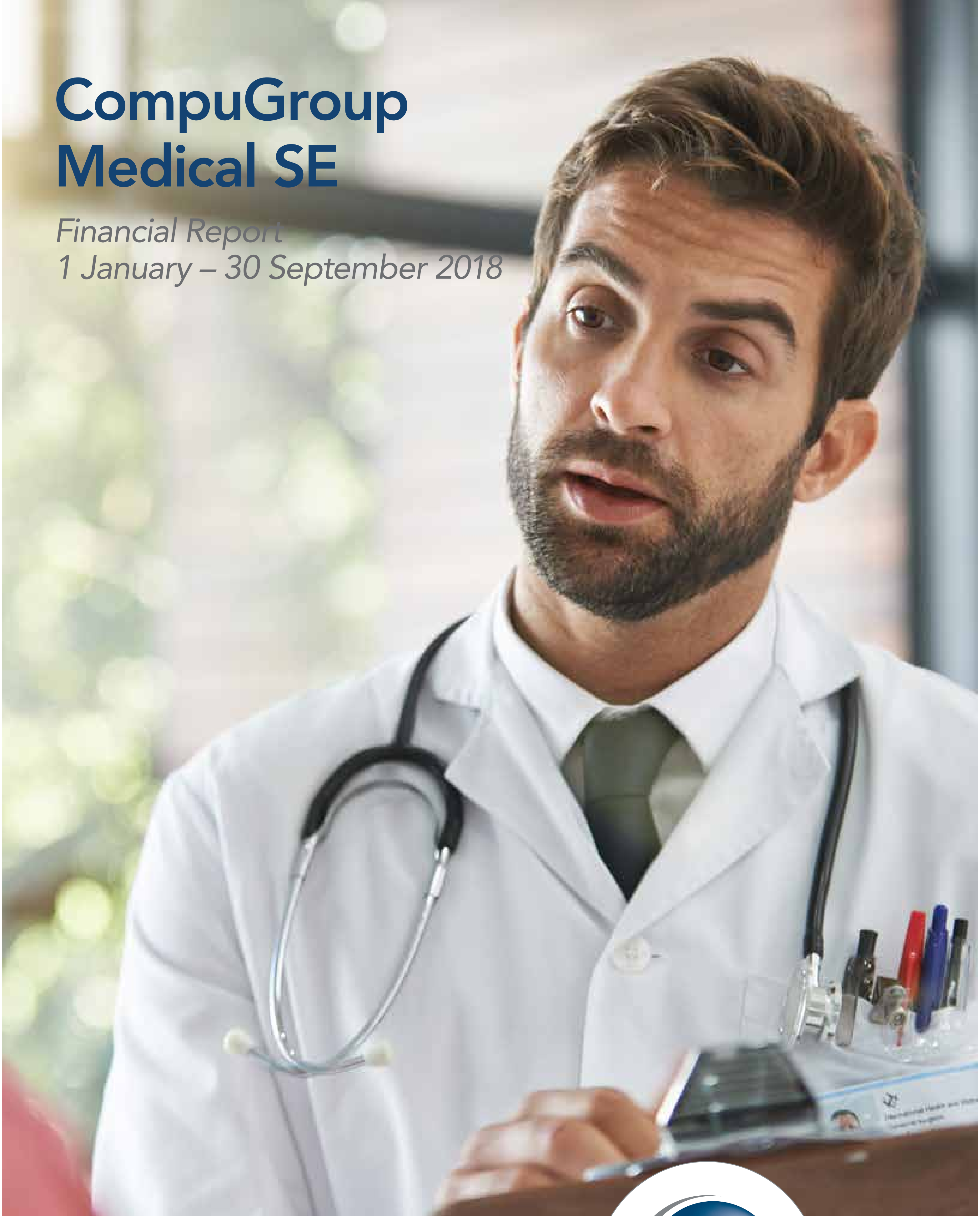
CompuGroup Medical SE

Financial Report
1 January – 30 September 2018



Synchronizing Healthcare

CompuGroup Medical

Content

Key Events and Figures

+ Third quarter revenue of EUR 165.8 million corresponding to 20 percent organic growth
+ Operating profit (EBITDA) of EUR 37.2 million, up 32 percent from EUR 28.3 million in the third quarter of 2017
+ Operating margin of 22 percent, two percentage points higher than last year
+ Operating cash flow of EUR 25.7 million, up from EUR 22.5 million last year
+ Cash net income of EUR 24.8 million and cash net income per share of EUR 0.50
+ The roll-out of the Telematics Infrastructure in Germany proceeds according to plan with accumulated more than 38,000 orders and over 34,000 delivered installations by the end of the third quarter
+ 2018 guidance reaffirmed

EUR `000	01.07.-30.09.2018	01.07.-30.09.2017	Change	01.01.-30.09.2018	01.01.-30.09.2017	Change
Revenue	165,762	137,774	20%	522,246	418,819	25%
EBITDA	37,199	28,266	32%	130,951	91,593	43%
Margin	22%	20%		25%	22%	
EPS (EUR)	0.37	0.08		1.22	0.57	
Cash net income (EUR)*	24,804	9,307		80,236	48,450	
Cash net income per share (EUR)	0.50	0.19	163%	1.62	0.97	67%
Cash flow from operating activities	25,681	22,468		99,183	72,881	
Cash flow from investing activities	–11,600	–15,539		–30,790	–37,540	
of which equity acquisitions	–4,003	–725		–4,770	–3,445	
Number of shares outstanding ('000)	49,556	49,724		49,668	49,724	
Net debt	291,696	315,648		291,696	315,648	

* Cash net income: Net income before minority interest plus amortization of intangible assets except amortization on in-house capitalized 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.

Pro-forma reporting segment revenue 2017 (new segmentation):

EUR Mio.	01.01. – 31.03.2017	01.04. – 30.06.2017	01.07. – 30.09.2017	01.10. – 31.12.2017	Full year 2017
Ambulatory Information Systems	83.6	79.8	78.1	92.5	334.1
Pharmacy Information Systems	24.9	24.3	26	29.6	104.8
Hospital Information Systems	22.5	25.1	24.2	29.1	100.8
Health Connectivity Services	10.4	10.3	9.5	12.4	42.5
SUM	141.5	139.5	137.7	163.6	582.2

COURSE OF BUSINESS

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

Ambulatory Information Systems (AIS)

The doctor and dental software business continued its strong start to the year with 36 percent organic growth in the third 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.

Sales and installation activities have continued according to plan in the third quarter and as of 30 September 2018, CGM had accumulated more than 38,000 orders for the CGM connection package, of which over 34,000 were delivered. Out of the 38,000 orders, about 30,000 are from existing CGM primary software customers and 8,000 from the rest of the German market. As expected and previously announced, the third quarter had lower volume of TI sales and deliveries compared to what was reported for the second quarter. This is due to the holiday period in Germany which limits installations both internally in CGM and also from the customer side.

An accreditation has now been given by gematik to a second connector and the company behind (T-Systems) has received approval for all components of the TI product chain and started shipping in early September. Other providers of TI components (Arvato / Secunet, RISE) are still in the approval process.

In October, the German Ministry of Health confirmed its intention to change the deadline for financial sanctions towards doctors and dentists who have not connected to the TI and do not use master data management services (VSDM). The new deadline for installation and to start using VSDM is now expected to be 30.06.2019.

The legal changes to deadlines and sanctions do not affect existing financing agreements. In June, the federal association of dental practitioners (KZBV), the federal association of practicing physicians (KBV), and the top association of the health insurance funds (GKV-Spitzenverband), agreed on an amendment to the financing agreements for the national roll-out with a more gradual decline to reimbursed amounts than what was previously agreed. In September, a financing agreement became available for hospitals with over EUR 400 million available for hospitals to cover investments in card terminals, connectors and the necessary digital certificates as well as the required changes to hospital software, infrastructure and operating concepts that accompany the TI. Compensation for annual operating costs has also been set at lump sums totaling around EUR 18 million per year. Even if dedicated hospital connectors are so far not available, the CGM connector can be used if it supports NFDM (Emergency Care Data Set), eMP (Electronic Medication Plan) and KOM-LE (Electronic Letters). The support for these applications in the CGM Connector is currently planned for certification and release in August 2019.

As for pharmacies, a financing agreement is expected shortly. Similar to hospitals, pharmacies require a connector offering NFDM and eMP services. Otherwise, the financial conditions offered to pharmacies are expected to be similar to a doctor/dental practice.

Acquisition of n-design, Germany
In July, CGM acquired 95 percent of the shares in n-design Gesellschaft für systematische Gestaltungen mbH (n-design), with registered office in Cologne, Germany. n-design is a company in the field of software development for high-performance embedded computer systems and networks. The company is an important contractor to CGM in developing software for the Connector used in the Telematics Infrastructure in Germany.

Developments in the United States
In the United States, revenue in local currency was stable at USD 10.7 million during the third quarter of 2018 (2017: USD 10.6 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 reversed some of the gains from the strong start to the year with a flat revenue development in the third quarter 2018. Year to date, the pharmacy software business is still ahead of its full-year outlook. The German and Italian markets are developing positively 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 delivered -3 percent year-on-year organic contraction in the third quarter 2018. This is in line with expectations given that a change to customer contract structures has 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 70% of the revenue in the segment.

Acquisition of factis, Germany
In August, CGM acquired 100 percent of the shares in factis GmbH in Germany. Factis is a leading provider of mobile solutions for social services and the healthcare market in Germany, Switzerland and Luxembourg. The factis solution is used by some 350 medium-sized, outpatient nursing organizations and a particular strength of the factis mobile applications are the unique user interfaces, which are also intuitively accessible to less experienced IT personnel or professionals with a foreign language background. Factis already successfully cooperates with CGM at many existing customer facilities.

Health Connectivity Services (HCS)
The revenue development in the HCS-segment during the third quarter continues to lag behind expectations for 2018. The revenue decline comes from less ad-hoc projects with pharmaceutical companies.

RESULTS OF GROUP OPERATIONS

Unless stated otherwise, all figures in the management report refer to the third quarter of 2018 and 2017 respectively, i.e. the three months period 01.07. – 30.09. (Q3).

Revenue

Revenue in the third quarter of 2018 was EUR 165.8 million compared to EUR 137.8 million in the same period last year. This corresponds to 20 percent growth of which 19 percent is organic growth. Currency fluctuations decreased revenue with EUR 1.1 million compared to the third quarter last year and organic growth at constant exchange rates was 20 percent.

Sales to third parties in Ambulatory Information Systems grew 37 percent, of which all is organic growth at constant exchange rates. In Pharmacy Information Systems, sales to third parties were unchanged with no currency exchange effect. Sales to third parties in Hospital Information Systems were down -3 percent year-on-year whereas organic contraction at constant exchange in Health Connectivity Services was -3 percent.

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

EUR Mio.	01.07. – 30.09.2018	01.07. – 30.09.2017	Change	01.01. – 30.09.2018	01.01. – 30.09.2017	Change
Ambulatory Information Systems	106.9	78.1	37%	343.1	241.5	42%
Pharmacy Information Systems	26.1	26.0	0%	79.0	75.2	5%
Hospital Information Systems	23.6	24.2	–2%	71.5	71.8	–0%
Health Connectivity Services	9.1	9.5	–4%	28.5	30.1	–5%
SUM	165.7	137.7	20%	522.1	418.5	25%

Revenue from acquisitions and divestitures:

EUR Mio.	01.07.- 30.09.2018	01.07.- 30.09.2017	01.01.- 30.09.2018	01.01.- 30.09.2017
Ambulatory Information Systems	0.7	0.0	2.0	0.0
Pharmacy Information Systems	0.1	0.0	0.4	0.0
Hospital Information Systems	0.2	0.0	0.2	0.0
Health Connectivity Services	0.3	0.0	0.9	0.6
SUM	1.3	0.0	3.5	0.6

PROFIT

Consolidated EBITDA amounted to EUR 37.2 million compared to EUR 28.3 million in the third quarter of 2017. The corresponding operating margin was 22.4 percent compared to 20.5 percent in 2017. The main developments in operating expenses in the third quarter were:

+ Expenses for goods and services increased EUR 6.9 million year-on-year with a gross margin of 81 percent, which is comparable to last year. The increase in costs of goods 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 9 percent from last year at EUR 71.5 million (third quarter 2017: EUR 65.5million). The increase in personnel expenses is driven by employees in new companies acquired, smaller changes in the composition of the workforce as well as general salary inflation.
+ Other expenses are EUR 5.2 million higher than last year at EUR 29.4 million (third quarter 2017: EUR 24.2 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 third quarter is EUR 0.5 million higher than last year at EUR 2.8 million (third quarter 2017: EUR 2.3 million). This is due to more assets related to the Telematics Infrastructure in Germany. Amortization of intangible fixed assets is higher than last year at EUR 7.1 million.

Financial income improved from EUR -1.7 million in the third quarter 2017 to EUR 0.2 million this year due to changes in currency exchange rates which lead to non-cash translation losses on Group internal debt in 2017.

The financial expense decreased from EUR 8.0 million in the third quarter 2017 to EUR 3.4 million in the same period this year and is composed of the following items:

EUR Mio.	01.07.-30.09.2018	01.07.-30.09.2017	01.01.-30.09.2018	01.01.-30.09.2017
Interest and expenses on loans and financial services	1.4	1.6	5.3	5.8
Changes in purchase price liabilities	0.1	0.8	0.6	1.2
Translation loss on non-Euro internal dept	2.3	5.9	5.1	11.3
Calculated interest on assets and construction (IAS 23)	–0.1	–0.2	–0.5	–0.6
Other	–0.2	–0.0	–0.2	0.1
SUM	3.4	8.0	10.3	17.7

After tax earnings came in at EUR 20.9 million in the third quarter of 2018, up from EUR 4.3 million in the third quarter of 2017. The tax rate was 22 in the third quarter this year compared to 59 percent in the third 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 9.3 million in the third quarter 2017 to EUR 24.8 million in the third quarter 2018, corresponding to a Cash net income per share of 50 Cent (Q3/2017: 19 Cent).

Cash flow

Cash flow from operating activities during the third quarter of 2018 was EUR 25.7 million compared to EUR 22.5 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 18.0 million in the third quarter last year to EUR 31.2 million this year.
+ Change in working capital gave a decrease in operating cash flow of EUR -5.5 million, down from EUR 4.5 million in the same period last year. The main difference to last year is a EUR 6.0 increase in inventory which predominantly consists of connectors and card readers for the Telematics Infrastructure roll-out.

Cash flow from investment activities during the third quarter of 2018 amounted to EUR -11.6 million compared to EUR -15.5 million in the same period last year. During the third quarter of 2018, CGM's capital expenditure consisted of the following:

EUR Mio.	01.07.-30.09.2018	01.07.-30.09.2017	01.01.-30.09.2018	01.01.-30.09.2017
Company acquisition	4.0	0.7	4.3	3.4
Purchase of minority interest and past acquisition	0.6	1.0	0.6	2.1
Capitalized in-house services and other intangible assets	5.3	7.3	17.2	15.3
Cash outflow for capital expenditure in joint ventures	0.0	0.4	0.0	5.5
Office building and property	0.3	0.5	3.0	0.6
Other property and equipment	2.4	6.6	6.2	13.2
Sale of subsidiaries and business operations	–0.9	–0.3	–0.9	–1.3
SUM	11.6	15.6	30.8	38.7

Cash flow from financing was EUR -14.0 million in the third quarter 2018 (previous year: EUR -8.1 million) and relates to acquisition of own shares of EUR 17.1 million and the net cash inflow from assumption and repayment of loans.

Statement of financial position

Since the statement of financial position from 31 March 2018, total assets are practically unchanged at EUR 850.6 million as at 30 September 2018. The largest changes to assets is an increase in intangible assets of EUR 5.4 million, increase in inventories of EUR 6.1 million and a EUR -16.2 million decrease in trade receivables. For all other assets there are only minor changes during the third quarter of 2018.

Group equity increased from EUR 245.4 million on 30 June 2018 to EUR 252.3 million on 30 September 2018. The increase in equity results from consolidating a net profit of EUR 20.9 million for the period from 01 July 2018 to 30 September 2018, the equity reduction effect from the EUR 17.1 million acquisition of own shares as well as a positive EUR 3.1 million effect from changes in currency exchange rates and change in interest rates (actuarial gains and losses from pensions). The equity ratio is at 29.5 percent as at 30 September 2018.

The biggest change to liabilities is a EUR -14.8 million decrease in current non-financial liabilities and contract liabilities mostly related to seasonal pre-payments of software maintenance contracts. Trade payables also increased with EUR 5.5 million due to higher sales revenue and purchased goods and services. For all other liabilities there are only minor changes during the third quarter of 2018.

Research & Development

Under IAS 38, development work on internally generated software must be capitalized if certain criteria are fulfilled. This generated EUR 4.0 million additional operating profit for the Group during the third quarter of 2018 (previous year EUR 3.4 million), less amortization and write-downs of EUR 0.9 million during the same period (previous year EUR 1.6 million). Most of the capitalized software development expenses are accounted for by three projects: G3.HIS (new HIS system development), G3.AIS (new AIS software generation) and the development and certification of Connector software for new applications and services in the Telematics Infrastructure. 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 November 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 third 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 30 September 2018

ASSETS

EUR `000	30.09.2018	30.09.2017	31.12.2017
Non-current assets			
Intangible Assets	537,154	530,327	534,608
Property, plant and equipment	83,311	79,837	82,812
Interests in affiliates (valued at-equity)	10,551	11,626	10,735
Other investments	110	89	172
Receivables from finance leases*	10,674	10,578	11,178
Trade account receivables	2,393	0	0
Other financial assets	1,649	1,593	1,510
Other non-financial assets	1,200	0	0
Deferred tax asset	3,489	13,512	6,041
	650,531	**647,562**	**647,055**
Current assets			
Inventory	23,875	5,610	12,498
Trade account receivables	101,341	102,286	110,908
Receivables from finance leases*	4,963	10,224	5,197
Contract Assets	11,805	0	0
Other financial assets	1,876	1,467	2,118
Other non-financial assets	18,725	11,987	10,351
Income tax receivables	4,344	3,954	6,521
Cash & cash equivalents	33,141	27,436	30,362
	200,070	**162,964**	**177,954**
	850,601	810,526	825,009

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

SHAREHOLDER EQUITY AND LIABILITIES

EUR `000	30.09.2018	30.09.2017	31.12.2017
Equity			
Subscribed capital	53,219	53,219	53,219
Treasury shares	–37,429	–20,292	–20,292
Reserves	232,131	200,446	201,247
Capital and reserves allocated to the shareholder of the parent company	**247,921**	**233,373**	**234,174**
Minority interests	2,134	1,760	1,886
	250,055	**235,132**	**236,060**
Non-current liabilities			
Provisions and other non-current provisions	24,882	23,560	24,806
Liabilities to banks	319,813	304,473	318,118
Contract liabilities	6,949	0	0
Purchase price liabilities	4,644	5,855	5,321
Other financial liabilities	6,227	9,931	9,018
Other non-financial liabilities	1,359	174	1,427
Deferred taxes	41,201	45,158	48,976
	405,075	**389,152**	**407,666**
Current liabilities			
Liabilities to banks	5,024	38,611	34,241
Contract liabilities	56,211	0	0
Trade payables	43,180	19,439	43,944
Income tax liabilities	14,934	11,801	15,261
Other provisions	34,651	33,296	33,237
Purchase price liabilities	11,857	8,261	9,078
Other financial liabilities	11,536	10,100	9,063
Other non-financial liabilities	18,078	64,735	36,459
	195,471	**186,242**	**181,283**
	850,601	810,526	825,009

Interim Income Statement

for the reporting period of 1 January - 30 September 2018

EUR '000	01.07.-30.09.2018	01.07.-30.09.2017	01.01.-30.09.2018	01.01.-30.09.2017	01.01.-31.12.2017
Sales revenues	165,762	137,774	522,246	418,819	582,375
Capitalized in-house services	4,032	3,441	13,508	9,740	16,806
Other Income	636	2,132	3,686	7,255	10,649
Expenses for goods and services purchased	–32,267	–25,334	–110,725	–72,742	–107,149
Personnel costs	–71,510	–65,541	–211,410	–200,714	–269,524
Other expenses	–29,454	–24,206	–86,354	–70,765	–104,713
Earnings before interest, taxes, depr. and amortization (EBITDA)	**37,199**	**28,266**	**130,951**	**91,593**	**128,444**
Depreciation of property, plant and tangible assets	–2,792	–2,290	–8,364	–6,612	–9,147
Earnings before interest, taxes and amortization (EBITA)	**34,407**	**25,976**	**122,587**	**84,980**	**119,297**
Amortization of intangible assets	–7,101	–5,484	–22,733	–21,394	–29,228
Earnings before interest and taxes (EBIT)	**27,306**	**20,492**	**99,854**	**63,586**	**90,069**
Result from associates recognized at equity	–144	–33	–228	–708	–1,136
Financial income	210	–1,727	1,356	2,152	3,754
Financial expenses	–3,428	–8,044	–10,267	–17,706	–27,131
Earnings before taxes (EBT)	**23,944**	**10,688**	**90,715**	**47,324**	**65,556**
Income taxes for the period	–5,342	–6,343	–29,809	–18,615	–33,813
Results from continued operations	**18,602**	**4,345**	**60,906**	**28,709**	**31,743**
Profit for the period from discontinued operations	0	0	0	–62	–61
Consolidated net income of the period	**18,602**	**4,345**	**60,906**	**28,647**	**31,682**
of which: allocated to parent company	18,494	4,141	60,625	28,262	31,250
of which: allocated to minority interests	108	204	281	385	432
Earnings per share					
undiluted (EUR)	0.37	0.08	1.22	0.57	0.63
diluted (EUR)	0.37	0.08	1.22	0.57	0.63

Interim Statement of comprehensive income

for the reporting period of 1 January - 30 September 2018

EUR '000	01.07.- 30.09.2018	01.07.- 30.09.2017	01.01.- 30.09.2018	01.01.- 30.09.2017	01.01.- 31.12.2017
Consolidated net income of the period	**18,602**	**4,345**	**60,906**	**28,647**	**31,682**
Items that will not be reclassified to profit or loss at a future point in time					
Actuarial gains and losses from pensions	**228**	**520**	**525**	**406**	**–36**
Changes in actuarial gains and losses	328	651	753	545	–57
Deferred income taxes	–100	–131	–228	–139	21
Items that will be reclassified to profit or loss at a future point in time when specific conditions are met					
Cashflow Hedges	**0**	**0**	**0**	**0**	**0**
of which changes in equity	0	0	0	0	0
of which changes in income (recycling)	0	0	0	0	0
Deferred taxes on cash flow hedges	0	0	0	0	0
Currency conversion differences	**2,947**	**5,754**	**2,547**	**5,216**	**3,500**
of which changes in equity	2,241	5,754	–859	5,216	3,500
of which changes in income (recycling)	706	0	3,406	0	0
Operating income and expense recognized directly in equity	**3,205**	**6,274**	**3,072**	**5,622**	**3,464**
Total result of the period	**21,807**	**10,619**	**63,978**	**34,269**	**35,146**
of which: allocated to parent company	21,699	10,415	63,697	33,883	34,714
of which: allocated to minority interests	108	204	281	385	432

Cash Flow Statement

as at 30 September 2018

Group net income	18,601	4,345	60,906	28,647	31,682
Amortization of intangible assets, plant and equipment	9,892	7,775	31,096	28,007	38,375
Earnings on sale of fixed assets	–9	87	4	122	–277
Change in provisions (including income tax liabilities)	3,701	–362	1,335	–1,513	3,663
Change in deferred taxes	–155	4,768	2,988	206	–1,113
Other non-cash earnings/ expenditure	–845	1,347	954	6,886	17,593
	31,185	**17,960**	**97,283**	**62,355**	**89,923**
Change in inventories	–6,050	93	–11,372	160	–6,999
Change in trade receivables and other receivables	17,137	20,498	–2,532	6,682	1,550
Change in income tax receivables	842	202	2,177	49	–2,552
Change in other receivables	–4,304	–1,257	–7,251	–1,689	2,691
Change in trade payables	5,455	–2,242	–678	–12,622	11,926
Change Contract Liabilities	–15,366	0	23,014	0	0
Change in other liabilities	–3,218	–12,786	–1,458	18,008	–10,654
Operative cash flow- continuing activities	**25,681**	**22,468**	**99,183**	**72,943**	**85,885**
Operative cash flow - non continuing activities	**0**	**0**	**0**	**–62**	**–62**
Operative cash flow	**25,681**	**22,468**	**99,183**	**72,881**	**85,823**
Cash flow from disposals of intangible assets	356	236	356	236	88
Cash outflow for capital expenditure in intangible assets	–5,304	–7,316	–17,228	–15,269	–22,887
Cash inflow from disposals of sales of property, plant and equipment	115	290	355	580	587
Cash outflow for capital expenditure in property, plant and equipment	–2,425	–6,775	–9,164	–13,751	–18,673
Net cash outflow for acquisitions (less acquired cash and cash equivalents)	–4,003	–725	–4,770	–3,445	–7,709
Cash outflow for acquisition in prior periods	–554	–913	–554	–2,075	–2,523
Cash inflow from disposal of subsidiaries and business units	215	0	215	500	500
Cash outflow for capital expenditure in joint ventures and associated companies	0	–337	0	–5,477	–5,490
Cash flow from investing activities - continuing activities	**–11,600**	**–15,539**	**–30,790**	**–38,700**	**–56,107**
Cash flow from investing activities - non continuing activities	**0**	**0**	**0**	**1,160**	**1,160**
Cash flow from investing activities	**–11,600**	**–15,539**	**–30,790**	**–37,540**	**–54,947**
Acquisition of own shares	–17,137	0	–17,137	0	0
Dividends paid	0	0	–17,403	–17,403	–17,403
Dividends paid to non-controlling interests	0	–61	–103	–110	–25
Acquisition of additional shares from non-controlling interests	–30	0	–30	–367	–402
Cash outflows for the amortization of liabilities from finance leases	–928	–907	–2,771	–2,709	–3,566
Cash inflow from assumption of loans	4,905	20,000	292,602	45,000	85,021
Cash outflow from the repayment of loans	–795	–27,081	–320,126	–59,592	–91,607
Cash flow from financing activities - continuing activities	**–13,985**	**–8,050**	**–64,968**	**–35,182**	**–27,982**
Cash flow from financing activities - non continuing activities	**0**	**0**	**0**	**0**	**0**
Cash flow from financing activities	**–13,985**	**–8,050**	**–64,968**	**–35,182**	**–27,982**
Cash and cash equivalents at the beginning of the period	0	0	30,362	27,756	27,756
Change in cash and cash equivalents	**97**	**–1,121**	**3,426**	**159**	**2,892**
Changes in cash and cash equivalents due to exchange rate fluctuations	–138	–517	–647	–478	–286
Cash and cash equivalents at the end of the period	**–41**	**–1,638**	**33,141**	**27,436**	**30,362**
Interest paid	1,862	4,836	6,672	4,961	8,414
Interest received	–16	283	604	332	900
Income tax paid	4,657	11,865	26,211	24,887	27,598

Changes in Consolidated Equity

for the reporting period of 1 January - 30 September 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**	**–36**	**3,500**	**3,464**	**0**	**3,464**
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**	**–18,375**	**0**	**–18,375**	**632**	**–17,743**
Capital contribution	0	0	0	0	0	0	0
Dividend distribution	0	0	–17,403	0	–17,403	–25	–17,428
Non-controlling interest 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**	**–15,052**	**0**	**–15,052**	**0**	**–15,052**
Group net income	**0**	**0**	**60,625**	**0**	**60,625**	**281**	**60,906**
Other results	**0**	**0**	**525**	**2,547**	**3,072**	**0**	**3,072**
Changes in the fair value of cashflow hedges	0	0	0	0	0	0	0
Actuarial gains and losses	0	0	525	0	525	0	525
Currency conversion differences	0	0	0	2,547	2,547	0	2,547
Total result of the period	**0**	**0**	**61,150**	**2,547**	**63,697**	**281**	**63,978**
Transactions with shareholders	**0**	**–17,137**	**–17,504**	**0**	**–34,641**	**–32**	**–34,673**
Own shares	0	0	0	0	0	0	0
Dividend distribution	0	0	–17,403	0	–17,403	–103	–17,506
Non-controlling interests from acquisitions	0	0	–29	0	–29	29	0
Additional purchase of shares from non-controlling interests after control	0	0	–72	0	–72	42	–30
Repurchase of treasury shares	0	–17,137	0	0	–17,137	0	–17,137
Other changes (Formerly Changes in the scope of consolidation)	0	0	–257	0	–257	–1	–258
Balance as at 30.09.2018	**53,219**	**–37,429**	**249,821**	**–17,690**	**247,921**	**2,134**	**250,055**

Explanatory Notes

GENERAL ACCOUNTING PRINCIPLES FOR THE INTERIM FINANCIAL REPORT

General Accounting Principles

The accompanying condensed IFRS-Interim Financial Statement for the period ended 30 September 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 third quarter consolidated financial statements as of 30 September 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:

	Fixed rates		Average rates 01.01.-30.09.	
1 € corresponds to	30.09.2018	31.12.2017	2018	2017
Denmark (DKK)	7.46	7.44	7.45	7.44
Canada (CAD)	1.51	1.50	1.54	1.45
Malaysia (MYR)	4.79	4.85	4.76	4.84
Norway (NOK)	9.47	9.84	9.59	9.24
Poland (PLN)	4.28	4.18	4.25	4.27
Romania (RON)	4.66	4.66	4.65	4.55
Sweden (SEK)	10.31	9.84	10.24	9.58
Switzerland (CHF)	1.13	1.17	1.16	1.10
Singapore (SGD)	1.58	1.60	1.60	1.55
South Africa (ZAR)	16.44	14.81	15.39	14.71
Czech Republic (CZK)	25.73	25.54	25.57	26.55
Turkey (TRY)	6.97	4.55	5.51	4.00
USA (USD)	1.16	1.20	1.19	1.11

Unless otherwise stated, all figures refer to the first nine 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 transferring 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 performance conditions) in the scope of the assessment 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 cash 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, several 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 recogniion 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	Effective for finan-cial 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 associ-ated contractual rights and obligations in the balance sheet of the lessee. The previous differentiation between finance lease and operating lease applied 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 value 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	Anzuwenden für die Ge-schäftsjahre, die am oder nach beginnen (EU)
IFRS 17 (18 May 2017)	This standard makes a consistent international accounting standard for insurance businesses avail-able. 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 as-sociates 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 remea-sured 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 Com-mission has decided not to launch the en-dorsement 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 nine months of 2018, show 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 30 September 2018 include the Financial Statements of CompuGroup Medical SE and all companies controlled by CompuGroup Medical SE (subsidiaries) as of 30 September 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 01.01.2018	29	60	89
Additions	3	0	3
Disposals / Merger	0	2	2
As at 30.09.2018	**32**	**58**	**90**

Detailed information is described in the following section „Company acquisitions, disposals and company foundations".

Company acquisitions, disposals and company foundations

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.V., Netherlands.

The additions result from CGM's acquisition of La-Well Systems GmbH, n-design Gesellschaft für systematische Gestaltungen mbH and factis GmbH, all in Germany. Company acquisitions together with business combinations, which do not affect the scope of consolidation, are presented in the table below. The values are based on the date of acquisition with its impact on the consolidated financial statements.

EUR `000	Total	La-Well Systems GmbH	n-design Gesellschaft für systematische Gestaltungen mbH	factis GmbH	Other Acquisitions
Purchase Date		**03.04.2018**	**10.07.2018**	**08.08.2018**	
Voting rights acquired in %		**100%**	**100%**	**100%**	
Acquired assets and liabilities assumed recognized at acquisition date					
Non-current assets	**6,039**	**1,215**	**1,803**	**3,020**	**0**
Software	2,415	865	822	728	0
Customer relationships	3,214	324	821	2,069	0
Brands	305	22	133	151	0
Order backlog	0	0	0	0	0
Property and buildings	0	0	0	0	0
Other fixed assets and office equipment	101	4	24	73	0
Other non-current financial assets	4	0	4	0	0
Other non-current non-financial assets	0	0	0	0	0
Deferred tax assets	0	0	0	0	0
Current assets	**1,067**	**142**	**199**	**726**	**0**
Inventories	2	2	0	0	0
Trade receivables	227	0	12	214	0
Other current financial assets	33	5	3	25	0
Other current non-financial assets	136	2	5	128	0
Other assets	60	0	60	0	0
Cash and cash equivalents	610	133	119	359	0
Non-current liabilities	**1,790**	**365**	**536**	**889**	**0**
Pensions	0	0	0	0	0
Liabilities to banks	0	0	0	0	0
Other provisions	0	0	0	0	0
Other financial liabilities	0	0	0	0	0
Other non-financial liabilities	0	0	0	0	0
Other liabilities	0	0	0	0	0
Deferred tax	1,790	365	536	889	0
Current liabilities	**731**	**80**	**274**	**377**	**0**
Trade payables	67	8	9	50	0
Contingent liabilities	0	0	0	0	0
Liabilities to banks	0	0	0	0	0
Other provisions	195	20	162	13	0
Other liabilities	125	34	55	36	0
Other financial liabilities	263	5	1	257	0
Other non-financial liabilities	81	13	48	21	0

Net assets acquired	**4,585**	**912**	**1,192**	**2,481**	**0**
Purchase price paid in cash	5,380	1,125	1,150	3,105	0
Liabilities assumed	3,445	1,750	1,350	345	0
of which contingent consideration	3,445	1,750	1,350	345	0
Issued equity instruments	0	0	0	0	0
Total consideration transferred	**8,825**	**2,875**	**2,500**	**3,450**	**0**
Non-controlling interests	0	0	0	0	0
Goodwill	**4,240**	**1,963**	**1,308**	**969**	**0**
Acquired cash and cash equivalents	610	133	119	359	0
Purchase price paid in cash	5,380	1,125	1,150	3,105	0
Prepayments on acquisitions	0	0	0	0	0
Fair value of equity interest in the acquiree held by acquirer immediately before the acquistion date	0	0	0	0	0
Payments for acquistions after date of acquistion	554	0	0	0	554
Cash outflow for acquisitions (net)	**4,770**	**992**	**1,031**	**2,746**	**0**
Effects of the acquisition on Group result	**0**	**0**	**0**	**0**	**0**
Sales revenue following date of acquisition**	1,218	311	600	307	0
Result following date of acquisition**	261	65	176	21	0
Sales revenue for the fiscal year (hypothetical date of acquisition 1 January)	3,291	468	1,352	1,470	0
Result for the fiscal year (hypothetical date of acquisition 1 January)	55	56	–37	36	0
Costs attributable to the acquisition	**24**	**0**	**24**	**0**	**0**

** Values come from the individual financial statements

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 75 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 main product is software for conducting secure video consultations from doctor to doctor as well as from doctor to patient. It was the first application of this kind to be certified in Germany and thus fulfils all technical requirements of data protection legislation. The second product ‚Wartezimmer TV' is a platform for marketing information and entertainment for patients in waiting rooms.

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 for 75 percent in the shares amounts to EUR 1,125 thousand and has been paid out by the full amount at closing date. Furthermore, a call- and put-option was agreed on the acquisition of further 25 percent in La-Well, which was also recognized under the purchase price liabilities with a fair value of EUR 1,750 thousand.

The current estimate shows the preliminary goodwill of EUR 1,963 thousand, which 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 1,210 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 365 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 consolidation of La-Well was carried out in preliminary format as at 1 April 2018, due to partly incomplete or not yet fully evaluated information of the acquired customer relationship, media-contents and trademark rights.

Acquisition of n-design Gesellschaft für systematische Gestaltungen mbH, Germany
At the beginning of July 2018 CompuGroup Medical SE acquired 95 percent of the shares in n-design Gesellschaft für systematische Gestaltungen mbH (in the following n-design), with registered office in Cologne, Germany.

n-design is a company in the field of customized software development. The company is an important contractor to CGM in developing software for the Connector used in the Telematics Infrastructure in Germany.

n-design was initially consolidated on 1 July 2018. The turnover of n-design for the financial year 2017 amounted to about EUR 2,672 thousand with an EBITDA of EUR 704 thousand. The total consideration amounts to EUR 2,500 thousand and contains both fixed and variable components of the purchase price, of which EUR 1,150 thousand have been paid already.

The preliminary goodwill estimate is EUR 1,308 thousand and results primarily from the positive market strategy effects that can be expected from the acquired development know-how and innovative strength, as well as from the synergies within the Group as a result of the integration of n-design 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 1,775 thousand and is related to trademark rights and customer relationships. 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 536 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 the acquisition of n-design was carried out in preliminary format as at 1 July 2018. Since the contractual obligations to prepare the effective date balance sheet as at 30 June 2018 have not yet been finalized and thus, in particular, the valuation of the acquired trademark rights and customer relationships are only preliminary.

Acquisition of factis GmbH, Germany
At the beginning of August 2018 CGM Clinical Deutschland GmbH, a 100 percent subsidiary of CompuGroup Medical SE acquired 100 percent of the shares in factis GmbH (in the following factis), with registered office in Freiburg im Breisgau, Germany.

factis is a leading provider of mobile data collection and controlling in social and health care. factis solutions are used by many hundred customers of medium-sized, outpatient nursing organizations in Germany, Switzerland and other neighboring countries. A particular strength of factis are the unique user interfaces, which are also intuitively accessible to less experienced IT personnel or professionals with a foreign language background.

factis was initially consolidated on 1 August 2018. The turnover of factis for the financial year 2017 amounted to about EUR 2,133 thousand with an EBITDA of EUR 481 thousand. The total consideration amounts to EUR 3,450 thousand, of which EUR 3,105 thousand have been paid already at closing date.

The contractually outstanding purchase price payments of EUR 345 thousand are recognized under current purchase price liabilities at closing date.

The preliminary goodwill estimate is EUR 969 thousand and results primarily from the positive market strategy effects that can be expected from profound competencies and human resources in the rapidly growing field of digital mobility solutions, as well as from the synergies within the Group as a result of the integration of factis 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 2,946 thousand and is related to software, trademark rights and customer relationships. 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 889 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 the acquisition of factis was carried out in preliminary format as at 1 August 2018. Since the contractual obligations to prepare the effective date balance sheet as at 31 July 2018 have not yet been finalized and thus, in particular, the valuation of the acquired software, trademark rights and customer relationships are only preliminary.

Remaining Additions

The remaining additions include the following business combinations.

Acquisition of Barista Software BVBA, Belgium

In 2017, CompuGroup Medical Belgium BVBA, a 99 percent subsidiary of CompuGroup Medical SE and 1 percent subsidiary of CompuGroup Medical Deutschland AG, acquired 100 percent of the shares in Barista Software BVBA with registered office in Hasselt, Belgium. In addition to an initially agreed fixed purchase price, which has already been paid out by the full amount as at 31. December 2017, some contingent consideration in form of earn-out agreements have been made. This includes an additional annual purchase price payment, which results on basis of fixed defined sales volumes for the following years. The expected amount of these earn-out agreements amounted to EUR 1,596 thousand and has a retention of five years.

In 2018, the first additional purchase price payment for the past financial year 2017 in the amount of TEUR 142 was made. The outstanding purchase price payments continue to be recognized under current and non-current purchase price liabilities.

Acquisition of Vega Informatica e Farmacia S.r.l., Italy

In 2016, CompuGroup Medical Italia Holding S.r.l., a 100 percent subsidiary of CompuGroup Medical SE, acquired 75 percent of the shares in Vega Informatica e Farmacia S.r.l. with registered office in Pavia, Italy. The purchase price amounted to TEUR 4,125 and has been paid out by an amount of TEUR 3,713 on 31 December. The outstanding purchase price of EUR 412 thousand was paid in the third quarter.

Significant effects of changes in accounting policies

On 1 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, contract liabilities and costs of obtaining a contract are stated for the first time in the balance sheet due to the application of IFRS 15. Before the change the capitalized costs of obtaining a contract would have been directly recognized as personnel expenses. Contract assets, which have been recognized on 30 September 2018 with an amount of EUR 11,805 thousand, would be shown as trade receivables without the application of IFRS 15. Contract liabilities, which have been recognized on 30 September 2018 with an amount of EUR 63,160 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 5,333 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:

EUR `000	01.01.2018	Adjustments	Amounts after application of IFRS 15
ASSETS	825,009	5,492	830,501
Non-current assets	**647,055**	**4,055**	**651,110**
Non-financial assets	0	1,200	1,200
Trade account receivables	11,178	1,593	12,771
Deferred tax asset	6,041	1,262	7,303
Current assets	**177,954**	**1,437**	**179,391**
Non-financial assets	13,610	800	14,410
Contract assets	0	8,364	8,364
Receivables from finance leases	0	5,197	5,197
Trade account receivables	116,105	–12,924	103,181
SHAREHOLDER EQUITY AND LIABILITIES	825,009	5,492	830,501
Shareholder Equity	**236,060**	**–14,057**	**222,003**
Reserves	201,247	–14,057	187,190
Capital and reserves allocated to the shareholder of the parent company	234,174	–14,057	220,117
Minority interests	1,886	0	1,886
Non-current liabilities	**407,666**	**3,877**	**411,543**
Contract liabilities	0	7,558	7,558
Deferred taxes	48,976	–3,681	45,295
Current liabilities	**181,283**	**15,672**	**196,955**
Deferred income	16,913	–16,913	0
Contract liabilities	0	32,585	32,585

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-time 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:

	Measurement category		Book value 01.01.2018		
EUR `000	IAS 39	IFRS 9	IAS 39	IFRS 9	Difference book value 01.01.2018
Financial assets					
Cash and cash equivalents	LaR	AC	30,362	30,362	0
Trade account receivables	LaR	AC	103,977	103,977	0
Contract assets	LaR	AC	8,297	8,297	0
Other financial assets*	LaR	AC	3,628	3,628	0
Other financial investments	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 995 EUR thousand was recognized in the opening balance of other reserves as of 1 January 2018.

Reconciliation IFRS 9 - Impairments

EUR `000	Impairments on trade account receivables, receivables from finance lease agreements and contract assets
Accumulated impairments IAS 39 as at 31 December 2017	13,745
IFRS 9 - first-time application effect through equity	995
Accumulated impairments IFRS 9 as at 1 January 2018	**14,740**

The following tables present the book values 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 30 September 2018.

			IAS 39 valuation			IAS 17 valuation	
Financial instruments - measurement categories according to IAS 39	Measurement category according to IAS 39	Book value as at 30.09.2018	Amortized costs (continued)	Fair value through equity	Fair value through profit and loss	Amortized costs (continued)	Fair value as at 30.09.2018
Financial assets							
Cash and cash equivalents	LaR	33,141	0	0	0	0	33,141
Trade account receivables	LaR	103,734	0	0	0	0	103,734
Contract assets	LaR	11,805	0	0	0	0	11,805
Other financial assets*	LaR	3,525	0	0	0	0	3,525
Receivables from finance lease agreements	-	15,637	0	0	0	15,637	16,591
Other investments	AfS	110	0	0	0	0	0
Total financial assets		**167,952**	**0**	**0**	**0**	**15,637**	**168,796**
Financial liabilities							
Liabilities to banks	oL	324,836	0	0	0	0	325,706
Purchase price liabilities	oL	16,501	0	0	0	0	16,501
Trade payables	oL	43,180	0	0	0	0	43,180
Other financial liabilities	oL	7,911	0	0	0	0	7,911
Finance lease obligations	-	9,852	0	0	0	9,852	9,744
Total financial liabilities		**402,280**	**0**	**0**	**0**	**9,852**	**403,042**
Total per category							
Asset loans available for sale	AfS	110	0	0	0	0	0
Loans and receivables	LaR	152,205	0	0	0	0	152,205
Other financial liabilities	oL	392,428	0	0	0	0	393,298

* Shown as other receivables in the previous year

			IFRS 9 valuation			IAS 17 valuation	
	Measurement category according to IFRS 9	Book value as at 30.09.2018	Amortized costs (continued)	Fair value through equity	Fair value through profit and loss	Amortized costs (continued)	Fair value as at 30.09.2018
Financial assets							
Cash and cash equivalents	AC	33,141	33,141	0	0	0	33,141
Trade account receivables	AC	103,734	103,734	0	0	0	103,734
Contract assets	AC	11,805	11,805	0	0	0	11,805
Other financial assets*	AC	3,525	3,525	0	0	0	3,525
Receivables from finance lease agreements	-	15,637	0	0	0	15,637	16,591
Other investments	FVtPL	110	0	0	110	0	110
Total financial assets		**167,952**	**152,205**	**0**	**110**	**15,637**	**168,906**
Financial liabilities							
Liabilities to banks	AC	324,836	324,836	0	0	0	325,706
Purchase price liabilities	AC	16,501	16,501	0	0	0	16,501
Trade payables	AC	43,180	43,180	0	0	0	43,180
Other financial liabilities	AC	7,911	7,911	0	0	0	7,911
Finance lease obligations	-	9,852	0	0	0	0	9,744
Total financial liabilities		**402,280**	**392,428**	**0**	**0**	**0**	**403,042**
Total per category							
Amortized costs	AC	544,633	544,633	0	0	0	545,503
Financial instruments at fair value through other comprehensive income	FVtOCI	0	0	0	0	0	0

* Shown as other receivables in the previous year

As of 01.01.2018, the policy for bad debt provisions on receivables was adjusted as follows. For non-due receivables and those overdue between 0 - 12 months, a flat-rate devaluation of 0.8 percentage points (expected loss) will be made. For all receivables that are overdue between 13 - 24 months, a specific valuation allowance (management judgement) have to be made. All receivables, which are due over 24 months are impaired at 100 percent.

Acquisitions and disposals of items of Tangible assets

In the first nine months of the financial year 2018, CompuGroup Medical SE acquired tangible assets with a total amount of EUR 9.2 million. This includes the acquisition of an office building with land in France for EUR 2.5 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 gain has been recognized with an amount of EUR 3,406 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	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Related Persons	116	39	290	278	67	0	289	330
Related Companies	1,453	464	1,357	3,653	118	44	20	56
Associated companies	3,696	4,643	4,589	5,952	4,568	3,782	1,330	1,695
TOTAL	5,266	5,145	6,235	9,882	4,754	3,825	1,639	2,081

Related companies:

The received deliveries and services include especially the business relationship to mps public solution GmbH with an amount of EUR 727 thousand. However, the business relationship to mps public solution GmbH has changed compared to the previous year in the way that mps public solution GmbH has started executing a direct invoicing to the end customer, which led to a significant decrease in received deliveries and services. Furthermore, Gotthardt Informationssysteme GmbH has been reclassified to the associated companies in the second quarter of 2017, which led to an additional reduction of the received accounts payable. The performed deliveries and services comprise especially mps public solution GmbH with an amount of EUR 1,047 thousand.

Associated Companies:

With Gotthardt Informationssysteme GmbH, deliveries and services with the amount of EUR 1,532 thousand were perfomed and deliveries and services of EUR 4,379 thousand were received. Receivables mainly include those from Fablab S.r.l. with an amount of EUR 2,772 thousand as well as those from MGS Meine Gesundheits-Services GmbH amounting to EUR 1,537 thousand. The liabilities especially consist of those from Fablab S.r.l. with an amount of EUR 1,202 thousand.
All transaction with related parties have been concluded at market conditions.

Compliance with payment obligations and financial covenants

On the 22 June 2018 CGM entered into a new syndicated loan agreement with a bank consortium for a revolving loan facility (also referred to in the following as "RLF") in the amount of EUR 400.0 million. As a result, the existing syndicated loan agreement was terminated and repaid.

The syndicated loan facility has a duration of five years. The interest rate is based upon the EURIBOR rate for the interest period chosen plus a margin, which changes in accordance with the leverage ratio in contractually regulated levels. For the first six months of the facility, the margin is fixed at 0.7 percent.

As of 30 September 2018, the RLF was utilized at EUR 290.0 million.

In addition, loan commitment fees totaling EUR 1.5 million accrued, which 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 one financial covenant (leverage ratio).

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

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

Other financial obligations and finance commitments

On 30 September 2018 CGM had open obligations from uncancellable operating leases, maturing as follows:

EUR `000	30.09.2018	30.09.2017
Within 1 year	14,821	12,194
Between 1 and 5 years	23,931	23,596
Longer than 5 years	2,588	4,415
TOTAL	41,340	40,205

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.

Cash net income (non-IFRS)

EUR `000	01.07.-30.09.2018	01.07.-30.09.2017	01.01.-30.09.2018	01.01.-30.09.2017	01.01.-31.12.2017
Cash net income (EUR)*	24,804	9,307	80,236	48,450	58,147
Cash net income per share (EUR)*	0.50	0.19	1.62	0.97	1.17

* Definition Cash net income: Consolidated net income plus amortization of intangible assets except amortization of in-house capitalized software.

Significant post balance sheet events

There are no significant events to report after the balance sheet date.

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 group reporting units (Profit Center) 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. In comparison to the previous segment reporting, the functions of the company which are centrally managed by the site in Koblenz (e.g. IT, Human Resources and legal), were reclassified through the offsetting and reconciliation in other business transactions.

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):** Development and distribution of practice software solutions as well as the provision of services for registered doctors, dentists and laboratories. In addition, Internet Service Providing services are provided to physicians and other healthcare participants.
+ **Pharmacy Information Systems (PCS):** Development and distribution of software solutions as well as the provision of services for pharmacists.
+ **Hospital Information Systems (HIS):** Development and distribution of hospital software solutions as well as the provision of services.
+ **Health Connectivity Services (HCS):** Networking of service providers (doctors, dentists, hospitals and pharmacists) with other key market players in healthcare, such as payers, pharmaceutical companies and research institutions.

The board of directors as Chief Operating Decision Maker evaluates the performance of the for-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 segment.

Segment reporting before reclassification (old structure)

as at 30 September 2018

	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	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12
Sales to third parties	**343,103**	**241,464**	**334,089**	**79,020**	**75,222**	**104,794**	**71,534**	**71,777**	**100,834**
thereof Software license	26,859	-	-	4,074	-	-	7,456	-	-
thereof Hardware	59,830	-	-	14,697	-	-	1,767	-	-
thereof Professional Services	45,336	-	-	6,961	-	-	16,808	-	-
thereof Software Maintenance & hotline	159,646	-	-	24,341	-	-	37,693	-	-
thereof Other recurring revenues	46,360	-	-	26,733	-	-	7,536	-	-
thereof Adverting, eDetailing and Data	1,531	-	-	2,112	-	-	0	-	-
thereof Software Assisted Medicine	939	-	-	0	-	-	0	-	-
thereof Other revenue	2,602	-	-	102	-	-	274	-	-
Point in time of revenue recognition									
at a specific point in time	66,186	-	-	15,657	-	-	3,204	-	-
over a period of time	**276,917**	**-**	**-**	**63,363**	**-**	**-**	**68,330**	**-**	**-**
	343,103	-	-	79,020	-	-	71,534	-	-
Sales between segments	26,170	5,171	16,555	42,847	7,117	17,932	2,145	2,113	2,741
Segment Sales	**369,273**	**246,635**	**350,644**	**121,867**	**82,339**	**122,726**	**73,679**	**73,890**	**103,575**
thereof recurring sales	206,006	192,276	256,525	51,074	49,998	66,414	45,229	45,769	61,172
Capitalized inhouse services	6,819	4,722	9,291	0	0	0	5,939	4,492	6,109
Other income	1,765	2,297	3,845	543	405	747	1,824	1,935	2,364
Expenses for goods and services purchased	–109,317	–45,715	–73,636	–55,290	–25,223	–42,355	–12,429	–13,671	–19,176
Personnel costs	–95,130	–93,072	–125,771	–30,300	–26,642	–36,376	–46,598	–44,399	–60,396
Other expense	–55,891	–40,175	–63,955	–15,633	–12,268	–18,899	–16,743	–16,359	–22,370
EBITDA	117,519	74,692	100,419	21,187	18,610	25,842	5,673	5,889	10,106
in % of sales	34.3%	30.9%	30.1%	26.8%	24.7%	24.7%	7.9%	8.2%	10.0%
Depreciation of tangible 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 HCS Health Connectivity Services			All other Segments			Sum Segments			Consolidation			CGM Group		
2018	2017	2017	2018	2017	2017	2018	2017	2017	2018	2017	2017	2018	2017	2017
01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12
28,479	**30,055**	**42,506**	**110**	**302**	**120**	**522,246**	**418,819**	**582,343**	**0**	**0**	**32**	**522,246**	**418,819**	**582,375**
480	-	-	0	-	-	38,869	-	-	0	-	-	38,869	-	-
0	-	-	5	-	-	76,298	-	-	0	-	-	76,299	-	-
3,961	-	-	26	-	-	73,092	-	-	0	-	-	73,092	-	-
2,360	-	-	63	-	-	224,103	-	-	0	-	-	224,103	-	-
1,072	-	-	0	-	-	81,701	-	-	0	-	-	81,701	-	-
17,785	-	-	0	-	-	21,428	-	-	0	-	-	21,428	-	-
2,914	-	-	0	-	-	3,852	-	-	1	-	-	3,853	-	-
–93	-	-	16	-	-	2,901	-	-	0	-	-	2,901	-	-
–93	-	-	22	-	-	84,975	-	-	1	-	-	84,976	-	-
28,572	**-**	**-**	**88**	**-**	**-**	**437,270**	**-**	**-**	**0**	**-**	**-**	**437,270**	**-**	**-**
28,479	-	-	110	-	-	522,246	-	-	1	-	-	522,246	-	-
3,867	4,781	6,376	3,175	2,677	3,158	78,204	21,859	46,762	–78,204	–21,859	–46,762	0	0	0
32,346	**34,836**	**48,882**	**3,285**	**2,979**	**3,278**	**600,450**	**440,678**	**629,105**	**–78,204**	**–21,859**	**–46,731**	**522,246**	**418,819**	**582,375**
3,431	3,473	3,711	72	9	12	305,811	291,524	387,835	–10	0	0	305,803	291,524	387,835
0	0	0	213	172	932	12,971	9,386	16,333	536	354	474	13,508	9,740	16,806
181	110	566	7,260	4,896	6,078	11,573	9,643	13,600	–7,887	–2,388	–2,950	3,686	7,255	10,649
–9,034	–9,272	–12,692	–208	–141	–231	–186,278	–94,022	–148,090	75,553	21,279	40,941	–110,725	–72,742	–107,149
–9,115	–8,707	–11,701	–12,128	–10,891	–14,673	–193,271	–183,711	–248,918	–18,139	–17,003	–20,606	–211,410	–200,714	–269,524
–5,336	–4,111	–5,332	–9,796	–7,402	–8,674	–103,398	–80,315	–119,230	17,044	9,550	14,517	–86,354	–70,765	–104,713
9,042	12,856	19,723	–11,374	–10,387	–13,291	142,047	101,660	142,800	–11,097	–10,067	–14,356	130,951	91,593	128,444
31.7%	42.8%	46.4%				27.2%	24.3%	24.5%				25.1%	21.9%	22.1%
												–8,364	–6,612	–9,147
												–22,732	–21,394	–29,228
												99,854	63,586	90,069
												–228	–708	–1,136
												1,356	2,152	3,754
												–10,267	–17,706	–27,131
												90,715	47,324	65,556
												–29,810	–18,615	–33,813
												0	–62	–61
												60,906	**28,647**	**31,682**
												11.7%	6.8%	5.4%

Segment reporting after reclassification (new structure)

as at 30 September 2018

	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	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12
Sales to third parties	**343,103**	**241,464**	**334,089**	**79,020**	**75,222**	**104,794**	**71,534**	**71,777**	**100,834**
thereof Software license	26,859	-	-	4,074	-	-	7,456	-	-
thereof Hardware	59,830	-	-	14,697	-	-	1,767	-	-
thereof Professional Services	45,336	-	-	6,961	-	-	16,808	-	-
thereof Software Maintenance & hotline	159,646	-	-	24,341	-	-	37,693	-	-
thereof Other recurring revenues	46,360	-	-	26,733	-	-	7,536	-	-
thereof Adverting, eDetailing and Data	1,531	-	-	2,112	-	-	0	-	-
thereof Software Assisted Medicine	939	-	-	0	-	-	0	-	-
thereof Other revenue	2,602	-	-	102	-	-	274	-	-
Point in time of revenue recognition									
at a specific point in time	66,186	-	-	15,657	-	-	3,204	-	-
over a period of time	**276,917**	**-**	**-**	**63,363**	**-**	**-**	**68,330**	**-**	**-**
	343,103	-	-	79,020	-	-	71,534	-	-
Sales between segments	26,170	5,171	16,555	42,847	7,117	17,932	2,145	2,113	2,741
Segment Sales	**369,273**	**246,635**	**350,644**	**121,867**	**82,339**	**122,726**	**73,679**	**73,890**	**103,575**
thereof recurring sales	206,006	192,276	256,525	51,074	49,998	66,414	45,229	45,769	61,172
Capitalized inhouse services	6,819	4,722	9,291	0	0	0	5,939	4,492	6,109
Other income	1,765	2,297	3,845	543	405	747	1,824	1,935	2,364
Expenses for goods and services purchased	–109,317	–45,715	–73,636	–55,290	–25,223	–42,355	–12,429	–13,671	–19,176
Personnel costs	–95,130	–93,072	–125,771	–30,300	–26,642	–36,376	–46,598	–44,399	–60,396
Other expense	–55,891	–40,175	–63,955	–15,633	–12,268	–18,899	–16,743	–16,359	–22,370
EBITDA	117,519	74,692	100,419	21,187	18,610	25,842	5,673	5,889	10,106
in % of sales	34.3%	30.9%	30.1%	26.8%	24.7%	24.7%	7.9%	8.2%	10.0%
Depreciation of tangible 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 HCS Health Connectivity Services			All other Segments			Sum Segments			Consolidation			CGM Group		
2018	2017	2017	2018	2017	2017	2018	2017	2017	2018	2017	2017	2018	2017	2017
01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12	01.01. - 30.09	01.01. - 30.09	01.01. - 31.12
28,479	**30,055**	**42,506**	**110**	**302**	**152**	**522,246**	**418,819**	**582,375**	**0**	**0**	**0**	**522,246**	**418,819**	**582,375**
480	-	-	0	-	-	38,869	-	-	0	-	-	38,869	-	-
0	-	-	5	-	-	76,299	-	-	0	-	-	76,299	-	-
3,961	-	-	26	-	-	73,092	-	-	0	-	-	73,092	-	-
2,360	-	-	63	-	-	224,103	-	-	0	-	-	224,103	-	-
1,072	-	-	0	-	-	81,701	-	-	0	-	-	81,701	-	-
17,785	-	-	0	-	-	21,428	-	-	0	-	-	21,428	-	-
2,914	-	-	0	-	-	3,853	-	-	0	-	-	3,853	-	-
–93	-	-	16	-	-	2,901	-	-	0	-	-	2,901	-	-
–93	-	-	22	-	-	84,976	-	-	0	-	-	84,976	-	-
28,572	**-**	**-**	**88**	**-**	**-**	**437,270**	**-**	**-**	**0**	**-**	**-**	**437,270**	**-**	**-**
28,479	-	-	110	-	-	522,246	-	-	0	-	-	522,246	-	-
3,867	4,781	6,376	8,475	8,777	11,922	83,504	27,959	55,527	–83,504	–27,959	–55,527	0	0	0
32,346	**34,836**	**48,882**	**8,585**	**9,079**	**12,074**	**605,750**	**446,778**	**637,901**	**–83,504**	**–27,959**	**–55,527**	**522,246**	**418,819**	**582,375**
3,431	3,473	3,711	63	8	12	305,803	291,524	387,835	0	0	0	305,803	291,524	387,835
0	0	0	750	526	1,406	13,508	9,740	16,806	0	0	0	13,508	9,740	16,806
181	110	566	33,560	31,746	39,023	37,873	36,493	46,545	–34,187	–29,238	–35,896	3,686	7,255	10,649
–9,034	–9,272	–12,692	–2,058	–2,441	–3,405	–188,128	–96,322	–151,264	77,403	23,580	44,115	–110,725	–72,742	–107,149
–9,115	–8,707	–11,701	–31,128	–27,991	–37,260	–212,271	–200,811	–271,504	861	97	1,980	–211,410	–200,714	–269,524
–5,336	–4,111	–5,332	–31,496	–30,772	–38,762	–125,098	–103,685	–149,318	38,744	32,920	44,604	–86,354	–70,765	–104,713
9,042	12,856	19,723	–21,787	–19,853	–26,924	131,634	92,193	129,166	–683	–600	–721	130,951	91,593	128,444
31.7%	42.8%	46.4%				25.2%	22.0%	22.2%				25.1%	21.9%	22.1%
												–8,364	–6,612	–9,147
												–22,732	–21,394	–29,228
												99,854	63,586	90,069
												–228	–708	–1,136
												1,356	2,152	3,754
												–10,267	–17,706	–27,131
												90,715	47,324	65,556
												–29,810	–18,615	–33,813
												0	–62	–61
												60,906	**28,647**	**31,682**
												11.7%	6.8%	5.4%

Additional information

FINANCIAL CALENDAR 2018

Date	Event
08 November 2018	Interim Report Q3 2018
04 February 2019	Preliminary Figures 2018
29 March 2019	Annual Report 2018
06 May 2019	Interim Report Q1 2019
15 May 2019	Annual General Meeting
08 August 2019	Interim Report Q2 2019
07 November 2019	Interim Report Q3 2019

SHARE INFORMATION

The share of CompuGroup finished the third quarter with a closing price of EUR 49.76. The average closing share price increased by 14.6 percent from EUR 42.68 (Q2/2018) to EUR 48.91 (Q3/2018).

The highest quoted price during the quarter was EUR 54.15 on 09 August 2018 and the lowest price EUR 42.70 on 02 July 2018.

The trading volume of CompuGroup shares was 4.3 million shares during the third quarter, down -13.1 percent compared to the previous quarter. On average, the daily trading volume was approximately 65,000 shares (daily average in 2017: approximately 51,000).

By the end of September 2018, a total of seven analyst companies were covering the CompuGroup Medical share on a regular basis. The forecast price targets ranged from EUR 36.00 to EUR 62.00. Four analysts rated the shares a "buy", one analyst as „sell" and two analysts as "hold" or "neutral".

SHARE BUYBACK

On July 5, 2018, CGM SE announced a share buyback program with a total volume of up to € 23.0 million and a term until December 31, 2018.

While the acquired shares may be used for all purposes specified in the authorization of the Annual General Meeting on May 20, 2015, CompuGroup Medical SE intends to redeem the majority of the repurchased shares or to use them for potential acquisition purposes. On July 13, 2018, CGM SE announced the start of the share buyback program. Since July 16, 2018, shares have been repurchased exclusively via the stock exchange in electronic trading of the Frankfurt Stock Exchange (Xetra). In the period up to and including September 30, 2018, CGM SE repurchased 353,537 shares for a total of € 17,441,832.20. This corresponds to an average purchase price of € 49.3352 per share.

CONTACT INFORMATION

CompuGroup Medical SE
Investor Relations
Maria Trost 21
56070 Koblenz

Telephone: +49 (0) 261 8000-6200
Fax: +49 (0) 261 8000-3200

E-Mail: investor@cgm.com
www.cgm.com

Management Responsibility Statement

To the best of our knowledge, and in accordance with applicable accounting principles for interim financial reporting, the consolida-ted 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 po-sition 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, 08. November 2018

CompuGroup Medical Societas Europaea
The Management Board

Frank Gotthardt

Frank Brecher

Uwe Eibich

Christian B. Teig

Dr. Ralph Körfgen

Hannes Reichl

CompuGroup Medical SE
Maria Trost 21
56070 Koblenz
Germany