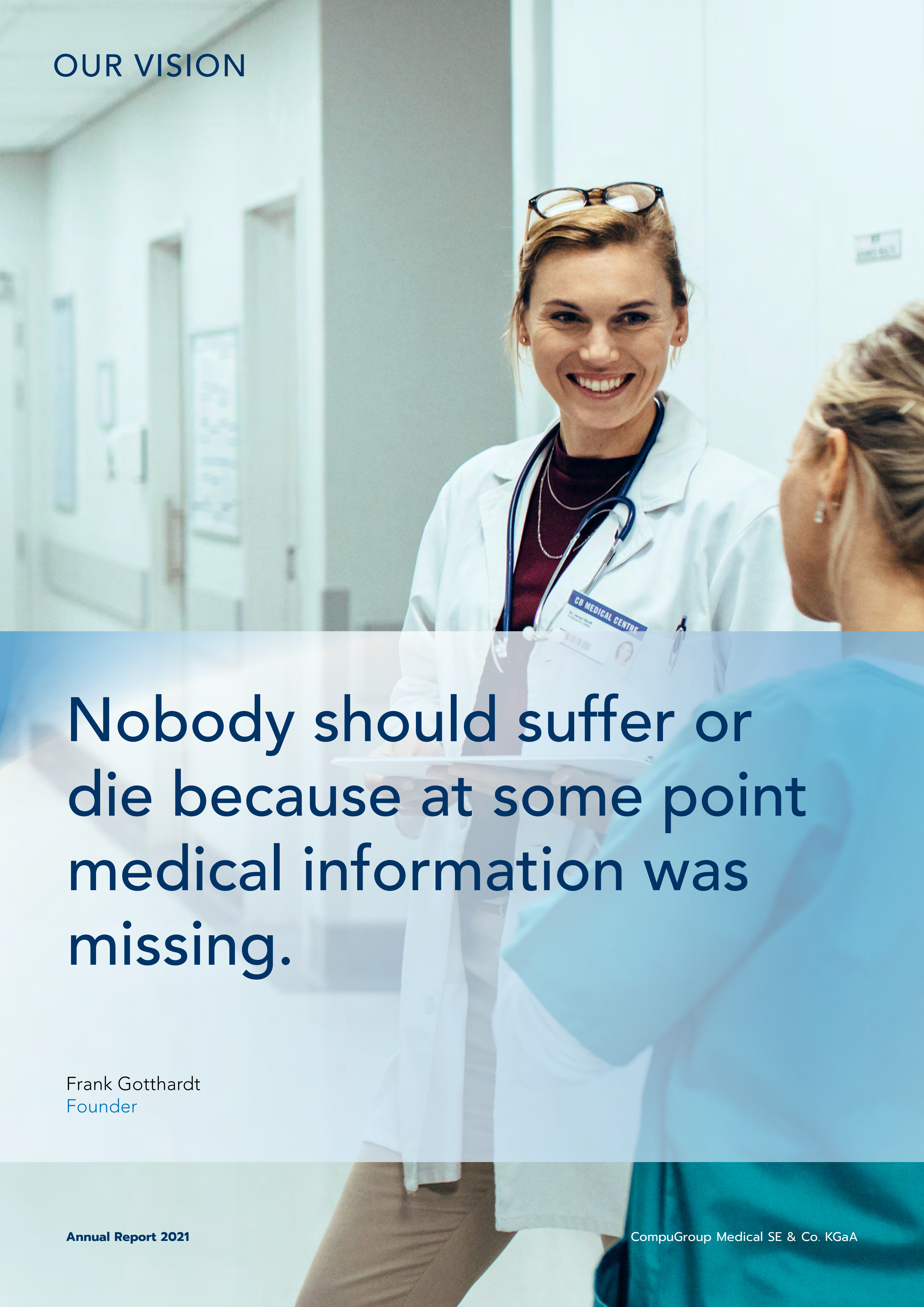
Synchronizing Healthcare

CompuGroup Medical
Annual Report 2021

CompuGroup Medical



OUR VISION

Nobody should suffer or die because at some point medical information was missing.

Frank Gotthardt
Founder

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Key figures 2021

CGM Group

1,025 Revenues (mEUR)

22 % EBITDA-Margin, adjusted

Ambulatory Information Systems

476 Revenues (mEUR)

25 % EBITDA-Margin, adjusted

Hospital Information Systems

257 Revenues (mEUR)

17 % EBITDA-Margin, adjusted

Consumer & Health Management Information Systems

174 Revenues (mEUR)

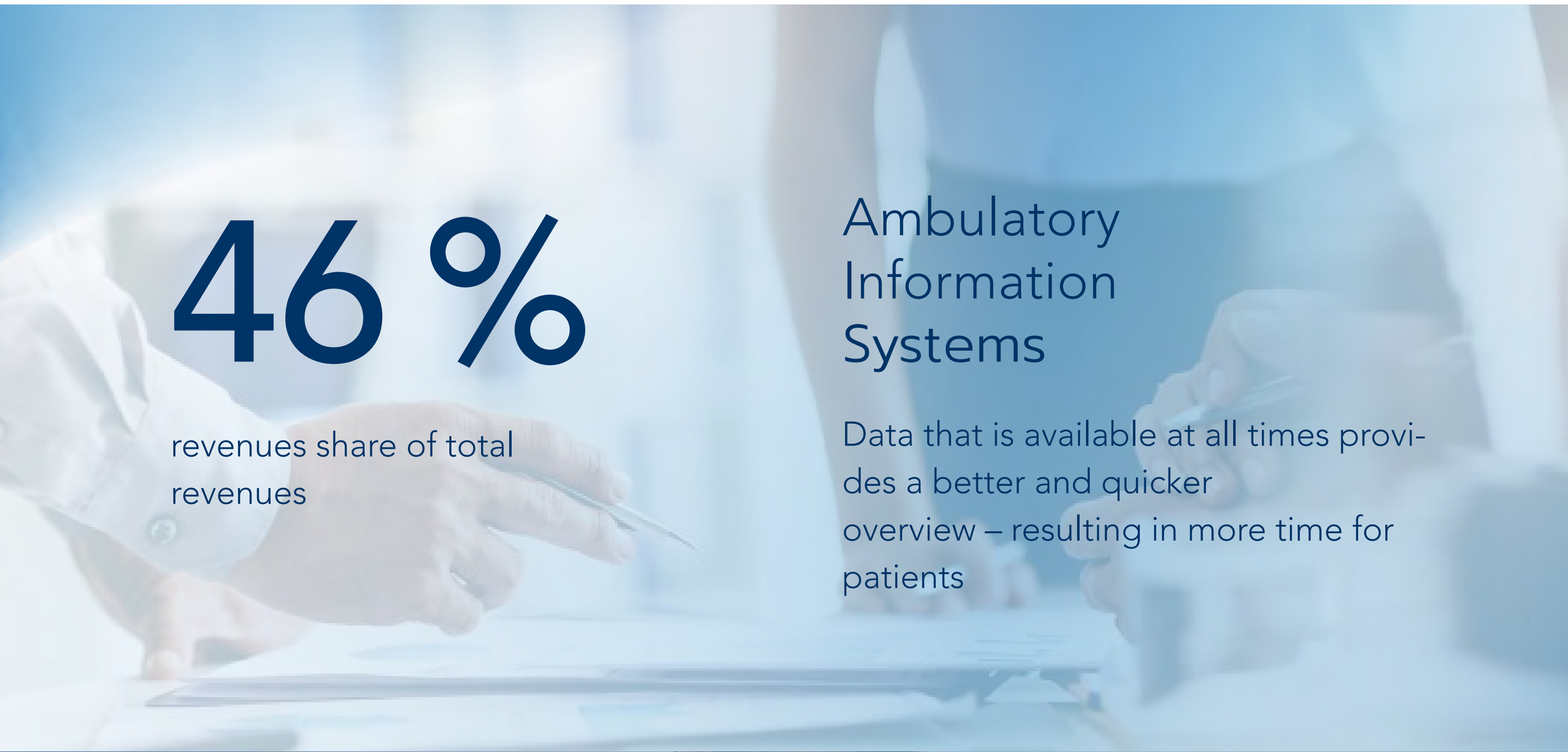
23 % EBITDA-Margin, adjusted

Pharmacy Information Systems

118 Revenues (mEUR)

29 % EBITDA-Margin, adjusted

Digital transformation in healthcare enabling the patient journey



46 %

revenues share of total revenues

Ambulatory Information Systems

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

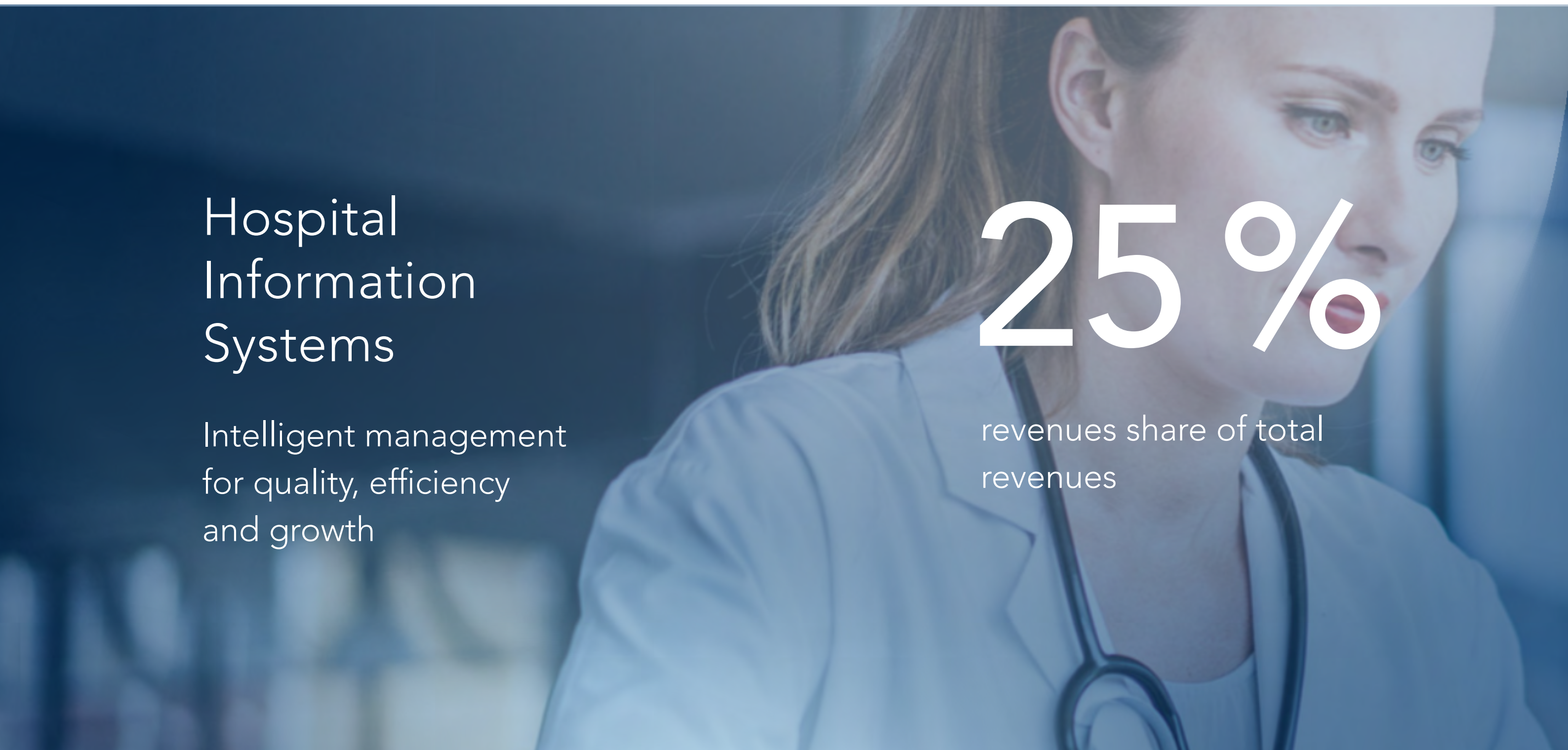
Consumer & Health Management Information Systems

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

17 %

revenues share of total revenues

Digital transformation in healthcare enabling the patient journey



Hospital Information Systems

Intelligent management for quality, efficiency and growth

25 %

revenues share of total revenues

12 %

revenues share of total revenues

Pharmacy Information Systems …

… enabling responsible consultations and economic success

1,025 mEUR	224 mEUR	1.95 EUR	>8,500
Revenues	EBITDA adjusted	EPS adjusted	Employees

Sites:

Germany (headquarters), Belgium, Denmark, France, India, Italy, The Netherlands, Norway, Austria, Poland, Romania, Russia, Sweden, Switzerland, Slovakia, Spain, South Africa, Czechia, Turkey, USA

Our unique customer base in eHealth

Physicians
Dentists
Hospitals

Laboratories
Pharmacists

Payers
Institutions
Industry

Citizens
Rehabilitation & Care

FOR OUR SHAREHOLDERS

CEO Letter

CGM IS IN AN OUTSTANDING POSITION FOR REALISING THE PERFECT PATIENT EXPERIENCE.

Dr. Dirk Wössner
Chief Executive Officer

Dear shareholders,

In 2021, we demonstrated a steady growth story with another particularly successful year. Even more exciting, this is just the green light for the road ahead.

For me personally, my first 12 months as CEO at CGM were an inspiration. We operate in a highly attractive market that is characterized by two growth drivers: digitization and healthcare. Over the past year, I have been inspired by the experience and incredible enthusiasm that powers this team to drive digitization forward in the healthcare sector.

The momentum for this has never been greater. Many countries have launched extensive funding programs as both society and government have recognized the indispensable contributions and potential of digital transformation. In recent years, we have seen this trend create incredible opportunities across many industries. Accelerated by our shared experiences from the pandemic, this is also the case for healthcare.

CGM is in pole position for realizing the perfect Patient Journey. With our unique range — horizontally and vertically — we can realize digitization across all relevant areas within the healthcare sector in an interoperable manner. We can make the difference.

How was 20201 for CGM?
For the second year in a row, the world was subject to the impact of the COVID-19 pandemic. As early as 2020, CGM was helping healthcare professionals and, as a result, everyone with smart solutions to better cope with the consequences of the pandemic. In 2021, the introduction of a vaccination program was one of the biggest challenges for many participants in the healthcare sector. Digital transformation made an impressive contribution here. We supported those who are on the front line fighting the effects of the pandemic every day. To this end, we equipped medical practices with a vaccination management module as part

CEO Letter

of a freemium offer. We delivered a software module that medical practices use to create digital vaccination certificates directly from their software. CGM's innovative CLICKDOC doctor-patient platform made it easy for medical practices in various European countries to easily organize vaccination appointments online.

In 2021, this innovation and investment benefited more than just medical practices. In April, with the project at the Eppendorf University Hospital in Hamburg, our hospital segment in Germany obtained its largest order to-date for the state-of-the-art hospital information system, CGM CLINICAL.

Intersectoral connectivity in the healthcare market took a huge step forward in 2021. The KoCoBox MED+ from CGM received approval as a connector with functionality for the electronic patient file (i.e. ePA connector). This paved the way for more patient safety and sovereignty by making important health data of statutorily insured patients in Germany more readily available. For privately insured patients, the insurance portal "MGS Meine Gesundheit Services", based on CGM LIFE, added real value and more than doubled its number of users to over 1 million in 2021. CGM was the first provider to receive approval for the KIM-Fachdienst, or Communication in Medicine Specialist Service. This enables real connectivity possible for healthcare professionals by significantly simplifying the electronic exchange of treatment data, documents, and messages which greatly improves patient safety and quality while reducing healthcare costs.

In line with the dynamically developing topic of the Patient Journey, we were able to further advance our cooperation with IhreApotheken.de, which was announced at the end of 2020.

In summary, the 2021 financial year was an all-around success. CGM achieved an impressive 22% increase with record sales of EUR 1.025 billion. Operating profit (EBITDA, adjusted) increased to EUR 224 million. The 2021 forecast was thus fulfilled for all relevant key figures at the Group level.

Acquisitions

Appropriate acquisitions have been part of our growth strategy since CGM was founded. In the US, we completed the important acquisition of eMDs during the transition from 2020 to 2021. The company acquisitions of KMS, Visus, and others followed in summer 2021. With the acquisition of Visus, we entered the attractive new market of picture archiving and communication, which is of great importance to many of our customers. At the same time, we significantly expanded our customer base, particularly in the German hospital market.

Looking ahead to 2022 and beyond

The medium term goals we communicated in 2021 continue to carry us forward. We aim to grow more than 5% organically on average every year until 2025. We are paving the way with investments in innovation. We expect to increase the adjusted EBITDA margin to 25% in 2023, and to around 27% by 2025.

CEO Letter

In addition to the digital transformation in the healthcare sector and the associated focus on changing customer needs, the topic of ESG — environment, social, governance — is also playing an increasingly important role for us. Central building blocks here are diversity, employee commitment, and environmental and climate protection, both in the company and with our customers. As we continue to diversify, we now have three qualified women serving on the Extended Executive Board, which means that 30% of our Executive Board is made up of women. The commitment of our employees is regularly evaluated through employee surveys, which serve as the basis for further goals and measures. For all three ESG focus areas, we will develop a clear target program in 2022, followed by a program for measuring our progress.

The foundation of the successes described here is the high motivation, qualification, and innovative strength of our employees. CGM increased the number of its employees by almost 10% in 2021 — both through acquisitions and organically. Through our ALL IN! employer brand, which was launched in May 2021, we succeed in attracting ideal candidates as applicants and later as employees. Equal opportunity is particularly important to us. In view of a continuing shortage of IT specialists, we are sustainably investing in the training and promotion of our young talent. First of all, in Germany, we regularly train all employees on the subject of anti-discrimination. In addition, CompuGroup Medical offers a wide range of training and further education for employees and especially for managers. With an in-house health center and a day-care center for children at the headquarters in Koblenz, as well as events and online offerings for all employees worldwide, we actively promote the health and work-life balance of our employees.

The health of our planet is important to us, too. To live up to our global responsibility, we are working on a target program in 2022 with which we will present our path to climate neutrality.

In 2022 and beyond, we will continue to drive our growth and continue to be at the forefront of the digital transformation in healthcare, even more than before. I look forward to your continued support in this endeavor.

Thank you to our valued Shareholders. We appreciate your trust in us!

Dr. Dirk Wössner
Chief Executive Officer
April 5, 2021

Share information

The CompuGroup Medical shares have been listed since June 2020 as registered shares in the Prime Standard of the Frankfurt Stock Exchange under the new securities identification number A28890 (ISIN DE000A288904). In financial year 2021 they were listed on the MDAX and TecDAX under the ticker symbol COP (FRA: COP). The shares have been listed on the SDAX since March 21, 2022. 53,734,576 shares were outstanding as at December 31, 2021, each representing EUR 1.00 of the share capital.

Key data

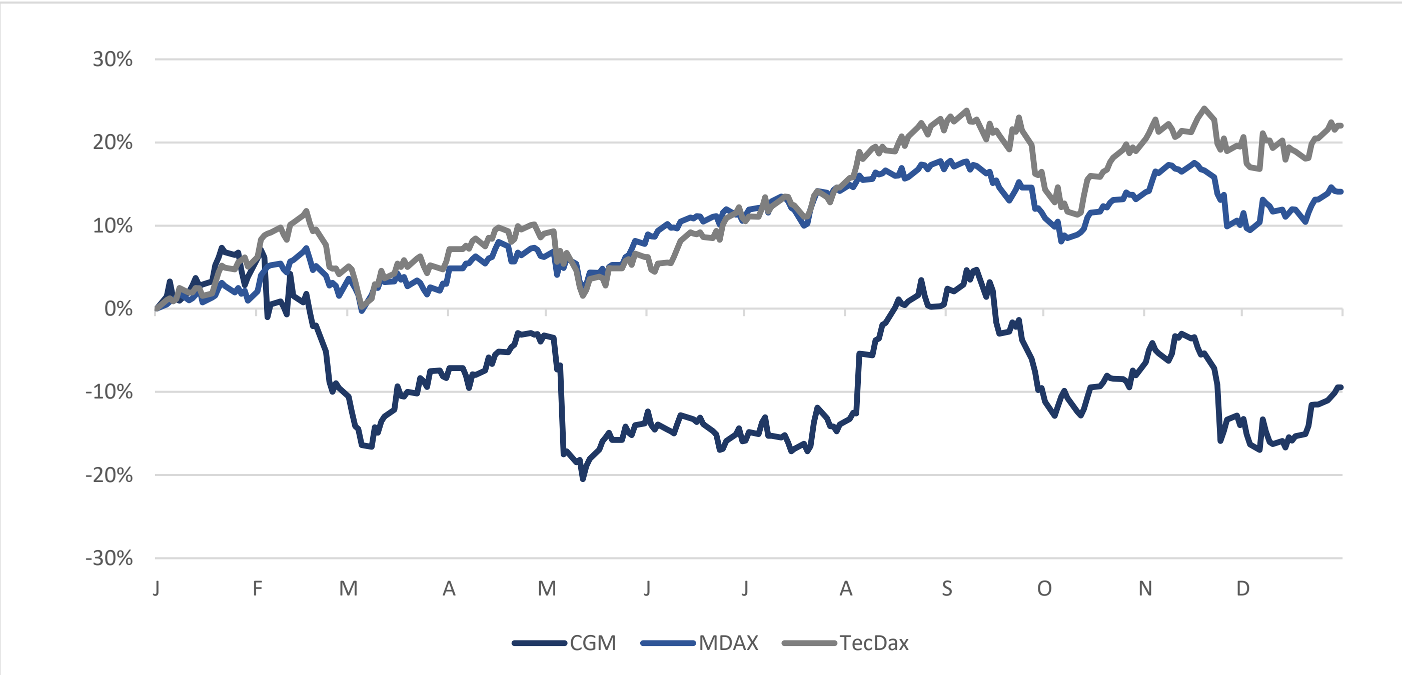
		2021	2020
Year-end price	EUR	71.15	78.60
Year high	EUR	84.35	83.50
Year low	EUR	62.50	47.04
Market capitalization*	mEUR	3,823	4,224
Earnings per share, adjusted	EUR	1.95	1.90
Dividend per share**	EUR	0.50	0.50

* *at December 31*
** *2021 as proposed to the Annual General Meeting*

Share price

In financial year 2021, the performance of the overall stock market as well as the performance of CGM shares were heavily impacted by the global COVID-19 pandemic. Having started the year with a share price of EUR 79.15, the CGM share price reached a new record high at EUR 84.35 on January 21, 2021. Over the course of the year, the share price fluctuated upward and downward. The low for the year was reached on May 12, 2021 at EUR 62.50. The year-end closing price stood at EUR 71.15, which corresponds to a market capitalization of bnEUR 3.8. The CGM share price was thus approximately 9 % below the prior year's year-end price. The performance of the MDAX and TecDAX reference indices, which were relevant for the financial year, was 14 % and 16 % in the same period.

Share price development in 2021 versus MDAX and TecDAX:



Share Information

Dividend

The total dividend payout in financial year 2021 amounted to mEUR 26.4. This corresponded to a dividend of EUR 0.50 per share. For financial year 2021, a dividend of EUR 0.50 per share will be proposed to the Annual General Meeting on May 19, 2022. Subject to the approval of the Annual General Meeting, the distribution will amount to mEUR 26.1. The total distribution amount stated above does not take into account any change in the number of shares entitled to dividends as a result of any capital measures and share buybacks. Based on the closing price for 2021 (EUR 71.15), this is equivalent to a dividend yield of 0.70 %.

Share buy-back programs

On February 25, 2021, CompuGroup Medical announced a share buy-back program with a term until the end of April that was increased on March 25 and completed on April 29. During this period, 1,000,000 shares with a total volume of mEUR 71.3 were bought back. The buy-back of shares over the stock exchange (Xetra trading at the Frankfurt Stock Exchange) was carried out by a mandated securities bank. CompuGroup Medical thus followed the authorization granted by the Annual General Meeting on May 15, 2019 to buy back treasury shares.

On November 25, 2021, another share buy-back program with a term until the end of January 2022 and with a total volume of up to max. 500,000 shares was announced. The buy-back of shares on the stock exchange (Xetra trading at the Frankfurt Stock Exchange) was again carried out by a mandated securities bank. CompuGroup Medical thus followed the authorization granted by the Annual General Meeting on May 19, 2021 to buy back treasury shares. By the end of the year, the company had acquired 403,878 shares with a total volume of mEUR 27.4. The share buy-back program was completed on January 10, 2022. At this point, 500,000 shares with a total volume of mEUR 33.8 had been bought back.

Shareholder structure

	Share in %
Frank Gotthardt (Founder and Chairman of the Administrative Board)	33.33
Prof. Dr. Daniel Gotthardt (Member of the Administrative Board)	6.65
Dr. Brigitte Gotthardt	6.29
Dr. Reinhard Koop	3.72
Treasury shares	2.61
Free float (German Stock Exchange definition)	47.40

Share Information

Investor relations

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

The Investor Relations section on the company website (www.cgm.com/ir) provides comprehensive information such as financial reports, stock exchange information, relevant news as well as the financial calendar and company presentations. Conference calls for investors and analysts are held upon the publication of quarterly and annual figures. In September 2021, the Managing Directors presented the corporate strategy for CGM at the annual Capital Market Days. Due to the pandemic, the conference was held in virtual form and broadcasted live on the company website. The content is available on the website as an audio webcast or as a PDF download. CompuGroup Medical also participated in numerous international capital market conferences, which have been held exclusively in virtual form as telephone or video conferences since the beginning of the pandemic.

CompuGroup Medical's business performance was regularly followed by twelve analysts. They issued eight buy recommendations, two hold recommendations and two sell recommendations

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Managing Directors

Dr. Dirk Wössner

Chief Executive Officer (CEO)

Dr. Dirk Wössner has been CEO of CompuGroup Medical since January 1, 2021.
Dirk Wössner was a member of the Management Board of Deutsche Telekom AG until 2020 where he was responsible for the business in Germany since January 1, 2018. Prior to that, he was in charge of the mobile and cable business with consumers at the Canadian market leader Rogers Communications since 2015. From 2002 to 2015, he held various management positions at Deutsche Telekom in Germany and England. Among other things, he was managing director of residential and business customer sales at Telekom Deutschland and responsible for Telekom's wholesale business in Germany. From 1997 to 2002, he worked for McKinsey & Company in Munich and Madrid. Dirk Wössner holds a doctorate in chemistry, is married and has four children.

Dirk Wössner has been appointed as Managing Director (CEO) until December 31, 2023.

Frank Brecher

Chief Technology Officer (CTO)

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

Frank Brecher has been appointed as Managing Director (CTO) until March 31, 2023.

Managing Directors

Angela Mazza Teufer

Managing Director Ambulatory Information Systems DACH

Angela Mazza Teufer has led Ambulatory Information Systems DACH since February 2022 and is also responsible for Connectivity Germany. Most recently, she served as senior vice president for ERPM (ERP, EPM and SCM) at Oracle Western Europe. Prior to joining Oracle in 2018, Angela Mazza Teufer spent 13 years in various senior roles at SAP. During her career, she has gained extensive experience in the tech industry, especially on cloud, IoT, blockchain and AI.

Angela Mazza Teufer has been appointed as an executive director until 28.02.2025.

Emanuele Mugnani

Executive Director Ambulatory Information Systems Europe & Pharmacy Information System

Emanuele Mugnani has been responsible for Ambulatory Information Systems Europe & Pharmacy Information System since February 2022. He joined CGM Italy Group in 2014 as General Manager for Pharmacy Information Systems in Italy, then became Senior Vice President for the Southern Europe region in 2017 and has been Senior Vice President for Pharmacy Information Systems Europe since 2019. Emanuele Mugnani holds a degree in Electrical Engineering from Politecnico di Milano. Prior to joining CGM, he was Managing Director Italy for a leading global provider of IT solutions for the retail and hospitality industries and Senior Manager at Accenture.

Emanuele Mugnani has been appointed as Managing Director until 14.02.2025.

Managing Directors

Dr. Eckart Pech

Managing Director Consumer and Health Management Information Systems

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

Eckart Pech has been appointed as Managing Director until October 31, 2027.

Michael Rauch

Chief Financial Officer (CFO)

Michael Rauch has been in charge of CompuGroup Medical's finance division since summer 2019. Before joining the company, he was Chief Financial Officer at Douglas, headquartered in Düsseldorf. Prior to this, he worked for 16 years in various finance and strategy functions at the Henkel Group, including many years as the CFO of the Adhesives Technologies and Beauty Care segments. He started his career as a consultant at KPMG and was then appointed Finance Director for the DACH region at DCS Automotive Group. He not only holds a degree in business administration, but also an MBA, LL.M. and CMA and has worked for several years in China, Sweden and the UK, among other places.

Michael Rauch has been appointed as Managing Director until July 31, 2027.

Managing Directors

Hannes Reichl

Managing Director Inpatient and Social Care

Hannes Reichl has been responsible for the hospital and laboratory business of CompuGroup Medical since 2018, which he previously led as Senior Vice President. Since joining CGM in 2007, he has held various management positions, including successfully building and developing what was then the Central Eastern Europe and Middle East region at CGM. In addition to operational management, his work focused on strategic business development and the integration of acquired companies. After completing his degree in information economy and management in 1998, Hannes Reichl worked for several Austrian companies that today are all part of CompuGroup Medical.

Hannes Reichl has been appointed as Managing Director until October 31, 2022.

Report of the Supervisory Board

The Supervisory Board of CompuGroup Medical SE & Co. KGaA (Supervisory Board) performed the duties incumbent upon it under the law, the Articles of Association and the rules of procedure in financial year 2021. The Supervisory Board monitored the management of the company as carried out by the general partner (represented by its Managing Directors). In accordance with its responsibilities, the Supervisory Board was involved in the key decisions that were of fundamental importance to the company.

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

The Supervisory Board received regular reports from the Managing Directors on the measures taken to increase sales revenue and improve earnings, as well as on major completed company acquisitions.

The Supervisory Board formed an Audit Committee. The Committee met a total of six times within the reporting period. Among other things, the Audit Committee discussed the general partner's interim financial reports and risk reports, prepared Supervisory Board resolutions and discussed key topics with the general partner. In its meeting on August 3, 2021, the Audit Committee discussed and agreed on the focal points of the audit with the auditing company KPMG, which was appointed by the Annual General Meeting on May 19, 2021, and approved the assignment. In addition, the Audit Committee continuously monitored the quality of the audit in discussions with the auditors KPMG and the CFO.

During the reporting period, the Supervisory Board held six meetings by video conference and face-to-face meetings, and two further resolutions were passed by written circulation:

January 19, 2021:

At this meeting, the Supervisory Board discussed and unanimously approved the annual Declaration of Conformity in accordance with the German Corporate Governance Code pursuant to section 161 German Stock Corporation Act (AktG).

February 22, 2021:

Since Julia Mole and Andreas Wiese became members of the Supervisory Board with effect from January 15, 2021 through their appointment by the court and Andrea Becker and Thomas Veith had resigned from the Supervisory Board, the Supervisory Board elected Andreas Wiese to the Audit Committee as Thomas Veith's successor at this meeting. Sven-Thomas Müller was elected to succeed Thomas Veith as employee representative on the Joint Committee. Michael Rauch (CFO) presented the 2021 budget for the CompuGroup Group to the Supervisory Board. The Supervisory Board discussed and approved the competence profile and diversity concept for the composition of the Supervisory Board.

Report of the Supervisory Board

March 9, 2021:
The Supervisory Board approved the annual Declaration on Corporate Governance by written circulation.

March 16, 2021:
At the meeting, the Supervisory Board discussed the annual financial statements and the consolidated financial statements with the representatives of the general partner (Dr. Dirk Wössner (CEO), Michael Rauch (CFO)) and the auditor (KPMG AG, Berlin, Frankfurt am Main branch). Following the discussion and also based on the preliminary audit and the recommendation of the Audit Committee, the Supervisory Board approved the annual financial statements of CompuGroup Medical SE & Co. KGaA, the consolidated financial statements of CompuGroup Medical Group, the dependence report of the general partner and the non-financial report for the 2020 financial year. The Supervisory Board also resolved that the annual financial statements of CompuGroup Medical SE & Co. KGaA be submitted to the Annual General Meeting on May 19, 2021 for approval. The Supervisory Board concurred with the general partner's proposal for the appropriation of profits. The Supervisory Board resolved to propose to the Annual General Meeting that the actions of the general partner and the members of the Management Board of the legal predecessor, CompuGroup Medical SE, as well as the actions of the members of the Supervisory Board of the company and of the legal predecessor, CompuGroup Medical SE, be formally approved for the financial year 2020. The Supervisory Board's report to the Annual General Meeting was approved. On the basis of the German COVID-19 Mitigation Act and after considering the pandemic situation and the interests of the shareholders and other participants, the Supervisory Board decided to hold the Annual General Meeting as a virtual general meeting. The agenda and the proposed resolutions for the Annual General Meeting were discussed and approved by the Supervisory Board. The Supervisory Board received the general partner's current risk report and discussed it with the Managing Directors.

May 19, 2021:
At the meeting, the Supervisory Board discussed current topics in connection with the Annual General Meeting on the same day and approved two transactions with related parties.

September 15, 2021:
The Supervisory Board approved a transaction with a related party by written circulation.

October 28, 2021:
As a result of the elections of the employee representatives for the Supervisory Board of CompuGroup Medical SE & Co. KGaA on September 30, 2021, the composition of the employee representatives had changed. Therefore, the election of a new Vice Chair became necessary. The Supervisory Board elected Stefan Weinmann as Vice Chair. Ayfer Basal and Lars Johnke were elected as employee representatives to the Audit Committee. Frank Betz was elected to take the newly vacant seat of the employee representatives on the Joint Committee. Dr. Dirk Wössner (CEO) and Michael Rauch (CFO) presented CGM's further growth strategies and reported to the Supervisory Board on CGM's current business performance.

Report of the Supervisory Board

December 13, 2021:

The Managing Directors Dr. Dirk Wössner and Michael Rauch reported to the Supervisory Board on the current business performance and discussed it with the Supervisory Board. At the meeting, the Supervisory Board discussed and unanimously approved the current draft of the joint declaration of compliance pursuant to section 161 German Stock Corporation Act (AktG). In view of the rate of infections in connection with the COVID-19 pandemic and having considered the legal situation and the interests of the shareholders, as well as the employees and other participants in an Annual General Meeting, the Supervisory Board decided, within the scope of the legal options stipulated in the German COVID-19 Mitigation Act, to hold the Annual General Meeting on May 19, 2022 as a virtual general meeting. At the meeting, the respective heads of the centralized departments Group Compliance and Group Human Resources presented current topics and discussed these with the Supervisory Board. Based on a standardized questionnaire, the Supervisory Board discussed the effectiveness of its performance and the performance of the Audit Committee at the meeting and held an open discussion. The general partner was not present in this discussion. The Supervisory Board identified potential for improvement, which shall be coordinated with the general partner.

Conflicts of interest:

There were no conflicts of interest in the Supervisory Board during the reporting period.

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

Member/Meeting/Resolution	Supervisory Board							
Date	Jan 19, 2021	Feb 22, 2021	Mar 9, 2021	Mar 16, 2021	May 19, 2021	Sept 15, 2021	Oct 28, 2021	Dec 13, 2021
von Ilberg, Philipp (Chair)	YES	YES	YES	YES	YES	YES	YES	YES
Weinmann, Stefan (Vice Chair) (from Sept 30, 2021)	n/a	n/a	n/a	n/a	n/a	n/a	YES	YES
Basal, Ayfer (from Sept 30, 2021)	n/a	n/a	n/a	n/a	n/a	n/a	YES	YES
Becker, Andrea (until Jan 15, 2021)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Betz, Frank (from Sept 30, 2021)	n/a	n/a	n/a	n/a	n/a	n/a	YES	YES
Frevel, Claudia (until Sept 30, 2021)	YES	YES	YES	YES	YES	YES	n/a	n/a
Fuchs, Michael, Dr.	YES	YES	YES	YES	YES	YES	YES	YES
Handel, Ulrike, Dr.	YES	YES	YES	YES	YES	YES	YES	YES
Hegemann, Adelheid (from Sept 30, 2021)	n/a	n/a	n/a	n/a	n/a	n/a	YES	YES
Johnke, Lars (from Sept 30, 2021)	n/a	n/a	n/a	n/a	n/a	n/a	YES	YES
Keller, Ursula (until Sept 30, 2021)	YES	YES	YES	YES	YES	YES	n/a	n/a
Kohl, Volker (until Sept 30, 2021)	YES	YES	YES	YES	YES	YES	n/a	n/a
Köhrmann, Martin, Prof. Dr.	YES	YES	YES	YES	YES	YES	YES	YES
Mole, Julia (from Jan 15, 2021)	NO	YES	YES	YES	YES	YES	YES	YES
Müller, Sven Thomas (until Sept 30, 2021)	YES	YES	YES	YES	YES	YES	n/a	n/a
Störmer, Matthias	YES	YES	YES	YES	YES	YES	YES	YES
Veith, Thomas (until Jan 15, 2021)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Volkens, Bettina, Dr.	YES	YES	YES	YES	NO	YES	YES	YES
Wiese, Andreas (from Jan 15, 2021)	NO	YES	YES	YES	YES	YES	n/a	n/a

Report of the Supervisory Board

Member/Meeting/Resolution	Audit Committee					
Date	Feb 2, 2021	Mar 15, 2021	May 4, 2021	Aug 3, 2021	Nov 3, 2021	Dec 1, 2021
Störmer, Mattias (Chair)	YES	YES	YES	YES	YES	YES
Basal, Ayfer (Vice Chair) (from Oct 28, 2021)	n/a	n/a	n/a	n/a	YES	YES
von Ilberg, Philipp	YES	YES	YES	YES	YES	YES
Johnke, Lars (from Oct 28, 2021)	n/a	n/a	n/a	n/a	YES	YES
Keller, Ursula (until Sep 30, 2021)	YES	YES	YES	YES	n/a	n/a
Veith, Thomas (until Jan 15, 2021)	n/a	n/a	n/a	n/a	n/a	n/a
Wiese, Andreas (from Feb 22, 2021, until Sep 30, 2021)	n/a	YES	YES	YES	n/a	n/a

Audit of the 2021 financial statements:

The Managing Directors of the general partner submitted to the members of the Audit Committee and the Supervisory Board the annual financial statements and consolidated financial statements for financial year 2021, the Combined Management Report of CompuGroup Medical SE & Co. KGaA and the entire group for financial year 2021, the separate non-financial report for the group and the dependency report of the general partner once this had been prepared.

The auditing firm (KPMG) appointed as auditor by the Supervisory Board at the Annual General Meeting of CompuGroup Medical SE & Co. KGaA on May 19, 2021 audited the annual financial statements of CompuGroup Medical SE & Co. KGaA, the consolidated financial statements and the Combined Management Report of CompuGroup Medical SE & Co. KGaA and the group as at December 31, 2021, including the accounting system, in accordance with the statutory provisions and issued an unqualified audit opinion.

At their meeting on April 5, 2022, the members of the Audit Committee discussed in detail the annual financial statements, the consolidated financial statements, the Combined Management Report of CompuGroup Medical SE & Co. KGaA and the group and the separate non-financial report for the group as well as the auditor's findings. The auditor reported on the main findings of the audit. On this basis, the Audit Committee proposed to the Supervisory Board to approve the financial statements prepared by the general partner.

The Supervisory Board took note of the auditor's findings and the recommendation of the Audit Committee. At its meeting on April 5, 2022, the Supervisory Board was presented with the annual financial statements for financial year 2021 as prepared by the general partner, the consolidated financial statements and the management report of CompuGroup Medical SE & Co. KGaA and the group, as well as the general partner's proposal for the appropriation of net profit, the dependency report, the separate non-financial report for the group and the corresponding auditor's findings. The Supervisory Board examined the documents submitted. Employees of the auditing firm KPMG personally answered all the Supervisory Board's questions in detail.

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

Report of the Supervisory Board

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

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

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

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

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

Koblenz, April 5, 2022

Philipp von Ilberg
(Chairman of the Supervisory Board)

Report of the Joint Committee of CompuGroup Medical SE & Co. KGaA

CompuGroup Medical SE & Co. KGaA has the Joint Committee, as a voluntary additional body, which, pursuant to article 16 of the Articles of Association of CompuGroup Medical SE & Co. KGaA, consists of six members, namely three members delegated by the general partner CompuGroup Medical Management SE and three further members delegated by the Supervisory Board of CompuGroup Medical SE & Co. KGaA. The members of the Joint Committee that are delegated by the Supervisory Board must themselves be members of the Supervisory Board and include two shareholder representatives and one employee representative (who represents the employees of the company). The Annual General Meeting of CompuGroup Medical Management SE appointed Dr. Klaus Esser, Frank Gotthardt and Dr. Dirk Wössner as members of the Joint Committee. The Supervisory Board appointed Dr. Michael Fuchs, Philipp von Ilberg and Frank Betz as members of the Joint Committee. The Chair of the Joint Committee is Dr. Klaus Esser.

The Joint Committee meets regularly to discuss the annual budgets of the company as well as significant acquisition projects and other matters of the company requiring approval as set out in the Articles of Association. It meets at least once a year, or more frequently as required.

Four meetings were held in financial year 2021, at which the following topics were discussed and the following resolutions passed:

February 1, 2021:

The Joint Committee of the company has approved the updated budget for financial year 2021 taking into account the exchange rates and the company acquisitions made at the end of 2020.

May 26, 2021:

At the meeting, members were informed about the possible acquisition of VISUS Health IT GmbH, a leading provider of picture archiving and communication systems (PACS) domiciled in Bochum. The Committee was presented with background information to the transaction, the acquisition structure and the current status of the negotiations. As several points in the negotiation were outstanding, a resolution was postponed.

May 31, 2021:

After discussing the current state of negotiations and the final results of the due diligence review, the Joint Committee approved the acquisition of VISUS Health IT GmbH.

December 13, 2021:

Pursuant to article 18 (1) (b) of the Articles of Association of CompuGroup Medical SE & Co. KGaA, the Joint Committee discussed the budget for 2022 of the CompuGroup Medical Group as prepared and adopted by the general partner and, in doing so, discussed related opportunities and risks with respect to implementation with the Managing Directors. Following the discussion, the Joint Committee unanimously approved the budget for financial year 2022.

Report of the Joint Committee of CompuGroup Medical SE & Co. KGaA

Attendance overview of the Joint Committee members:

Member/Meeting/Resolution	Joint Committee			
Date	Feb 1, 2021	May 26, 2021	May 31, 2021	Dec 13, 2021
Esser, Klaus, Dr. (Chair)	YES	YES	YES	YES
Gotthardt, Frank	YES	YES	YES	YES
Wössner, Dirk, Dr.	YES	YES	YES	YES
Betz, Frank (from Oct 28, 2021)	n/a	n/a	n/a	YES
Fuchs, Michael, Dr.	YES	YES	YES	YES
von Ilberg, Philipp	YES	YES	YES	YES
Müller, Sven Thomas (from Feb 20, 2021 until Sept 30, 2021)	n/a	YES	YES	n/a
Veith, Thomas (until Jan 15, 2021)	n/a	n/a	n/a	n/a

The members of the Joint Committee participated in each of the meetings held

Koblenz, March 2021

Dr. Klaus Esser

(Chairman of the Joint Committee)

COMBINED MANAGEMENT REPORT

1. Foundations of the Group

1.1 Group business model

The CGM group

CompuGroup Medical SE & Co. KGaA (CGM) develops and sells efficiency and quality-enhancing software plus information technology services for the healthcare sector. The company is one of the leading players in the development of global eHealth solutions and is a key provider in Europe as well as in the US. CGM's software products and related services are designed to assist in all medical and organizational activities in medical practices, medical laboratories, pharmacies, hospitals and other healthcare facilities. The digitization of doctor-patient interaction is another focus area. Its portfolio of products also includes information services for health insurance companies and pharmaceutical producers. Headquartered in Koblenz, Germany, the company has a wide and global reach with offices in an additional 19 countries worldwide. More than 8,500 highly qualified employees support customers with innovative solutions for the steadily growing demands of the various healthcare systems.

We endeavor to write our reports in a gender-neutral way. However, we would like to point out that to aid readability, we have used the generic masculine or gender-neutral wording instead of the simultaneous use of feminine and masculine forms. All references to persons apply equally to all genders.

Figures in the following sections are presented in either millions (mEUR) or thousands of euro (kEUR). Rounding may result in minor deviations in totals and the calculation of percentages in this report.

Organizational structure

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

Operating segments

The four operating segments outlined below comprise our full portfolio of products, solutions and services, and form the basis for our IFRS segment reporting (IFRS: International Financial Reporting Standards). As at January 1, 2021, CGM adjusted the allocation of individual profit centers in the segment reporting to further improve transparency. One significant change is that the TI activities are bundled in the CHS segment.

Ambulatory Information Systems (AIS)

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

Hospital information systems (HIS)

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

Consumer & Health Management Information Systems (CHS)

The products and services in the Consumer & Health Management Information Systems segment target, in addition to physicians and pharmacies, pharmaceutical companies, health insurance companies, other IT companies in the healthcare sector as well as patients and consumers. The portfolio includes data-based product offerings with which CGM provides healthcare players with valuable information for improving and optimizing their services. The products also include software interfaces for information exchange, portals for retrieving relevant data from the German outpatient healthcare market, medical decision support tools, drug and therapy databases for healthcare providers, solutions for the insurance industry as well as digital health applications, consumer portals and mobile apps. In addition, the CHS business unit is responsible for the telematics infrastructure, with which service providers are securely networked and which forms the basis for further digitization in the healthcare sector. The product portfolio also includes the provision of security solutions for service providers.

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

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

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

The business model of the Consumer & Health Management Information Systems business segment in the data area is based primarily on cooperation agreements, service and software offerings, and revenue from contracts for the collection and brokerage of medical data. In addition, revenues are generated based on project business (license sales and service business), technical support, and performance-based revenues (based on the cost and quality of services provided to patients). In the area of telematics infrastructure, the business model is essentially based on the sale of hardware and associated services, for which recurring revenues are generated.

1.2 Changes to the composition of the group

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

1.3 Objectives and strategies

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

- organic growth by selling new products and services to existing customers and winning new customers;
- supplementing organic growth with targeted acquisitions to complement the portfolio in the four core operating segments;
- consistent leading position in technology and innovation;

1.4 Management system

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

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

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

1.5 Research and development

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

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

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

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

Capitalized inhouse services

In accordance with IAS 38, capitalized inhouse development services (approximately 714 thousand hours; prior year: approximately 656 thousand hours) are capitalized as an asset; this had an increasing effect of mEUR 37 (prior year: mEUR 32) on CGM's EBITDA in 2021. The increase in capitalized development costs is mainly due to new development projects launched in 2021. Amortization of capitalized development services amounted to mEUR 15 in financial year 2021 (prior year: mEUR 6).

Most of this capitalized development work resulted from the G3.HIS development project (development of a new hospital information system) and the G3 developments in the AIS and PCS businesses as well as developments relating to the new gematik specifications. Most of the hours of development work were recognized under expenses in the year under review. This essentially involves research costs not eligible for capitalization and expenses associated with the adaption/continuous improvement of software products in line with new or amended legal or contractual requirements that are not eligible for capitalization either. Depending on the area of specialization or current regulations, updates are typically required each quarter. The share of capitalized development costs relative to total R&D costs was 18 % in the reporting period (prior year: 21 %). An average of 2,408 (prior year: 2,038) employees worked in software development and maintenance in the group in 2021. In addition, we also use external service providers to support our development teams in the research and development activities described above.

2. Economic report

2.1 Macroeconomic and industry-specific conditions

Macroeconomic conditions

The economic environment in 2021 was overshadowed by the COVID-19 pandemic. The ensuing economic collapse was met around the world with a comprehensive set of monetary and financial policy actions aiming to cushion the blow of this dramatic decline. Although summer saw a temporary respite in the economic misery, with its lower rates of infections and easing of restrictions, the third wave of the pandemic, which hit with full force in the autumn and winter, put paid to any hopes of a sustained recovery.

In its report for 2021 released in January 2022, the International Monetary Fund (IMF) projects global economic activity to grow by + 5.9 %. CGM's key markets, comprising the European markets (particularly the German one) and the US market, also performed significantly better than in the year 2020, which had been affected by the recession triggered by the COVID-19 pandemic. The IMF expects economic output in Germany to increase by + 2.7 % and in Europe by + 5.2 %. Projected growth in the US even amounts to + 5.6 %.

Future global economic development is tied to how the pandemic progresses and to the speed at which the vaccination campaigns with suitable vaccines proceed. More aggressive SARS-CoV-2 variants that achieve high numbers of vaccine breakthroughs would have a greater impact on economic development.

Industry development

The healthcare sector, in particular the market for healthcare information technology (HCIT) and related services, is one where demand is growing substantially. The growth in HCIT solutions, which has been steady for years, is being shaped by the rapidly growing volume of data in healthcare, the need for fast and efficient processes and patients' growing need for data accessibility and self-determination when it comes to healthcare matters. The COVID-19 pandemic in 2020 and 2021 and the immense strain it has put on the healthcare system have once again accelerated demand for HCIT solutions and added certain momentum to specific fields. It is of paramount importance to keep the healthcare system in a fully functioning state without being tied to a physical location and to enable care to be provided remotely, especially during a pandemic. HCIT solutions such as video consultations, online platforms to facilitate the networking of healthcare providers, or apps for patients to stay healthy and monitor their own condition have a key role to play here.

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

2.2 Course of business

Group

CompuGroup Medical brought financial year 2021 to a successful conclusion.

Group guidance from the management report for financial year 2020 (published in March 2021) for virtually all key performance indicators for business management was either achieved or significantly outperformed with the exception of AIS segment revenues.

- Group revenues of mEUR 1,025 (guidance: mEUR 1,000 – 1,040),
  - Group revenues up 22 % year-on-year (guidance: 19 % – 24 %)
  - Organic revenue growth of + 6 % above prior-year level (guidance: 4 % – 8 %)
  - Recurring revenues 65 % of total revenues (guidance: > 60 %)

- Adjusted EBITDA of mEUR 224 (guidance: mEUR 210 – 230)
  - Adjusted EBITDA margin 22 % (guidance: 20 % – 23 %)

- Adjusted earnings per share – diluted – at EUR 1.95 (guidance: EUR 1.70 – 1.95)

- CAPEX in the amount of mEUR 64 (guidance: mEUR 70 – mEUR 80)

- Free cash flow of mEUR 101 (guidance: > mEUR 80, adjusted to > mEUR 90 on January 18, 2022)

Segments

At segment level, the guidance is as follows:

- AIS revenues of mEUR 476 (guidance: mEUR 485 – mEUR 500)
- HIS revenues of mEUR 257 (guidance: mEUR 240 – mEUR 250)
- CHS revenues of mEUR 174 (guidance: mEUR 160 – mEUR 170)
- PCS revenues of mEUR 118 (guidance: mEUR 115 – mEUR 120)

Key financial figures

kEUR	2021	2020	Change
Revenues	1,025,322	837,259	+ 22%
Recurring Revenues in %	65%	63%	+2ppt
Organic growth in %	6%	4%	+2ppt
EBITDA	213,390	197,476	+ 8%
EBITDA margin	21%	24%	−3ppt
EBITDA adjusted	224,310	214,882	+ 4%
EBITDA margin adjusted	22%	26%	−4ppt
EPS (EUR) - diluted	1.30	1.40	−7%
EPS adjusted (EUR) - diluted	1.95	1.90	+ 3%
Cash flow from operating activities	165,274	149,931	+ 10%
Cash flow from investing activities	−163,976	−457,116	−64%
CAPEX	64,166	55,069	+ 17%
Free Cash flow	101,108	94,862	+ 7%
Net debt	634,018	479,933	+ 32%
Leverage	2.80	2.04	
Equity ratio	34%	41%	−7ppt
Number of shares outstanding ('000)	52,331	53,735	

Significant events

In addition to a sound development in the operating segments, which was unchanged also during the COVID-19 pandemic, a number of acquisitions (see note C.4. Scope of consolidation) were made in financial year 2021. In addition, the following cross-segment and segment-specific events had a significant impact on 2021:

Impact of the COVID-19-pandemic

Financial year 2021 was again heavily impacted by the COVID-19 pandemic. We continued to focus on measures and activities that would protect our employees and customers amidst the COVID-19 pandemic. CompuGroup Medical supported all of its customers, either directory or indirectly, in overcoming the challenges of the pandemic.

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

Investments focus on innovative products and growth

Dedicated development teams are active in all of the segment's business units to develop new generations of CGM products. The work is done in what is called agile processes, which aim to involve customers so that specific requirements can be integrated from the very beginning. 2021 saw an unchanged increase in development work on new innovative software solutions based on G3 technology for all customer groups. The digital CLICKDOC platform that supports patient care by facilitating communication and providing information was constantly further developed in 2021.

Cyber attack

In December 2021, CGM was the target of a so-called ransomware attack. CGM responded by resolutely protecting its systems, employees and customers, and working with public agencies and external experts to take steps to counter the ransomware attack.

As part of its business continuity plans, CGM continued to conduct its business activities in all material respects. Updates for the products that were required by law were delivered in time for the end of 2021. Until April 5, 2022, there is no evidence that data was extracted or published illegally, nor is there any evidence that data was downloaded by the attackers.

War in Ukraine

With regard to the financial statements, the attack on Ukraine, which began at the end of February 2022, does not represent a value-enhancing event and therefore has no impact on the recognition and measurement of assets and liabilities at the reporting date. Effects on the net assets, financial position and results of operations in 2022 cannot be ruled out at the present time. Due to the volatile geopolitical situation, the effects cannot be quantified at the present time. The increased risks as a result of the Russia-Ukraine war at the present time are described in the risk report.

Ambulatory Information Systems (AIS)

Digital vaccination certificates in Germany

In May 2021, the German Federal Ministry of Health (BMG) issued a call for proposals to create a certificate module for primary systems to issue COVID-19 certificates. CGM implemented this module in June 2021 in its ambulatory information systems and made it available to physicians free of charge. Using a QR code, patients can upload the COVID-19 certificates to an app commissioned by the German Federal Ministry of Health, such as the "Corona-Warn-App".

Electronic health record

At the beginning of 2021, the German health insurance companies started to provide the insured with electronic health records. CGM supports this process by providing a module that facilitates data transmission, viewing of the shared documents and data transfer from the electronic health record (EMR) into the index card in the physicians' ambulatory information system.

M&A and integration projects

The company eMDs, Inc. domiciled in Austin, Texas/USA, acquired at the end of 2020, was integrated into the group in 2021 and was a cornerstone for the realignment of the US business. eMDs' main products include ambulatory information systems and outsourcing services for the billing of medical services.

In addition, the Aatlanta Group domiciled in Meylan, France was acquired at the end of the first half of 2021. The acquisition of Aatlanta Group means CGM acquired the leading provider of ambulatory information systems for health centers in France, thus strengthening its market position.

Hospital Information Systems (HIS)

Orders for CGM Clinical

In financial year 2021, CGM won a contract with the University Medical Center Hamburg-Eppendorf (UKE), one of the leading university hospitals in Europe. Objective of the contract is to implement the CGM CLINICAL software solution at UKE (around 13,500 employees). The implementation provides for new ways of using data to deliver medical care, as well as for ambitious research.

In addition to UKE, further new customers were acquired such as the cantonal hospital in Graubünden, Switzerland and a further 10 hospitals in the Murcia region of Spain. Also in the laboratory business, the Chirec laboratory and the University Ziekenhuis, both in Brussels, Belgium, were won.

M&A and integration projects

In financial year 2021, the integration of the largest acquisition in the company's history, parts of Cerner's hospital business in Germany and Spain, was completed.

The hospital portfolio was also expanded by means of targeted acquisitions. For example, VISUS Health IT GmbH, domiciled in Bochum, a leading provider of image archiving and communication systems as well as healthcare content management in Germany, was acquired and fully integrated in June. In addition, KMS Vertriebs- und Service AG, domiciled in Unterhaching, one of the leading providers of knowledge management and business intelligence solutions, has been added to the segment since August 2021.

Consumer and Health Management Information Systems (CHS)

Telematics Infrastructure (TI)

The software upgrade for our Telematics Infrastructure KoCoBox MED+ ehealth connectors has been available since July 2021, following its approval by gematik. The upgrade gave all TI customers access to new functions such as electronic health records and the qualified electronic signature. This created the basis for highly secure cross-sector transmission of medical data.

CLICKDOC Digital Platform

The CGM product CLICKDOC, which supports the full range of patient care as a central communication and information platform, has been continuously developed and will be integrated into the ambulatory information systems in France and Germany in 2021. The customer base is growing steadily, with more than 10,000 healthcare providers now using video consultation, around 5,000 providers in France and Germany using the online calendar, and more than 100,000 vaccination modules or functions in several European countries.

Progress in data-based solutions

CompuGroup Medical offers customers intelligent data-based products while maintaining the highest standards for data protection and data security. THERAFOX - CGM's cloud-based - and officially certified according to the Medical Devices Regulation - product informs physicians about potential risks that the prescription of a medication could cause. ARZNEI AKTUELL, a new generation of the medication review application, was launched in 2021.

Pharmacy Information Systems (PCS)

NOWEDA cooperation

The cooperation agreement between NOWEDA subsidiary IhreApotheke.de GmbH & Co. KGaA and CompuGroup Medical aims to create a networked healthcare ecosystem that enables digital functionalities and services to improve local healthcare.

Further partnerships

To best serve the more diversified customer demands in the German pharmacy business, CGM has formed product and service partnerships. For example, in the area of blistering, CGM entered into a partnership with the company PDM+S GmbH, Pampow, in order to be able to offer a powerful and future-proof solution. In addition, CGM cooperates with the company SCANACS GmbH, Dresden, which supports convenient and secure direct billing of prescriptions with health insurance companies.

2.3 The Group's position

2.3.1 Results of operations of the group

mEUR	2021	2020
Group revenues	1,025.3	837.3
Other income	24.8	10.6
Capitalized in-house services	37.3	31.9
Expenses for goods and services purchased	–191.4	–156.2
Personnel expenses	–497.7	–377.1
Other expenses*	–184.8	–149.0
EBITDA	213.4	197.5
in %	20.8%	23.6%
EBIT	102.7	121.8
in %	10.0%	14.5%
EBT	97.9	110.4
in %	9.5%	13.2%
Consolidated net income	69.0	73.4
in %	6.7%	8.8%

* Contrary to the income statement, the item for Net impairment losses on financial assets and contract assets in the amount of mEUR - 7,4 (prior year: mEUR - 4,3) was reclassified to other expenses

Revenues increased by mEUR 188 (+ 22 %) to mEUR 1,025 in financial year 2021. Company acquisitions contributed mEUR 140 to revenues (prior year: mEUR 65). At 6 %, organic revenue growth exceeded the prior year's level. Recurring revenues increased by 27 % to mEUR 666 in 2021, primarily as a result of newly acquired companies, excellent organic growth as well as increased recurring revenues from TI operations.

Other operating income rose from mEUR 11 to mEUR 25 in the year under review. This is mainly due to one-off effects in the amount of mEUR 12. More information on Other operating income is provided in note E. 24 to the consolidated financial statements

At group level, key developments in operating expenses in financial year 2021 can be summarized as follows:

- Expenses for goods and services purchased increased from mEUR 156 in the prior year to mEUR 191 in the prior-year period. At 82 %, the gross margin (revenues less expenses for goods and services purchased/revenues) increased slightly compared with the prior year's level (81 %).
- The increase in personnel expenses from mEUR 377 in 2020 to mEUR 498 in 2021 is mainly attributable to newly acquired companies as well as a net increase in headcount, in particular due to new hires in research and development.
- Other expenses increased from mEUR 149 in 2020 to mEUR 185 in 2021 due to the increased use of external development capacities and provisions for risk management. In 2021 one-off effects amount to approximately mEUR 5. More information on Other expenses is provided in note E. 27 to the consolidated financial statements.

Depreciation of property, plant and equipment and right-of-use assets increased by mEUR 7 to mEUR 38 in 2021. Also, investments in property, plant and equipment were significantly higher in the reporting period, which caused depreciation and amortization on this asset group to increase compared to the prior year. Amortization of intangible assets was up by mEUR 28 year-on-year to mEUR 73. This increase was partly due to higher amortization of intangible assets acquired in company acquisitions, but also to increased amortization of internally generated software.

Financial income of mEUR 4 exceeded the prior-year value (mEUR 3) by mEUR 1. Financial expenses decreased from mEUR 13 in 2020 to mEUR 9 in financial year 2021. This was caused mainly by considerable foreign exchange losses in Turkey in financial year 2020. Further information on the financial income and expenses is provided in section E. 30 in the notes to the consolidated financial statements.

The effective consolidated tax rate was 34 % in the prior year and is 30 % in financial year 2021. The decrease in the effective consolidated tax rate is mainly due to the capitalization of loss carryforwards for which no or only partial capitalization was possible in the prior year. Consolidated net income for financial year 2021 amounts to mEUR 69 vs. mEUR 73 in 2020.

Development of results in the business segments

Ambulatory Information Systems (AIS)

mEUR	2021	2020	Change
Revenues to third parties	475.8	375.2	27%
thereof organic revenues*	392.0	375.2	4%
thereof recurring revenues	360.1	281.7	28%
Share of recurring revenues	76%	75%	
EBITDA adjusted	118.3	117.8	0%
in % of revenues	25%	31%	

* Adjusted for revenues from companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.

- The software business with physicians and dentists generated revenues of mEUR 476 in 2021 and was thus up 27 % year-on-year. This increase resulted primarily from company acquisitions, in particular the acquisition of eMDs Inc. in the USA.
- Acquisitions contributed mEUR 84 to revenues in 2021 (prior year: mEUR 16).
- The segment achieved organic revenue growth of 4 %, driven by very good business with additional software modules and functions. New software modules included the electronic vaccination certificate, a module for connecting ambulatory information systems to the electronic health record and for using KIM (the communication in medicine standard).
- Recurring revenues in the AIS segment increased by 28 % to mEUR 360. The share of recurring revenues in total segment revenues increased by 1% to 76 % compared to the prior year.
- Adjusted EBITDA of mEUR 118 is unchanged compared to the prior year. The EBITDA margin decreased compared with the prior year due to increased growth investments and the US business acquired at the end of the prior year, which has a lower margin structure.

Hospital Information Systems (HIS)

mEUR	2021	2020	Change
Revenues to third parties	257.4	186.6	38%
thereof organic revenues*	201.1	186.6	8%
thereof recurring revenues	165.7	113.0	47%
Share of recurring revenues	64%	61%	
EBITDA adjusted	43.2	31.9	35%
in % of revenues	17%	17%	

*Adjusted for revenues from companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.

- Revenue growth in Hospital Information Systems amounted to 38 % in 2021. This development is primarily attributable to the acquisitions of the IT healthcare portfolio of Cerner Corporation in the third quarter of the prior year and the acquisition of the Visus Group and KMS Vertriebs und Services AG in financial year 2021.
- Adjusted for revenues from acquisitions amounting to mEUR 56, organic growth stands at 8 %. This was achieved through the good development of the Spanish, German and Polish clinic business and a strong laboratory business.
- Acquisitions boosted recurring revenues by 47 % to mEUR 166 in 2021.
- Adjusted EBITDA of mEUR 43 was above the prior year figure of mEUR 32, mainly due to acquisitions.

Consumer and Health Management Information Systems (CHS)

mEUR	2021	2020	Change
Revenues to third parties	173.7	158.4	10%
thereof organic revenues*	174.6	158.4	10%
thereof recurring revenues	62.1	54.5	14%
Share of recurring revenues	36%	34%	
EBITDA adjusted	39.9	48.3	– 17%
in % of revenues	23%	31%	

* Adjusted for revenues from companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.

- Revenues in the Consumer and Health Management Information Systems segment increased by 10 % for the full year.
- Adjusted for acquisitions, organic revenue growth amounted to 10 %, which was largely attributable to the Data and Telematics Infrastructure business units.
- Recurring revenues increased by 14 % to mEUR 62 in 2021 due to the growing customer base of the telematics infrastructure.
- Adjusted EBITDA decreased by mEUR 8 to mEUR 40 due to growth investments.

Pharmacy Information Systems (PCS)

mEUR	2021	2020	Change
Revenues to third parties	118.2	116.8	1%
thereof organic revenues*	118.1	116.8	1%
thereof recurring revenues	78.6	75.5	4%
Share of recurring revenues	66%	65%	
EBITDA adjusted	33.7	33.5	1%
in % of revenues	29%	29%	

* Adjusted for revenues of companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.

- Revenues with pharmacy software rose by 1 %, driven by the good performance in Italy, whereas the German business had to compete against strong prior-year figures.
- An increase in recurring revenues was caused primarily by a disproportionate rise in software maintenance revenues by 4 % to mEUR 79
- Adjusted EBITDA was mEUR 34, the same level as in the prior year.

Other business activities and consolidation

mEUR	2021	2020	Change
Sales to third parties	0.1	0.3	–47%
EBITDA adjusted	–10.8	–16.7	35%

- Adjusted EBITDA in the Other business activities and consolidation segment was mEUR 6 above the prior year. This is mainly due to higher charges from central functions to the operating segments.
- Adjusted special items in this segment in 2021 mainly included expenses related to share option programs of the Managing Directors in the amount of mEUR 6 and external expenses incurred in connection with the cyberattack in December 2021 in the amount of mEUR 3.

2.3.2 Financial position

Statement of cash flows

In financial year 2021, cash flow from operating activities amounted to mEUR 165 compared to mEUR 150 in the prior year. Changes compared to 2020 relate to the following items in particular:

The change in operating cash flow of mEUR 15 is mainly due to higher revenues and the related overall increase in operating activities.

Adjusted for non-cash income/expenses and cash payments for taxes, gross cash flow from operating activities in the reporting period before changes in working capital decreased from mEUR 162 in the prior year to mEUR 161 in 2021. This decrease resulted mainly from the change in provisions and income tax liabilities, and from the change in deferred taxes.

Changes in working capital raised cash flow from operating activities by mEUR 4 compared to a decrease of mEUR – 12 in 2020. This development is mainly due to changes in trade payables, contract liabilities, and trade receivables.

Cash flow from investing activities was mEUR 164 in 2021, compared to mEUR 457 in the prior-year period. This movement was mainly caused by lower payments for company acquisitions compared to 2020.

The cash flow from financing activities was mEUR 30 in financial year 2021 (prior year: mEUR 338). This growth was generated mainly with proceeds from the sale of treasury shares and from the issuance of new shares totaling mEUR 338 in 2020.

Principles and objectives of financial management

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

CompuGroup Medical SE & Co. KGaA's liabilities to banks are usually denominated in euro with variable interest rates. Given the group's international focus, incoming and outgoing payments may be paid in currencies other than the euro. The company generally strives for natural hedging through its choice of suppliers and locations. In addition, forward exchange transactions may be used for hedging purposes. As at December 31, 2021, the company does not use any derivative financial instruments to hedge its foreign currency exposure. The development of the relevant positions is regularly monitored to ensure an appropriate response to significant changes.

CGM is very much a growth-oriented company, which is why surplus financial resources are primarily used to finance further growth in the best possible way. Accordingly, CGM's dividend policy is aligned with the corporate strategy. Future dividends are linked to long-term, sustainable profits. CGM's objective is to gradually and steadily increase its annual dividend payout. The dividends reported and approved by the shareholders are distributed each year in the course of the Annual General Meeting.

2.3.2.1 Capital structure

Company acquisitions in the financial year were financed via debt capital, as well as self-generated cash flows. In terms of capital structure, the company's goal is to prevent the equity ratio from falling below 25 % for extended periods through appropriate management of group profits, dividends and capital measures such as share placements and share buybacks. On December 31, 2021 the group's gross debt, which consists mainly of liabilities to banks and lease liabilities under IFRS 16, amounted to mEUR 741 (prior year: mEUR 555). The group held cash amounting to mEUR107 (prior year: mEUR 76). In addition to a syndicated credit facility, the group has further loans and current accounts. For further information on liabilities to banks and the structure of debt, please refer to note E.15a) Liabilities to banks.

On January 28, 2020, CGM took out a new credit facility of mEUR 1,000 with a term of at least five years to secure future liquidity; the facility comprises a revolving multi-currency credit facility of mEUR 600 and a mEUR 400 term loan. The facility was taken out to repay existing liabilities and to finance general company purposes and acquisitions. The syndicate of banks includes BNP Paribas, Commerzbank, Deutsche Bank, Landesbank Baden-Württemberg, SEB and Unicredit.

Concerning the revolving credit facility in the amount of mEUR 600, the option of extending the contractual term by one year was exercised effective January 28, 2021. This results in an extension of the credit term until January 28, 2026. We exercised the extension option for the last time with effect from January 28, 2022. The revolving credit facility now expires on January 28, 2027.

As at December 31, 2021, the full amount of the term loan (mEUR 400) had been drawn (prior years: mEUR 400), while an amount of mEUR 180 of the mEUR 600 revolving credit facility was utilized (prior year: mEUR 56).

The loans are subject to compliance with a financial covenant (leverage). Various German group companies have issued joint and several payment guarantees for this syndicated credit facility (default liability for nonpayment by CompuGroup Medical SE & Co. KGaA).

In order to hedge interest rate risks, CGM concluded in 2021 an interest rate cap with a nominal volume of mEUR 400 and a remaining term to maturity until May 7, 2031.

2.3.2.2 Investments

In financial year 2021, the investments of CGM refer to the following:

mEUR	2021	2020
Company acquisition	88.5	397.1
Purchase of minority interest and past acquisition	5.7	3.1
Capitalized in-house services and other intangible assets	44.4	38.0
Joint ventures and other equity investments	6.1	2.0
Office building and property	10.4	4.6
Other property and equipment	9.3	12.5
Sale of subsidiaries and business operations	–0.4	–0.2
Sum	164.0	457.1

2.3.2.3 Liquidity

Liquidity of the group is at a solid level. This results, on the one hand, from its strong and constantly increasing cash flow from operating activities. Free cash flow amounted to mEUR 101 in financial year 2021. It is defined as cash flow from operating activities less the cash flow from investing activities (not including proceeds from and payments for company acquisitions and joint ventures, the disposal of subsidiaries and business units, the acquisition of non-controlling interests and the settlement of purchase price claims from company acquisitions in prior periods).

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

Given its good liquidity profile, the group strives to hold as little cash as possible. On December 31, 2021, the group held a term loan of mEUR 400, a revolving credit facility of mEUR 600 and other short-term credit lines and bilateral loans of mEUR 137 to absorb normal seasonal fluctuations in liquidity. The facilities under the syndicated loan and the short-term credit lines and bilateral loans are used in conjunction with cash pooling instruments to adequately meet the group's liquidity requirements. As at December 31, 2021, CGM has non-utilized short-term credit lines of mEUR 48 and an open amount of mEUR 420 in the revolving credit facility.

2.3.3 Net assets of the group

Total assets increased by mEUR 225 year-on-year to mEUR 1,791 at the end of the reporting period. Intangible assets represent the largest asset item in terms of value, amounting to mEUR 1,214 as at December 31, 2021 compared to mEUR 1,088 as at December 31, 2020. Intangible assets essentially comprise intangible assets identified in connection with company acquisitions. These disclosed intangible assets mainly relate to customer relationships, order backlogs, software, trademarks and goodwill They account for 67.8 % (prior year: 69.5 %) of total assets as at the reporting date. The increase in intangible assets is mainly due to the acquisitions of the VISUS Group and Meta-it.

Property, plant and equipment increased by mEUR 8 year-on-year to mEUR 100. This is mainly due to greater investment in new buildings. As at December 31, 2021, right-of-use assets amount to mEUR 58.

In the current assets item, inventories increased from mEUR 18 on December 31, 2020 to mEUR 21 as at December 31, 2021. Inventories mainly comprise goods for CGM's trading business with hardware and peripheral devices as well as components for the telematics infrastructure. Income tax receivables increased by mEUR 14 to mEUR 31 in the reporting period. For billing-related reasons, trade receivables increased from mEUR 137 at December 31, 2020 to mEUR 147 at December 31, 2021. Likewise, current contract assets increased from mEUR 23 to mEUR 27 in the reporting period. As at December 31, 2021, cash and cash equivalents amounted to mEUR 107 (prior year: mEUR 76). Cash and cash equivalents increased primarily driven by the better operating results and cash and cash equivalents acquired as part of acquisitions.

All other assets were subject to only marginal changes in financial year 2021.

Including the reported consolidated net income of mEUR 69 for the period January 1 to December 31, 2021 and the dividend payment made by CGM SE & Co. KGaA in 2021 in the amount of mEUR – 26, the purchase of treasury shares in the amount of mEUR – 99, and other changes totaling mEUR 4, consolidated equity reduced from mEUR 639 as at December 31, 2020, to mEUR 612 as at December 31, 2021. Furthermore, changes in exchange rates and interest rates (actuarial losses) had an positive effect of mEUR 25 on equity in financial year 2021. The equity ratio decreased from 40.8 % as at December 31, 2020 to 34.2 % as at December 31, 2021.

In the reporting period, current and non-current liabilities increased from mEUR 927 as at December 31, 2020 to mEUR 1,179 as at December 31, 2021. Significant individual changes are the increase in liabilities to banks of mEUR 179, the increase in trade payables by mEUR 29 and changes in deferred tax liabilities of mEUR 17 as well as the increase in contract liabilities of mEUR 18.

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

2.3.4 Net assets, financial position and results of operations of CompuGroup Medical SE & Co. KGaA

Results of operations and financial position of CompuGroup Medical SE & Co. KGaA

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

As a holding company, the company's results of operations are substantially dependent on the performance of its operating subsidiaries. The net income from equity investments comprises income from profit and loss transfer agreements and income from investments.

The result for the year breaks down as follows:

mEUR	2021	2020
Operating income	–28.7	–44.7
Investment income	75.2	91.4
Net write-ups and write-downs of financial assets	-0.1	1.7
Net interest result	–5.3	–7.6
Tax result	–5.4	–10.8
Profit before tax	35.7	30.0
Other taxes	–0.2	–0.2
Annual result	35.5	29.8

The improvement of the operating result by mEUR 16 to mEUR – 29 in the reporting period is mainly the result of higher charges to subsidiaries, because the increased amount of newly acquired IT hardware as well as the administration and procurement of leased vehicles are managed by the company. Other HR services were also centralized. In addition, there were lower one-off expenses for M&A projects (mEUR 4 in 2021 versus mEUR 11 in 2020), which, however, were also offset by expenses of mEUR 4 for working through and rectifying the ransomware attack in December.

Net income from equity investments comprises income from profit transfer agreements and income from investments and stood at mEUR 75, up from mEUR 91 in the prior year , thus decreasing by MEUR 16. This is primarily attributable to the following factors:

- Earnings at CGM Clinical Deutschland GmbH were mEUR 5 lower, caused in particular by rising personnel expenses while revenues remained unchanged.
- Earnings at ifap GmbH deteriorated by mEUR 5, partly due to the merger of CGM Research GmbH.
- The 2021 operating result of Lauer-Fischer GmbH deteriorated by mEUR 3.
- In addition, the profit transfer agreement of CGM Clinical Europe GmbH came into effect and resulted in a loss for financial year 2020/2021 of mEUR 3 as of July 31, 2021, as well as a loss in the short financial year until December 31, 2021 of mEUR 1.

In addition, the earnings contribution of CGM Deutschland AG remained the same despite the mEUR 11 higher loss at CompuGroup Medical Software GmbH; in the prior year, a substantial merger loss burdened the earnings.

Income from investments increased slightly by mEUR 1. The distributions of mEUR 33 consist of profit distributions from the following subsidiaries:

- Profdoc AS, Norway, in the amount of mEUR 12
- CompuGroup Medical CEE GmbH, Austria, in the amount of mEUR 9
- CompuGroup Imagine Editions SAS, France, in the amount of mEUR 4
- CompuGroup Medical Italia Holding S.r.l, Italy, in the amount of mEUR 2
- CompuGroup Medical Ceská republika s.r.o., Czech Republic, in the amount of mEUR 2
- CompuGroup Medical Polska SP., Poland, in the amount of mEUR 2
- MB Invest SAS, France, in the amount of mEUR 2

There were no impairments on the loan compared to the prior year.

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

mEUR	2021	2020
Interest income from loans granted	1.5	2.1
Other interest and similar income	2.8	3.7
Interest and similar expenses on loans taken	–9.6	–13.4
Net interest result	–5.3	–7.6

The improvement in the net interest result is due to lower Interest and similar expenses, which decreased compared to the prior year as expenses for renewing the syndicate loan agreement had reduced the prior year figure by mEUR 3.

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Income taxes for the year under review amount to mEUR 5 (prior year: mEUR 11). This corresponds to a tax rate of around 12.6 %; this development is driven by trade tax effects such as the addition for the costs related to the Managing Directors as well as valuation differences in fixed assets and the use of tax loss carryforwards.

Net assets of CompuGroup Medical SE & Co. KGaA

With a share of around 69.7 % (prior year: approx. 73.9 %), financial assets are the most significant assets item in the statement of financial position in terms of value; a fact that is congruent with the company’s function as a holding. Intangible assets almost exclusively refer to capitalizations in connection with the Group-wide SAP implementation program “OneGroup”.

Compared to the prior year, the carrying amount of financial assets decreased just slightly from mEUR 1,085 to mEUR 1,077 on the reporting date. A material line item within the Financial assets item is Shares in associated companies that increased from mEUR 948 to mEUR 959. mEUR 11 of the increase is attributable to the acquisition of the Aatlanta group in France.

The equity ratio was 28.1 % in the reporting period and thus below the prior-year level (prior year: 35.7 %); this is due to the purchase of treasury shares.

Share buy-back program in financial year 2021

On February 25, 2021, CompuGroup Medical SE & Co. KGaA announced a share buy-back program with a term until the end of April 2021 that was increased on March 25, 2021 and completed on April 29. During this period, 1,000,000 shares with a total volume of mEUR 71 were bought back.

On November 25, 2021, CompuGroup Medical SE & Co. KGaA announced a further share buy-back program with a term until the end of January 2022 that was completed on January 10, 2022. During this period, 500,000 shares with a total volume of mEUR 34 were bought back. At this point, 403,878 shares with a total volume of mEUR 27 were bought back in financial year 2021.

As at December 31, 2021, the company holds 1,403,878 treasury shares, which are deducted separately from equity at their notional value (nominal value per share EUR 1.00).

Liabilities to banks

As at December 31, 2021, CompuGroup Medical SE & Co. KGaA has liabilities to banks in the amount of mEUR 661. The "EUR 1,000,000,000 Term and Multicurrency Revolving Credit Facility" newly concluded in January 2020 was utilized in the amount of mEUR 580 as at the reporting date December 31, 2021. Of the mEUR 580 taken out from the credit facility, mEUR 400 relates to the term loan, which is therefore fully utilized as at the reporting date. In addition, mEUR 180 was drawn of the total revolving credit facility of mEUR 600 as at the reporting date. In addition, the company applied for the second prolongation option for this syndicated revolving credit facility in December 2021. The related prolongation of the term, which was originally five years (until January 2025) was thus prolonged by another additional year, thus totaling 7 years (January 2027); this was confirmed in January 2022.

In addition to the syndicated loan, the company has also been granted an innovation loan by IKB and other credit lines with a total value of mEUR 81 (prior year: mEUR 37).

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

2.3.5 Overall assessment of the course of business and the group's and the company's situation

The business performance of CompuGroup Medical was positive overall in financial year 2021, driven by organic growth and supported by acquisition effects. The share of recurring revenues in total revenue amounts to 65 % and is therefore in line with CGM's strategic goals and business model that are largely based on long-term customer relationships. The development of the key earnings figures was influenced primarily by the operating activities, but also by higher investments in order to secure the group's innovative power and future growth.

2.4 Financial and non-financial performance indicators

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

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

Financial performance indicators

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

Main financial indicators:

1. Revenues/revenue growth

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

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

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

kEUR	2021	2020
EBITDA reported	213,390	197,476
Adjustments:		
M&A Transactions	1,806	10,853
Share-based option programs	5,716	5,882
Restructuring program expenses	0	0
Other non-operative, extraordinary or one-time effects	3,398	672
EBITDA adjusted	224,310	214,882
EBITDA adjusted margin	**22%**	**26%**

The other non-operative, extraorinary and one-time effects in the year under review refer to adjusted expenses in connection with the cyber attack.

Additional financial indicators

1. Recurring revenues

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

kEUR	2021	2020
Revenues or Software Maintenance & hotline	432,983	357,645
Other recurring revenues	233,467	167,073
Recurring revenue	666,451	524,718
Recurring revenues (in %)	**65%**	**63%**

2. Organic growth

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

kEUR	2021	2020*
Group revenues	1,025,322	837,259
Ambulatory Information Systems (AIS)	83,894	15,489
Hospital Information Systems (HIS)	56,307	46,625
Consumer and Health Managment Information Systms (CHS)	–929	–880
Pharmacy Information Systems (PCS)	121	360
Group organic revenues	885,928	775,665
Organic growth (in %)	**5.8%**	**4.2%**

* corrected by anorganic revenues 2020 on the basis of 2020

3. Free cashflow

The free cash flow (for the definition we refer to C.2.3.2.3 Liquidity) is derived as follows:

kEUR	2021	2020
Operating Cash flow	165,274	149,931
Cash flow from investing activities	–163,976	–457,116
./. Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in previous periods)	88,507	397,108
./. Cash outflow for acquisitions from prior periods	5,650	3,132
./. Cash inflow from the disposal of subsidiaries and business units	–400	–220
./. Cash outflow for capital expenditures in joint ventures and other equity investments	6,053	2,027
Free Cash flow	101,108	94,862

4. Earnings per share (adjusted)

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

kEUR	2021	2020
Consolidated net income of the period (allocated to shareholders of the parent company)	**68,970**	**73,192**
Adjustments:		
M&A Transactions	26,700	20,300
Share-based option programs	5,271	4,735
Restructuring program expenses	0	0
Other non-operative, extraordinary or one-time effects	2,378	1,271
Adjusted consolidated net income for the period (allocated to shareholders of the parent company)	**103,319**	**99,499**
Adjusted undiluted earnings per share (in EUR)	1.95	1.94
Adjusted diluted earnings per share (in EUR)	1.95	1.90
weighted average of outstanding shares acc. to IAS 33 - undiluted ('000)	52,948	51,212
weighted average of outstanding shares acc. to IAS 33 - diluted ('000)	52,971	52,367

5. CAPEX

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

kEUR	2021	2020
Cash inflow from disposals of intangible assets	0	0
Cash outflow for capital expenditure in intangible assets	–44,393	–38,045
Cash inflow from disposals of property, plant and equipment	7,276	660
Cash outflow for capital expenditure in property, plant and equipment	–27,049	–17,684
CAPEX*	64,166	55,069

* without IFRS 16 CAPEX and CAPEX from acquisitons

6. Equity ratio

The equity ratio is the percentage of equity capital in total capital. In financial year 2021, the equity ratio was 34.2 % (prior year: 40.8 %).

7. Leverage

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

The adjusted EBITDA LTM is defined as adjusted EBITDA of the last twelve months plus the EBITDA of newly acquired companies extrapolated to twelve months and less the adjusted EBITDA of companies or parts of companies divested in the period under review.

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

kEUR	2021	2020
Net debt	**634,018**	**479,933**
a. Liabilities to banks (non-current)	582,441	461,061
b. Liabilities to banks (current)	92,476	35,298
c. Financial liabilities to third parties (non-current and current)	9,172	13,613
d. Lease liabilities (non-current and current)	57,217	44,566
e. Cash and cash equivalents	–107,343	–75,910
thereof restricted cash	55	1,305
EBITDA adjusted (LTM)*	**226,750**	**235,706**
Leverage	2.80	2.04

* Adjusted EBITDA Last-Twelve-Months (LTM) = Adjusted EBITDA of the last twelve months adjusted for the EBITDA of newly acquired companies extrapolated to twelve months and corrected for the adjusted EBITDA of divested companies

Non-financial indicators

Customer reach

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

kEUR	2021	2020
Software maintenance	355,183	296,799
Software rental and software as a service	31,781	30,318
Provider reach	386,964	327,118

No separate financial indicators are used for managing and controlling CompuGroup Medical SE & Co. KGaA.

3. Subsequent events

Share buy-back program for up to 500,000 treasury shares

The general partner of CompuGroup Medical SE & Co. KGaA resolved on November 25, 2021, using the authorization granted by the Annual General Meeting of May 19, 2021, pursuant to section 71 (1) no. 8 German Stock Corporation Act (AktG), to buy back up to a maximum of 500,000 shares in the company (corresponding to approximately 0.93 % of the company's share capital) at a maximum purchase price (excluding transaction costs) of up to mEUR 37 in total.

The share buy-back program was carried out by a bank. The bank acquired the shares on the stock market and decided on the timing of the acquisition independently of the company in accordance with the safe harbor provisions pursuant to article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 (Market Abuse Regulation) in conjunction with Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016. Furthermore, the consideration paid per share (excluding transaction costs) may not be more than 10 % higher or lower than the price of the company's shares determined on the trade date by the opening auction in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange.

The shares were bought back in the period from November 26, 2021 to and including January 10, 2022. The company's treasury shares acquired by means of the share buy-back program are to be used for the purposes permitted under the authorization granted by the annual general meeting of May 19, 2020.

By the end of the year, the company had acquired 403,878 shares with a total volume of mEUR 27.4. The share buy-back program was completed on January 10, 2022. At this point, the company had bought back 500,000 shares with a total volume of mEUR 33.8.

War in Ukraine

With regard to the financial statements, the attack on Ukraine, which began at the end of February 2022, does not represent a value-enhancing event and therefore has no impact on the recognition and measurement of assets and liabilities at the reporting date. Effects on the net assets, financial position and results of operations in 2022 cannot be ruled out at the present time. Due to the volatile geopolitical situation, the effects cannot be quantified at the present time. The increased risks as a result of the Russia-Ukraine war at the present time are described in the risk report.

Acquisition of Insight Health Group

CGM agreed to acquire 100% of the shares in Insight Health Group, based in Waldems, Germany, on March 25, 2022. Founded in 1999, Insight Health offers innovative solutions for market and healthcare research in the German healthcare sector, taking into account the highest level of data protection compliance. Its customers include well-known companies in the pharmaceutical industry, pharmacies, doctors' associations, health insurance companies, and scientific and political institutions.

Antitrust approval is still pending and the transaction is expected to close in the coming months.

4. Guidance, risk and opportunity report

4.1 Guidance report

In its outlook for 2022 published in January 2022, the International Monetary Fund (IMF) forecasts real economic growth of 4.0 % in the US and 3.9 % in Europe. In Germany, the IMF expects 3.8 % growth year-on-year.

According to an analysis by Global Market Insights from August 2021, the healthcare IT (HCIT) market is expected to grow from USD 326 billion in 2021 to USD 821 billion by 2026, corresponding to average annual growth (CAGR) of 20.3 %. Growth drivers include public measures to promote digitization in the healthcare sector, the increasing use of big data, growing demand for and use of HCIT solutions due to COVID-19 and the growing markets for mHealth, telemedicine and remote patient monitoring.

Group

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

For 2022, CGM expects revenues in a range of MEUR 1,075 to MEUR 1,125. This corresponds to revenue growth of 5 to 10 percent. This includes consolidation effects from acquisitions completed in financial year 2021. Organic growth is expected to range between 3 and 8 percent. The share of recurring revenues is expected to amount to 65 percent.

Adjusted EBITDA is forecast to range between mEUR 235 and mEUR 260, corresponding to an adjusted EBITDA margin between 21 % and 24 %. Adjusted earnings per share (diluted) are expected to amount to between EUR 1.90 and EUR 2.10.

CGM expects investments (capex without acquisitions) to range between mEUR 70 and mEUR 80. The free cash flow is expected to exceed mEUR 100.

Segments

The following performance is forecast for the reporting segments in financial year 2022:

- AIS revenues are expected to range between mEUR 490 and mEUR 510, corresponding to growth in the range of 3–7 %.

- The HIS segment is anticipated to generate revenue in a range between mEUR 280 to mEUR 295, corresponding to growth in the range of 9–15 %.
- The CHS segment is expected to generate revenue between mEUR 185 and mEUR 195 in 2022, corresponding to growth in the range of 7–12 %.
- The PCS segment is forecast to generate revenue between mEUR 120 and mEUR 125, corresponding to growth in the range of 2–6 %.

The above guidance for the current financial year was published on March 10, 2022 and does not take into account any effects from company acquisitions not yet completed at that date or potential transactions to be carried out in the course of financial year 2022. The guidance for 2022 is based on the management's best estimate of future market conditions and the development of the business segments of CompuGroup Medical in this environment; it may be influenced by delays in the implementation of the Telematics Infrastructure that are beyond the control of the company. In addition, the consequences of the global COVID-19 pandemic are not fully calculable. The guidance for 2022 could also be influenced by foreign exchange effects (especially changes in the USD/EUR conversion rate).

The effects of the war in Ukraine cannot be sufficiently quantified at the present stage, which is why these effects are not accounted for in our guidance.

Guidance for CompuGroup Medical SE & Co. KGaA

Net income from equity investments is expected to show a positive development in line with the planned growth trajectory of the group. The net interest result will remain largely stable despite new acquisitions, as the financing structure has been diversified. The company therefore expects net profit within the range of mEUR 32 to mEUR 45 for its separate financial statements for 2022 prepared in accordance with the German Commercial Code (HGB). The above guidance for the current financial year was prepared in March 2022 and does not take into account any effects from company acquisitions not yet completed or potential transactions to be carried out in the course of financial year 2022. The guidance for 2022 is based on a management assessment of future market conditions and the development of the business segments of CompuGroup Medical SE & Co. KGaA in this environment.

4.2 Risk report

4.2.1 Risk management system

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

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

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

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

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

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

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

We assess the identified risks in a two-stage process based on their probability of occurrence and potential loss. The gross loss is initially estimated by means of triangular distribution by the risk managers at the local companies. The risk managers also document measures for risk avoidance and minimization in addition to options for transferring risk. Risk identification and risk assessment are supported by the management of the respective company or business unit. The risks identified at local level are then analyzed by Risk Management. After completing its analysis of the identified, reported and quantified risks, Risk Management aggregates the risks by means of a Monte Carlo simulation and produces an overall assessment.

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

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

The risks for the group's ten risk categories for the period from January 1, to December 31, 2021 were communicated to the Managing Directors. The group's risk categories are ranked as follows according to the severity of the risks reported:

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

The numbers in parenthesis show the ranking of the risk categories in 2020 for comparison. The ranking of our risk categories changed in the reporting period as a result of the reassessment of potential risk categories and individual risks. In particular, the reassessment of potential risk categories and individual risks in the risk inventory resulted in higher risk assessments due to changing market and general conditions in relation to individual risks in the risk categories of data processing risks and project risks.

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

The risk reporting process is supported by an intranet-based database that ensures transparent communication throughout the group. It provides for transparent communication processes in the entire group. In addition, Internal Audit assessed the quality and functionality of our risk management system in financial year 2021.

4.2.2 Risks

Data processing risks

These risks are primarily risks arising from a lack of coordination and alignment of the IT strategy with corporate objectives, insufficient data protection for IT systems, inadequate documentation, etc. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 10 (prior year: mEUR 3). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 35 (prior year: mEUR 12), with a 5 percent probability of higher, unexpected losses.

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

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

To avoid such security vulnerabilities, high demands are placed on quality management in both software development and maintenance. CGM also places high demands on its internal information security management system, and has therefore had this audited by an independent third party and certified in accordance with ISO/IEC 27001 – the internationally recognized standard for information security management systems. The continuous expansion of internal structures and the resulting steady increase in transparency gradually led to risks being more extensively identified and assessed in the course of 2021. Thus, the ransomware attack that occurred in December was also an already identified risk and is not the cause of the increase in potential losses in the risk category.

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

Regulatory risks

These are in particular legal and politics risks as well as data privacy risks. The expected potential annual loss for all regulatory risks identified in the analysis is approximately mEUR 10 (prior year: mEUR 16). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 29 (prior year: mEUR 42), with a 5 percent probability of higher, unexpected losses.

Legal and political risks

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

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

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

Data privacy risks

After the data protection risk increased greatly in 2020 against the backdrop of the uncertainties arising from the ECJ ruling C-311/18 ("Schrems II"), a reassessment of the situation during the year showed that the loss assumed in the model could be reduced. This contributes considerably to the reduction in regulatory risks.

Operational risks

Operational risks refers to risks associated with research and development, markets and customers. The expected potential annual loss for all operational risks identified in the analysis is approximately mEUR 16 (prior year: mEUR 16). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 24 (prior year: mEUR 22). There is a 5 percent probability of higher, unexpected damage.

Research and development

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

Market and customer risks

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

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

Strategic risks

CGM defines strategic risks as risks that could jeopardize the financial result arising from the company focusing inadequately on the respective business environment. The expected potential annual loss for all strategic risks identified in the analysis is approximately mEUR 7 (prior year: mEUR 6). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 21 (prior year: mEUR 18), with a 5 percent probability of higher, unexpected losses.

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

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

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

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

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

Macroeconomic and political risks

In particular, these are risks arising from political changes and the effects of macroeconomic developments. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 14 (prior year: mEUR 18). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 20 (prior year: mEUR 25), with a 5 percent probability of higher, unexpected losses.

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

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

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

COVID-19 pandemic risk

CompuGroup Medical has tracked the developments and risks from the COVID-19 pandemic in the quarterly reporting of all business units worldwide and has used the existing reporting channel to the Managing Directors for this purpose.

In terms of the overall economy, the perception of the risks pertaining to COVID-19 seem to be declining. This is thanks to higher vaccination rates and the fact that procedures have been adapted to the situation. Measures and rules are in place to ensure that in-person contacts are made safely or even avoided and replaced by virtual meetings.

Nevertheless, it is not possible to rule out another future lockdown entirely. Although this continues to be considered very unlikely, a lockdown would only be considered as serious risk from a corporate perspective if it were to last for a long period of time and thus jeopardize societal prosperity and security. This would go far beyond mere contact restrictions over a limited period of time.

War in Ukraine

CGM works with a service provider that employs developers in Ukraine and is therefore observing the situation in the country. The service provider informed us that they are preparing coordinated plans for a possible relocation to the west of the country in order to secure the know-how but also, in particular, to protect the people employed and their families. The war might lead to repercussions for the economy in general and our sector as well. One possible consequence could be a further rise in energy prices. Since the effects cannot be sufficiently quantified at the present stage, we have not yet priced the effects from the situation in Ukraine into our guidance.

Project risks

These risks arise in particular from non-compliance with agreed schedules, a lack of or inadequate employee resources, a lack of or inadequate material resources, a lack of customer acceptance of the project services rendered, etc. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 4 (prior year: mEUR 2). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 17 (prior year: mEUR 3), with a 5 percent probability of higher, unexpected losses.

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

Personnel risks

These are in particular risks arising from the concentration of company-relevant expertise on individual employees, staff fluctuation, overstaffing and understaffing, poor working atmosphere, etc. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 6 (prior year: mEUR 5). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 10 (prior year: mEUR 9), with a 5 percent probability of higher, unexpected losses.

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

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

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

M&A risks

These are in particular acquisition and integration risks. The expected potential annual loss for all M&A risks identified in the analysis is approximately mEUR 4 (prior year: mEUR 3). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 7 (prior year: mEUR 9), with a 5 percent probability of higher, unexpected losses.

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

The risks from the acquisition undertaken during the financial year under review have already been included in the established risk management process and are based on information gained during the due diligence.

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

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

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

Financial risks
These risks are in particular liquidity and refinancing risks, currency risks and control risks. The expected potential annual loss for all financial risks identified in the analysis is approximately mEUR 2 (prior year: mEUR 2). The potential maximum annual loss for this category within a 95 percent confidence level amounts to approximately mEUR 4 (prior year: mEUR 5), with a 5 percent probability of higher, unexpected losses.

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

The syndicated credit facility (volume of mEUR 1,000 – see notes to the consolidated financial statements for further information) covers the group's basic capital requirements. The syndicated credit facility consists of a revolving loan and a term loan. For additional capital requirements, the CGM group has access to further current credit lines in the amount of mEUR 236) which serve to cover the short- and medium-term liquidity requirements of operating activities and the resulting expenses.

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

Corporate Treasury prepares a rolling liquidity plan with varying time horizons (daily, monthly and quarterly) to monitor and manage short-term liquidity risks. Short-term fluctuations in working capital requirements are monitored on a daily basis and can be absorbed adequately by existing credit lines. Structural or short- and medium-term liquidity requirements can generally be met by utilizing the revolving credit line.

Working capital is monitored on an ongoing basis to address any resulting liquidity risks.

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

CGM considers changes in interest rates to be its primary market risk. The risk management strategy therefore aims to balance out all relevant cash flow risks. The fact that most of the company's non-current financial liabilities are entered into on the basis of floating interest rates, an interest rate risk arises for rising short-term interest rates, while the development of long-term interest rates only moderately influences the cash flow profile..

Despite all the preventive measures taken, it cannot be entirely ruled out that refinancing interest rates to be paid by the company will be subject to an unfavorable development or refinancing from leverage will not be granted in the medium term. As things stand at present, there are no indications that future refinancing or that borrowing in general are at risk.

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

Currency risks

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

Presentation of the overall risk position

On a cumulative basis, the total potential annual loss for the group is mEUR 74 (prior year: mEUR 72). The potential maximum annual loss at group level within a 95 percent confidence level amounts to approximately mEUR 110 (prior year: mEUR 105), with a 5 percent probability of higher, unexpected losses.

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

4.3 Report on opportunities

Increasing amounts of data are being collected in the healthcare system – in hospitals, by registered physicians and by health insurers. Patient data is documented, classified, and categorized according to medical issues. Physicians also want to share detailed insights and information with their peers, always with the aim of providing each patient with the individual optimal care. At the same time, indications and treatment options are becoming more differentiated and thus more complex. Time pressure as well as the amount of medical information is continuously increasing and it is becoming more and more difficult to have all the information available at all times with pinpoint accuracy.

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

Opportunities in operations

Technological leadership and innovation

CGM is well positioned to continue its trend-setting position in technology and innovation in the future. As an experienced pioneer, CGM is constantly developing new innovations and has extensive technical expertise.

Customer retention and expert knowledge

Customer retention and expert knowledge are strong entry barriers for new competitors. This is especially true of hospital systems where technical implementation is highly complex. Such systems are only entrusted to providers with the necessary expertise and resources, as well as appropriate experience in realizing comparable projects. Moreover, given the high implementation risks in terms of technical changes and user training, the costs involved in switching systems for hospitals are particularly high.

G3 technology

CGM's product strategy is based on its strategic G3 R&D program. The goal of the G3 program is to develop a common technology for all markets and segments. The G3 architecture is based on a high degree of service orientation and flexibility. G3 solutions can be offered as software as a service (SaaS) and are suitable for almost any use from single clinic deployment to regional and national solutions. In addition to the Vorarlberger Krankenhaus-Betriebsgesellschaft hospital organization in Austria, CGM has already connected further hospitals in Germany, Austria and Switzerland to G3 technology. Further major hospital contracts have also been awarded to CGM in 2021, e.g. Universitätsklinikum Hamburg-Eppendorf in Germany. In addition, the first registered physicians in Germany and the Czech Republic are successfully using CGM G3 products. The roll-out of the new CLICKDOC product in Germany and France is leading to steadily growing customer and revenue figures. Going forward, CGM expects to increase its competitive advantages based on G3 technology.

Organizational and process-related improvements

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

Strategic opportunities

Leading market position in Ambulatory Information Systems

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

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

The Telematics Infrastructure in Germany

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

Consumer engagement

People now perform many tasks online, as it is convenient and saves time. During the pandemic and the physical distancing policies which dominated financial year 2021, online contact via the CLICKDOC video consultations also eliminated the danger of passing on infections. With CLICKDOC, CGM offers a platform that provides such a direct patient-physician interface. The physician and the patient are in direct contact – for appointment requests, prescription renewals, online consultations or retrieving medical reports. More and more patients want to have detailed knowledge of their medical data and manage it themselves. With CGM LIFE, CGM has a unique technology platform that allow patients to electronically merge and manage information from all their physicians. Patients then choose the physician to whom they wish to disclose their medical data. Confidential matters remain confidential. Only CGM offers the highest security standard here. Through partnerships such as the cooperation with IhreApotheken.de, CGM continues to expand the benefits of CLICKDOC for patients by including the possibility to submit electronic prescriptions in pharmacies. As an established and wide-reaching partner in healthcare IT, CGM provides equally necessary solutions in the context of the COVID-19 pandemic, such as convenient solutions for creating vaccination certificates directly from ambulatory information systems.

Clinical decision support

Clinical decision support can sustainably support healthcare providers in patient dialog, e.g. in the diagnosis of rare diseases as specific information can be made available depending on the context. Due to a continuously increasing number of medical findings, more and more complex and individual disease patterns and a simultaneous shortage of possibilities for comprehensive medical care, clinical decision support helps to provide relevant medical data at the right time and the right place, true to the vision of the founder of CGM. A modern cloud-based medical product called THERAFOX serves as the basis for improving drug therapy safety.

Financial opportunities

Acquisitions are crucial for strengthening existing market positions and entering new markets. CGM has acquired and successfully integrated a large number of companies from a variety of countries and operating segments in the last few years.

Evidence of CGM’s strong track record in acquiring companies is, for example, the recent acquisitions of KMS Vertrieb und Services, VISUS Health IT und Meta-it in the HIS segment, which further expanded market share and further strengthened CGM’s positioning in the European hospital market. In addition, targeted acquisitions were made in the AIS segment in order to further consolidate the market position, for example with the Aatlantide takeover. The integrations of the eMDs and Cerner acquisitions are progressing ahead of expectations and round off the successful picture.

Legislative and political opportunities

Overall political perspective

The demand for IT solutions is universal across all healthcare systems in Western industrial countries as they are facing the same challenges associated with an increasingly elderly population and rising treatment costs. This means that there is a transnational demand for IT solutions for the healthcare industry. Thanks in particular to the company’s many years of experience, CGM’s business model can be applied to a variety different markets worldwide. CGM is constantly expanding its international presence and currently maintains sites in 20 countries across the world.

The COVID-19 pandemic has shown that digitization in the healthcare industry must be further advanced and is accelerating this development. CGM is available as a partner and has the products and the competence to promote this process.

German Hospital Future Act (KHZG)

In Germany, the Bundestag passed the Hospital Future Act (KHZG) in November 2020. This program published by the government will drive digitization in German hospitals over the next few years. A large number of customer orders have already been signed in 2021. Implementation also started in 2021 and will mainly take place over the next few years.

Personnel opportunities

Successful and experienced management team

CGM has a strong management team whose members have a wealth of experience in the industry. The management comprises the CEO Dr. Dirk Wössner and the Managing Directors Frank Brecher (Chief Technology Officer), Angela Mazza Teufer (Ambulatory Information Systems DACH), Emanuele Mugnani (Ambulatory Information Systems Europe & Pharmacy Information Systems), Dr. Eckart Pech (Consumer and Health Management Information Systems), Michael Rauch (Chief Financial Officer) and Hannes Reichl (Inpatient and Social Care).

Attractive employer

The strong motivation, qualifications and innovative strength of our employees are the bedrock of our success. That is why long-term employment and ongoing professional development of each individual are so important for CGM. The number of employees around the world rose by 10.0 % in the reporting year compared to the level at the end of 2020. In view of the steadily growing shortage of IT specialists, it is important for CGM, in addition to external recruiting, to actively counteract the shortage of specialists by investing sustainably in the training and promotion of young talent. Moreover, taking into account individual needs and skills, this increases early talent retention and helps strengthen expertise in our industry.

CompuGroup Medical can also look back on a successful financial year 2021 when it comes to junior talent management. 56 new trainees and dual students were recruited in Germany alone. While this represents a 21 % reduction over 2020, this is due in part to the COVID-19 pandemic and the associated implementation of virtual training courses. The decision was therefore made to reduce hiring at some sites in order to meet the increased need for (virtual) supervision during this unusual time and thus maintain the quality of training at a very high level.

At the end of financial year 2021, we employ 176 apprentices and dual students in Germany alone.

The fact that we were able to take on 84 % of all apprentices in Germany after their graduation in 2021, the majority of them in IT occupations, is very encouraging.

Supporting and fostering the development of employees remains critically important to CompuGroup Medical in these persistently challenging times of the COVID-19 pandemic. To ensure our employees develop greater personal, professional, methodological and, as the company becomes more international, intercultural skills, it is our mission to provide and secure the ideal framework conditions here. What this means during the COVID-19 pandemic is that we offer continuous professional development programs using digital formats wherever possible. CGM's personnel development concept includes, among other things, structured annual appraisal and development meetings, a company-wide online learning platform with a comprehensive training offering, targeted development programs for specialists and managerial staff, as well as language learning programs.

It is the responsibility of CompuGroup Medical, as an employer, to provide its employees with stability and security particularly in times such as these, namely the ongoing COVID-19 pandemic. The top priority here is protecting and supporting employees. In addition to offering mobile working for employees on a permanent basis, corona testing and vaccination options will also be extended. Our occupational health management offering includes traditional sports and exercise programs as well as occupational health and special training programs.

A good work-life balance is a crucial basis for satisfaction and performance, benefiting employees and the company alike. CompuGroup Medical has set up a child day care center at the company's headquarters in Koblenz to make work-life balance easier for young families. A total of 42 children were cared for during the year under review, 64 % of whom hare under the age of three. Children of company employees are given priority. The center is open ten hours a day, which is convenient even for employees on flextime schedules.

Data processing opportunities

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

Our resolute action and protection of customer connections after the ransomware attack that occurred at the end of 2021 also shows how important responsible data handling is to us. Further details can be found in section 2.2 Business performance.

Overall assessment of opportunities

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

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

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

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

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

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

Accounting is predominantly organized and managed centrally by CompuGroup Medical SE & Co. KGaA. The Shared Service Center at the Koblenz site is responsible for the accounting of the subsidiaries in Germany, Switzerland, France, Belgium, Sweden, Norway, Denmark, South Africa, Poland, Spain and Romania. The subsidiaries in other countries are not incorporated into this central organizational structure, but local group companies sometimes take over accounting and other financial functions for their subsidiaries or affiliated companies. As the ultimate parent entity of the group, CompuGroup Medical SE & Co. KGaA exercises central supervisory and general control functions in the areas of accounting and finance. These include consolidation, accounting for pension provisions, accounting for business combinations, accounting for internally generated software, accounting for leases in accordance with IFRS 16, and goodwill impairment testing as well as the newly adopted reporting in accordance with the so-called EU Taxonomy Regulation (EU) 2020/852. Furthermore, CompuGroup Medical SE & Co. KGaA is responsible for the management, accounting and monitoring of financial instruments, balance sheet management of the subsidiaries, payment transactions, investment and German tax group accounting. External service providers and advisors are consulted whenever required.

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

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

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

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

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

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

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

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

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

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

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

Risks arising from the use of financial instruments

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

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

7. Takeover-related disclosures

Composition of subscribed capital

As at the reporting date, the share capital of CompuGroup Medical SE & Co. KgaA amounts to EUR 53,734,576.00 and is divided into 53,734,576 no-par registered shares with the securities identification number A28890 (ISIN: DE000A288904). All shares represent the same rights and obligations; these result from the statutory provisions and the company's Articles of Association. The shares have been listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) since May 4, 2007. They are traded on the XETRA electronic securities trading system. The shares have been included in the TecDAX since September 23, 2013, and were in the MDAX from September 23, 2019 until March 20, 2022. The shares have been listed on the SDAX since March 21, 2022.

Restrictions affecting voting rights or the transfer of shares

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

The "Gotthardt family/Dr. Koop" shareholder group, consisting of the natural persons Frank Gotthardt (Germany), Dr. Brigitte Gotthardt (Germany), Professor Dr. Daniel Gotthardt (Germany) and Dr. Reinhard Koop (Germany) and their related legal entities, holds a total of 51.33 % of the voting shares.

Based on two separate pool agreements, one between Frank Gotthardt, GT 1 Vermögensverwaltung GmbH, Dr. Brigitte Gotthardt and Professor Dr. Daniel Gotthardt and the second between GT 1 Vermögensverwaltung GmbH and Dr. Reinhard Koop, 24,291,902 shares, corresponding to a percentage of voting shares of 46.42 %, are attributable to the shareholder group "Gotthardt family/Dr. Koop". One of the purposes of the two pooling agreements is to ensure that voting rights of the two pools are exercised consistently with regard to the shares of CompuGroup Medical SE & Co. KGaA. Frank Gotthardt and GT 1 Vermögensverwaltung GmbH hold further shares in addition to the shares attributable to the pools.

Shareholdings exceeding 10 % of the voting rights

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

Shares with special rights conferring powers of control

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

Type of voting rights control through employee shareholdings

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

Legal provisions and provisions of the Articles of Association on the appointment and dismissal of managing directors and on amendments to the Articles of Association

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

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

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

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

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

Authorization of the general partner to issue and buy back shares

Authorized capital

The general partner is authorized, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions until May 12, 2025 by up to a total of EUR 26,094,449 by issuing new shares against cash and/or non-cash contributions (Authorized Capital 2020). The general partner is authorized, with the approval of the Supervisory Board, to determine the content of the share rights, the details of the capital increase and the conditions of the share issues, in particular the issue price, from the Authorized Capital 2020.

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

Shareholders must be granted pre-emptive subscription rights when utilizing Authorized Capital 2020. However, the general partner is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights

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

Contingent capital

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

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

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

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

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

As at December 31, 2021, CompuGroup Medical SE & Co. KGaA had not made use of the option to issue bonds under this authorization.

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

The share capital is therefore contingently increased by up to EUR 5,321,935.00 by issue of up to 5,321,935 new no-par value registered shares representing pro rata share capital of EUR 1.00 each (Contingent Capital 2019). The sole purpose of the contingent capital increase is to grant pre-emptive subscription rights (share options) to the Managing Directors of CompuGroup Medical Management SE and eligible employees of CompuGroup Medical SE & Co. KGaA, and to executives of its subsidiary associated companies and their eligible managers, until May 14, 2024, in accordance with the more detailed provisions of the authorization resolution of the Annual General Meeting of May 15, 2019 in connection with the resolution on the change of legal form of May 13, 2020. The contingent capital increase will only be implemented to the extent that subscription rights are exercised in accordance with this authorization resolution and the company does not pay the consideration in the form of cash or treasury shares. The new shares participate in profits for all financial years for which a resolution on the appropriation of profits has not been adopted at the time of their being created. The shares granted to entitled Managing Directors of CompuGroup Medical Management SE and entitled employees of CompuGroup Medical SE & Co. KGaA, in addition to entitled executives of their subsidiary associated companies and their entitled employees, from the date of the resolution on Contingent Capital 2019 for the purpose of servicing subscription rights (share options) from treasury shares of the company (section 71 (1) no. 8 German Stock Corporation Act (AktG)) must be deducted from Contingent Capital 2019. On the basis of the authorizing resolution of the Annual General Meeting of May 10, 2017 in connection with the resolution on the change of legal form of May 13, 2020, the share options can only be issued to Managing Directors of CompuGroup Medical Management SE (Group 1) and to senior managers of CompuGroup Medical SE & Co. KGaA, and to executives of its subsidiary associated companies and their senior managers, all of whom must belong to the group of Senior Vice Presidents or the group of General Managers (Group 2).

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

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

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

As at December 31, 2021, CompuGroup Medical SE & Co. KGaA had exercised this authorization to grant share options and created share option programs for a total of 2,150,000 share options for members of Group 1 and 295,000 share options for members of Group 2.

Authorization to acquire and use (including cancellation of) treasury shares

By resolution of the Annual General Meeting of May 19, 2021, the company was authorized to acquire treasury shares.

CompuGroup Medical SE & Co. KGaA is authorized by resolution of the Annual General Meeting of May 19, 2021 in conjunction with the resolution on the change of legal form of May 13, 2020 to acquire treasury shares up to a total of 10 % of the share capital existing at the time of the resolution or, if this amount is lower, of the share capital existing at the time this authorization is exercised. Acquired shares together with other treasury shares of the company that are held by the company or are attributable to it in accordance with sections 71d and 71e German Stock Corporation Act (AktG) must not at any time exceed 10 % of the existing share capital at the time the resolution is adopted. The acquisition can also be exercised by group companies dependent on the company within the meaning of section 17 German Stock Corporation Act (AktG) or by third parties for their account or for the account of the company. The authorization may not be used for the purpose of trading in treasury shares. The authorization can be exercised in full or in part, on one or more occasions and in pursuit of one or more objectives by the company or by third parties acting on its behalf. The authorization became effective on May 19, 2021 and is valid until May 184, 2024. At the discretion of the general partner, the acquisition will be implemented on the stock market or by a public purchase offer to all shareholders or a public invitation to all shareholders to submit offers for sale, whereby the explicit provisions of the resolution of the Annual General Meeting must be complied with.

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

1. In addition, the shares can also be canceled without the cancellation or execution requiring a further resolution by the Annual General Meeting. Cancelling the shares generally leads to a reduction in capital. In deviation of the above, the general partner may determine that the share capital shall remain unchanged upon such cancellation and that instead the cancellation shall increase the proportion of the share capital represented by the remaining shares in accordance with section 8 (3) German Stock Corporation Act (AktG). In this case, the general partner and the Supervisory Board shall be authorized to adjust the number of shares specified in the Articles of Association.
2. They can also be disposed of in another manner than via the stock exchange or an offer to all shareholders if the shares are sold for cash and at a price that is not significantly less than the stock market price of the company's shares as at the time of disposal. However, this authorization applies only subject to the proviso that the shares that are disposed of under exclusion of subscription rights in accordance with section 186 (3) sentence 4 German Stock Corporation Act (AktG) may not in total exceed a pro rata amount of 10 % of the share capital, neither at the time this authorization becomes effective nor at the time it is exercised. Shares issued during the term of this authorization from authorized capital under exclusion of subscription rights in accordance with sections 203 (1) sentence 1, 186 (3) sentence 4 German Stock Corporation Act (AktG) shall count towards this limit. In addition, shares to be issued to satisfy bonds and/or profit participation certificates with conversion or option rights or a conversion or option obligation shall count towards this limit, provided that the bonds and/or profit participation certificates are issued during the term of this authorization under exclusion of subscription rights when applying section 186 (3) sentence 4 AktG.
3. They may be disposed of in return for contributions in kind, in particular for the acquisition of companies, parts of companies or equity interests in companies or other assets, including receivables from the company or its group companies. In particular, treasury shares can be disposed of as consideration for the transfer to the company or one of its subsidiaries of industrial property rights or third-party intellectual property rights, such as patents or trademarks, to market and develop products of CompuGroup or as consideration for licenses to such rights being granted.
4. They may be used to satisfy conversion or option rights granted by the company or a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital when issuing bonds and/or profit participation certificates, or to satisfy conversion or option obligations arising from bonds and/or profit participation certificates issued by the company or a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital.

5. They may be used to satisfy option rights from share options granted by the company in accordance with the authorization granted by resolution of the Annual General Meeting of May 15, 2019 under agenda item 6 and adjusted in the context of the change of legal form resolution of the General Meeting of May 13, 2020 under agenda item 7 to grant subscription rights (share options) to former members of the Management Board and former executive employees of CompuGroup Medical SE, the legal predecessor of CompuGroup Medical SE & Co. KGaA, to Managing Directors of CompuGroup Medical Management SE, to executives of CompuGroup Medical SE & Co. KGaA as well as to members of the management of CompuGroup Medical SE & Co. KGaA's subordinated associated companies and their executive employees. To the extent that treasury shares are to be transferred to former members of the Management Board of CompuGroup Medical SE, the legal predecessor of CompuGroup Medical SE & Co. KGaA, in this context to satisfy share options issued prior to the conversion of CompuGroup Medical SE into CompuGroup Medical SE & Co. KGaA, the above authorization applies to the Supervisory Board. To the extent that treasury shares are to be transferred to Managing Directors of CompuGroup Medical Management SE in this context to satisfy share options issued after the conversion of CompuGroup Medical SE into CompuGroup Medical SE & Co. KGaA, the above authorization applies to the Administrative Board of the general partner. Those shares granted to eligible former members of the Management Board and eligible former employees of CompuGroup Medical SE, the legal predecessor of CompuGroup Medical SE & Co. KGaA, eligible Managing Directors of CompuGroup Medical Management SE, eligible employees of CompuGroup Medical SE & Co. KGaA as well as eligible executives and employees of the subordinated associated companies of CompuGroup Medical SE & Co. KGaA as from May 19, 2021 to satisfy such subscription rights (share options) from contingent capital (section 192 (2) no. 3 AktG) are to be counted towards this authorization for the use of treasury shares.

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

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

At the end of the reporting year, the company held 1,403,878 treasury shares. For more information on the acquisition of treasury shares, we also refer to the disclosures pursuant to section 160 (1) no. 2 of the German Stock Corporation Act (AktG) in the notes to the company's annual financial statements.

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

A "change of control case" exists if

- CompuGroup Medical Management SE, pursuant to Section 10 of the Articles of Association of CompuGroup Medical SE & Co. KGaA in the currently valid version (the "Articles of Association") withdraws as General Partner from CompuGroup Medical SE & Co. KGaA withdraws; or
- an acquirer within the meaning of Section 10 (1) of the Articles of Association acquires a controlling influence over CompuGroup Medical Management SE.

If the Managing Director, insofar as the employment contract has a remaining term of less than two years at the time of the change of control event, is not made a legally binding offer to extend his employment contract by at least two years from the time of this offer on at least comparable economic terms within six months after the time of the change of control event, or if the acquirer of the control significantly restricts the powers of the Executive Director within a period of six months after the date of the Change of Control Event (each a "CoC Termination Event"), the Executive Director shall be entitled within two months from the CoC Termination Event to terminate the employment relationship extraordinarily with four weeks' notice and to resign from his office as Executive Director with effect from the expiry of the notice period.

If the Managing Director exercises his special right of termination, he will receive a cash compensation amounting to 150% of the fixed compensation and short-term variable compensation until the regular termination date of the employment contract, but for a maximum period of two years, whereby the 150% of the short-term variable compensation is calculated on the basis of the target amount in the event of an assumed 100% target achievement. The cash compensation will be paid in 24 monthly installments of equal amount and will be offset against any waiting allowance owed.

In the event that Dr. Dirk Wössner exercises this exceptional right of termination, the employment contract provides for a compensation payment of mEUR 3, payable in 24 equal monthly installments, up to a maximum total amount of 100 % of the total compensation then still due for the regular remaining term of the contract (excluding option rights). Any compensation for adhering to the non-competition clause (Karenzentschädigung) that might be payable to the Chair is credited against the severance payment. The employment contract further provides, depending on the term of office, that the share options of this Managing Director do not expire in the event of termination due to a change of control, but can be exercised after the expiry of the waiting period.

The employment contract of Hannes Reichl provides that in the event that he exercises his special right of termination in the event of a change of control, he will in principle receive a severance payment in the amount of the fixed compensation otherwise payable up to the end of the regular remaining term of the contract and 150% of the variable compensation, up to a maximum of two years' total compensation (fixed and variable compensation) and in no case more than the total compensation (fixed and variable compensation) owed up to the end of the contract term. In principle, the option rights do not expire under this employment contract, but can be exercised after expiry of the waiting period.

Frank Brecher's employment contract does not provide for a special right of termination in the event of a change of control.

The contracts do not provide for any severance if a contract is terminated prematurely for good cause for which the respective Managing Director is responsible. The contracts do not contain any regulations governing regular termination.

8. Declaration on Corporate Governance

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

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

Supervisory Board of CompuGroup Medical SE & Co. KGaA:

Professor Dr. Martin Köhrmann	8,000 shares (approx. 0.01 %)
Dr. Michael Fuchs	1,500 shares (approx. 0.00 %)
Matthias Störmer	1,300 shares (approx. 0.00 %)
Adelheid Hegemann	34 shares (approx. 0.00 %)
Stefan Weinmann	25 shares (approx. 0.00 %)

Administrative Board of CompuGroup Medical Management SE:

Frank Gotthardt	17,910,804 shares (approx. 33.33 %)
Professor Dr. Daniel Gotthardt	3,571,711 shares (approx. 6.65 %)
Dr. Klaus Esser	140,000 shares (approx. 0.26 %)
Dr. Dirk Wössner	4,750 shares (approx. 0.01 %)
Stefanie Peters	400 shares (approx. 0.00 %)

Managing Board of CompuGroup Medical Management SE:

Michael Rauch	5,000 shares (approx. 0.01 %)
Dr. Dirk Wössner	4,750 shares (approx. 0.01 %)
Hannes Reichl	2,500 shares (approx. 0.00 %)
Dr. Eckart Pech	2,000 shares (approx. 0.00 %)
Frank Brecher	1,284 shares (approx. 0.00 %)

9. Separate non-financial report for the group

Employees

At the end of financial year 2021, the CGM group had 8,598 employees worldwide, which is a 10 % increase over the prior year (7,814).

Employees	2021	2020	2019
Headcount	8,598	7,814	5,627
of which from acquisitions as at the acquisition date	438	1,832	426

In Germany, currently the strongest market in terms of revenues, CGM employed a total of 3,994 employees in financial year 2021, which, in relation to the total number of employees in the group, corresponds to a percentage share of 46 %.

Corporate social responsibility reporting

CGM's report on non-financial and diversity information (Corporate Social Responsibility "CSR Report") is published separately on the company's website http://www.cgm.com/ir. The CSR report is prepared in accordance with EU Directive 2014/95/EU and the respective regulations under German law.

10. Final declaration on the dependency report

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

Koblenz, April 5, 2022

CompuGroup Medical SE & Co. KGaA

Represented by the Managing Directors
of CompuGroup Medical Management SE

Dr. Dirk Wössner   Frank Brecher   Angela Mazza Teufer   Emanuele Mugnani

Dr. Eckart Pech   Michael Rauch   Hannes Reichl

CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2021

Consolidated statement of financial position

Assets

kEUR	Notes*	Dec 31, 2021	Dec 31, 2020
Non-current assets			
Intangible assets	(1)	1,214,347	1,088,105
Property, plant and equipment	(2)	100,070	91,739
Right-of-use assets	(3)	57,930	44,552
Investments in associates and joint ventures (valued at-equity)	(4)	5,483	2,001
Other investments	(4)	3,123	640
Finance lease receivables	(8)	17,048	14,169
Contract assets	(9)	0	36
Other financial assets	(10)	15,910	10,267
Other non-financial assets	(11)	1,200	1,200
Deferred taxes	(5)	4,924	4,953
		1,420,035	**1,257,662**
Current assets			
Inventories	(6)	20,642	18,158
Trade receivables	(7)	147,227	137,203
Finance lease receivables	(8)	8,757	9,686
Contract assets	(9)	26,566	23,433
Other financial assets	(10)	2,719	2,663
Other non-financial assets	(11)	26,971	24,405
Income tax receivables	(5)	30,553	16,652
Cash & cash equivalents	(12)	107,343	75,910
		370,778	**308,110**
		1,790,813	1,565,772

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

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

CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2021

Consolidated statement of financial position

Equity and Liabilities

kEUR	Notes*	Dec 31, 2021	Dec 31, 2020
Equity	**(13)**		
Subscribed capital		53,735	53,735
Treasury shares		–98,796	0
Reserves		657,135	584,932
Capital and reserves allocated to the shareholders of the parent company		**612,074**	**638,667**
Non-controlling interests		210	270
		612,284	**638,937**
Non-current liabilities			
Provisions for post-employment benefits and other non-current provisions	(14)	40,628	43,707
Liabilities to banks	(15)	582,441	461,061
Contract liabilities	(19)	9,307	6,628
Purchase price liabilities	(17)	4,262	3,780
Lease liabilities	(16)	38,544	27,989
Other financial liabilities	(21)	4,640	9,144
Other non-financial liabilities	(21)	37	1,200
Deferred taxes	(5)	100,325	82,791
		780,184	**636,300**
Current liabilities			
Liabilities to banks	(15)	92,476	35,298
Contract liabilities	(19)	79,086	63,894
Purchase price liabilities	(17)	7,453	12,078
Trade payables	(18)	93,193	64,524
Income tax liabilities	(5)	18,675	19,364
Other provisions	(20)	51,756	47,277
Lease liabilities	(16)	18,673	16,576
Other financial liabilities	(21)	15,130	9,837
Other non-financial liabilities	(21)	21,903	21,687
		398,345	**290,535**
		1,790,813	1,565,772

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

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

CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2021

Consolidated income statement

kEUR	Notes*	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Revenues	(22)	1,025,322	837,259
Capitalized inhouse services	(23)	37,294	31,872
Other income	(24)	24,771	10,562
Expenses for goods and services purchased	(25)	–191,426	–156,178
Personnel expenses	(26)	–497,723	–377,052
Net impairment losses on financial and contract assets		–7,378	–4,292
Other expenses	(27)	–177,470	–144,695
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**213,390**	**197,476**
Depreciation of property, plant and equipment and right-of-use assets	(28)	–37,837	–30,856
Earnings before interest, taxes and amortization (EBITA)		**175,553**	**166,620**
Amortization of intangible assets	(28)	–72,876	–44,851
thereof from purchase price allocations		–48,900	–31,056
Earnings before interest and taxes (EBIT)		**102,677**	**121,769**
Result from companies accounted for using the equity method	(29)	33	–931
Financial income	(30)	3,854	2,651
Financial expenses	(30)	–8,690	–13,063
Earnings before taxes (EBT)		**97,874**	**110,426**
Income taxes for the period	(31)	–28,842	–37,006
Consolidated net income for the period		**69,032**	**73,420**
of which: allocated to shareholders of the parent company		68,970	73,192
of which: allocated to non-controlling interests		62	228
Earnings per share	**(32)**		
undiluted (EUR)		1.30	1.43
diluted (EUR)		1.30	1.40

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

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

Consolidated statement of total comprehensive income

kEUR	Notes*	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Consolidated net income for the period		**69,032**	**73,420**
Items that will not be reclassified to profit or loss:			
Actuarial gains and losses arising from post-employment benefits		**6,118**	**–1,855**
Change in actuarial gains and losses	(14)	7,152	–2,617
Deferred income taxes for the period	(5)	–1,033	762
Items that may be reclassified to profit or loss:			
Currency conversion differences	(13)	18,984	–7,824
Changes in equity		18,984	350
Changes in profit or loss (recycling)		0	–8,174
Operating income and expense recognized directly in equity (Other comprehensive income)		**25,102**	**–9,678**
Total comprehensive income		**94,134**	**63,742**
of which: allocated to shareholders of the parent company		94,072	63,514
of which: allocated to non-controlling interests		62	228

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

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

Changes in consolidated equity

kEUR	Subscribed capital	Treasury shares	Reserves	Accumulated other comprehensive income Currency translation	Equity attributable to shareholders of CGM SE & Co. KGaA	Non-controlling interest	Consolidated equity
Balance as at Dec 31, 2019	**53,219**	**–86,322**	**310,712**	**–18,504**	**259,105**	**811**	**259,916**
Consolidated net income for the period	**0**	**0**	**73,192**	**0**	**73,192**	**228**	**73,420**
Other comprehensive income	**0**	**0**	**–1,855**	**–7,824**	**–9,678**	**0**	**–9,678**
Actuarial gains and losses	0	0	–1,855	0	–1,855	0	–1,855
Currency conversion differences	0	0	0	–7,824	–7,824	0	–7,824
Total comprehensive income	**0**	**0**	**71,337**	**–7,824**	**63,514**	**228**	**63,742**
Transactions with shareholders	**516**	**86,322**	**229,210**	**0**	**316,048**	**–769**	**315,279**
Capital increase	516	0	32,169	0	32,685	0	32,685
Dividend distribution	0	0	–24,206	0	–24,206	–162	–24,368
Stock option program	0	0	2,059	0	2,059	0	2,059
Additional purchase of shares from non-controlling interests after control	0	0	207	0	207	–607	–400
Sale of treasury shares	0	86,322	218,981	0	305,303	0	305,303
Balance as at Dec 31, 2020	**53,735**	**0**	**611,259**	**–26,328**	**638,667**	**270**	**638,937**
Consolidated net income for the period	**0**	**0**	**68,970**	**0**	**68,970**	**62**	**69,032**
Other comprehensive income	**0**	**0**	**6,118**	**18,984**	**25,102**	**0**	**25,102**
Actuarial gains and losses	0	0	6,118	0	6,118	0	6,118
Currency conversion differences	0	0	–0	18,984	18,984	0	18,984
Total comprehensive income	**0**	**0**	**75,088**	**18,984**	**94,072**	**62**	**94,134**
Transactions with shareholders	**0**	**–98,796**	**–21,868**	**0**	**–120,664**	**–124**	**–120,788**
Dividend distribution	0	0	–26,367	0	–26,367	–170	–26,537
Stock option program	0	0	4,544	0	4,544	0	4,544
Non-controlling interests from acquisitions	0	0	0	0	0	91	91
Additional purchase of shares from non-controlling interests after control	0	0	–45	0	–45	–45	–90
Buyback of treasury shares	0	–98,796	0	0	–98,796	0	–98,796
Balance as at Dec 31, 2021	**53,735**	**–98,796**	**664,479**	**–7,344**	**612,074**	**210**	**612,284**

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

Group statement of Cash Flows

kEUR	Notes*	Jan 1 - Dec 31, 2021	Jan 1 - Dec 31, 2020
Consolidated net income for the period		69,032	73,420
Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	(E.28)	110,713	75,707
Earnings on sale of fixed assets	(E.24)	–1,689	–136
Change in provisions (including income tax liabilities)		–7,147	3,378
Deferred tax income/expense	(E.31)	–4,665	6,277
Other non-cash earnings/ expenditures		-5,347	3,396
		160,897	**162,041**
Change in inventories		–2,280	9,494
Change in trade receivables and other receivables		–7,703	–34,823
Change in income tax receivables		–14,008	3,114
Change in other receivables		–5,868	–2,532
Change in trade payables		23,911	11,262
Change in contract liabilities		6,654	–3,946
Change in other liabilities		3,671	5,322
Operating cash flow		**165,274**	**149,931**
Cash outflow for capital expenditure in intangible assets		–44,393	–38,045
Cash inflow from disposals of property, plant and equipment		7,276	660
Cash outflow for capital expenditure in property, plant and equipment		–27,049	–17,684
Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in previous periods)	(C.4)	–88,507	–397,108
Cash outflow for acquisitions from prior periods		–5,650	–3,132
Cash inflow from the disposal of subsidiaries and business units		400	220
Cash outflow for capital expenditures in joint ventures and other equity investments		–6,053	–2,027
Cash flow from investing activities		**–163,976**	**–457,116**
Cash inflow from the issue of shares		0	32,685
Cash inflow from the sale of treasury shares		0	305,303
Buyback of own shares		–96,096	0
Dividend paid	(E.13)	–26,367	–24,206
Capital paid to non-controlling interests	(E.13)	–169	–162
Acquisition of additional shares from non-controlling interests	(E.13)	–10	–400
Downpayment of lease liabilities		–21,144	–16,762
Cash inflow from borrowing of loans	(E.15)	265,081	489,048
Cash outflow from the repayment of loans	(E.15)	–91,142	–447,433
Cash flow from financing activities		**30,153**	**338,073**
Cash and cash equivalents at the beginning of the period	(E.12)	75,910	46,350
Change in cash and cash equivalents		**31,451**	**30,888**
Changes due to exchange rate fluctuations		–18	–1,328
Cash and cash equivalents at the end of the period	**(E.12)**	**107,343**	**75,910**
Interest paid		4,178	5,412
Interest received		560	1,432
Income taxes paid		49,280	20,554

* Refers to the corresponding note in the specified chapter

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. General disclosures

1. Company information

CompuGroup Medical SE & Co. KGaA (hereinafter also referred to as "the company" or "CGM") is a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) registered in Germany in the commercial register of the Local Court of Koblenz under HRB no. 27430. The domicile of the company is Maria Trost 21, 56070 Koblenz, Germany. The company is the parent company for these consolidated financial statements and prepares the consolidated financial statements for the smallest consolidated group. The company and its subsidiaries are also included in the consolidated financial statements of GT1 Vermögensverwaltung GmbH, which prepares the consolidated financial statements for the largest group of companies.

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

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

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

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

For more details on the business units, please refer to section 1.1 Group Business Model of the Management Report.

2. Basis of reporting and fundamental principles

These consolidated financial statements combine the financial statements of CompuGroup Medical SE & Co. KGaA and those of its subsidiaries (hereinafter also referred to as "the CGM group"). As in the prior year, the CGM group's consolidated financial statements as at December 31, 2021 were prepared in accordance with section 315e of the German Commercial Code (HGB) and in compliance with the International Financial Reporting Standards (IFRS).

All International Financial Reporting Standards (IFRS) – formerly International Accounting Standards (IAS) – as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRS IC) – formerly Standing Interpretations Committee (SIC) – required for the reporting period ending December 31, 2021 as applicable in the EU have been applied. How the individual standards are applied is indicated in the comments on the individual items of the consolidated financial statements.
In addition, the provisions of commercial law pursuant to section 315e German Commercial Code (HGB) have also been observed.

The Managing Directors of CompuGroup Medical Management SE prepared the consolidated financial statements on April 5, 2022 and approved them for publication.

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

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

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

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

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

B. Key accounting principles and measurement methods

1. Principles for the preparation of the consolidated financial statements

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

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

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

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

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

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

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

2. New and amended standards, interpretations and amendments to published standards effective for the first time in 2021

The accounting principles and measurement methods applied are the same as those applied in the prior year. New or amended standards that have been endorsed by the EU and became mandatory on January 1, 2021 are described below:

Standard (published on)	Content	Effective for financial years beginning on or after (EU)
Amendments to IFRS 4 Insurance Contracts (June 25, 2020)	The Exposure Draft regarding amendments to IFRS 17 that was published in May 2019 proposes to extend the temporary exemption from IFRS 9 by one year. Subsequently, based on the new considerations by the IASB, the effective date of IFRS 9 was postponed to January 1, 2023 in order to align it with the effective date of IFRS 17 Insurance Contracts.	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 und IFRS 16 – Interest Rate Benchmark Reform – Phase 2 (August 27, 2020)	The amendments address the effects from updating actual interest rates in contracts and details in hedging relationships.	January 1, 2021
Amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond June 30, 2021 (March 31, 2021)	Since lessors are still granting lessees COVID-19-related rent concessions and the effects of the COVID-19 pandemic are still ongoing and material, the IASB decided to extend the period during which the practical relief in IFRS 16 may be applied.	April 1, 2021

The amendments had no material effect on consolidated earnings.

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

Standard (published on)	Content	Effective for financial years beginning on or after (EU)
Amendments to IFRS 3, IAS 16, IAS 37 and annual improvements to the IFRS standards 2018–2020 (May 14, 2020)	Amendments to IFRS 3 comprise references to the conceptual framework, IAS 16 deals with proceeds before intended use and IAS 37 specifies which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Amendments made within the scope of the annual improvement process comprise amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	January 1, 2022
Amendments to IAS 1 and IFRS Practice Statement 2 (February 12, 2021)	The amendments address the disclosure of significant accounting principles and measurement methods and the application of the materiality concept.	January 1, 2023
Amendments to IAS 8 (February 12, 2021)	The amendments clarify how entities should distinguish changes in accounting principles and measurement methods from changes in accounting estimates.	January 1, 2023
IFRS 17 (May 18, 2017), including amendments to IFRS 17 (June 25, 2020)	This standard creates a uniform international accounting standard for the insurance business. Its objective is to enhance the transparency and comparability of accounting by insurance companies.	January 1, 2023

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

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

Between 2014 and 2021, the IASB approved further standards that are not yet mandatory for financial year 2021. The application of these IFRSs is still subject to endorsement by the EU.

Standard (published on)	Content	Effective for financial years beginning on or after (EU)
Amendments to IAS 1 (January 23, 2020 / July 15, 2020)	The amendments to the classification of liabilities as current or non-current affect only the reporting of liabilities in the presentation of the financial position, and not the amount or timing of the recognition of assets, liabilities, income or expenses, or the related disclosures made by entities.	January 1, 2023
Amendments to IAS 12 (May 7, 2021))	The significant change in deferred taxes relating to assets and liabilities arising from a single transaction is an additional reversal of the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions that give rise to deductible and taxable temporary differences of equal amounts on initial recognition.	January 1, 2023
Amendments to IFRS 17 – Initial Application of IFRS (December 9, 2021)	Many insurance companies have not yet applied IFRS 9 Financial Instruments and will only apply the standard at the same time as they apply IFRS 17 Insurance Contracts. However, the two standards have different requirements for the comparative information presented on initial application.	January 1, 2023
IFRS 14 (January 30, 2014)	Regulatory Deferral Accounts.	Will not be introduced until the final standard is endorsed
Amendments to IFRS 10 and IAS 28 (September 11, 2014)	Sale Or Contribution Of Assets Between An Investor And Its Associate Or Joint Venture.	Will not be introduced until the final standard is endorsed

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

C. Principles of consolidation

1. Date of consolidation

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

2. Consolidated subsidiaries

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

The company achieves control when it:

- has power over the investee;
- is exposed to variable returns from its involvement; and
- can use its power to affect the amount of returns.

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

In the event that the company does not hold the majority of the voting rights, it still controls the investee if its voting rights give it the practical ability to direct the relevant activities unilaterally. When assessing whether its voting rights are sufficient to give it power, the company considers all facts and circumstances, including:

- the extent of the company's possession of voting rights relative to the extent and proportion of those held by other parties;
- the potential voting rights of the company, as well as of those held by other parties;
- rights from other contractual arrangements; and
- any additional facts and circumstances that indicate the investor has, or does not have, a present ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

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

If the company loses control of a subsidiary, the deconsolidation gains or losses are recognized in profit or loss. A distinction is made between:

- the total fair value of the consideration received and the fair value of the retained interests; and
- the carrying amount of the assets (including any goodwill), the liabilities of the subsidiary and any non-controlling interests.

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

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

b) Acquisition of subsidiaries

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

The identifiable assets acquired and liabilities assumed are measured at fair value with the following exceptions:

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

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

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

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

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

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

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

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

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

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

c) Goodwill

Goodwill resulting from a business combination is initially recognized at cost which is measured as the difference between the consideration transferred and the identifiable assets and assumed liabilities. Goodwill is subsequently measured at cost less cumulative impairment losses and recognized in a separate item in the consolidated statement of financial position.

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

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

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

3. Associated companies and joint ventures

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

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

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

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

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

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

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

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

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

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

4. Scope of consolidation

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

a) Changes to the consolidation group

In addition to CompuGroup Medical SE & Co. KGaA, the consolidated financial statements included 103 (prior year: 95) fully consolidated companies in 2021:

	Germany	Foreign countries	Total
As at January 1, 2021	32	63	95
Additions	6	8	14
Disposals / Merger	5	1	6
As at December 31, 2021	**33**	**70**	**103**

The disposals from the consolidation group result from the intra-group mergers of BWG Computer Systeme GmbH, CGM Medistar Systemhaus GmbH and MED-IT Verwaltungs-GmbH to CGM Systemhaus GmbH (formerly Turbomed Vertriebs- und Service GmbH), the merger of APV Ärztliche Privatverrechnungsstelle GmbH into CompuGroup Medical Deutschland AG, the merger of CompuGroup Medical Research GmbH into ifap Service Institut für Ärzte und Apotheker GmbH, all in Germany, and the merger of Schuyler House Inc. into CompuGroup Medical Inc. in the USA.

The additions refer to acquisitions carried out by the CGM group in financial year 2021 of the merged company BWG Computer Systeme GmbH, Meta-it GmbH, KMS Vertrieb und Services GmbH, MS IT-Systeme GmbH, all German companies, VISUS group in Germany and Switzerland, the Portavita group in the Netherlands and Russia, the Aatlanta group in France and S'moove Software S.r.l. in Italy.

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

b) Company acquisitions and disposals

The following table lists the business combinations that the CGM group conducted in financial year 2021 using the values as at the acquisition date and the effects on the consolidated financial statements:

kEUR	Total	BWG Computer Systeme GmbH	VISUS group	Meta-it GmbH	Aatlanta group	KMS Vertrieb und Services AG	Other additions
Acquisition date		**1/1/2021**	**6/1/2021**	**6/1/2021**	**6/30/2021**	**8/1/2021**	
Shares acquired in %		**100%**	**100%**	**100%**	**100%**	**100%**	
Assets acquired and liabilities assumed that were recognized as at the acquisition date							
Non-current assets	**73,993**	**1,921**	**33,626**	**5,154**	**9,981**	**19,348**	**3,963**
Standard and special software	15,443	3	7,320	1,164	2,684	3,760	512
Customer relationships	44,194	1,882	17,573	3,476	6,167	12,818	2,278
Trademark rights	4,615	0	2,005	301	232	1,907	170

Order backlog	568	0	568	0	0	0	0
Prepayments on software	51	0	0	0	0	51	0
Property and buildings	94	0	5	0	74	10	5
Other equipment, plant and office equipment	1,157	36	509	64	57	291	200
Right-of-use assets	7,791	0	5,631	149	744	505	762
Other non-current financial assets	79	0	15	0	23	6	35
Deferred tax assets	1	0	0	0	0	0	1
Current assets	**22,001**	**606**	**8,302**	**1,418**	**2,015**	**7,520**	**2,140**
Inventories	195	20	152	0	3	11	9
Trade receivables	5,936	140	1,931	56	806	2,025	978
Other current financial assets	664	1	457	1	205	3	–3
Other current non-financial assets	1,439	4	200	128	104	330	673
Income tax receivables	125	0	16	17	78	0	14
Cash and cash equivalents	13,642	441	5,546	1,216	819	5,151	469
Non-current liabilities	**25,498**	**565**	**14,062**	**1,639**	**3,496**	**4,583**	**1,153**
Pensions	558	0	219	8	189	78	64
Liabilities to banks	221	0	0	0	221	0	0
Lease liabilities	7,368	0	5,631	149	744	505	339
Other financial liabilities	3	0	0	0	0	0	3
Deferred tax liabilities	17,348	565	8,212	1,482	2,342	4,000	747
Current liabilities	**20,648**	**430**	**9,182**	**1,431**	**1,139**	**4,670**	**3,796**
Contract liabilities	6,903	1	2,489	1,144	435	2,810	24
Trade payables	5,116	99	4,554	2	61	199	201
Other provisions	3,512	298	1,566	230	128	556	734
Lease liabilities	423	0	0	0	0	0	423
Income tax liabilities	1,480	0	52	0	2	225	1,201
Other financial liabilities	57	0	36	11	10	0	0
Other non-financial liabilities	3,157	32	485	44	503	880	1,213
Net assets acquired	49,848	1,532	18,684	3,502	7,361	17,615	1,154
Purchase price paid in cash	102,149	2,415	50,251	9,611	10,950	27,321	1,601
Liabilities assumed (receivable for purchase price reimbursement)	1,942	0	442	1,500	0	0	0
of which contingent consideration	1,942	0	442	1,500	0	0	0
Fair value of the equity interest in the acquiree held by acquirer immediately before the acquisition date	85	0	0	0	0	0	85
Total consideration transferred	104,176	2,415	50,693	11,111	10,950	27,321	1,686
Non-controlling interests	91	0	0	0	0	0	91
Goodwill	54,419	883	32,009	7,609	3,589	9,706	623
Acquired cash and cash equivalents	13,642	441	5,546	1,216	819	5,151	469
Purchase price paid in cash	102,149	2,415	50,251	9,611	10,950	27,321	1,601
Payments for acquistions after date of acquistion	5,650	0	0	0	0	0	5,650
Cash outflow for acquisitions (net)	**–94,157**	**–1,974**	**–44,705**	**–8,395**	**–10,131**	**–22,170**	**–6,782**
Effects of the acquisition on CGM's results							

Sales revenues included in the consolidated statement of comprehensive income since acquisition date	23,464	2,106	11,336	293	2,588	4,227	2,914
Result included in the consolidated statement of comprehensive income since acquisition date	–1,820	125	997	–1,489	–341	–5	–1,107
Sales revenue for the financial year (notional acquisition date January 1)	42,014	2,106	19,433	502	5,176	10,145	4,652
Result for the financial year (notional acquisition date January 1)	–2,748	125	1,709	–2,553	–682	–12	–1,335

Acquisition of BWG Computer Systeme GmbH, Germany

Effective January 1, 2021, CGM Medistar Systemhaus GmbH, a wholly owned subsidiary of CompuGroup Medical Deutschland AG, acquired 100 % of the shares in BWG Computer Systeme GmbH (hereinafter referred to as BWG), domiciled in Freiberg, Germany.

BWG is a medium-sized IT system house with a focus on the healthcare sector, specializing in private medical practices and medical care facilities.

BWG was consolidated for the first time on January 1, 2021. BWG's reported revenue in 2020 amounted to approximately kEUR 2,435, and reported EBITDA came out to kEUR 540. The total consideration to be paid was kEUR 2,415, and the amount was paid in full as at the reporting date.

Based on the current estimate, the goodwill amounting to kEUR 883 is mainly owed to effects arising from the group growing its market reach in Germany and expanding its distribution channels. Recognized goodwill is not deductible for income tax purposes.

The fair value of acquired intangible assets not including goodwill amounts to kEUR 1,885 and relates to customer relationships. For the receivables acquired in the company acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 565 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified.

Acquisition of the VISUS group, Germany and Switzerland

Effective June 1, 2021, CGM Clinical Deutschland GmbH, a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, acquired 100 % of the shares in VISUS Health IT GmbH, the sole indirect shareholder of VISUS IT Services GmbH, as well as VISUS IT Solutions AG (hereinafter VISUS group), domiciled in Bochum, Germany and Zurich, Switzerland.

VISUS group is one of the leading providers of picture archiving and communication systems (PACS), as well as healthcare content management in Germany. The main products of the VISUS group are JiveX Enterprise PACS, a leading PACS solution for hospitals and outpatient facilities, JiveX Healthcare Content Management, an ultra-modern and vendor-neutral archiving solution, and JiveX Healthcare Connect, a communication solution for medical data. The VISUS group currently has a customer base of more than 1,500 facilities in the field of both inpatient and outpatient treatment.

The VISUS group was consolidated for the first time as at June 1, 2021. Its reported revenue in 2020 amounted to approximately kEUR 18,495, and reported EBITDA came out to approximately kEUR 2,502. The consideration to be paid amounted to kEUR 50,693, and the amount was paid in the amount of kEUR 50,251 as at the reporting date. The outstanding amount is recognized under purchase price liabilities.

The current assessment reports preliminary goodwill of kEUR 32,009, which is mainly attributable to the expansion of the distribution network for the HIS segment in Germany and Switzerland as well as to the expertise of the employees. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 27,466 and relates to customer relationships, software, trademark rights and order backlog. For the receivables acquired in the company acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 8,212 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

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

Acquisition of Meta-it GmbH, Germany

Effective June 1, 2021, CGM Clinical Deutschland GmbH, a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, acquired 100 % of the shares in Meta-it GmbH (hereinafter referred to as Meta-it), domiciled in St. Ingbert, Germany.

With its MetaKIS product, Meta-it focuses development mainly on diagnosis-related group (DRG) billing, revenue assurance, performance management and benchmarking. Another main development area is hygiene management, which Meta-it addresses with its MetaIPSS product (IPSS, Infection Prevention and Surveillance System).

Meta-it was consolidated for the first time as at June 1, 2021. Its reported revenue in 2020 amounted to approximately kEUR 2,449, and reported EBITDA came out to kEUR 491. After the acquisition, the company generates approximately 90 % of its revenues within its segment network. The consideration to be paid amounted to kEUR 11,111, of which kEUR 9,611 was paid as at the reporting date. The contractual purchase price payments still outstanding of kEUR 1,500 have been recognized under purchase price liabilities as at the reporting date.

The current assessment computes preliminary goodwill of kEUR 7,609, which is attributable in particular to the expansion of distribution channels and the associated upselling opportunities in the HIS business unit. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 4,941 and relates to customer relationships, software and trademark rights. For the receivables acquired in the company acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 1,482 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

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

Acquisition of the Aatlanta group, France

Effective June 30, 2021, CompuGroup Medical SE & Co. KGaA, acquired 100 % of the shares in Aatlanta SAS, the sole indirect shareholder of Aatlantide SAS, as well as 100 % of the shares in ADD-LIB SAS (hereinafter referred to as Aatlanta group), domiciled in Meylan, France.

Aatlanta group is a software provider for healthcare professionals in the field of administrative and medical management. The platform comprises the two brands Acteur.fr for private practices, and ActeurCS.fr for health centers. The software is used by physicians as well as paramedical professions such as nurses, speech therapists, orthoptists, physiotherapists and midwives.

The Aatlanta group was consolidated for the first time as at July 1, 2021. In financial year 2019/2020 (ended September 30, 2020), reported revenue was approximately kEUR 4,680 with reported EBITDA of approximately kEUR 639. The total consideration to be paid after discount was kEUR 10,950, and the amount was paid in full as at the reporting date.

The current assessment reports preliminary goodwill of kEUR 3,589, which is mainly attributable to the expansion of the distribution network for the AIS segment in France as well as to the expertise of the employees. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 9,083 and relates to customer relationships, software and trademark rights. For the receivables acquired in the company acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 2,342 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

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

Acquisition of KMS Vertrieb und Services GmbH, Germany

Effective August 1, 2021, CGM Clinical Deutschland GmbH, a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, acquired 100 % of the shares in KMS Vertrieb und Services AG (hereinafter referred to as KMS), domiciled in Unterhaching, Germany.

KMS is one of the leading providers of knowledge management and business intelligence in Germany. Its main products are a highly efficient management information system (eisTIK) and a geomarketing tool (Eye on Health (EOH)). KMS has already rolled out more than 500 installations in Germany and Austria.

The company was consolidated for the first time on August 1, 2021. Its reported revenue in 2020 amounted to approximately kEUR 9,831, and reported EBITDA came out to kEUR 892. The total consideration to be paid after discount was kEUR 27,321, and the amount was paid in full as at the reporting date.

The current assessment reports preliminary goodwill of kEUR 9,706, which is mainly attributable to the expansion of the distribution network for the HIS segment in Germany and Austria as well as to the expertise of the employees. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 18,485 and relates to customer relationships, software and trademark rights. For the receivables acquired in the company acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 4,000 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

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

Other additions

The remaining additions include the following business combinations:

Business combination	Acquisition date	Shares acquired in %	Description of how control was achieved	Reasons for the business combination
Portavita group	Apr 1, 2021	100%	Acquisition of 100 % of the shares	Extension of the customer platform in the AIS business segment in the Netherlands and expansion of market reach
MS IT-Systeme GmbH	Jul 1, 2021	100%	Acquisition of 100 % of the shares	Extension of the customer platform in the AIS business segment in Germany and expansion of market reach
S'moove Software S.r.l.	Oct 1, 2021	53.31%	Gradual increase in shares (shareholding increased from 47.60 % to 53.31 %)	Extension of the customer platform in the PCS business segment in Italy and expansion of market reach
Eurosof2000 S.L.U.	Apr 25, 2019	n/a.	Purchase price payment in 2021 resulting from the asset deal in 2019	Extension of the customer platform in the PCS business segment in Spain and expansion of market reach
Farma3Tec S.r.l.	Sept 1, 2014	100%	Payment of the outstanding price for exercising an option to acquire a further 20.02 % of the shares	Extension of the customer platform in the PCS business segment in Italy and expansion of market reach
eMDs group	Dec 31, 2020	100%	Acquisition of 100 % of the shares	Extension of the customer platform in the AIS business segment in the USA and expansion of market reach
Qualizorg B.V.	Feb 14, 2019	100%	Purchase price payment in 2021 resulting from the acquisition of 100 % of the shares in 2019	Extension of the customer platform in the AIS business segment in the Netherlands and establishment of a strong sales and service structure
CGM XDENT Software S.r.l.	Aug 1, 2013	100%	Payment of the outstanding price for exercising an option to acquire a further 10 % of the shares	Extension of the customer platform in the AIS business segment in Italy and expansion of market reach
Viani Northeim GmbH & Co. KG	Oct 23, 2019	n/a	Purchase price payment in 2021 resulting from the asset deal in 2019	Extension of the customer platform in the AIS business segment in Germany and expansion of market reach
Schuyler House Inc.	Dec 31, 2020	100%	Purchase price payment in 2021 resulting from the acquisition of 100 % of shares in 2020	Extension of the customer platform in the AIS business segment in the US and expansion of market reach
Barista Software BVBA	Aug 15, 2017	100%	Annual payment of the price of contingent consideration in the form of an earnout agreement resulting from the acquisition of 100 % of shares in 2017	Extension of the customer platform in the AIS business segment in Belgium and expansion of market reach

Acquisition of Portavita group, the Netherlands and Russia

Effective April 1, 2021, CompuGroup Medical Holding Coöperatief U.A., a subsidiary of CompuGroup Medical SE & Co. KGaA (99.98 %) and CompuGroup Medical Deutschland AG (0.02 %), acquired 100 % of the shares in Portavita B.V., which holds 100 % of the shares in Portavita LLC, as well as 100 % of the shares in MGRID B.V. (hereinafter referred to as Portavita group), domiciled in Amsterdam, the Netherlands and Tatarstan, Russia.

Portavita is a leading provider of integrated care systems (ICS). The company provides a platform for collaboration and supports hundreds of thousands of healthcare providers, patients and citizens around the world. The system has been designed to support and improve prevention, diagnosis, treatment, monitoring and management of health issues and lifestyle choices.

The Portavita group was consolidated for the first time as at April 1, 2021. Reported revenues of the Portavita group in 2020 amounted to approximately kEUR 4,843, with reported EBITDA of kEUR –456. The total consideration to be paid was kEUR 1,230, and the amount was paid in full as at the reporting date.

Based on the current assessment, the preliminary goodwill amounting to kEUR 533 results mainly from the effects expected to arise from the group expanding its market reach in the Netherlands. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 2,798 and relates to software, trademark rights and customer relationships. Given the expected term of the receivables and the best estimate of the addition of contractually fixed cash flows, the fair value of the receivables acquired in the company acquisition equals the carrying amount assumed as at the acquisition date. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 699 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

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

Acquisition of MS IT-Systeme GmbH, Germany

Effective July 1, 2021, CGM Clinical Deutschland GmbH, a wholly owned subsidiary of CompuGroup Medical Deutschland AG, acquired 100 % of the shares in MS IT-Systeme GmbH (hereinafter referred to as MS IT), domiciled in Suhl, Germany.

MS IT is a distribution and service partner of Turbomed, responsible for distribution, project planning, installation and maintenance of IT systems, ambulatory information systems and other software. In addition, the company also provides IT services and well as IT training and consulting services.

The company was consolidated for the first time as at July 1, 2021. Its reported revenue in 2020 amounted to approximately kEUR 713, and reported EBITDA came out to kEUR 90. The consideration to be paid amounted to kEUR 326, and the amount was paid in full as at the reporting date.

The current assessment reports preliminary goodwill of kEUR 79, which is mainly attributable to the expansion of the distribution network for the AIS operating segment. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 160 and relates to customer relationships and trademarks. For the receivables acquired in the company acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 48 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

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

Acquisition of S'moove Software S.r.l., Italy

Effective October 1, 2021, Vega Informatica e Farmacia S.r.l., a wholly owned subsidiary of CompuGroup Medical Italia Holding S.r.l., acquired further shares (5.71 %) in S'moove Software S.r.l. (hereinafter referred to as S'moove), domiciled in Monza, Italy, thus gradually increasing its shares to 53.3 %.

S'moove is a provider for a cloud-based pharmacy management system in Italy called Apodesk.

The company was consolidated for the first time on October 1, 2021. Its reported revenue in 2020 amounted to approximately kEUR 383, and reported EBITDA came out to kEUR 66. The total consideration to be paid was kEUR 130, and the amount was paid in full as at the reporting date.

The current assessment reports preliminary goodwill of kEUR 11, which is mainly attributable to the expansion of the distribution network for the PCS segment. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 2. For the receivables acquired in the company acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractually fixed cash flows. An initial analysis of the financial information available identified no uncollectable receivables. No contingent liabilities or contingent assets have been identified to date.

The measurement of the S'moove acquisition was performed provisionally, as the measurement is to be regarded as not yet complete since some information has not been fully received or evaluated to date.

Acquisition of the assets of Eurosof2000 S.L.U., Spain

In the first half of 2021, current purchase price liabilities of kEUR 210 were paid, resulting from the asset deal of the Eurosof2000 business unit in 2019.

Acquisition of Farma3Tec S.r.l., Italy

For the acquisition of the outstanding 20.02 % of the shares in Farma3Tec, call and put options were agreed and recognized under current purchase price liabilities in the amount of kEUR 1,720 as at December 31, 2020. The options were exercised in financial year 2021.

Acquisition of eMDs group, USA and India

In the first half of 2021, current purchase price liabilities of kEUR 1,272 were paid, resulting from the acquisition of 100 % of the shares in the eMDs Group in 2020.

Acquisition of Qualizorg B.V., Netherlands

In the first half of 2021, kEUR 1,250 of the contingent consideration was paid, resulting from the acquisition of 100 % of the shares in Qualizorg B.V. in 2019.

Acquisition of CGM XDENT Software S.r.l., Italy

For the acquisition of the outstanding 10 % of the shares in CGM XDENT Software S.r.l., call and put options were agreed and recognized under current purchase price liabilities in the amount of kEUR 500 as at December 31, 2020. The options were exercised in the second half of financial year 2021.

Acquisition of the assets of Viani Northeim GmbH & Co. KG, Germany

In 2019, Turbomed Vertriebs- und Service GmbH, a wholly owned subsidiary of CompuGroup Medical Deutschland AG, had acquired the assets of Viani Northem GmbH & Co. KG. The purchase price amounted to kEUR 493, and an amount of kEUR 380 had already been paid out as at December 31, 2020. The outstanding purchase price of kEUR 50 was paid in 2021.

Acquisition of Barista Software BVBA, Belgium

In 2017, CompuGroup Medical Belgium BVBA, a subsidiary of CompuGroup Medical SE & Co. KGaA (99 %) and of CompuGroup Medical Deutschland AG (1 %), acquired 100 % of the shares in Barista Software BVBA, domiciled in Hasselt, Belgium. In addition to the initially agreed fixed purchase price, which had been paid out as at December 31, 2017, contingent considerations in the form of earn-outs were agreed in the purchase agreement. These provide for an additional annual purchase price payment, which is calculated on the basis of fixed revenue figures in the years post completion. The total amount expected to be paid out under the earn-out agreements is kEUR 474 and has a remaining term of one year. In 2021, a purchase price payment of kEUR 312 was made for financial year 2020. The outstanding purchase price payments continue to be recognized under current purchase price liabilities.

Acquisition of Schuyler House Inc, USA

In 2021, kEUR 337 of the contingent consideration was paid, resulting from the acquisition of 100 % of the shares in Schuyler House Inc. in 2020.

Change in purchase price allocation

The purchase price allocations for the acquisitions made in 2020 of part of the IT healthcare portfolio of Cerner Corporation in Germany and Spain and the eMDs group in the USA and India were completed in 2021. This resulted in the following changes to the purchase price allocations:

eMDs group in kEUR	Before change of purchase price allocation	Change of purchase price allocation	After change of purchase price allocation
Non-current assets	94,262	31,922	126,184
Current assets	17,634	-979	16,655
Non-current liabilities	15,186	5,724	20,910
Current liabilities	27,778	6,610	34,388
Net equity acquired	68,932	18,609	87,541
Total consideration transferred	190,302	-213	190,089
Currency-related effects	1,471	37	1,508
Goodwill	119,899	-18,859	101,040

Cerner Corporation in kEUR	Before change of purchase price allocation	Change of purchase price allocation	After change of purchase price allocation
Non-current assets	134,822	712	135,534
Current assets	10,242	0	10,242
Non-current liabilities	9,912	0	9,912
Current liabilities	13,553	556	14,109
Net equity acquired	121,599	156	121,755
Total consideration transferred	203,731	0	203,731
Goodwill	82,132	-156	81,976

c) Subsidiaries included in the scope of consolidation

	Company name	Participation held by	Registered Office	Equity voting rights in %
	Participations in the region Germany			
1	AESCU DATA Gesellschaft für Datenverarbeitung mbH	5	Hamburg	100.00
2	CompuGroup Medical Deutschland AG		Koblenz	100.00
3	CompuGroup Medical Dentalsysteme GmbH	19	Koblenz	100.00
4	CGM Immobilien Stuttgart GmbH	10	Stuttgart	100.00
5	CompuGroup Medical Managementgesellschaft mbH		Bochum	100.00
6	docmetric GmbH	7	Koblenz	100.00
7	ifap Service Institut für Ärzte und Apotheker GmbH		Martinsried	100.00
8	Intermedix Deutschland GmbH	3	Koblenz	100.00
9	IS Informatik Systeme Gesellschaft für Informationstechnik mbH	10	Kaiserslautern	100.00
10	LAUER-FISCHER GmbH		Fürth	100.00
11	CGM IT Solutions und Services GmbH	2	Koblenz	100.00
12	CGM Clinical Deutschland GmbH		Koblenz	100.00
13	CGM Systemhaus GmbH (vormals: Turbomed Vertriebs- und Service GmbH)	2	Koblenz	100.00
14	CGM Mobile Software GmbH	2	Koblenz	100.00
15	Meditec Marketingservices im Gesundheitswesen GmbH	2	Koblenz	100.00
16	EBM Medienholding GmbH	2	Hamburg	100.00

	Company name	Participation held by	Registered Office	Equity voting rights in %
17	KoCo Connector GmbH		Berlin	100.00
18	CompuGroup Medical Mobile GmbH	7	Koblenz	100.00
19	CGM LAB International GmbH		Koblenz	100.00
20	CGM LAB Deutschland GmbH	19	Koblenz	100.00
21	CGM Mobile Services GmbH	23	Koblenz	100.00
22	LAUER-FISCHER ApothekenService GmbH	11	Koblenz	100.00
23	CompuGroup Medical Software GmbH	2	Koblenz	100.00
24	HABA Computer Aktiengesellschaft	2	Hamburg	100.00
25	La-Well Systems GmbH	23	Bünde	100.00
26	n-design Gesellschaft für systematische Gestaltungen mbH		Köln	100.00
27	factis GmbH	12	Freiburg im Breisgau	100.00
28	CGM Clinical Europe GmbH	35	Koblenz	100.00
29	MS IT-Systeme GmbH	13	Suhl	100.00
30	Meta-it GmbH	12	St. Ingbert	100.00
31	KMS Vertrieb und Services AG	12	Unterhaching	100.00
32	VISUS Health IT GmbH	12	Bochum	100.00
33	VISUS IT Services GmbH	32	Bochum	100.00
	Participations in the region Western Europe			
34	AESCU DATA Gesellschaft für Datenverarbeitung mbH AT	1	Steyr/Austria	100.00
35	CompuGroup Medical CEE GmbH		Vienna/Austria	100.00
36	CGM Arztsysteme Österreich GmbH	35	Wiener Neudorf/Austria	100.00
37	HCS Health Communication Service Gesellschaft m.b.H.	35	Steyr/Austria	100.00
38	INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH	35	Wiener Neudorf/Austria	80.20
39	Intermedix Österreich GmbH	35	Wiener Neudorf/Austria	100.00
40	CGM Clinical Österreich GmbH	35	Steyr/Austria	100.00
41	VISUS IT Solutions AG	32	Zürich/ Switzerland	100.00
42	CompuGroup Medical Schweiz AG	35	Bern/Schweiz	100.00
43	CompuGroup Medical Norway AS	44	Lysaker/Norway	100.00
44	Profdoc AS		Lysaker/Norway	100.00
45	CompuGroup Medical Sweden AB	44	Solna/Sweden	100.00
46	Lorensbergs Communication AB	47	Gothenburg/Sweden	100.00
47	Lorensbergs Holding AB	44	Gothenburg/Sweden	100.00
48	CompuGroup Medical LAB AB	45	Borlänge/Schweden	100.00
49	CompuGroup Medical Denmark A/S	44	Aarhus/Denmark	100.00
50	CompuGroup Medical Belgium BVBA	b)	Wetteren/Belgium	100.00
51	CompuGroup Medical Holding Coöperatief U.A.	c)	Echt/Netherlands	100.00
52	CompuGroup Medical Nederland B.V.	51	Echt/Netherlands	100.00
53	Qualizorg B.V.	51	Deventer/Netherlands	100.00
54	Portavita B.V.	51	Amsterdam/Netherlands	100.00
55	MGRID B.V.	51	Amsterdam/Netherlands	100.00
56	Compufit BVBA	50	Ostend / Belgium	100.00
57	Barista Software BVBA	50	Hasselt / Belgium	100.00
58	ATX Advanced Technology Explained NV	50	Wetteren/Belgium	100.00
59	Titanium Dental BV	50	Wetteren/Belgium	100.00
60	CGM LAB Belgium SA	d)	Barchon/Belgium	100.00

	Company name	Participation held by	Registered Office	Equity voting rights in %
61	CompuGroup Medical UK Limited		London/United Kingdom	100.00
62	EPSILOG SAS	63	Castries/France	100.00
63	MB Invest SAS		Aix-en-Provence/France	100.00
64	CompuGroup Medical Solutions SAS	73	Montpellier/ France	100.00
65	Intermedix France SAS	73	Nanterre/France	100.00
66	CompuGroup Medical France SAS		Nanterre/France	100.00
67	Imagine Assistance S.a.r.l.		Soulac sur mer/France	100.00
68	Imagine Editions SAS		Soulac sur mer/France	100.00
69	CGM LAB France SAS	19	Nanterre/France	100.00
70	Aatlanta SAS		Meylan/ France	100.00
71	Aatlantide SAS	70	Meylan/ France	100.00
72	ADD-LIB SAS	i)	Meylan/ France	100.00
73	UCF Holding S.a.r.l.	2	Luxembourg/Luxembourg	100.00
74	CompuGroup Medical Italia SpA		Molfetta/Italy	100.00
75	CompuGroup Medical Italia Holding S.r.l.		Milan/Italy	100.00
76	CGM XDENT Software S.r.l.	74	Ragusa/Italy	100.00
77	Studiofarma S.r.l.	75	Milan/Italy	100.00
78	Qualità in Farmacia S.r.l.	75	Novara/Italy	100.00
79	Farloyalty s.r.l.	77	Milan/Italy	51.00
80	farma3tec S.r.l.	75	Milan/Italy	100.00
81	Mondofarma S.r.l.	80	Chiusi/Italy	100.00
82	Medicitalia S.r.l.	74	Milan/Italy	90.00
83	Vega Informatica e Farmacia S.r.l.	75	Pavia/Italy	100.00
84	Smoove Software S.r.l.	83	Milan/Italy	53.30
85	Fablab S.r.l.	74	Milan/Italy	100.00
86	H&S Qualità nel Software S.p.A.	75	Milan/Italy	100.00
87	CGM Clinical España, S.L.	35	Madrid/Spain	100.00
88	Medigest Consultores S.L.		Madrid/Spain	100.00
Participations in the region Eastern Europe				
89	CompuGroup Medical Polska Sp. z o.o.		Lublin/Poland	100.00
90	CompuGroup Medical Česká republika s.r.o.	a)	Prague/Czech Republic	100.00
91	Intermedix Česká republika s.r.o.	90	Prague/Czech Republic	100.00
92	CGM Software RO SRL	g)	Iasi/Romania	100.00
93	Portavita LLC	54	Innopolis, Tatarstan/Russia	100.00
94	CompuGroup Medical Slovensko s.r.o.	90	Bratislava/Slovakia	100.00
Participations in the region United States und Canada (USC)				
95	CompuGroup Holding USA, Inc.		Delaware/USA	100.00
96	CompuGroup Medical, Inc.	95	Delaware/USA	100.00
97	MDeverywhere Midco Inc.	95	Austin/USA	100.00
98	eMDs Holding Inc.	97	Austin/USA	100.00
99	eMDs Inc.	98	Austin/USA	100.00
Participations in the region Rest of the World				
100	CompuGroup Medical South Africa (Pty) Ltd.	f)	Cape Town/South Africa	100.00
101	Intermedix SA (PTY) LTD	100	Cape Town/South Africa	100.00
102	MDeverywhere India Pvt. Ltd	99	Noida/India	100.00

Company name	Participation held by	Registered Office	Equity voting rights in %
103 CompuGroup Medical Bilgi Sistemleri A.Č	e)	Istanbul/Turkey	100.00
Joint ventures			
104 MGS Meine Gesundheit Services GmbH	18	Koblenz	37.50
Associated companies at equity			
105 Mediaface GmbH		Hamburg	49.00
106 AxiService Nice S.a.r.l.	73	Nice/France	28.00
107 Technosante Nord-Picardie SAS	73	Lille/France	20.00
108 4K S.r.l.	75	Milan/Italy	30.00
109 R56+ Regionalmarketing GmbH & Co. KGaA	h)	Koblenz	19.20
110 R56+ Management GmbH		Koblenz	20.00
111 MedEcon Telemedizin GmbH	32	Bochum	25.10
112 Better@Home Service GmbH	7	Berlin	25.00
Other participations			
113 AES Ärzteservice Schwaben GmbH	2	Neckarsulm	10.00
114 ic med EDV-Systemlösungen für die Medizin GmbH	2	Halle	10.00
115 Savoie Micro S.a.r.l.	73	Meythet/France	10.00
116 Technosante Toulouse S.A.S.	73	Toulouse/France	10.00
117 Daisy-NET S.c.a r.l.	74	Bari/Italy	0.50
118 Practice Perfect Medical Software (PTY) Limited	100	Hillcrest/South Africa	15.00
119 Conai System	77	Rome/Italy	<1,0
120 DrugAgency a.s.	90	Praha/Czech Republic	10.00
121 Bochum Marketing GmbH	32	Bochum	0.42
122 Qurasoft GmbH	7	Koblenz	15.00
123 scanacs GmbH	2	Dresden	15.00

a) Participation held by CompuGroup Medical SE & Co. KGaA (78.5 %) and CompuGroup Medical Deutschland AG (21.5 %)
b) Participation held by CompuGroup Medical SE & Co. KGaA (99 %) and CompuGroup Medical Deutschland AG (1 %)
c) Participation held by CompuGroup Medical SE & Co. KGaA (99.98 %) and CompuGroup Medical Deutschland AG (0.02 %)
d) Participation held by CGM LAB International GmbH (99.9 %) and CompuGroup Medical SE & Co. KGaA (0.1 %)
e) Participation held by CompuGroup Medical SE & Co. KGaA (43.99 %), CompuGroup Medical Deutschland AG (53.16 %), CGM Clinical Deutschland GmbH (0.48 %) and CompuGroup Medical Software GmbH (2.37 %)
f) Participation held by CompuGroup Medical SE & Co. KGaA (91.511 %) and Profdoc AS (8.489 %)
g) Participation held by CompuGroup Medical SE & Co. KGaA (5 %) and CompuGroup Medical Software GmbH (95 %)
h) Participation held by R56+ Management GmbH (86 %) and CompuGroup Medical SE & Co. KGaA (2 %)
i) Participation held by CompuGroup Medical SE & Co. KGaA (33.3 %) and Aatlanta SAS (66.6 %)

Note: The company INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH is included in the consolidated financial statements at 100 percent without disclosure of minority interests due to the existing put/call option

5. Debt consolidation

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

6. Consolidation of results

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

7. Foreign currency translation

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

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

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

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

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

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

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

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

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

	Closing rates		Average rates Jan 1 - Dec 31	
1 Euro corresponds to	Dec 31, 2021	Dec 31, 2020	2021	2020
Denmark (DKK)	7.44	7.44	7.44	7.45
Great Britain (GBP)	0.84	0.90	0.86	0.89
India (INR)	84.23	89.66	87.44	84.64
Norway (NOK)	9.99	10.47	10.16	10.72
Poland (PLN)	4.60	4.56	4.57	4.44
Romania (RON)	4.95	4.87	4.92	4.84
Russia (RUB)	85.30	91.47	87.15	82.72
Sweden (SEK)	10.25	10.03	10.15	10.48
Switzerland (CHF)	1.03	1.08	1.08	1.07
South Africa (ZAR)	18.06	18.02	17.48	18.77
Czech Republic (CZK)	24.86	26.24	25.64	26.46
Turkey (TRY)	15.23	9.11	10.51	8.05
USA (USD)	1.13	1.23	1.18	1.14

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

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

1. Intangible assets

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

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

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

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

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

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

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

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

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

b) Internally generated software

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

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

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

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

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

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

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

c) Goodwill

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

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

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

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

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

The accounting policy for goodwill arising from the acquisition of an associated company is described under C.3. Associated companies and joint ventures.

d) Impairment of property, plant, and equipment and intangible assets (not including goodwill)

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

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

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

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

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

e) Derecognition of intangible assets

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

2. Property, plant and equipment

a) Land and buildings

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

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

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

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

b) Other equipment, operating and office equipment

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

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

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

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

3. Investments in companies accounted for using the equity method

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

a) Associated companies

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

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

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

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

b) Joint ventures

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

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

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

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

4. Financial assets

a) Classification

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

Measurement of a financial asset at amortized cost

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

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

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

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

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

b) Recognition and measurement

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

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

c) Impairment of financial assets

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

- trade receivables;
- contract assets;
- other financial assets; and
- financial instruments measured at amortized cost.

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

d) Derecognition of financial assets

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

e) Offsetting financial instruments

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

5. Inventories

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

6. Trade receivables and other current receivables

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

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

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

7. Cash and bank deposits

Cash and bank deposits are measured at cost. They comprise cash at hand, bank deposits available on call and other current, highly liquid financial assets with a maturity of three months or less at the time of acquisition. Where the group holds a significant amount of cash and cash equivalents that are not at the group's disposal, a disclosure is made. Cash and cash equivalents are also subject to the impairment provisions of IFRS 9, but the impairment loss identified was immaterial and therefore not recognized.

8. Provisions for post-employment benefits

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

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

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

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

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

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

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

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

9. Other provisions

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

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

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

a) Onerous contracts

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

b) Restructuring

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

c) Warranties

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

d) Severance payments

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

e) Provisions for anniversaries

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

10. Financial liabilities

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

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

a) Financial liabilities measured at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

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

b) Other financial liabilities

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

c) Derecognition of financial liabilities

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

11. Equity

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

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

12. Accumulated other comprehensive income

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

13. Derivative financial instruments (in hedge accounting)

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

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

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

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

The total fair value of a derivative designated as a hedging instrument is classified as a non-current asset or non-current liability if the hedged item has a remaining term of more than one year and as a current asset or current liability if the hedged item has a remaining term of less than one year.

In accordance with IAS 1.68 and IAS 1.71, trading derivatives with a remaining term of more than one year are classified as non-current assets or liabilities; otherwise they are classified as current.

As at the reporting date, besides the interest rate swap the group had no other derivatives to be recognized in profit or loss or derivatives in the form of interest rate swaps in hedging relationships. Furthermore, there were no forward exchange transactions as at the reporting date.

14. Cash flow hedges

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

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

The hedge relationship is no longer recognized in the statement of financial position if the CGM group dissolves, sells, terminates or exercises the hedge or if the hedging instrument is no longer suitable for hedging purposes. The entire gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is not recognized in profit or loss until the expected transaction is also recognized in the income statement. If the transaction can no longer be expected to be realized, the entire income recognized in equity is immediately recycled to profit or loss in the income statement.

Information on the fair values of derivatives used for hedging purposes is provided under Fair value measurement. There were no cash flow hedges as at the reporting date.

15. Leases

The CGM group as lessee

As a lessee, the group mainly leases real estate, motor vehicles, IT equipment as well as operating and office equipment. In accordance with IFRS 16, the CGM group recognizes right-of-use assets and lease liabilities for all leases.

When use of an asset commences or when a contract containing a lease component is amended, the contractually agreed consideration is allocated on the basis of the relative stand-alone prices. The CGM group does not separate the non-lease components for vehicle leases, and instead accounts for lease and related non-lease components (mainly service fees) as a single lease component.

As at the commencement date, the cost of the right-of-use asset is equal to the lease liability, adjusted for prepayments, initial direct costs and estimated costs of dismantling the asset. Incentive payments from the lessor that have already accrued reduce the acquisition cost.

In the scope of subsequent measurement, the right-of-use asset is depreciated on a straight-line basis over the lease term and, if necessary, adjusted for any extraordinary impairment.

The lease liability is recognized in the amount of the present value of the future lease payments over the reasonably certain term of the lease. It is discounted at the interest rate implicit in the lease. If this cannot be readily determined, it is discounted using the incremental risk-adjusted borrowing rate of the CGM group. This interest rate is adjusted to reflect the nature of the asset and the terms and conditions of the lease. The CGM group currently uses its risk-adjusted incremental borrowing rate for the discounting of all its leases. Similar leases are grouped into portfolios and measured using a uniform discount rate.

Lease payments comprise all fixed and quasi-fixed payments, less any incentives paid by the lessor. In addition, payments are recognized for purchase and termination options the group is reasonably certain to exercise. All other variable payments are recognized as an expense. The lease liability is measured and adjusted using the effective interest method.

The lease term is the reasonably certain period over which an asset is leased. In addition to the non-cancelable basic lease term, extension periods are included if it is reasonably certain they will be exercised. This estimate is reviewed if either events beyond the lessee's control or significant changes in circumstances occur that require a change in the term of the lease.

The lease term is adjusted if it is reasonably certain that an extension option will be exercised or a termination option will not be exercised, and this was not taken into account in the original assessment. The adjustment of the lease term alters the future series of payments, thus resulting in a remeasurement of the lease liability using the current interest rate. The resulting difference is recognized directly in equity in the right-of-use asset.

The CGM group as lessor

Leases are classified as a finance lease if they transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. Leases in which a significant portion of the risks and rewards incidental to ownership of the leased asset remain with the lessor are classified as operating leases.

If assets are leased out under a finance lease (particularly in the PCS segment), the present value of the minimum lease payments is recognized as a lease receivable. The difference between the gross account receivable (minimum lease payments before discounting) and the present value of the receivable is recognized as financial income over the term of the lease. The difference is recognized in revenues. Lease income is recognized over the lease term using the annuity method, which – in relation to the lease receivable – yields a constant annual return.

Assets leased by customers under operating leases are reported under non-current assets. Income from leases is recognized on a straight-line basis over the term of the lease.

16. Income taxes and deferred taxes

The income tax expense reported in the CGM group's income statement for the reporting period is the sum of the current tax expense and the deferred taxes recognized in profit or loss. The CGM group determines the current tax expense on the basis of the taxable income of the group companies using the respective current national income tax rates.

In accordance with the provisions of IAS 12, the CGM group recognizes all temporary differences between the tax accounts and the consolidated financial statements as deferred taxes. Deferred tax assets on loss carryforwards are capitalized up to the amount for which it can be assumed that they will be utilized within a medium-term (generally five years) and tax-law permissible time frame.

Deferred tax assets and liabilities are also recognized on temporary differences arising from business acquisitions. An exception to this is temporary differences on goodwill, for which no deferred taxes are recognized.
If goodwill is taken into account for tax purposes, deferred taxes that are only realized upon disposal are recognized in the subsequent measurement.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associated companies are not recognized for reasons of materiality.

Deferred taxes are calculated using the respective current national income tax rates of the group companies. Income tax rates that have already been enacted but will only be applied in future periods are also taken into account when determining deferred taxes.

Deferred taxes are generally recognized in profit or loss (exception: first-time consolidation), unless they relate to items recognized directly in equity or in other comprehensive income. In this case, the taxes are also recognized in equity or in other comprehensive income.

17. Sales revenues from contracts with customers and other income

Revenues are recognized in accordance with IFRS 15.

IFRS 15 is generally applicable to all contracts with customers. Exceptions to this are the following contracts:

- leases covered by IFRS 16 Leases;
- financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures;
- insurance contracts within the scope of IFRS 4; and
- non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

Revenues are determined based on the consideration specified in a contract with a customer. The group recognizes revenues when it transfers the control of goods or services to a customer.

Five steps are derived from the principles set forth in IFRS 15.

Step 1 is to determine whether a customer contract falls within the scope of IFRS 15. This is the case if all the criteria given below in IFRS 15.9 are met:

(a) the parties to the contract have approved the contract and are committed to perform their respective obligations;
(b) the company can identify each party's rights regarding the goods or services to be transferred;
(c) the company can identify the payment terms for the goods or services to be transferred;
(d) the contract has commercial substance; and
(e) it is probable that the company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. The assessment of probability must be based solely on the customer's ability and intention to pay when the invoice is due. The amount of consideration to which the company will be entitled may be lower than the price stated in the contract if the consideration is variable because the company may offer the customer a price concession.

Two or more contracts entered into at or near the same time with the same customer shall be combined and accounted for as a single contract if one or more of the following criteria are met:

(a) the contracts are negotiated as a package with a single commercial objective;
(b) the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
(c) the goods or services promised in the contracts are a single performance obligation in accordance with IFRS 15.22-30.

Step 2 is to identify the performance obligations included in the contract, as revenues must be recognized at the level of individual performance obligations. Goods or services are distinct and therefore classified as individual performance obligation if the customer can benefit from them independent of other promises for performance in the contract. In addition, these promises must be separately identifiable from other promises in the contract.

Step 3 is to determine the transaction price, which is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. Although this price will often be a fixed amount, the transaction price may also include variable components, such as discounts, credits, performance bonuses, penalties, etc. The amount of such variable consideration shall be estimated and included in the transaction price. The associated uncertainty is accounted for by recognizing these variable amounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The transaction price also includes potential financing components and non-cash consideration (measured at fair value).

The transaction price determined as previously explained is allocated to the individual performance obligations in step 4 based on the relative stand-alone selling prices. If these are not directly observable (e.g., from corresponding transactions with the individual performance obligations), these prices must be estimated.

Finally, in step 5, revenues must be recognized at the point in time or over the time the underlying performance is satisfied. The performance obligation is satisfied when the control of the goods or services is transferred. Control of an asset refers to the ability to direct the use of, and obtain the benefits from, the asset.

When entering into a contract in accordance with IFRS 15, it must be determined whether the revenues arising from the contract are to be recognized at a point in time or over time. In this regard, it must first be clarified by applying specific criteria, if the control of the individual performance obligations is transferred over time. If this is not the case, revenues are recognized at the point in time when control is transferred to the customer. Indicators of this are, for example, legal transfer of ownership, transfer of significant risks and rewards, or formal acceptance.

If, on the other hand, control is transferred over time, revenues may be recognized over time only if the percentage of completion can be measured reliably using input or output methods. In addition to general revenue recognition principles, the standard provides detailed guidance on topics such as disposals with rights of return, customer options on additional goods or services, principal-agent relationships, and bill-and-hold arrangements. IFRS 15 also includes new guidelines related to costs to obtain or fulfil a contract with a customer and for the question when such costs must be recognized as an asset. Costs that do not meet the defined criteria should be expensed as incurred.

The CGM group recognizes its revenues net of sales deductions such as bonuses, cash discounts or rebates.

The following table provides information about the nature and timing of the satisfaction of performance obligations under contracts with customers, including significant payment terms, and the related revenue recognition principles. The group recognizes revenues from the following main sources:

Type of sales revenues	Description and revenue recognition
Software licenses	This includes revenues from the sale of software licenses, which are usually remunerated with a single payment. The license entitles the customer to permanent use of the software. The license fee is contractually fixed and does not trigger any future license payments or usage-based billing. Only extensions of the software modules used trigger further license payments. Revenues from the sale of software licenses are deferred over the minimum contractual term of the maintenance agreement if the requirements for a multi-component transaction are met using the “right to access” approach. This affects practically all license sales in the classic AIS and PCS segment. CGM applies the portfolio approach in accordance with IFRS 15.4 for this purpose. By contrast, license sales in the HIS segment typically do not satisfy the requirements for a multi-component transaction. Revenues from rental and lease transactions that cannot be regarded as sales are recognized on a straight-line basis over the lease period.

Software maintenance and other recurring revenues	This includes revenues from contracts that give customers access to new releases of software products after the latter have already been supplied. These updates serve to rectify bugs, improve performance and other features and also adapt the software to changes in the legal framework. The contractual relationship for software maintenance also usually includes hotline support (either via telephone or online). The minimum contract terms for software maintenance vary depending on the product line (from cancellation possible at any time to cancellation possible for the first time after five years), taking into account the individual cancellation periods. If cancellations are not made in due time as agreed in the contract, the software maintenance contract usually extends by a further twelve months. Revenues from recurring, transaction-specific services and other long-term services, including, for example, multi-year software licensing (SaaS and period-related transfer of use), application service provider services, hosting fees, Internet service provider fees, eServices fees, EDI and remuneration payments, receivables management payments, outsourcing agreements, hardware maintenance and repair agreements, etc. are generally based on a long-term contractual relationship. Revenues from software maintenance and other recurring revenues and from support services are recognized on a pro-rata basis over the period when the services are rendered.
Professional services	Revenues from services that are remunerated on an hourly basis or at contractually agreed fixed prices are included in the revenue type professional services. The activities performed on behalf of the customer include for example, project management, analyses, training, system configuration and customer-related programming. The revenues for services that are remunerated on an hourly basis are recognized at the point in time when the service is rendered. Revenues are generally recognized over time, whereby the CGM group makes use of the practical expedient to recognize them in the amount that the CGM group has a right to invoice. Revenues from service components within the framework of contracts for work and services and other service contracts are recognized over time using the percentage-of-completion method. The percentage of completion is typically determined by dividing the contract costs incurred for work performed to that date by the estimated total contract costs (cost-to-cost method). For complex contracts where it is not possible to reliably estimate the total contract costs and thus the percentage of completion cannot be determined, revenues are recognized only to the extent of the contract costs incurred. Even though it is impossible to estimate the percentage of completion, the CGM group nevertheless expects a positive margin. A pro rata profit is therefore only recognized when the project has been fully completed (zero profit method).
Hardware	Revenues from the sale of hardware and infrastructure components, such as PCs, servers, monitors, printers, switches, racks, network components, etc. These revenues are recognized immediately upon delivery of the hardware components. This is not the case for hardware components which are contractually agreed within the scope of construction awards; these are recognized in the project as a whole according to the percentage of completion. The percentage of completion is typically determined by dividing the contract costs incurred for work performed to that date by the estimated total contract costs (cost-to-cost method). For complex contracts where it is not possible to reliably estimate the total contract costs and thus the percentage of completion cannot be determined, revenues are recognized only to the extent of the contract costs incurred. Even though it is impossible to estimate the percentage of completion, the CGM group nevertheless expects a positive margin. A pro rata profit is therefore only recognized when the project has been fully completed (zero profit method). Revenues from rental and lease transactions that cannot be regarded as sales are recognized on a straight-line basis over the lease period.
Advertising, eDetailing and data	This includes revenues from paid advertising and communication services via software or other media. Furthermore, revenues from software services and the associated services that support the sales process of pharmaceutical companies are reported under this revenue type. Revenues from the collection, structuring, and provision of data (e.g., blacklists) for healthcare providers (e.g., health insurers, pharmaceutical companies, etc.) are also allocated to this revenue type. Revenues from advertising, eDetailing and data that take the form of a continuing obligation are recognized on a pro rata basis over time as long as the service is rendered. For services to be rendered on a daily basis, which are remunerated on an hourly basis, revenue is recognized at the point in time when the service is rendered.

Software Assisted Medicine (SAM)	This includes revenues from healthcare management and associated services. In addition, revenues generated from the use of special software modules (i.e., software supporting medical decision-making) within medical practices, hospitals, physician-hospital networks, health insurance companies, patient networks, etc. are allocated to this type of revenue. For services in health management to be rendered on a daily basis, which are remunerated on an hourly basis, revenue is recognized at the point in time when the service is completed. Revenues are generally recognized over time, whereby the CGM group makes use of the practical expedient to recognize them in the amount that the CGM group has a right to invoice. Revenues from sales of SAM software licenses are recognized in part immediately upon delivery, provided that the delivered software only grants the customer a right to access. If revenues from the sale of SAM software licenses fall under the "right to use" approach, the revenues from software licenses, revenues from software maintenance and other recurring revenues in the SAM area as well as support services, are recognized on a pro-rata basis over the minimum contractual term for the provision of the service.
Other revenues	This comprises all revenues that cannot be attributed to any of the aforementioned categories. Revenue recognition is carried out on a case-by-case basis in compliance with the relevant IFRS requirements.

When hardware components are sold at the same time as a hardware maintenance and support contract is signed, a discount is usually applied at the expense of the hardware sale. CGM has identified two performance obligations for this multi-component transaction. The amounts allocated to sales for hardware components are increased due to the allocation method prescribed by IFRS 15 (i.e., an allocation based on the stand-alone selling price), while the amounts allocated to hardware maintenance and support contracts are decreased accordingly over their term. Therefore, the revenues have been adjusted to reflect the change in accounting policies. Current and non-current contract assets were recognized for this amount.

On average, the system implementation process for software services takes between three and six months. For very large system implementation contracts (e.g., hospital information system implementation for a chain of hospitals), the implementation process may extend over several years. Depending on the form of the contract, CGM is entitled to invoice the customer on a monthly basis according to time spent, as soon as certain milestones are reached or not before completion of the project (successful acceptance by the client). Under IFRS 15, revenues that are realized before the customer is invoiced are recognized as a contract asset.

The CGM group incurs commissions that are paid to intermediaries or its own sales employees for arranging purchase agreements and service agreements for software licenses, software maintenance or other service agreements. Whenever the CGM group expects to be reimbursed for these incremental costs, it capitalizes them and depreciates them over the period in which the performance from the provision of the software license is transferred to the customer together with the software maintenance contract or the provision of services.

Given the CGM group's business model and the customer groups it addresses, there are no significant reimbursement obligations or corresponding rights to return goods.

A contract asset must be recognized if the CGM group has recognized revenues as a result of the satisfaction of a contractual performance obligation before the customer has made a payment or before – irrespective of the due date – the conditions for invoicing and thus recognizing the account receivable are met.

A contract liability must be recognized if the customer has made a payment or an account receivable from the customer becomes due before the CGM group has satisfied a contractual performance obligation and recognized the corresponding revenue. Contract liabilities are to be offset against contract receivables within a customer contract.

Interest income is accrued periodically taking into account the outstanding loan amount and the applicable interest rate. The applicable interest rate equals the rate that discounts estimated future cash flows over the term of the financial asset to the net carrying amount of the asset.

Dividend income from financial investments is recognized when the shareholder's legal right to receive payment is established.

18. Earnings per share and share-based payment transactions

a) Earnings per share

Undiluted earnings per share are calculated by dividing the share of profit or loss for the period attributable to the shareholders of CompuGroup Medical SE & Co. KGaA by the weighted average number of shares issued. If new shares are issued or bought back within a reporting period, they are included in the calculation on a pro rata basis for the period in which they are outstanding. The share options granted by the company lead to a dilution of earnings per share.

b) Share-based payment transactions

The fair value of share options granted is determined in accordance with IFRS 2 Share-based Payment by simulating the future performance of the company's subscribed capital on the basis of market parameters (e.g., volatility and risk-free interest) and normally distributed random numbers (Monte Carlo simulation). The fair value of the share options is offset against capital reserves through profit or loss over the expected option period of up to four years.

The fair value at the grant date is used for measurement purposes.

19. Estimates and management judgments

The preparation of the consolidated financial statements in accordance with IFRS requires that assumptions and estimates be made. These affect the amount and recognition of assets and liabilities, income and expenses, and contingent liabilities in the reporting period. The significant estimates and judgments made in the preparation of the consolidated financial statements are discussed below. For the carrying amounts of the above-stated line items, please refer to section E. Notes on items on the statement of financial position and income statement.

a) Purchase price allocation and business acquisitions

Assumptions and estimates are made in particular as part of the purchase price allocations for business acquisitions. User software from business acquisitions is determined using the license price analogy, customer relationships are determined using the multi-period excess earnings method, and trademark rights are determined using the license price analogy. Estimates are also used as a basis for the planned amortization of identified hidden reserves.

b) Estimated impairment of goodwill

Goodwill is tested for impairment on the basis of cash flow projections for the cash-generating units for the next five years and applying a discount rate adjusted for the company risk, both annually and immediately outside the annual period as soon as there is any indication that goodwill is impaired. The CGM group determines the recoverability on the basis of the higher of the fair value less costs to sell and the value in use. The management of the CGM group believes that the assumptions used to calculate the recoverable amount are appropriate. Unforeseen changes in these assumptions could result in impairment losses, which would have a negative impact on the net assets, financial position and results of operations of the CGM group. The calculation of values in use is subject to discretion because of the necessity to make estimates regarding future cash flows.

c) Recoverability of assets

At each reporting date, the CGM group reassesses as part of the impairment test, whether there are any indications that an item of property, plant and equipment or an intangible asset (including intangible assets from internally generated software) may be impaired. The recoverable amount of the asset in question is determined using the best estimates for the input parameters. The recoverable amount corresponds to the higher of the fair value less costs to sell and the value in use, in line with the procedure for goodwill impairment testing. The recoverable amount is determined on the basis of cash flow projections from the asset concerned for the next five years, using a discount rate adjusted for the company risk. The management of the CGM group is of the opinion that the assumptions used to calculate the recoverable amount are appropriate with regard to the economic environment and the industry development; nevertheless, changes in the underlying parameters could lead to an adjustment of the impairment analysis of the asset being tested. This could result in further impairment losses or reversals of impairment losses in future periods if the assumptions and estimates used by management prove to be incorrect.

d) Useful lives of property, plant and equipment

As already stated in the notes on Property, plant and equipment in this section, the CGM group reviews the estimated useful lives of property, plant and equipment at each reporting date to determine whether they are appropriate. In this context, reassessments are made with regard to the remaining useful lives. Changes that result in a reassessment of the remaining useful life may arise, for example, from changes in market conditions (e.g., price erosion) or general technological progress.

e) Assessment of the probability of other provisions

Since other provisions are recognized and measured on the basis of the best estimate of the probability of the future outflow of resources and on the basis of past experience, taking into account the circumstances known at the reporting date, the actual outflow of resources may differ from the other provisions recognized for this purpose.

f) Provisions for post-employment benefits

The present value of the pension obligation depends on a variety of factors that are based on actuarial assumptions. The assumptions used in determining net pension expense (or income) include the discount rate. Any change in these assumptions will have an impact on the carrying amount of the pension obligation.

g) Revenue recognition for project orders

Some of the consolidated subsidiaries of the CGM group enter into project orders with only one performance obligation as part of their business activities. Contractually agreed revenues are recognized over time. This relates in particular to the HIS segment. Under IFRS 15, revenues are recognized when it is highly probable that contract amendments will not result in a significant cancellation. Furthermore, the introduction of IFRS 15 ensures that the new provisions for variable consideration (e.g., incentives) as well as for the accounting of addenda and contract amendments are included in the calculation as contract modifications. The CGM group recognizes provisions for onerous contracts in accordance with IAS 37.66 et seqq. The CGM group regularly reviews the estimates relevant to the measurement of project orders for appropriateness and, if necessary, adjusts the estimates to reflect new findings.

h) Income taxes

Management is also required to make estimates and assumptions when calculating actual and deferred taxes. Deferred tax assets are recognized to the extent that it is probable that future tax benefits will be realized. The actual usability of deferred tax assets depends on the future development of the actual taxable result. This may differ from the assessment at the time the deferred taxes are capitalized. Various factors are used to assess the probability of future usability, including past results of operations, operating projections, loss carryforward periods and tax planning strategies.

i) Fair value of derivative and primary financial instruments

The fair value measurement of derivative and primary financial instruments takes into account expected future developments, such as interest rate and credit risks, and well as the underlying assumptions.

Further information on the assumptions and estimates underlying these consolidated financial statements are provided in the notes on the individual items of the financial statements.

Judgments must be made when applying accounting principles and measurement methods. These decisions are continually reassessed and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

This applies especially with regard to the following issues:

- Management must make judgments in determining the fair values of assets and liabilities acquired as part of a business combination, as well as of the useful lives of the assets.
- Management must determine with regard to assets held for sale whether they can be sold in their present condition and whether the sale of such assets is highly probable.

j) Measurement of individual non-current assets held for sale

Assets held for sale are carried at the lower of their residual carrying amount and fair value less costs to sell. Management estimates and assumptions may be used to determine the fair value less costs to sell.

All assumptions and estimates are based on the circumstances and assessment at the end of the reporting period. Actual future circumstances may, by their nature, deviate from these assumptions and estimates. If this occurs, the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned are adjusted.

k) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are possible obligations or assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the CGM group. Contingent liabilities are also present obligations that arise from past events, for which an outflow of resources embodying economic benefits is unlikely or for which the extent of the obligation cannot be estimated with sufficient reliability. Contingent liabilities are recognized at fair value if they have been acquired as part of a business combination. Contingent liabilities not acquired as part of a business combination are not recognized. Contingent assets are not recognized. However, if the realization of income is virtually certain, the asset in question is no longer considered a contingent asset and is recognized as an asset. Where an outflow of resources embodying economic benefits is not unlikely, information on contingent liabilities is disclosed in the notes to the consolidated financial statements. The same applies to contingent assets if the inflow of economic benefits is probable.

E. Notes on items on the statement of financial position and income statement

1. Intangible assets

a) Development of intangible assets

Development of intangible assets as at December 31, 2021:

	Purchase and manufacturing costs						
kEUR	Jan 1, 2021	Additions due to changes in scope of consolidation	Other additions	Reclassifications	Disposals	Exchange rate differences	Dec 31, 2021
Intangible assets	1,523,682	132,473	44,393	0	–37,052	25,176	1,688,672
Goodwill	561,718	35,404	0	0	0	10,591	607,713
Acquired software rights	296,046	23,296	4,798	847	–5,808	3,599	322,777
Customer relationships	419,496	61,422	0	0	0	8,584	489,502
Trademark rights	40,356	10,271	0	0	–5	1,097	51,719
Order backlog	22,774	2,029	0	0	0	67	24,870
Capitalized inhouse services	180,678	0	38,105	0	–31,211	1,281	188,854
Prepayments on software	2,614	51	1,490	–847	–28	–43	3,237

	Depreciation and amortization						Net book value	
kEUR	Jan 1, 2021	Additions	Disposals	Transfers	Exchange rate differences	Dec 31, 2021	Dec 31, 2021	Jan 1, 2021
Intangible assets	435,577	72,876	–36,998	0	2,870	474,325	1,214,347	1,088,105
Goodwill	19,269	0	0	0	37	19,306	588,407	542,449
Acquired software rights	200,526	19,842	–5,782	0	656	215,242	107,535	95,520
Customer relationships	128,700	26,684	0	0	1,877	157,261	332,241	290,796
Trademark rights	29,483	2,882	–5	0	378	32,738	18,981	10,872
Order backlog	13,217	8,429	0	0	12	21,659	3,211	9,557
Capitalized inhouse services	44,132	15,039	–31,211	0	–90	27,870	160,984	136,546
Prepayments on software	249	0	0	0	0	249	2,988	2,365

Development of intangible assets as at December 31, 2020:

	Purchase and manufacturing costs						
kEUR	Jan 1, 2020	Additions due to changes in scope of consolidation	Other additions	Reclassifications	Disposals	Exchange rate differences	Dec 31, 2020
Intangible assets	1,088,774	431,906	38,045	0	–24,648	–10,395	1,523,682
Goodwill	350,260	213,631	0	0	0	–2,172	561,718
Acquired software rights	246,408	69,254	3,144	345	–20,562	–2,543	296,046
Customer relationships	289,375	133,639	0	0	0	–3,518	419,496
Trademark rights	34,760	5,914	6	0	0	–324	40,356
Order backlog	12,547	10,227	0	0	0	0	22,774
Capitalized inhouse services	153,884	0	32,676	0	–4,086	–1,796	180,678
Prepayments on software	1,540	–759	2,220	–345	0	–42	2,614

kEUR	Depreciation and amortization: Jan 1, 2021	Additions	Disposals	Transfers	Exchange rate differences	Dec 31, 2021	Net book value: Dec 31, 2021	Jan 1, 2021
Intangible assets	420,445	44,751	−24,646	0	−4,973	435,577	1,088,105	668,329
Goodwill	19,355	0	0	0	−87	19,269	542,449	330,905
Acquired software rights	209,453	14,217	−20,560	0	−2,585	200,526	95,520	36,955
Customer relationships	112,404	18,012	0	0	−1,716	128,700	290,796	176,971
Trademark rights	27,807	2,034	0	0	−358	29,483	10,872	6,953
Order backlog	8,629	4,589	0	0	0	13,217	9,557	3,918
Capitalized inhouse services	42,548	5,899	−4,086	0	−229	44,132	136,546	111,336
Prepayments on software	249	0	0	0	0	249	2,365	1,291

The most significant changes in intangible assets result from acquisitions (note C.4.) and capitalized in-house services (note E.1.e). All amortization and impairments of intangible assets are recognized in profit or loss.

b) Goodwill

Goodwill is attributable to the individual cash generating units (CGU) as follows:

kEUR	Jan 1, 2021	Changes in the scope of consolidation	Other additions	Disposals	Impairment	Reclassifications	Exchange rate differences	Dec 31, 2021
Ambulatory Information Systems	375,134	–13,776	0	0	0	0	10,705	372,063
Hospital Information Systems	117,319	49,168	0	0	0	0	–151	166,336
Consumer and Health Manage-ment Information Systems	6,199	0	0	0	0	0	1	6,200
Pharmacy Information Systems	43,797	11	0	0	0	0	0	43,808
Total	542,449	35,403	0	0	0	0	10,555	588,407

The additions due to changes in consolidated group relate to both, business combinations by transferring an entity's interest in its equity (share deal) and business combinations through transfer of net assets (asset deal).

c) Goodwill Impairment Test

Goodwill is allocated to the individual cash-generating units or groups of cash-generating units for which synergies are expected to arise. Since the completion of the transformation of legal form in June 2020, the CGM group has monitored the recoverability of goodwill at the level of the reportable segments. Prior to the change in the monitoring level, an impairment test was performed at the level of the individual goodwill recognitions.

The discounted future cash flows of the segments, discounted by using the DCF method, are determined on the basis of the approved planning for 2022 for the net assets, financial position and results of operations and are then verified by using historical values. The results are then extrapolated for three additional years using bottom-up, multi-year planning that reflects the future development of the segments under current conditions. After the five-year time period, a perpetuity value is calculated using a conservative group-wide growth rate of 0.5 %. To determine the present value of future cash flows, a discount rate based on the weighted average cost of capital (WACC) is applied. The following table provides information on key assumptions used to compile corporate planning:

Notes on business planning assumptions

Description of key assumptions of corporate planning	Approach used to determine key assumptions of corporate planning
– Expected development of sales revenues (new customers, cross-selling opportunities, winning project tenders).	Group's own estimates referring to past experiences and expected market trends, market potential analysis. External market studies are also used, if available.
– Expected enforceable price increases for existing customers in relation to software maintenance and other recurring revenues.	
– Application of current and historical organic growth rates for business units or business areas.	
– Consideration of regulatory changes affecting the development of business units.	
– Development of purchased services based on current circumstances (e.g., contractual basis, strategic business model) and the anticipated development of sales activities (expected revenue situation).	
– Expected development of personnel expenses and other operating expenses, based on demand analyses, contractual framework (e.g., collective bargaining agreements) and statistical procedures (e.g., inflation).	

Goodwill is tested for impairment on the basis of euro cash flows. For this purpose, the local currency company planning of the individual group entities are translated into euro and then allocated to the segment to be tested. The estimated future cash flows are derived from the planning approved by the responsible bodies. The assumptions underlying the main planning parameters take into account not only past experience and aspects arising from the operating business, but also the circumstances of the COVID-19 pandemic.

The growth assumptions included for calculating the value in use of the individual segments as at October 31, 2021 are as follows: The EBITDA margin resulting from the application of the assumed planning assumptions is also included for the purpose of transparency of the assumptions made. For 2022, an average of the EBITDA margins assumed for subsequent years (continuation planning period) is used to determine the EBITDA margin.

	EBITDA-Marge		Growth-rate	
	2022		2022	
	year 1	following years	year 1	following years
Ambulatory Information Systems (AIS)	19.5%	22.0%	9.8%	9.1%
Pharmacy Information Systems (PCS)	9.6%	13.1%	15.7%	5.4%
Hospital Information Systems (HIS)	13.8%	25.3%	17.0%	10.7%
Consumer and Health Management Information Systems (CHS)	13.7%	24.8%	3.1%	7.4%

The discount rates (WACC) used to calculate the value in use as at October 31, 2021 have been divided into WACC after tax and WACC before taxes as follows:

	WACC (before taxes)	WACC (after taxes)
	2021	2021
Ambulatory Information Systems (AIS)	10.5%	7.4%
Pharmacy Information Systems (PCS)	10.4%	7.5%
Hospital Information Systems (HIS)	10.5%	7.3%
Consumer and Health Management Information Systems (CHS)	11.5%	8.1%

In financial year 2021, there was no impairment requirement for any of the segments tested on the basis of value in use.

Similarly, there is no need to recognize an impairment loss if the growth rate in the perpetual value were 0.5 percentage points lower. The Group-wide surplus would be reduced by mEUR 227.6 if the growth rate in the perpetual value were 0.5 percentage points lower.

An increase in WACC of 1 percentage point would not give rise to an impairment loss. An increase in WACC of 1 percentage point would give rise to a reduction in the group-wide surplus by mEUR 526.0.

An increase in WACC of 2 percentage point would not give rise to an impairment loss. The group-wide surplus would thereby be reduced by mEUR 932.4.

d) Acquired Software, customer relationships, trademark rights and order backlog

Acquired software, customer relationships and trademark rights represent, in addition to goodwill, the main groups of intangible assets of CompuGroup Medical SE & Co. KGaA. The following table provides an overview of these intangible assets and their useful lives:

kEUR	Dec 31, 2021	Dec 31, 2020	Amortization until latest
Acquired standard and special software for distribution to customers from business combinations			
CGM Clinical Österreich	0	469	31/08/2021
Lauer-Fischer	0	543	30/06/2021
Compufit	107	192	31/03/2023
CGM South Africa	145	291	31/12/2022
CGM Deutschland	265	345	30/04/2025
Imagine Editions	452	678	31/12/2023
Qualizorg	542	713	31/03/2025
Aatlanta Group	2,505	0	30/06/2029
CGM LAB International	2,719	3,108	31/12/2028
KMS	3,608	0	31/07/2039
Epsilog	4,728	5,335	31/12/2029
VISUS Group	7,040	0	31/05/2039
Cerner Corpoartion	30,780	34,401	30/06/2030
eMDs Group	41,089	32,355	31/12/2035
Other	13,555	17,090	

Total software	107,535	95,520	
Customer contracts			
FARMA3TEC	471	1,175	31/08/2022
CGM US (formerly Noteworthy Group)	985	1,702	31/12/2024
CGM Clinical Deutschland	1,141	1,248	01/11/2035
ATX	1,660	1,846	30/11/2030
Portavita Group	2,002	0	31/03/2033
CGM Italy	2,095	2,779	30/06/2029
Qualità in Farmacia (incl. Puntofarma)	2,173	2,441	31/07/2033
H&S	2,261	2,638	31/12/2027
Fablab	2,330	2,913	31/12/2027
Vega	3,130	3,454	31/08/2031
CGM South Africa	3,210	3,817	30/06/2038
Turbomed Vertrieb und Service	3,385	3,784	30/03/2030
Qualizorg	3,939	4,727	31/03/2027
CGM Norway	4,071	4,317	30/06/2038
CGM Denmark	4,293	4,570	30/06/2038
Innomed	4,541	5,108	31/12/2029
CGM Netherlands	5,643	6,729	31/12/2030
Aatlanta Group	5,858	0	30/06/2031
CGM LAB International	6,610	6,930	31/12/2043
Imagine Editions	7,440	8,059	31/12/2033
Lauer-Fischer	9,243	9,880	30/06/2036
CGM Sweden	9,685	10,279	30/06/2038
GIS-Group	10,853	11,758	31/12/2033
KMS	12,521	0	31/07/2039
CGM US (formerly Visionary Group)	14,692	15,730	31/08/2040
VISUS Group	17,004	0	31/05/2039
Epsilog	23,455	25,260	31/12/2034
eMDs Group	69,054	51,256	31/12/2035
Cerner Corporation	72,112	75,956	30/06/2040
Other	26,384	22,440	
Total Customer contracts	332,241	290,796	
Brands			
Lauer-Fischer	0	189	30/06/2021
CGM Clinical Österreich	0	237	31/08/2021
Vega	115	158	31/08/2024
Epsilog	457	514	31/12/2029
CGM LAB International	1,461	1,583	31/12/2033
VISUS Group	1,888	0	31/05/2031
KMS	1,907	0	31/07/2031
Cerner Corporation	2,349	2,625	30/06/2030
eMDs Group	9,020	3,707	31/12/2035
Other	1,784	1,859	
Total Brands	18,981	10,872	
Order backlog			

Cerner Corporation	237	9,489	31/08/2022
eMDs Group	603	0	31/12/2023
VISUS Group	2,335	0	31/05/2022
Other	36	68	
Total Order backlog	3,211	9,557	

In 2021, as in the prior-year comparison period 2020, changes occurred at eMDs Group concerning the useful lives underlying intangible assets due to adjustments to the purchase price allocation, which was prepared on a preliminary basis as at December 31, 2020 and finalized in the current financial year 2021.

e) Internally generated software

In financial year 2021, in-house services (software development) of kEUR 37,294 were capitalized in accordance with IAS 38 (prior year: kEUR 31,872). These were measured at directly attributable production costs. In accordance with the provisions of IAS 23, borrowing costs attributable to in-house services (software development) of kEUR 812 (prior year: kEUR 803) were capitalized in financial year 2021. Amortization of capitalized in-house services of kEUR 15,039 (prior year:kEUR 5,899) was incurred in the reporting year.

f) Accumulated impairment

Intangible assets include accumulated impairment of goodwill from the financial years 2008 to 2021, which, based on the exchange rates as at the December 31, 2021 reporting date, amount to mEUR 21.8.

There is no impairment required for financial years 2020 and 2021.

Furthermore, the Goodwill item includes amortization of mEUR 5.4 that resulted from financial years before the IAS/IFRS conversion.

g) Intangible assets from business acquisitions

The following additions to acquired software, customer relationships, order backlog and trademark rights resulted from business combinations in the 2021 reporting period:

kEUR	Total	BWG Computer Systeme GmbH	VISUS group	Meta-it GmbH	Aatlanta group	KMS Vertrieb und Services AG	Other Acquisitions
Software	15,443	3	7,320	1,164	2,684	3,760	512
Customer relationships	44,194	1,882	17,573	3,476	6,167	12,818	2,278
Trademark rights	4,615	0	2,005	301	232	1,907	170
Order backlog	568	0	568	0	0	0	0
Total	**64,820**	**1,885**	**27,466**	**4,941**	**9,083**	**18,485**	**2,960**

2. Property, plant and equipment

Overview of the development of property, plant and equipment as at December 31, 2021:

	Purchase and manufacturing costs						
kEUR	Jan 1, 2021	Additions due to changes in scope of consolidation	Other additions	Reclassifications	Disposals	Exchange rate differences	Dec 31, 2021
Property, plant and equipment	123,441	1,252	28,599	0	–25,318	109	128,083
Land and buildings	71,072	95	9,574	–518	–964	127	79,387
Other fixed assets and office equipment	47,188	1,157	14,936	702	–24,354	–16	39,613
Assets under construction	5,180	0	4,089	–184	0	–2	9,083

	Depreciation and amortization						Net book value	
kEUR	Jan 1, 2021	Additions	Disposals	Reclassifications	Exchange rate differences	Dec 31, 2021	Dec 31, 2021	Jan 1, 2021
Property, plant and equipment	31,701	16,285	–19,917	0	–56	28,013	100,070	91,739
Land and buildings	18,040	1,753	–648	0	24	19,169	60,218	53,032
Other fixed assets and office equipment	13,606	14,532	–19,269	0	–81	8,788	30,825	33,583
Assets under construction	56	0	0	0	0	56	9,027	5,124

Overview of the development of property, plant and equipment as at December 31, 2020:

	Purchase and manufacturing costs						
kEUR	Jan 1, 2020	Additions due to changes in scope of consolidation	Other additions	Reclassifications	Disposals	Exchange rate differences	Dec 31, 2020
Property, plant and equipment	134,271	782	17,684	0	–28,668	–628	123,441
Land and buildings	66,508	1,278	4,077	0	–627	–164	71,072
Other fixed assets and office equipment	63,093	–496	12,359	736	–28,041	–462	47,188
Assets under construction	4,670	0	1,248	–736	0	–2	5,180

	Depreciation and amortization						Net book value	
kEUR	Jan 1, 2020	Additions	Disposals	Reclassifications	Exchange rate differences	Dec 31, 2020	Dec 31, 2020	Jan 1, 2020
Property, plant and equipment	46,206	13,729	–28,008	0	–225	31,701	91,739	88,064
Land and buildings	17,132	2,343	–531	–856	–48	18,040	53,032	49,376
Other fixed assets and office equipment	29,018	11,386	–27,476	856	–177	13,606	33,583	34,075
Assets under construction	56	0	0	0	0	56	5,124	4,614

The main changes in property, plant and equipment arise from investments in land and buildings at the Koblenz site of about mEUR 8.6 and acquisitions (note C.4.).

3. Right-of-use assets

The group mainly rents office space and the respective car parking spaces. The remaining terms of these leases are between one and ten years. All long-term leases concern sites that are to be retained in the longer term. As any asset retirement obligations under these leases are linked to early termination, it is currently not expected that the group will be required to honor them. Some of the property leases provide for rent increases that are linked to (price) indices. These were measured at the index level valid at the commencement date.

Leases have also been agreed for vehicles. They typically have a term of two to four years.

Leases for hardware, operating and office equipment are of minor importance. These leases typically have a term of three to five years; the underlying values in use accounted for less than 1 % of the total value of the right-of-use assets on December 31, 2021.

Overview of the development of right-of-use assets as at December 31, 2021:

	Purchase and manufacturing costs						
kEUR	Jan 1, 2021	Additions due to changes in scope of consolidation	Other additions	Reclassifications	Disposals	Exchange rate differences	Dec 31, 2021
Right of use assets	70,147	7,823	26,702	0	–8,607	629	96,694
Property and buildings - IFRS 16	53,723	7,123	20,790	0	–4,541	644	77,739
Vehicles - IFRS 16	16,007	663	5,864	0	–3,907	–10	18,617
Other - IFRS 16	418	37	48	0	–159	–6	338

	Depreciation and amortization						Net book value	
kEUR	Jan 1, 2021	Additions	Disposals	Reclassifica-tions	Exchange rate differences	Dec 31, 2021	Dec 31, 2021	Jan 1, 2021
Right of use assets	25,595	21,551	–8,593	0	211	38,764	57,930	44,552
Property and buildings - IFRS 16	17,731	15,010	–4,541	0	203	28,403	49,336	35,991
Vehicles - IFRS 16	7,650	6,388	–3,894	0	10	10,155	8,462	8,356
Other - IFRS 16	214	153	–158	0	–3	206	132	204

Overview of the development of right-of-use assets as at December 31, 2020:

	Purchase and manufacturing costs						
kEUR	Jan 1, 2020	Additions due to changes in scope of consolidation	Other additions	Reclassifications	Disposals	Exchange rate differences	Dec 31, 2020
Right of use assets	58,715	8,751	10,026	0	–7,075	–270	70,147
Property and buildings - IFRS 16	43,874	7,537	6,957	0	–4,433	–212	53,723
Vehicles - IFRS 16	14,289	1,190	3,072	0	–2,481	–63	16,007
Other - IFRS 16	552	24	–3	0	–161	5	418

kEUR	Depreciation and amortization						Net book value	
	Jan 1, 2020	Additions	Disposals	Reclassifica-tions	Exchange rate differences	Dec 31, 2020	Dec 31, 2020	Jan 1, 2020
Right of use assets	15,526	17,127	–6,950	0	–109	25,595	44,552	43,189
Property and buildings - IFRS 16	10,679	11,452	–4,319	0	–80	17,731	35,991	33,196
Vehicles - IFRS 16	4,675	5,477	–2,472	0	–30	7,650	8,356	9,614
Other - IFRS 16	172	198	–159	0	1	214	204	379

4. Financial assets

a) Investments in associated companies and joint ventures accounted for using the equity method

kEUR	Dec 31, 2021	Dec 31, 2020
Joint ventures		
MGS Meine Gesundheit Services GmbH	0	0
Associated companies at equity		
Mediface GmbH	50	50
AxiService Nice S.a.r.l.	0	0
Technosante Nord-Picardie SAS	8	8
Smoove Software S.r.l.	0	85
R56+ Regionalmarketing GmbH & Co. KGaA	10	10
R56+ Management GmbH	0	0
MedEcon Telemedizin GmbH	13	0
Better@Home	1,751	1,849
4K S.r.l.	3,651	0
Total	5,483	2,002

4K S.r.l., Italy

In the first half of 2021, CompuGroup Medical Italia Holding S.r.l., a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, acquired 30 % of the shares in 4K S.r.l., domiciled in Milan, Italy. 4K S.r.l. operates Pharmap, an on-demand pharmaceutical delivery service in Italy. The consideration to be paid amounted to kEUR 3,553, and the amount was paid in full as at the reporting date. The following is summarized financial information for 4K S.r.l.:

kEUR	2020*
Revenue	2.146
Depreciation and amortization	–56
Interest expense	–1
Tax income/Tax expense (-)	–110
Other expenses	–1.653
Total result	326

	31.12.2020*
Current assets	1.726
thereof cash and cash equivalents	865
Non-current assets	128
Current liabilities	1.406
Non-current liabilities	28
Net assets	420
Group's share of the joint venture at the beginning of the period	0
Portion of the total result*	98
Capital measures/dividends/changes in the scope of consolidation during the period	3.553
Carrying amount of the interest in joint venture at the end of the period	3.651

* No current information was available as of the balance sheet date.

Better@Home Service GmbH

The following is summarized financial information for Better@Home Service GmbH:

kEUR	2020*	2019
Revenue	164	112
Depreciation and amortization	–38	–11
Other expenses	–1,307	–1,018
Other comprehensive income	412	103
Total result	–769	–814

kEUR	Dec 31, 2020	Dec 31, 2019
Current assets	552	854
thereof cash and cash equivalents	145	10
Non-current assets	325	191
Current liabilities	54	74
Non-current liabilities	0	134
Net assets	822	837
Group's share of the joint venture at the beginning of the period	1,849	1,303
Portion of the total result*	–192	–202
Capital measures/dividends/changes in the scope of consolidation during the period	0	748
Carrying amount of the interest in joint venture at the end of the period	1,751	1,849

* No current information was available as of the balance sheet date.

MGS Meine-Gesundheit-Services GmbH

The following is summarized financial information for MGS Meine-Gesundheit-Services GmbH:

kEUR	2021	2020
Revenue	16,470	8,437
Depreciation and amortization	–4,333	–3,688
Interest expense	–816	–708
Other expenses	–10,946	–8,205
Total result	374	–4,164

	Dec 31, 2021	Dec 31, 2020
Current assets	6,747	7,145
thereof cash and cash equivalents	6,056	5,326
Non-current assets	15,134	14,110
Current liabilities	3,251	3,050
Non-current liabilities	17,000	17,000
Net assets	1,630	1,206
Group's share of the joint venture at the beginning of the period	0	785
Portion of the total result*	9	–1,609
Carrying amount of the interest in joint venture at the end of the period	0	0

* Excess losses are not included in the book value.

Further disclosures as per IFRS 12 on other investments in associated companies and joint ventures accounted for using the equity method are not made as these companies are of minor significance.

b) Other equity investments

These equity investments are measured at fair value. The investments are as follows:

kEUR	Dec 31, 2021	Dec 31, 2020
scanacs GmbH	2,500	0
Qurasoft GmbH	530	530
Sonstige	93	110
Total	3,123	640

Acquisition of 15 % of the shares in scanacs GmbH, Germany

In the second half of 2021, CompuGroup Medical Deutschland AG, a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, acquired 15 % of the shares in scanacs GmbH, domiciled in Dresden, Germany. scanacs GmbH developed a cloud platform that can be used to check whether a medical prescription is eligible for reimbursement. Furthermore, scanacs has developed a software solution that enables pharmacies to directly and electronically bill services to the health insurances. The consideration to be paid amounted to kEUR 2,500, and the amount was paid in full as at the reporting date.

5. Income tax receivables, income tax liabilities and deferred taxes

a) Income tax receivables and liabilities

kEUR	Dec 31, 2021	Dec 31, 2020
Income tax receivables	30,553	16,652
Benefit of tax losses to be carried back to recover taxes paid in prior periods	0	0
Income tax receivables	30,553	16,652
Income tax liabilities	18,675	19,364
Income tax liability	17,987	18,815
Other	688	549
Total	–11,878	2,711

Income tax receivables (kEUR 30,553; prior year: kEUR 16,652) comprise the group companies' current income tax receivables. Income tax liabilities (kEUR 18,675; prior year: kEUR 19,364) essentially relate to current tax expenses less prepayments made (kEUR 17,987; prior year: kEUR 18,815).

b) Deferred tax receivables and liabilities

Deferred tax rates abroad ranged between 16 %–28 % in financial year 2021 (prior year: 16–28 %).

Deferred taxes are calculated using the relevant tax regulations that are effective or enacted as at the end of the reporting period. Deferred tax receivables and liabilities are netted if there is a legally enforceable right to net these items and if the deferred tax receivables and liabilities relate to the same taxation authority.

Group company	Nature of the evidence as per IAS 12.82
KoCo Connector GmbH	As a result of the positive business situation of the nationwide telematics infrastructure business, it can be assumed that the existing loss carryforwards will be fully utilized in the coming years, which is why a deferred tax asset was recognized on the full amount of the existing tax loss carryforwards.
CGM US Inc.	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
eMDs Inc.	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CGM Systemhaus GmbH	As a result of the merger of CGM Medistar Systemhaus GmbH with CGM Systemhaus GmbH (formerly Turbomed Vertriebs- und Service GmbH) in 2021 and the associated sustained positive business prospects, it is assumed that the existing loss carryforwards will be fully utilized in the next two years.
Mondofarma S.r.l.	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CGM Schweiz AG	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CGM LAB Deutschland GmbH	Based on the business performance of the company, it can be assumed that the existing loss carryforwards will be fully utilized in the next two years, which is why a deferred tax asset has been recognized in full on these loss carryforwards.
Medigest Consultores S.L.	Given the company's performance and loss history, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CGM XDENT Software S.r.l.	Based on the historical business performance of the company, a deferred tax asset was recognized in the amount of the deferred tax liability.
CGM LAB France SAS	Given the company's performance and loss history, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
Compufit BVBA	Based on the business performance of the company, it can be assumed that the existing loss carryforwards will be fully utilized. These were netted in full against the deferred tax liabilities.
Intermedix SA (PTY) LTD	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
docmetric GmbH	Due to the profit and loss transfer agreement concluded between docmetric GmbH and ifap Service Institut für Ärzte und Apotheker GmbH in 2021, there is no temporary usability of the remaining loss carryforwards. Accordingly, no deferred tax was recognized on the tax loss carryforward.
CGM Mobile Services GmbH	Given the company's planned reorganization, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why no deferred tax assets were recognized.

CGM Mobile Software GmbH	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
EBM Medienholding GmbH	Given the company's planned reorganization, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why no deferred tax assets were recognized.
CompuGroup Medical Belgium BVBA	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
Visus Health IT GmbH	The existing loss results from the one-off effect regarding transaction bonuses paid to employees in 2021. Therefore and based on the business performance of the company, it can be assumed that the existing loss carryforwards will be fully utilized in the next two years, which is why a deferred tax asset has been recognized in full on these loss carryforwards.
CGM SE & Co. KGaA	Due to the expected rapid utilization of the corporation tax losses at the level of CGM SE & Co. KGaA, a deferred tax asset was recognized in full on the loss.
Fablab S.r.l.	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
H&S Qualità nel Software S.p.A.	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CompuGroup Medical France SAS	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CompuGroup Medical Polska Sp. z o.o.	As a result of the positive business situation, it can be assumed that the existing loss carryforwards will be fully utilized in the coming years, which is why a deferred tax asset was recognized on the full amount of the existing tax loss carryforwards.
CGM Software RO SRL	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
CompuGroup Medical Norway AS	As a result of the positive business situation, it can be assumed that the existing loss carryforwards will be fully utilized in the coming years, which is why a deferred tax asset was recognized on the full amount of the existing tax loss carryforwards.
Portavita B.V.	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.
MGRID B.V.	Given the company's performance, it cannot be assumed that the tax loss carryforwards will be utilized in full, which is why deferred tax assets were only recognized up to the amount of the deferred tax liabilities.

The deferred tax assets and liabilities by consolidated statement of financial position item as at December 31, 2021 are shown in the table below:

	Jan 1, 2021		Recognized in profit or loss		Recognized in OCI		Acquisitions/Disposals		Dec 31, 2021	
kEUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	343	93,440	471	11,215	0	0	1	23,072	815	127,727
Property, plant and equipment	877	740	559	3	0	0	0	0	1,436	743
Right-of-use assets	5	9,975	71	5,613	0	0	0	0	76	15,588
Inventories	5,039	0	4	0	0	0	0	0	5,043	0
Trade receivables	2,245	4,202	1,371	–3,138	0	0	0	0	3,616	1,064
Finance lease receivables	0	5,065	0	463	0	0	0	0	0	5,528
Contract assets	288	0	–288	5,728	0	0	0	0	0	5,728
Other assets	380	1,977	442	939	0	0	0	0	822	2,916
Equity	1,120	0	0	0	0	0	0	0	1,120	0
Provisions for post-employment benefits and other non-current provisions	6,147	0	–885	25	–1,033	0	4	0	4,233	25
Trade payables	324	3,648	378	3,568	0	0	0	0	702	7,216
Contract liabilities	4,439	0	2,397	0	0	0	0	0	6,836	0
Other provisions and liabilities	1,695	509	1,325	1,606	0	0	0	0	3,020	2,115
Leasing liabilities	9,263	5	5,455	68	0	0	0	0	14,718	73
Tax losses carried forward	9,558	0	21,327	0	0	0	0	0	30,885	0
	41,723	119,561	32,627	26,090	–1,033	0	5	23,072	73,322	168,723
Offsetting of deferred tax assets against deferred tax liabilities	–36,770	–36,770	0	0	0	0	–31,628	–31,628	–68,398	–68,398
Total	4,952	82,791	32,627	26,090	–1,033	0	–31,623	–8,556	4,924	100,325

The netting of deferred tax assets with deferred tax liabilities in the current reporting year amounts to kEUR – 5,894 in the acquisitions/ disposals column and relates to deferred taxes for the group as a whole. The deferred tax assets and liabilities by consolidated statement of financial position item for the comparative prior-year period as at December 31, 2020 are shown in the table below:

	Jan 1, 2020		Recognized in profit or loss		Recognized in OCI		Recognized in equity		Acquisitions/Disposals		Dec 31, 2020	
kEUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets kEUR	Deferred tax liabilities kEUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	19	71,676	–1,150	12,403	0	0	0	0	1,474	9,361	343	93,440
Property, plant and equipment	465	1,356	412	–616	0	0	0	0	0	0	877	740
Right-of-use assets	191	11,387	–186	–1,412	0	0	0	0	0	0	5	9,975
Financial assets	42	1,064	–42	–1,064	0	0	0	0	0	0	0	0
Inventories	4,928	387	111	–387	0	0	0	0	0	0	5,039	0
Trade receivables	20	5,052	2,225	–4,490	0	0	0	0	0	0	2,245	4,202
Finance lease receivables*	0	4,733	0	332	0	0	0	0	0	0	0	5,065
Contract assets	21	1,477	267	2,163	0	0	0	0	0	0	288	0
Other assets	1,471	1,209	–1,091	768	0	0	0	0	0	0	380	1,977
Equity	0	0	0	0	0	0	1,120	0	0	0	1,120	0
Provisions for post-employment benefits and other non-current provisions	5,229	19	156	–19	762	0	0	0	0	0	6,147	0
Trade payables	3,114	2,360	–2,790	1,288	0	0	0	0	0	0	324	3,648
Contract liabilities	5,546	0	–1,107	0	0	0	0	0	0	0	4,439	0
Other provisions and liabilities	894	1,379	801	–870	0	0	0	0	0	0	1,695	509
Leasing liabilities	10,573	0	–1,310	5	0	0	0	0	0	0	9,263	5
Tax losses carried forward	4,890	0	4,668	–0	0	0	0	0	0	0	9,558	0
	37,404	102,100	963	8,100	762	0	1,120	0	1,474	9,361	41,723	119,561
Offsetting of deferred tax assets against deferred tax liabilities	–31,481	–31,481	0	0	0	0	0	0	–5,289	–5,289	–36,770	–36,770
Total	5,923	70,619	963	8,100	762	0	1,120	0	–3,815	4,072	4,952	82,791

* Including changes due to currency effects.

c) Tax loss carryforwards

kEUR	Dec 31, 2021	Dec 31, 2020
Total losses carried forward	**289,869**	**258,796**
thereof tax deductible	75,882	53,579
thereof unused tax losses carried forward	142,767	131,753
thereof not usable for tax purposes	71,220	73,464

The recognized loss carryforwards of kEUR 75,882 (prior year: kEUR 53,579) can currently be carried forward and used without limitation. As at the reporting date, tax loss carryforwards exist in foreign subsidiaries, which are not recognized due to unforeseeable usability. The current estimate may change in future years depending on the results of operations of the companies and tax legislation and may require an adjustment. No deferred tax assets were recognized for these tax loss carryforwards of kEUR 142,767 (prior year: kEUR 131,753), as it is currently assumed that the tax loss carryforwards can probably not be utilized in the context of tax result planning. Loss carryforwards of kEUR 71,220 (prior year: kEUR 73,464) can no longer be utilized for tax purposes. The majority of the loss carryforwards not recognized and non-deductible (for tax purposes) originate from US subsidiaries.

For the calculation of loss carryforwards that are non-deductible (for tax purposes), we regularly use the information on the historical view of tax loss carryforwards in the local tax returns of the subsidiaries concerned.

Deferred tax liabilities essentially relate to capitalized internally generated software at group level and acquired software licenses, customer relationships and trademarks from company acquisitions as well as deferred taxes on other consolidation procedures (in particular the elimination of intercompany results).

Deferred taxes break down as follows in relation to their expected future usability:

	Deferred tax assets		Deferred tax liabilities	
kEUR	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Utilization expected within 12 months	4,856	2,131	2,131	13,769
Utilization expected after more than 12 months	68	2,822	98,194	69,022
Total	4,924	4,953	100,325	82,791

6. Inventories

kEUR	Dec 31, 2021	Dec 31, 2020
Raw materials and supplies	292	297
Products	20,350	17,861
Total	**20,642**	**18,158**

Inventories including write-downs on inventories developed as follows:

kEUR	Dec 31, 2021	Dec 31, 2020
Inventories as of 1 January	**18,158**	**27,492**
Changes in the scope of consolidation	195	169
Write-downs in the reporting period	–68	–70
Changes in inventory	2,349	–9,446
Reversal write-downs	0	22
Changes in exchange rate	8	–9
Inventories as of 31 December	**20,642**	**18,158**

There are no inventories pledged as security for liabilities. The inventories reported as at the reporting date are not expected to be held for more than one year.

7. Trade receivables

Trade receivables are amounts owed by customers for goods sold or services rendered in the ordinary course of business. They are generally payable within 14 days and are therefore classified as current assets. The consist exclusively of contracts with customers. Trade receivables are initially recognized at the amount of the unconditional consideration. If they contain significant financing components, they must instead be recognized at fair value. The CGM Group does not have any trade receivables with a significant financing component.

a) Trade receivables

	Dec 31, 2021	Dec 31, 2020
kEUR	Current	Current
Trade receivables	164,729	150,072
Write-down	–17,502	–12,869
Total	147,227	137,203

Information on impairments of trade receivables is provided in note G.6. Credit risk.

b) Trade Receivables (Regions)

kEUR	Dec 31, 2021	Dec 31, 2020
Trade receivables		
of which domestic	71,545	68,946
of which foreign	75,682	68,257
Total	147,227	137,203

8. Finance Lease Receivables

Finance lease receivables relate primarily to the following group companies, which offer hardware leases to their customers (including all peripheral devices) with terms of up to five years: Lauer-Fischer GmbH, CGM Clinical Österreich GmbH, CGM Arztsysteme Österreich, HCS Health Communication Service GmbH, Innomed Gesellschaft für medizinische Softwareanwendungen GmbH, CGM Denmark A/S, CGM Dentalsysteme GmbH, CGM Italia SpA, Qualità in Farmacia S.r.l., Farma3tec S.r.l., Mondofarma S.r.l., Vega Informatica e Farmacia S.r.l., ATX Advanced Technology Explained NV, CGM Systemhaus GmbH und EPSILOG SAS. Income from these leases is reported in the income statement as revenues. The contracts are classified as finance leases.

The following table provides an overview of the maturities of future lease payments and the interest components of finance lease receivables reported under trade account receivables:

	2021			2020		
kEUR	Future minimum lease payments	Interest component	Present value of future leasing receivables	Future minimum lease payments	Interest component	Present value of future leasing receivables
< 1 year	10,545	1,718	8,827	11,321	1,566	9,755
1–5 years	19,147	2,019	17,128	15,740	1,667	14,073
> 5 years	59	1	58	222	3	219
Total	29,751	3,737	26,013	27,283	3,236	24,047

Receivables from finance leases were reduced by the amount of kEUR 208 for expected credit losses. The explanation of the loss allowance for Receivables from finance leases in accordance with IFRS 9 is provided under Note G. 6. Credit risk.

9. Contract assets

Contract assets are broken down as follows:

kEUR	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Contract assets	26,784	0	23,551	36
Write-down	–218	0	–118	0
Total	26,566	0	23,433	36

Contract assets originate exclusively from contracts with customers. For information on impairment recognized as per IFRS 9, please see note G.6. Credit risk.

10. Other financial assets

Other financial assets are broken down as follows:

	Dec 31, 2021		Dec 31, 2020	
kEUR	Short-term	Long-term	Short-term	Long-term
Leasing receivables	0	0	25	0
Loans	37	6,745	43	6,752
Creditors with debit balances	2,025	0	1,275	0
Asset value of liability insurance	0	0	0	413
Deposits	229	1,754	117	1,607
Purchase price receivables	88	264	200	536
Interest rate cap	0	6,594	0	0
Other financial assets	340	553	1,003	960
Total	2,719	15,910	2,663	10,266

Information on the interest rate cap is available in note G. 8 Interest rate risk.

The following table provides information on impairment on other financial assets:

kEUR	Dec 31, 2021	Dec 31, 2020
Other financial assets	18,907	13,031
Impairment	–278	–102
Total	18,629	12,929

11. Other Non-Financial Assets

Other non-financial assets are broken down as follows:

	Dec 31, 2021		Dec 31, 2020	
kEUR	current	non-current	current	non-current
Capitalized sales commissions	800	1,200	800	1,200
Input tax surplus receivables	7,915	0	7,223	0
Prepayments for future periods	17,104	0	16,035	0
Other	1,152	0	348	0
Total	26,971	1,200	24,406	1,200

In the 2021 financial statements, depreciation and impairment of the costs of obtaining a contract amounted to kEUR 800 (prior year: kEUR 800) and were recognized in personnel expenses in the amount of kEUR 600 (prior year: kEUR 600) and in cost of materials in the amount of kEUR 200 (prior year: kEUR 200). Moreover, costs of obtaining a contract amounting to kEUR 800 (prior year: kEUR 800) were again capitalized in the financial year as at December 31, 2021 in line with the carrying amount.

12. Cash and Cash Equivalents

kEUR	Dec 31, 2021	Dec 31, 2020
Cash and cash equivalent	107,288	74,605
Restricted cash	55	1,305
Total	107,343	75,910

As at December 31, 2021, cash and cash equivalents include restricted cash held by subsidiaries in countries with restrictions on foreign exchange transactions. These are subject to legal transfer restrictions and are therefore not available to the group for general use. This relates to South Africa.

Cash at banks refers to current accounts. Most interest rates were in the range of – 0.75 % and + 0.10 % for utilization above the agreed thresholds. Careful cash disposition allowed for depositing the majority at 0 % and keeping the burden from negative interest to a minimum. Please see the statement of cash flows for information on changes in cash.

13. Equity

a) Subscribed Capital

The company's subscribed and authorized capital consists of:

	Dec 31, 2021	Dec 31, 2020
Issued and fully paid ordinary shares		
53,734,576 nominal shares of € 1.00 each	53,735	53,735
Authorized capital		
26,094,449 nominal shares of € 1.00 each	26,094	26,094

(i) Issued and fully paid ordinary shares

The company has only one class of shares. These do not grant entitlement to a fixed dividend. Subscribed capital is divided into 53,734,576 no-par registered shares, having the securities ID number A28890 (ISIN: DE000A288904). Subscribed capital cannot be repaid.

(ii) Authorized Capital

We refer to the explanations on authorized capital in the section Authorization of the general partner to issue and buy back shares in the management report.

(iii) Contingent Capital

We refer to the explanations on contingent capital in the section Authorization of the general partner to issue and buy back shares in the management report.

b) Treasury Shares

The volume of treasury shares held by CompuGroup Medical SE & Co. KGaA as at December 31, 2021 amounts to 1,403,878 (prior year: 0) shares, representing 2.61 % of the share capital. The notional value attributable to the share capital amounts to EUR 1,403,878 (prior year: EUR 0). The company's holding of treasury shares stems from the following acquisitions and disposals:

Financial Year	Period of the buyback program / date of sale of treasury shares	Number of shares repurchased/ sold	Interval acquisition cost/sale price in EUR	Weighted average acquisition cost/sale price per share in EUR
2021	February 26 to April 29, 2021	1,000,000	65.6039 to 76.1176	71.3530
2021	November 26 to December 30, 2021	403,878	65.7609 to 71.3793	67.9490
Total		1,403,878		

CompuGroup Medical SE & Co. KGaA is authorized by resolution of the Annual General Meeting of May 19, 2021 to acquire treasury shares up to a total of 10 % of the share capital existing at the time of the resolution or, if this amount is lower, of the share capital existing at the time this authorization is exercised. Please refer to the detailed information on Authorization to Acquire and Use (Including Cancellation of) Treasury Shares in the management report.

c) Reserves

The changes in the CGM group's reserves under consolidated equity are as follows:

kEUR	Dec 31, 2021	Dec 31, 2020
Balance as at January 1	611,259	310,712
Group net income	68,970	73,192
Actuarial gains and losses	6,118	–1,855
Capital increase	0	32,169
Dividend distribution	–26,367	–24,206
Stock options program	4,544	2,059
Additional purchase of shares from non-controlling interests after control	–45	207
Sale of own shares	0	218,981
Balance as at December 31	664,479	611,259

The most significant developments in 2021 are described below:

The consolidated net income for the period (attributable to the shareholders of the parent company) of kEUR 68,970 (prior year: kEUR 73,192).

By way of resolution of the Annual General Meeting of May 19, 2021 a dividend of kEUR 26,367 (prior year: kEUR 24,206) was distributed to the shareholders, which translates to a dividend of EUR 0.50 (prior year: EUR 0.50) per entitled share.

Reserves (capital reserves, retained earnings and dividends on equity instruments) were increased by the actuarial gain of kEUR 6,118 (prior year: kEUR –1,855).

By acquiring additional shares of non-controlling interests after having already held a majority interest, the reserves decreased by kEUR –45 (prior year: kEUR 207).

The expenses for share options of the Managing Directors and Senior Management amounted to kEUR 4,544 (prior year: kEUR 2,059) and were recognized in other reserves.

If a final dividend is recommended, it will be conditional on shareholder approval at the Annual General Meeting in 2022; therefore, it is not recognized as a liability in the consolidated financial statements. The company will not experience any income tax effects as the result of a dividend. The amount of the dividend is exclusively dependent on the separate financial statements of CompuGroup Medical SE & Co. KGaA. For financial year 2021, a dividend of EUR 0.50 per entitled share will presumably be proposed, which translates to a total amount of kEUR 26,117. Apart from the share buyback program completed on January 10, 2022, the total distribution amount stated above does not take into account any change in the number of shares entitled to dividends as a result of any further capital measures and share buybacks.

d) Reserves from Foreign Currency Translation

kEUR	Dec 31, 2021	Dec 31, 2020
Balance as at January 1	–26,327	–18,504
Currency conversion differences	18,983	350
Realized gains and losses (Recycling)	0	–8,173
Balance as at December 31	–7,344	–26,327

Exchange differences from translating the functional currency of foreign operations into the group's reporting currency (EUR) are recognized in the consolidated financial statements directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences which were recognized earlier in the foreign currency translation reserve (translation of net assets of foreign operations) are reclassified to the income statement once a partial or complete sale of the foreign operation has been performed.

e) Non-Controlling Interests

Non-controlling interests by company

	Medicitalia S.r.l.		Farloyalty S.r.l.		S'moove Software S.r.l.		HABA Computer AG		Total	
kEUR	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Amount of holding	90%	90%	51%	51%	53%	47%	100%	98%	-	-
Voting interest	90%	90%	51%	51%	53%	47%	100%	98%	-	-
Equity of non-controlling shares	-74	38	191	192	93	0	0	40	210	270
Dividends paid to non-controlling shares	0	0	170	162	0	0	0	0	170	162
Assets	-2,371	-1,784	954	779	374	0	0	1,262	-1,043	257
Liabilities	-5,476	-3,963	1,291	1,145	-211	0	0	2,449	-4,396	-369
Net income of the company	-1,121	-237	343	500	5	0	0	370	-773	633

Changes in non-controlling interests in financial year 2021

kEUR	Dec 31, 2021	Dec 31, 2020
Balance as at January 1	270	811
Share of profit for the year	62	228
Addition S'moove Software S.r.l.	91	0
Dividend distribution to non-controlling shareholder	-170	-162
Additional purchase of shares from non-controlling interests after control	-45	-607
Balance as at December 31	210	270

Acquisition of additional interests in subsidiaries

The CGM group carried out the following transactions with non-controlling shareholders in financial year 2021:

Addition of HABA Computer AG, Germany

The transfer of a further 2 % interest in HABA Computer AG to APV Ärztliche Privatverrechnungsstelle GmbH (since merged with CompuGroup Medical Deutschland AG) was resolved as at August 18, 2021. The purchase price was kEUR 90, kEUR 10 of which had been paid at the reporting date. CompuGroup Medical Deutschland AG now holds 100 % of the shares in HABA Computer AG.

The effect of the change in the CGM group's interest in the equity attributable to shareholders of the parent company in financial year 2021 is as follows:

	2021	2020
kEUR	HABA Computer AG	Vega Informatica e Farmacia S.r.l.
Book value of acquired non-controlling interests	-45	-607
Purchase price paid to non-controlling shareholders	90	400

14. Retirement Plans and Provisions for Post-Employment Benefits and Other Non-Current Provisions

a) Defined Benefit Plans

The CGM group offers defined benefit plans in various countries with different characteristics.

Germany:

There are vested pension obligations for current and former employees in Germany, which are partially covered by reinsurance instruments. The pension obligations here comprise retirement and disability pensions as well as survivors' and death benefits, depending on specifics of the respective contract. The acquisition of the German Cerner portfolio in financial year 2020 also meant that obligations were assumed under Siemens pension plans (BSAV) and under partial retirement agreements already concluded. The majority of the employees taken over participate in the BSAV pension plan, which means that future benefits will be based primarily on nominal contributions and their investment income, as well as a guaranteed minimum interest rate. The BSAV plans are partially covered by assets and reinsurance in contractual trust arrangements (CTA).

Austria:

Severance payment provisions have been made for the majority of Austrian employees (in accordance with section 23 of the Angestelltengesetz (Austrian Salaried Employees Act) and section 2 of the Arbeiterabfertigungsgesetz (Austrian Employees Severance Pay Act)) that are considered post-employment benefits in accordance with IAS 19. These severance payment provisions constitute a severance payment in relation to payments that eligible employees receive when they leave the company or upon death.

Switzerland:

Employees at the subsidiary CGM Schweiz AG are granted pensions financed by a pension fund consisting of employer and employee contributions and income generated on investments. Given the inclusion of the statutory minimum pension provision in accordance with Swiss law through Swiss occupational pension plans (BVG), the pension plan is recognized as a defined benefit plan. All benefits vest immediately. Under the legal requirements, the employer is required to pay employer contributions that enable the pension fund to finance the minimum level of provision. The pension fund is managed through a trust board comprising employee and employer representatives, which manages and monitors the benefit plan and asset investment.

In financial year 2021, administration of the pension funds was harmonized by merging them, which resulted in past service cost, among other things.

Italy:

Obligations also exist in Italy within the scope of the TFR Fund (Italian Civil Code Article 2120), which are considered as post-employment benefits in accordance with IAS 19. The TFR fund is equivalent to severance pay based on the years of service that eligible employees receive when they leave the company.

The Netherlands:

In the Netherlands, there are defined benefit plans typically dependent on salary and years of service. The defined benefit pension plan for the Dutch subsidiary's active employees was changed in 2013. All active employees at that time were transferred to a defined contribution plan. The commitment remains unchanged for former employees who are eligible under the defined benefit pension.

Other countries:

There are also obligations at other foreign subsidiaries for statutory programs in France, India, Poland, and Turkey. They have a similar structure to the obligations in Italy or Austria and should thus be considered as post-employment benefits in accordance with IAS 19.

Risks:

In general, the CGM group is exposed to the following actuarial risks with regard to the existing CGM group defined benefit plans:

- Longevity risk:
  The present value of the defined benefit obligation for the corresponding defined benefit plans is determined based on the best estimate of mortality of each beneficiary both during employment and after termination. An increase in the life expectancy of eligible employees leads to an increase in the plan liability.

- Salary risk:
  The present value of the defined benefit obligation for appropriate benefit plans is determined based on the expected future salaries of eligible employees. Accordingly, salary increases of eligible employees raise the defined benefit obligation associated with the plan.

- Inflation risk:
  An increase in the long-term inflation assumption would primarily affect the expected pension trend and the expected increase in pensionable salaries.

Risks arising from the payment of benefits to family members (surviving dependent benefits) of eligible employees are partially reinsured by an external insurance company.

Accounting and Measurement

Provisions for post-employment benefits are accounted for using the current pension reports, all of which were compiled by external service providers (actuaries).

The following actuarial parameters were taken as a basis for determining the defined benefit obligation and related plan assets:

	Discount rate(s) in %		Expected rate(s) of salary increase in %		Pension growth rate(s) in %	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Germany	0.60%	0.22%	3.00%	2.50%	1.81%	1.75%
Austria	0.90%	0.45%	2.50%	2.50%	n/a	n/a
Switzerland	0.15%	0.00%	1.60%	1.40%	n/a	n/a
France	0.80%	0.63%	2.60%	3.00%	n/a	n/a
India	1.00%	6.50%	5.00%	4.00%	n/a	n/a
Italy	0.85%	0.22%	2.80%	3.00%	n/a	n/a
Netherlands	0.93%	0.63%	n/a	n/a	2.00%	2.00%
Poland	1.16%	0.63%	3.50%	3.50%	n/a	n/a
Turkey	18.80%	11.40%	14.90%	8.50%	n/a	n/a

Domestic pension obligations are based on the new mortality rates applied in Germany (based on the 2018 G Heubeck mortality tables). For the Netherlands, pension obligations are based on the new mortality rates according to the updated AG 2020 guidance table.

The development of the defined benefit plan in the year under review and the prior year is as follows:

kEUR	2021 Present value of pension commitment	2021 Fair value of plan assets	2021 Total	2020 Present value of pension commitment	2020 Fair value of plan assets	2020 Total
Balance as at 1 January	51,870	–13,178	38,692	32,298	–5,683	26,615
Current service costs	4,084	–110	3,974	2,974	263	3,237
Interest income/cost	203	–44	159	281	–50	231
Past service cost, including losses/(gains) on curtailments	1,304	0	1,304	–150	0	–150
Components of defined costs recognised in profit or loss	**5,591**	**–154**	**5,437**	**3,105**	**213**	**3,318**
Return on plan asset (excluding amounts included in net interests)	0	–911	–911	0	–159	–159
Actuarial gains and losses arising from changes in demographic assumptions	–1,355	0	–1,355	–7	0	–7
Actuarial gains and losses arising from changes in financial assumptions	–1,515	–35	–1,550	3,132	0	3,132
Actuarial gains and losses arising from experience adjustments	–3,494	56	–3,438	–341	0	–341
Other effects	5	0	5	–8	0	–8
Components of defined benefit costs recognised in other comprehensive income	**–6,359**	**–890**	**–7,249**	**2,776**	**–159**	**2,617**
Payment of debts/disposal of assets by plan settlement	17	–17	0	–178	17	–161
Liabilities assumed in a business combination / acquisitions	61	0	61	15,265	–7,144	8,121
Liabilities assumed in mergers and transfers	234	0	234	–128	0	–128
Exchange rate differences on foreign pension plans	1,222	–508	714	–123	–39	–162
Benefits paid	–582	–1,288	–1,870	–1,351	317	–1,034
Contributions from the employer	–520	–693	–1,213	0	–494	–494
Contributions from plan participant	220	–220	0	206	–206	0
Reclassification	5,725	–5,725	0	0	0	0
Other Reconciliation items and Payments	**6,377**	**–8,451**	**–2,074**	**13,691**	**–7,549**	**6,142**
Balance as at 31 December	57,479	–22,673	34,806	51,870	–13,178	38,692

The annual cost of kEUR 5,437 (prior year: kEUR 3,318) is recognized in personnel expenses of the CGM group. Defined benefit costs arising from the remeasurement of the net liability for defined benefit plans in the amount of kEUR – 7,249 (prior year: kEUR 2,617) were recognized in other comprehensive income.

The fair values of plan assets to secure the pension obligations are broken down as follows:

kEUR		Dec 31, 2021 with quoted market price	Dec 31, 2021 do not have quoted market price	Dec 31, 2021 Total	Dec 31, 2020 with quoted market price	Dec 31, 2020 do not have quoted market price	Dec 31, 2020 Total
Germany	Cash and cash equivalent	1,011	0	1,011	1,025	0	1,025
	Equity instruments (shares)	2,144	0	2,144	1,189	0	1,189
	Debt instruments (annuity bonds)	2,933	0	2,933	3,494	0	3,494
	Liability insurance	683	1,650	2,333	0	2,049	2,049
	Other	0	0	0	0	4	4
Switzerland	Other (Pension fund)	0	12,976	12,976	0	9,769	9,769
Netherlands	Liability insurance	0	1,276	1,276	0	1,374	1,374
Total		6,771	15,902	22,673	5,707	13,196	18,903

The average weighted duration of the pension obligation is 20 years for Germany, 30 years for India, 26 years for the Netherlands, 24 years for Poland, 18 years for France, 16 years for Switzerland, 16 years for Italy, 13 years for Austria and 13 years for Turkey.

Changes in provisions for post-employment benefits in the last five years are shown in the following table:

kEUR	Dec 31, 2016	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021
Present value of pension commitment	23,231	24,095	24,966	32,298	51,870	57,479
Fair value of plan assets	–3,094	–2,926	–3,908	–5,683	–13,178	–22,673
Shortfall	20,137	21,169	21,058	26,615	38,691	34,806

A total of kEUR 4,416 (prior year: kEUR 4,020) is expected to be paid into defined benefit pension plans in the coming financial year 2022 and recognized in profit or loss accordingly.

Sensitivity Analysis

The primary actuarial assumptions used to determine the defined benefit obligation in the CGM group are the discount rate, expected salary increases, and inflation expectations. The sensitivity analyses presented below are based on the best estimate of potential changes in the assumptions as at the reporting date of December 31, 2021. In the event of a change in one actuarial assumption in the sensitivity analysis, the other actuarial assumptions remain unchanged.

	Increase in %	Increase kEUR	Decrease in %	Decrease kEUR
Impact of the discount rate on pension commitment	0.50%	–16,051	0.50%	17,015
Impact of future salary increases on pension commitment	0.50%	13,784	0.50%	–13,578
Impact of future pension development on pension commitment	0.50%	10,650	0.50%	–10,295

For the above sensitivity analysis, it is unlikely that the scenario in question will occur in reality because it is likely that a change in one actuarial parameter assumption will correlate with others. The sensitivity analysis of the defined benefit obligations applies the same method used to calculate pension provisions recognized in the statement of financial position.

b) Defined Contribution Plans and State Plans

On the basis of statutory or contractual provisions, contributions to the defined contribution plans are paid to state or private pension funds. Expenses recognized in profit or loss totaled kEUR 23,862 in financial year 2021 (prior year: kEUR 18,596).

In 2021, contributions in the amount of kEUR 16,338 (prior year: kEUR 12,050) were paid to the German pension insurance.

c) Anniversary Provisions

The anniversary provisions for the German companies (kEUR 5,526; prior year: kEUR 5,014) are calculated with a discount rate of 0.6 % (prior year: 0.2 %). In addition, from financial year 2021 anniversary provisions for the Dutch companies (kEUR 301; prior year: kEUR 289) will be recognized with a weighted discount rate of 0.5 % (prior year: 0.2 %). These were reported under general personnel provisions in the prior year.

In accordance with the option in IAS 19, the interest component is not accounted as part of net interest result but as part of the operating cost. The calculation of the German anniversary provisions was based on the "2018 G" mortality tables by Professor Dr. Klaus Heubeck and the "AG2020" guidance table for the Dutch, and take social security contributions into consideration at a flat rate.

15. Financial liabilities (current and non-current)

The financial liabilities of the CGM group break down as follows:

	Dec 31, 2021		Dec 31, 2020	
kEUR	Current	Non-current	Current	Non-current
Current liabilities to banks	92,476	582,441	35,298	461,061
Other loans	4,532	4,640	4,472	9,141
Total	97,008	587,081	39,770	470,202

In financial year 2021, new liabilities to banks and other loans amounting to kEUR 265,081 (prior year: kEUR 489,048) were taken out, while an amount of kEUR 91,142 (prior year: kEUR 447,433) was repaid. Financial liabilities increased by kEUR 221 as a result of changes in the consolidation group.

a) Liabilities to Banks

Liabilities to banks break down as follows:

kEUR	Book value as at Dec 31, 2020	Interest rate as at Dec 31, 2021 in %	Currency	Due Year	Book value as at Dec 31, 2021	Fair value as at Dec 31, 2021
Syndicated Loan	453,349	1,03%	EUR	2025-2027	580,000	580,000
Other secured bank loans	4,478	1,00% - 3,30%	EUR	2022-2023	4,340	4,495
Other unsecured bank loans	37,897	0,01% - 4,5%	EUR	2022-2023	90,577	90,773
Other unsecured bank loans	635		USD		0	0
Total	496,359		EUR		674,917	675,268

On January 28, 2020, CGM took out a new credit facility of mEUR 1,000 with a term of at least five years; the facility comprises a revolving multi currency credit facility (RCF) of mEUR 600 and a mEUR 400 term loan (TLF). In this context, the existing syndicated loan agreement was terminated and repaid.

The syndicated loan has a total term of five years with two renewal options of one year each for the revolving credit facility. The second option was exercised in January 2022. The interest rate is based on EURIBOR (LIBOR for foreign currency loans) for the selected interest period plus a margin that can change in contractually agreed stages in line with the leverage ratio. As at December 31, 2021, the TLF was utilized in the amount of mEUR 400 and the RCF in the amount of mEUR 180. The interest rate was 1.20 % for the TLF and 0.65 % for the RCF as at December 31, 2021.

Transaction costs in the amount of kEUR 679 were released in 2021 (prior year: kEUR 1,785). Loan commitment fees of kEUR 1,249 (prior year: kEUR 1,061) were also incurred in 2021. In order to hedge interest rate risks, CGM concluded in 2021 an interest rate cap with a nominal volume of mEUR 400 and a remaining term to maturity until May 7, 2031. The loans are subject to compliance with contractually agreed financial covenants (leverage ratio).

Various German group companies have issued joint and several payment guarantees for this loan agreement (default liability for nonpayment by CompuGroup Medical SE & Co. KGaA).

In financial year 2021, CompuGroup Medical fully complied with all financial covenants in the existing loan agreements.

b) Other Loans

Other loans as at December 31, 2021 amounted to kEUR 9,172 (prior year: kEUR 13,613). This mainly relates to the financing of the "OneGroup Project" in the form of a "sale and hire-purchase back" transaction, which is reported under other financial liabilities.

c) Expected Payments for Financial Liabilities

kEUR	Total financial debt	of which: liabilities to banks
< 1 year	97,008	92,476
1–5 years	407,081	402,441
> 5 years	180,000	180,000
Total	684,089	674,917

16. Lease Liabilities (Current and Non-Current)

Lease liabilities break down as follows:

	Dec 31, 2021		Dec 31, 2020	
kEUR	current	non-current	current	non-current
Liabilities Land and Buildings - IFRS 16	14,342	34,963	12,201	24,305
Liabilities Vehicles - IFRS 16	4,256	3,531	4,276	3,582
Liabilities Other - IFRS 16	76	50	99	102
Total	18,673	38,544	16,576	27,989

For further details, please refer to note 15 in section D. Leases. The lease liabilities of the companies acquired in financial year 2021 amount to kEUR 7,791 as at December 31, 2021.

17. Purchase Price Liabilities (Current and Non-Current)

	Dec 31, 2021			Dec 31, 2020		
kEUR	current	non-current	Total	current	non-current	Total
Fablab S.r.l.	0	2,603	2,603	0	2,603	2,603
Farma3Tec S.r.l.	0	0	0	1,720	0	1,720
Qualizorg B.V.	0	0	0	1,250	0	1,250
Innomed GmbH	5,192	0	5,192	5,822	0	5,822
Schuyler House Inc.	118	909	1,027	419	839	1,258
eMDs Inc.	0	0	0	1,444	0	1,444
Meta-it GmbH	750	750	1,500	0	0	0
Other	1,393	0	1,393	1,422	338	1,760
Total	7,453	4,262	11,715	12,077	3,780	15,857

Changes to prior year

Farma3Tec S.r.l.: For the acquisition of the outstanding 20.02 % of the shares in Farma3Tec, call and put options were agreed and recognized under current purchase price liabilities in the amount of kEUR 1,720 as at December 31, 2020. The options were exercised in financial year 2021.

Qualizorg B.V.: In financial year 2021, contingent purchase price payments of kEUR 1,250 were paid.

Schuyler House Inc.: In 2021, kEUR 337 of the contingent consideration was paid, resulting from the acquisition of 100 % of the shares in Schuyler House Inc. in 2020.

eMDs Inc.: In the first half of 2021, current purchase price liabilities of kEUR 1,272 were paid, resulting from the acquisition of 100 % of the shares in the eMDs Group in 2020.

Current purchase price liabilities (due in less than one year)

Innomed Gesellschaft für medizinische Softwareanwendungen GmbH: The put option of the non-controlling shareholder for the outstanding 19.8 % of the shares in Innomed was exercised. The purchase price was based on the average EBITDA for the years 2020 and 2021 multiplied by the factor six. Furthermore, the undistributed profits totaling kEUR 4,516 since financial year 2010 are recognized pro rata (19.8 %) in the purchase price liability (kEUR 5,192). Following a contractual extension, the put options can now be exercised until December 31, 2023.

Schuyler House Inc.: Contingent considerations were agreed in the purchase agreement that foresee a further two additional purchase price payments which are based on pre-defined earnings figures. The amount of the expected payment amount totals kEUR 1,027 and is reported under both current and non-current purchase price liabilities.

Meta-it GmbH: Contingent considerations were agreed in the purchase agreement that foresee a further three additional purchase price payments. The amount of the expected payment amount totals kEUR 1,500 and is reported under both current and non-current purchase price liabilities.

Non-current purchase price liabilities (due in more than one year)

Fablab S.r.l.: Contingent considerations in the form of earn-out agreements were agreed in the purchase agreement that foresee two additional purchase price payments which are based on pre-defined earnings figures for financial years 2021 and 2022. The amount of the expected payment from the earn-out agreements totals kEUR 2,603 and is reported under non-current purchase price liabilities.

Schuyler House Inc.: Non-current share of the reported purchase price liabilities in the amount of kEUR 909 as at December 31, 2021.

Meta-it GmbH: Non-current share of the reported purchase price liabilities in the amount of kEUR 750 as at December 31, 2021.

18. Trade payables

kEUR	Dec 31, 2021	Dec 31, 2020
Trade payables	93,193	64,524

Trade payables all have a remaining term to maturity of up to one year. The trade payables from businesses acquired amount to kEUR 5,363 in financial year 2021.

19. Contract liabilities

Contract liabilities break down as follows:

kEUR	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Contract liabilities	79,086	9,307	63,894	6,628

Contract liabilities originate exclusively from contracts with customers. The revenues recognized in 2021, which were included in the balance of contract liabilities at the beginning of the financial year, amount to kEUR 63,894 (prior year: kEUR 42,485), kEUR 11,771 (prior year: kEUR 12,196) of which relates to performance obligations that were fulfilled or partially fulfilled in earlier periods.

The effect of the acquisition of subsidiaries on contract liabilities was kEUR 13,132 (prior year: kEUR 26,010).

20. Other provisions

The development of short-term provisions for personnel and other provisions for the financial year 2021 is as follows:

kEUR	Personnel expenses	Guarantee and sales commitments	External year-end accounting costs	Legal charges	Others	Total
Balance as at Jan 1, 2021	37,816	1,779	2,237	2,538	2,907	47,277
Exchange rate differences	161	–4	0	–3	138	291
Addition from first-time consolidation	2,413	174	49	–221	1,611	4,025
Arising during the year	35,880	667	1,814	2,169	1,146	41,676
Utilized	–31,050	–159	–1,328	–178	–2,380	–35,096
Unused amounts reversed	–4,585	–456	–366	–588	–423	–6,418
Balance as at Dec 31, 2021	40,635	2,000	2,406	3,717	2,998	51,756

The development of short-term provisions for personnel and other provisions for the prior-year period 2020 is as follows:

kEUR	Personnel expenses	Guarantee and sales commitments	External year-end accounting costs	Legal charges	Others	Total
Balance as at Jan 1, 2020	**35,315**	**1,974**	**2,192**	**1,557**	**1,119**	**42,156**
Exchange rate differences	–149	–21	–7	–13	–2	–192
Addition from first-time consolidation	3,008	0	0	244	1,811	5,063
Arising during the year	24,882	185	1,705	996	393	28,161
Utilized	–22,632	–309	–1,542	–118	–397	–24,998
Unused amounts reversed	–2,608	–50	–111	–128	–17	–2,914
Balance as at Dec 31, 2020	**37,816**	**1,779**	**2,237**	**2,538**	**2,907**	**47,277**

Provisions for employee benefits primarily result from provisions for wages/salaries as well as bonuses/commission (2021: kEUR 30,652; prior year: kEUR 29,880). This item also includes provisions for vacation (2021: kEUR 8,611; prior year: kEUR 6,736) and for overtime (2021: kEUR 1,372; prior year: kEUR 1,200). These are calculated on the basis of the underlying hourly rates and social security deductions.

The provisions for guarantees relate to contractual commitments in connection with the installation of hardware components.

The provisions recognized for litigation costs in financial year 2021 largely stem from legal disputes with former employees and customers of the subsidiaries in France (2021: kEUR 2,011; prior year: kEUR 1,273) and legal disputes with the German subsidiary Lauer-Fischer GmbH in connection with a service product that was discontinued in 2021 (2021: kEUR 1,204; prior year: kEUR 43).

Provisions for guarantees and litigation costs are, by their very nature, subject to higher levels of uncertainty. Other provisions essentially relate to short-term provisions.

21. Other financial and non-financial liabilities

a) Other financial liabilities

Other financial liabilities break down as follows:

	Dec 31, 2021		Dec 31, 2020	
kEUR	current	non-current	current	non-current
Loans	4,532	4,640	4,472	9,141
Debitors with credit balances	4,310	0	1,258	0
Other financial liabilities	6,288	0	4,107	3
Total	15,130	4,640	9,837	9,144

Loans essentially include the financing of the SAP One Group project.

b) Other non-financial liabilities

Other non-financial liabilities break down as follows:

	Dec 31, 2021		Dec 31, 2020	
kEUR	current	non-current	current	non-current
VAT, payroll tax	13,898	0	13,647	0
Guarantees	0	37	0	1,200
Liabilities from social security costs	3,796	0	3,107	0
Other non-financial liabilities	601	0	338	0
Liabilities from wages and salaries	3,608	0	4,595	0
Total	21,903	37	21,687	1,200

22. Revenues

Revenues break down as follows:

kEUR	2021	2020
Software licenses	86,909	58,131
Software maintenance and other recurring revenues	666,450	524,718
Services	108,024	99,110
Hardware	110,995	115,090
Advertising, e-detailing and data	43,196	37,155
Other revenues	9,748	3,055
Total	1,025,322	837,259

Group revenues are essentially generated from contracts with customers within the meaning of IFRS 15. Other revenues that are not covered by the scope of IFRS 15 (kEUR 9,863; prior year: kEUR 8,354) refer to leases with customers.

Please refer to the segment report for a breakdown of revenues in accordance with IFRS 15.114.

No information is provided on the remaining performance obligations as at December 31, 2021, which have an original expected duration of one year or less according to IFRS 15.

The total amount of the transaction price of the unfulfilled or partially unfulfilled performance obligations as at December 31, 2021 is kEUR 150,747 (prior year: kEUR 132,617). Management expects that this will result in the recognition of the following amounts of revenues in the coming financial years:

within 1 year kEUR	within 1 - 5 years kEUR
63,512	87,235

23. Research and development expenses and capitalized in-house services

a) Research and development expenses

Research and development expenses include all costs arising in the course of software research and development activities. In financial year 2021, these costs amounted to mEUR 202.5 (prior year: mEUR 152.5),

mEUR 123.6 (prior year: mEUR 81.8) of which relates to development costs incurred due to statutory or contractually contracted ongoing development work (updates, maintenance, etc.), which cannot be predetermined or controlled by the CGM group.

The other expenses for research and development, which were recognized in profit or loss, amounted to mEUR 78.9 (prior year. mEUR 70.7), mEUR 37.3 of which (prior year: mEUR 31.9) was capitalized as internally generated software.

b) Capitalized in-house services

Capitalized in-house services within the CGM group relate to the capitalization of expenses for internally generated software and the applicable expenses of its own employees for the group-wide launch of the new enterprise resource planning (ERP) and customer relationship management (CRM) software as part of the "One Group" project that satisfies the criteria of IAS 38.

Approximately 714 thousand working hours were rendered in financial year 2021 and capitalized in line with their applicable cost rates (prior year: approximately 656 thousand working hours). Depending on the country, the hourly rate for capitalization is between EUR 25 and EUR 84. The assets in progress were tested for impairment and gave rise to impairment losses for financial year 2021 of kEUR 6,153. The impairments refer to two projects that were written off in full. kEUR 4,017 referred to the Consumer and Health Management Information Systems segment and kEUR 2,136 to the Ambulatory Information Systems segment.

24. Other income

kEUR	2021	2020
Income from services performed	427	1,326
thereof rental income	106	141
thereof services related income	83	77
thereof investment grants	238	1,108
Remaining other operating income	24,344	9,236
thereof compensation received from damages	275	339
thereof gain on sale of fixed assets	2,022	282
thereof revenues from valuation allowances/reversals	18,086	5,210
thereof other	3,961	3,405
Total	24,771	10,562

Investment grants were provided to subsidiaries in Germany, the Netherlands, France and Sweden. The sale of a company aircraft led to income from the disposal of non-current assets in the amount of kEUR 1,718 in financial year 2021.

The Revenues from valuation allowances/reversals primarily contains income amounting to kEUR 6,932 from the group's parent company resulting mainly from the reversal of provisions for risk provisioning and bonuses. Moreover, this item contains kEUR 4,082 from CGM Clinical Europe GmbH resulting from the reversal of provisions for outstanding invoices referring to previously recognized

25. Expenses for goods and services purchased

kEUR	2021	2020
Software licenses	13,421	10,397
Software maintenance and other recurring revenues	86,689	59,118
Professional services	17,191	16,980
Hardware	65,753	62,478
Advertising, eDetailing and data	5,941	4,772
Other cost of goods	2,431	2,433
Total	191,426	156,178

Purchased services for software maintenance and other recurring revenues primarily relates to the cost of external service providers operating the customer service hotline and sales activities.

26. Personnel expenses and employees

a) Personnel expenses

kEUR	2021	2,020
Salaries	389,433	298,957
Employer social security costs	86,737	64,772
of which net pension expenses – Benefits	5,437	3,318
of which net pension expenses – Contribution	23,862	18,596
Termination benefits	4,100	2,424
Other personnel expenses	17,454	10,899
Total	497,723	377,051

Acquisitions contributed with kEUR 72,970 (previous year: kEUR 23,077) to the increase in personnel expenses in 2021. Contributions to domestic statutory pension insurance amounted to kEUR 16,338 in 2021 (prior year: kEUR 12,050).

b) Employees

The average number of the CGM group's employees in financial years 2021 and 2020 breaks down as follows:

	2021	2020
Full-time employees	7,118	5,113
Apprentices	187	173
Part time	1,030	845
Total	8,335	6,131

The average number of employees in a managerial role within the CGM group amounts to 112 (prior year: 95). The Managing Directors were not counted.

27. Other expenses

Other expenses breaks down as follows:

kEUR	2021	2020
Outsourcing	66,364	54,713
Legal and consulting fees	24,747	26,785
Advertising/entertainment	12,229	9,531
Travel expenses	5,030	4,048
IT (software, maintenance etc.)	17,322	10,938
Company cars	7,839	7,483
Occupancy	10,780	8,821
Losses on disposal of fixed assets	332	146
Telephone costs	6,016	4,202
Office supplies	2,588	3,220
Insurances	3,250	2,186
Other	20,973	12,622
Total	177,470	144,695

After the conversion of CompuGroupMedical SE into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) as at June 18, 2020, all previous management board members of CGM SE were appointed as Managing Directors of CompuGroup Medical Management SE. As at that date, their remuneration is no longer included in personnel expenses, but as external service under Other expenses.

The Other item in the fiscal year also includes additional expenses for contract risks of kEUR 2,833 and from the reversal of prepaid expenses of CGM Clinical Europe GmbH of kEUR 2,592.

28. Depreciation and amortization

Depreciation of property, plant and equipment breaks down as follows:

kEUR	2021	2020
Property and buildings	1,753	2,343
Other fixed assets and office equipment	14,532	11,386
Total	16,285	13,729

Amortization of intangible assets breaks down as follows:

kEUR	2021	2020
Acquired software rights	19,842	14,217
Customer relationships	26,684	18,012
Trademark rights	2,882	2,034
Order backlog	8,429	4,589
Capitalized inhouse services	15,039	5,899
Total	72,876	44,751

kEUR 48,900 thereof refer to depreciation of purchase price allocation (prior year: kEUR 31,056). kEUR 6,153 (prior year: kEUR 0) of the depreciation and amortization of internally generated software refers to impairments.

Depreciation of right-of-use assets breaks down as follows:

kEUR	2021	2020
Property and buildings - IFRS 16	15,010	11,452
Vehicles - IFRS 16	6,388	5,477
Other - IFRS 16	153	198
Total	21,551	17,127

29. Result from companies accounted for using the equity method

The results from companies accounted for using the equity method in financial year 2021 amount to kEUR 33 (prior year: kEUR – 931). The result in the prior year was mainly attributable to recognizing Better@Home Service GmbH in accordance with the equity method.

30. Financial income and financial expenses

a) Financial income

Financial income breaks down as follows:

kEUR	2021	2020
Bank interest	593	548
Currency gains	114	144
Interest rate cap	2,875	0
Other	272	1,959
Total	3,854	2,651

Bank interest includes interest income from bank balances of kEUR 253 (prior year: kEUR 244). Further information regarding the interest rate cap can be found under note G. 8. Interest rate risk. In financial year 2021, other financial income primarily includes interest income on taxes in the amount of kEUR 131 (prior year: kEUR 974) and income from the reversal of purchase price liabilities in the amount of kEUR 112 (prior year: kEUR 955).

b) Financial expenses

Financial expenses break down as follows:

kEUR	2021	2020
Bank interest	5,271	5,378
Capitalized borrowing costs on qualified assets	–812	–803
Transaction costs/loan commitment fees	1,928	1,785
Increase/change in purchase price liabilities	111	937
Interest on lease liabilities	940	722
Currency losses	506	4,414
Other	746	630
Total	8,690	13,063

Currency losses amount to kEUR 506 (prior year: kEUR 4,414). The high exchange rate losses in the prior year were mainly incurred in Turkey.

In the prior year, bank interests also included loan commitment fees of kEUR 1,061.

31. Income Taxes

Income taxes break down as follows according to their origin:

kEUR	Dec 31, 2021	Dec 31, 2020
Current income taxes	35,379	29,767
Germany	14,550	9,676
Other countries	20,829	20,091
Deferred taxes	–6,537	7,239
Total	28,842	37,006

Current tax expenses include a tax expense of kEUR 1,139 for prior financial years (prior year: kEUR 968). There were also tax effects from accounting for prior-year losses in Germany. Deferred tax expenses include kEUR 712 (prior year: kEUR 278) for the recognition and reversal of temporary differences and kEUR 7,210 (prior year: kEUR – 4,668) from the consumption of tax losses in prior periods, for which deferred tax assets had been recognized.

(Deferred) income taxes, which are recognized directly in other comprehensive income, break down as follows:

kEUR	Dec 31, 2021	Dec 31, 2020
Current taxes	0	0
Deferred taxes	1,033	–762
Arising in connection with income and expenses recognized in other comprehensive income:	1,033	–762
Remeasurement of defined benefit obligation	1,033	–762
Deferred tax recognized in other operating income	1,033	–762

The consolidated tax rate serves as the basis for corporation tax and legal structure planning as it is understood to be the figure that best conveys information on the tax expense (income) of the company. The notional consolidated tax rate is calculated by dividing the reported income tax expense by the result for the year before taxes. Consequently, the consolidated tax expense is the total amount of current and deferred taxes whereby the utilization of loss carryforwards, the use of tax credits and tax allowances and ensuring that deferred tax assets are not impaired have a favorable effect on the final consolidated tax rate.

The weighted average tax rate was unchanged from the prior year at 30 %, which is equal to the corporate tax rate on taxable profits to be paid by CompuGroup Medical SE & Co. KGaA in Germany. Under German tax law, income taxes consist of corporation tax, trade tax and the solidarity surcharge for the former East Germany. For the domestic legal entities of the CGM group, the corporate tax rate breaks down into 15 % corporation tax (prior year: 15 %), 5.5 % solidarity surcharge on corporation tax (prior year: 5.5 % on corporation tax) and 14 % trade tax (prior year: 14 %). For the foreign subsidiaries, the effective national tax rates are applied for the financial year.

The reconciliation between the statutory tax rate (nominal) and the actual tax rate is shown below:

	2021		2020	
kEUR		in %		in %
Earnings before taxes (EBT) from continuing operations	97,874		110,426	
Tax expense at a tax rate of 30%	29,362	30.00%	33,128	30.00%
Effects of differing national tax rates	–5,206	–5.32%	–3,994	–3.62%
Effects of changes in tax rates on deferred taxes	223	0.23%	–834	–0.76%
Effects from tax losses and offset options for which no deferred tax asset was recognized	3,348	3.42%	2,313	2.09%
Effects from the previously unrecognized and unused tax losses and offset options that are now recognized as deferred tax assets	–7,210	–7.37%	–335	–0.30%
Effects from the use of previously unrecognized tax loss carryforwards	–713	–0.73%	0	0.00%
Effects of non-tax-deductible expenses	1,989	2.03%	1,687	1.53%
Effects of tax-free earnings	–44	–0.04%	–80	–0.07%
Tax expense from previous years (True-Up's)	–2,156	–2.20%	–147	–0.13%
Effects on tax expense from previous years due to tax audits	2,221	2.27%	741	0.67%
Effects from stock option programs	4,544	4.64%	2,059	1.86%
Other differences	2,484	2.54%	2,469	2.24%
Effective income tax expense	28,842	29.47%	37,006	33.51%

Effects from deferred tax assets not recognized on tax loss carryforwards and temporary differences result mainly from CompuGroup Medical Inc, USA, eMDs Inc., USA, and CompuGroup Medical Schweiz AG, Switzerland.

The effects on tax expenses from prior years due to tax audit result from risks based on expected results from changed findings of external audits.

The actual tax expense includes tax expenses of domestic and foreign companies that are related to other periods.

32. Earnings per share

kEUR	Dec 31, 2021	Dec 31, 2020
Consolidated net income for the period allocated to the parent company in kEUR	68,970	73,192
Number of ordinary shares	53,734,576	53,734,576
Treasury shares	1,403,878	0
Outstanding ordinary shares at closing date	52,330,698	53,734,576
Earnings per share (in EUR)		
– undiluted	1.30	1.43
– diluted	1.30	1.40

The (undiluted) earnings per share are calculated by dividing the consolidated net income for the year by the weighted average number of shares issued. The share options granted by the company lead to a dilution of earnings per share.

The time-weighted number of shares issued as at the reporting date, including share options, amounts to 52,970,723 (prior year: 52,367,125).

F. Segment reporting

For the definition of the business segments, the Managing Directors draw on internal reports that are also available to the Supervisory Board and analysts for their strategic decisions. In order to reflect regional differences of the healthcare industry with regard to organization and regulation, the reporting covers product and service-related financial data and regional information. For management purposes and resource allocation, the product and service-related structure is a decisive parameter and is divided into a total of four business segments.

For the purpose of assessing and evaluating the operating segments, the Managing Directors use the earnings indicator "earnings before interest, taxes, depreciation and amortization (EBITDA)", which therefore represents the segment result.

The activities included under "All other segments (IFRS 8.16)" mainly comprise income and expenses from the software development operations based centrally in Koblenz. These corporate functions that are managed centrally from the Koblenz site (e.g., IT, Human Resources and Legal) are shown under other business segments and compared with the prior year.

The column "Consolidation" shows the consolidation adjustments between the segments.

The segment information is based on the same reporting and measurement methods as the consolidated financial statements. The business relationships between the companies of the group's segments are generally based on prices that would also be agreed with third parties.

For further detailed information on segment reporting, please refer to the management report, section 1.1 Group business model.

Segment report

	Segment AIS Ambulatory Information Systems		Segment HIS Hospital Information Systems		Segment CHS Consumer and Health Management Information Systems		Segment PCS Pharmacy Information Systems	
	2021	2020	2021	2020	2021	2020	2021	2020
kEUR	01.01 - 31.12.	01.01. - 31.12	01.01 - 31.12.	01.01. - 31.12	01.01 - 31.12.	01.01. - 31.12	01.01 - 31.12.	01.01. - 31.12
Revenues to third parties	**475,846**	**375,204**	**257,426**	**186,588**	**173,664**	**158,399**	**118,240**	**116,791**
thereof Software license	50,298	28,064	30,818	22,950	990	1,065	4,803	6,050
thereof Hardware	21,945	30,319	12,481	12,362	51,374	47,600	25,196	24,809
thereof Professional Services	35,445	32,536	48,013	38,067	15,237	18,582	9,195	9,686
thereof Software Maintenance & hotline	259,373	227,397	123,488	83,102	11,881	10,925	38,241	36,221
thereof Other recurring revenues	100,705	54,352	42,194	29,859	50,194	43,606	40,375	39,256
thereof Adverting, eDetailing and Data	765	441	3	0	42,136	35,947	293	767
thereof Other revenues	7,315	2,095	430	248	1,851	675	138	2
Point in time of revenue recognition								
at a specific point in time	33,052	38,571	18,152	16,989	53,404	63,039	26,756	12,359
over a period of time	442,794	336,633	239,274	169,599	120,260	95,359	91,485	104,432
	475,846	**375,204**	**257,426**	**186,588**	**173,664**	**158,399**	**118,240**	**116,791**
thereof recurring revenues	360,078	281,749	165,681	112,961	62,076	54,531	78,616	75,478
Revenues between segments	59,966	51,365	4,274	6,066	15,784	19,036	5,001	5,953
Segment Revenues	535,812	426,569	261,699	192,654	189,448	177,435	123,242	122,744
Capitalized inhouse services	7,397	8,119	17,775	13,155	7,568	7,011	4,555	2,650
Other income	7,084	6,179	9,894	2,743	1,613	1,569	1,577	1,102
Expenses for goods and services purchased	–122,795	–99,891	–46,928	–37,831	–77,410	–68,020	–32,934	–32,762
Personnel costs	–212,385	–150,053	–143,748	–102,985	–46,524	–36,450	–43,572	–41,381
Other expenses	–98,375	–73,189	–55,722	–38,862	–34,804	–32,883	–19,168	–18,854
EBITDA	116,738	117,733	42,970	28,874	39,891	48,662	33,699	33,499
in % of revenues	24.5%	31.4%	16.7%	15.5%	23.0%	30.7%	28.5%	28.7%
Depreciation of property, plant and equipment and right-of-use assets								
Amortization of intangible assets								
EBIT								
Results from associates recognised at equity								
Financial income								
Financial expense								
EBT								
Taxes on income for the period								
Profit for the period from discontinued operations								
Consolidated net income for the period								
in % of revenues								

Segment report

	All other Segments		Sum Segments		Consolidation		CGM Group	
	2021	2020	2021	2020	2021	2020	2021	2020
kEUR	01.01 - 31.12.	01.01. - 31.12	01.01 - 31.12.	01.01. - 31.12	01.01 - 31.12.	01.01. - 31.12	01.01 - 31.12.	01.01. - 31.12
Revenues to third parties	**146**	**277**	**1,025,322**	**837,259**	**0**	**0**	**1,025,322**	**837,259**
thereof Software license	0	3	86,909	58,131	0	0	86,909	58,131
thereof Hardware	0	0	110,995	115,090	0	0	110,995	115,090
thereof Professional Services	133	239	108,024	99,110	0	0	108,024	99,110
thereof Software Maintenance & hotline	0	0	432,983	357,645	0	0	432,983	357,645
thereof Other recurring revenues	0	0	233,467	167,073	0	0	233,467	167,073
thereof Adverting, eDetailing and Data	0	0	43,196	37,155	0	0	43,196	37,155
thereof Other revenues	13	36	9,748	3,055	0	0	9,748	3,055
Point in time of revenue recognition								
at a specific point in time	13	36	131,376	130,994	0	0	131,376	130,994
over a period of time	133	241	893,946	706,265	0	0	893,946	706,265
	146	**277**	**1,025,322**	**837,259**	**0**	**0**	**1,025,322**	**837,259**
thereof recurring revenues	0	0	666,451	524,718	0	0	666,451	524,718
Revenues between segments	8,651	18,321	93,675	100,740	–93,675	–100,740	0	0
Segment Revenues	8,796	18,598	1,118,997	937,999	–93,675	–100,740	1,025,322	837,259
Capitalized inhouse services	0	937	37,294	31,872	0	0	37,294	31,872
Other income	92,081	59,072	112,249	70,665	–87,478	–60,103	24,771	10,562
Expenses for goods and services purchased	–3,493	–2,761	–283,560	–241,265	92,134	85,087	–191,426	–156,178
Personnel costs	–51,778	–48,023	–498,007	–378,893	284	1,841	–497,723	–377,052
Other expenses	–65,126	–58,622	–273,196	–222,410	88,348	73,423	–184,847	–148,987
EBITDA	–19,521	–30,799	213,777	197,969	–387	–493	213,390	197,476
in % of revenues			20.8%	23.6%			20.8%	23.6%
Depreciation of property, plant and equipment and right-of-use assets							–37,837	–30,856
Amortization of intangible assets							–72,876	–44,851
EBIT							102,677	121,769
Results from associates recognised at equity							33	–931
Financial income							3,854	2,651
Financial expense							–8,690	–13,063
EBT							97,874	110,426
Taxes on income for the period							–28,842	–37,006
Profit for the period from discontinued operations							0	0
Consolidated net income for the period							69,032	73,420
in % of revenues							6.7%	8.8%

G. Other disclosures

1. Notes on cash and the cash flow statement

The CGM group prepares the consolidated cash flow statement in accordance with International Accounting Standard IAS 7 Statement of Cashflows. The CGM group discloses its cash flows in order to reveal the sources and uses of cash and cash equivalents. It distinguishes between cash flows from operating activities, investing activities and financing activities.

Cash and cash equivalents in the cash flow statement include cash on hand, checks, cash at banks and other financial assets with a remaining term to maturity of no more than three months and correspond to the amount of cash and cash equivalents reported in the statement of financial position as at the end of the period. Therefore, only short-term securities that are not subject to a significant risk of price fluctuations are carried in cash and cash equivalents. In addition, cash and cash equivalents include bank balances (kEUR 55), which are mainly classified as restricted cash due to capital export restrictions (see also note 12. Cash and cash equivalents). Effects from currency translation of cash and cash equivalents are adjusted in the calculation and reported separately in the statement of cash flows.

Cash flow from operating activities is determined by first adjusting consolidated net income for the period for non-cash items such as depreciation, impairment, write-ups of intangible assets and property, plant and equipment while including changes in provisions and changes in other assets and liabilities and in net current assets.

Cash flow from investing activities relates to cash outflows for investments in intangible assets, property, plant and equipment, subsidiaries and other business units and investments accounted for using the equity method and jointly controlled entities. This item also includes cash inflows from the disposal of intangible assets, property, plant and equipment, subsidiaries and other business units.

Outflows for acquisitions of subsidiaries and other business units relate to business acquisitions shown in the section Business acquisitions and disposals.

In the cash flows from financing activities we report both paid and received dividends, the repayment of debt and new borrowing, payments for the acquisition of non-controlling interests and other financing transactions, and cash outflows for the principal portions of other loans. The change in financial liabilities in the reporting year was dominated by additional borrowings. Furthermore, borrowings and liabilities from other loans have been settled as scheduled.

Income tax payments are already included in the consolidated net income for the period, which is the starting point for the calculation of cash flow from operating activities. Income taxes actually paid in the reporting period are disclosed as additional information below the statement of cash flows. The same applies to the reporting of interest paid and received.

			Non-Cash				
kEUR	Dec 31, 2020	Cash flow from financing activities	changes in scope of conso-lidation	currencyeffects	other effects*	change of fair value	Dec 31, 2021
Current liabilities to banks	496,359	178,411	221	-24	-50	-	674,917
Lease Liabilities	44,566	-21,144	7,791	-590	26,594	-	57,217
Other loans	13,613	-4,472	-	-	31	-	9,172
Total financial liabilities	554,538	152,795	8,012	-614	26,575	-	741,306

* Includes, among others, additions to leases, changes in other loans, accrued interest and transaction costs.

"Consolidation" shows changes in financial liabilities where the cash inflows and outflows are shown in the statement of cash flows under Cash flow from financing activities.

2. Capital management

The CGM group aims to strengthen its equity base sustainably and to generate an adequate return on capital invested. However, the group's accounting capital is only a passive risk control criterion, while the key performance indicators stated in the section Main financial indicators of the management report are active control elements.

The CGM group's capital structure consists of financial liabilities less cash and cash equivalents in relation to the consolidated equity. The consolidated equity includes issued shares less any treasury shares, capital reserves and retained earnings, other reserves and shares of non-controlling shareholders. A detailed breakdown of consolidated equity can be found in the Statement of changes in equity or in the section Equity.

Both the aim and the strategy of capital management are to maintain or optimize the financial covenants specified in the credit agreements in order to continue financing on unchanged or improved terms.

The consolidated equity ratio as per the consolidated financial statements as at December 31, 2021 is 34 % (prior year: 41 %) and is influenced in particular by

- the addition of the consolidated net income for the period (kEUR 68,970; prior year: kEUR 73,192),
- the distribution of dividends (kEUR – 26,367; prior year: kEUR – 24,206),
- currency translation differences (kEUR – 18,984; prior year: kEUR – 7,824), and
- actuarial gains and losses (kEUR 6,118; prior year: kEUR – 1,855).

The CGM group's capital structure as at December 31, 2021 breaks down as follows:

kEUR	Dec 31, 2021	Dec 31, 2020
Financial liabilities*	684,089	509,972
Cash and cash equivalents	107,343	75,910
Net liabilities	576,746	434,062
Equity**	612,284	638,937
Net debt to equity ratio	94%	68%

* Financial liabilities are defined as current and non-current financial liabilities to banks (not including derivatives and financial guarantees) and other loans.
** Equity comprises all the group's capital and reserves (including non-controlling interests.

The leverage ratio is described in the section Main Financial Indicators of the management report.

3. Financial instruments

A financial instrument is a contract that simultaneously gives rise to a financial asset at one company and a financial liability or equity instrument at another company. Financial instruments are recognized when CGM becomes a party to the financial instrument.

The CGM group's financial instruments to be classified as financial assets consist of Cash and cash equivalents, Trade receivables, Other financial assets and Other investments.

Financial instruments to be classified as financial liabilities comprise Liabilities to banks, Purchase price liabilities, Trade payables, Other financial liabilities and Lease liabilities.

The fair value is not always available as a market value, which often necessitates a determination based on various measurement parameters. Depending on the availability of observable parameters and the relevance of these parameters for determining the fair value as a whole, fair value is assigned to Level 1, 2 or 3. The following factors determine the assignment within these levels:

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

For financial instruments in the CGM group to be measured at fair value, the calculation was based on the market information available on the reporting date, using the following methods and assumptions:

- Financial instruments at fair value through profit or loss (FVtPL) are financial assets that do not meet the criteria of IFRS 9 for the categories at amortized cost (AC) or at fair value through other comprehensive income (FVOCI), or financial investments in equity instruments for which the FVOCI option was not applied on initial recognition. As no companies in the CGM group have exercised this FVOCI option to date, investments with an ownership interest of less than 20 % are reported as Other investments and measured accordingly. For the measurement of Other investments, the cost as at the reporting date represents an appropriate estimate of the fair value.

- There are no other financial instruments in the fair value through profit or loss (FVtPL) category.

All other financial assets and financial liabilities are carried at amortized cost based on the effective interest method.

- Financial assets in the at amortized cost category are assets held in order to collect the contractual cash flows which solely represent payments of principal and interest. Interest income from these financial assets is reported in financial income based on the effective interest method. Gains or losses from derecognition are recognized directly in the income statement and, together with foreign currency gains and losses, are reported under other gains/losses.

- Under financial assets, the CGM group reports Cash and cash equivalents, Trade receivables and Other financial assets. The carrying amount of financial instruments classified as financial assets corresponds approximately to the fair value of the proportion of short-term positions they contain, as a result of their short maturity.

The fair value of loans granted by the CGM group is calculated as the present value of the expected future cash flows. The appropriate interest rates as at the reporting date are used for discounting purposes. The fair value of the loans granted by the CGM group as at the reporting date approximates the carrying amount.

- All financial liabilities in the CGM group are generally measured at amortized cost using the effective interest method and assigned to the measurement category at amortized cost (AC). The carrying amount of financial instruments reported as Trade payables or Other financial liabilities is almost the same as the fair value. The Liabilities to banks item under Financial liabilities is divided into fixed rate debt and variable rate debt.

- The fair value of fixed rate debt is calculated as the present value of the expected future cash flows, discounted using the interest rates (including CGM-specific margin) appropriate on the reporting date. The fair value of the variable-rate liabilities corresponds approximately to the carrying amount.

During the reporting period, CGM adjusted all required processes and contracts in accordance with the IBOR reform. The change affects the IBOR rates. The variable contracts are only linked to EURIBOR, the reform of which has already been completed. Therefore, the new regulations have no material impact on the consolidated financial statements or the refinancing situation of CGM.

The financial assets from Receivables from finance leases and Financial liabilities from lease liabilities do not fall into the measurement categories under IFRS 9, but are reported under financial instruments in the following table. These are included in the impairment after expected credit losses. Financial assets in Receivables from finance leases and Financial liabilities from lease liabilities are measured at amortized cost in accordance with the provisions of IFRS 16. The fair value is determined on the basis of a market interest rate and the average term of the leases.

The following table shows the carrying amounts and valuations of the group's existing financial instruments in accordance with the measurement categories in accordance with IFRS 9 as at December 31, 2021:

			IFRS 9 valuation			IFRS 16 valuation	
kEUR	Measurement category according to IFRS 9	Book value as at Dec, 31 2021	Amortized costs	Fair value through profit or loss	Fair value through equity	Amortized costs	Fair value as at Dec, 31 2021
Financial assets							
Cash and cash equivalents	AC	107,343	107,343	0	0	0	107,343
Trade receivables	AC	147,227	147,227	0	0	0	147,227
Other financial assets	AC	12,035	12,035	0	0	0	12,035
Finance lease receivables	-	25,805	0	0	0	25,805	25,805
Interest rate swap	FVtPL	6,594	0	6,594	0	0	6,594
Other investments	FVtPL	3,123	0	3,123	0	0	3,123
Total financial assets		**302,127**	**266,605**	**9,717**	**0**	**25,805**	**302,127**
thereof Financial instruments at fair value through profit or loss	FVtPL	9,717	0	9,717	0	0	9,717
thereof Amortized costs	AC	292,410	266,605	0	0	25,805	292,410
Financial liabilities							
Liabilities to banks	AC	674,917	674,917	0	0	0	675,268
Purchase price liabilities	AC	11,715	11,715	0	0	0	11,715
Trade payables	AC	93,193	93,193	0	0	0	93,193
Other financial liabilities	AC	19,770	19,770	0	0	0	19,770
Lease Liabilities	-	57,217	0	0	0	57,217	57,217
Total financial liabilities		**856,812**	**799,595**	**0**	**0**	**57,217**	**857,163**
Financial instruments at fair value through profit or loss	FVtPL	0	0	0	0	0	0
Amortized costs	AC	856,812	799,595	0	0	57,217	857,163

The financial instruments by valuation category for the prior-year period ended December 31, 2020 are as follows:

kEUR	Measurement category according to IFRS 9	Book value as at Dec 31, 2020	IFRS 9 valuation			IFRS 16 valuation	Fair value as at Dec 31, 2020
			Amortized costs (continued)	Fair value through profit and loss	Fair value through OCI	Amortized costs (continued)	
Financial assets							
Cash and cash equivalents	AC	75,910	75,910	0	0	0	75,910
Trade account receivables	AC	137,203	137,203	0	0	0	137,203
Other financial assets	AC	12,930	12,930	0	0	0	12,930
Receivables from finance lease agreements	-	23,855	0	0	0	23,855	23,855
Other investments	FVtPL	640	0	640	0	0	640
Total financial assets		**250,538**	**226,043**	**640**	**0**	**23,855**	**250,538**
thereof Financial instruments at fair value through profit or loss	FVtPL	640	0	640	0	0	640
thereof Amortized costs	AC	249,898	226,043	0	0	23,855	249,898
Financial liabilities							
Liabilities to banks	AC	496,359	496,359	0	0	0	497,240
Purchase price liabilities	AC	15,858	15,858	0	0	0	15,858
Trade payables	AC	64,524	64,524	0	0	0	64,524
Other financial liabilities	AC	18,981	18,981	0	0	0	18,981
Finance lease obligations	-	44,565	0	0	0	44,565	44,565
Total financial liabilities		**640,287**	**595,722**	**0**	**0**	**44,565**	**641,168**
thereof Financial instruments at fair value through profit or loss	FVtPL	0	0	0	0	0	0
thereof Amortized costs	AC	640,287	597,722	0	0	44,565	641,168

4. Fair value measurement

a) Fair value of financial assets and liabilities that are regularly measured at fair value (according to valuation hierarchies)

As in the prior year, as at December 31, 2021, there were no financial assets or liabilities of the CGM group to be regularly measured at fair value at the reporting date. For the measurement of Other investments, the cost as at the reporting sheet date represents an appropriate estimate of the fair value. As at December 31, 2021 the value is kEUR 9,738

b) Fair value of financial assets and liabilities not regularly measured at fair value (according to valuation hierarchies)
The financial assets and liabilities that are not regularly measured at fair value as at December 31, 2021 are as follows:

	2021	Level 1	Level 2	Level 3
Fair value of financial assets valuated at amortized costs				
Trade receivables	147,227	0	0	147,227
Other financial assets	18,629	0	11,847	6,782
Finance lease receivables	25,805	0	25,805	0
Interest rate swap	6,594	0	0	6,594
Other investments	3,123	0	0	3,123
Total	194,784	0	37,652	157,132
Fair value of financial liabilities valuated at amortized costs				
Liabilities to banks	675,268	0	657,268	0
Purchase price liabilities	11,715	0	0	11,715
Trade payables	93,193	0	93,193	0
Other financial liabilities	19,770	0	10,598	9,172
Lease liabilities	57,217	0	57,217	0
Total	857,163	0	836,276	20,887

The financial assets and liabilities that are not regularly measured at fair value as at December 31, 2020 are as follows:

	2020	Level 1	Level 2	Level 3
Fair value of financial assets valuated at amortised costs				
Trade receivables	137,203	0	0	137,203
Other receivables	12,930	0	6,134	6,796
Finance lease receivables	24,048	0	24,048	0
Other investments	640	0	0	640
Total	174,821	0	30,182	144,639
Fair value of financial liabilities valuated at amortized costs				
Liabilities to banks	497,240	0	497,240	0
Purchase price liabilities	15,858	0	0	15,858
Trade payables	64,524	0	64,524	0
Other financial liabilities	18,981	0	5,368	13,613
Lease liabilities	44,565	0	44,565	0
Total	641,168	0	611,697	29,471

The presentation of Liabilities to banks was adjusted in the prior year in accordance with the classification in the year under review as was the presentation of Other investments

5. Net gains and losses on financial assets and liabilities

kEUR	Dec 31, 2021	Dec 31, 2020
Net profit/loss from currency conversion differences (AC)	–506	–4,414
Net profit/loss from discount/reversal of purchase price liabilities (AC)	1	339
Net profit/loss interest rate swap (FVtPL)	2,875	0
Total	2,370	–4,075

The net gain/loss from the foreign currency translation is recognized according to the origin in other income and other expenses or financial income and financial expenses.

Furthermore, loss allowances for receivables are stated under other expenses in the amount of kEUR – 7,378 (prior year: kEUR – 4,292), which are allocated to the category of instruments at amortized cost (AC).

6. Credit risk

The rules for recognizing impairment included in IFRS 9 are based on expected credit losses ("expected loss model"). A three-step model is provided for determining the extent of risk provisioning. A provision for expected credit losses is recognized in the statement of financial position for financial assets carried at amortized cost. For "Trade receivables", "Contract assets" and "Finance lease receivables", the simplified approach is based on lifetime expected credit losses. "Trade receivables", "Finance lease receivables" and "Contract assets" were calculated on the basis of common risk characteristics to measure expected credit losses, taking into account the corresponding industry and country risks. For the calculation of the expected credit losses, historical loss rates are determined, which are adjusted on the basis of future macroeconomic data.

The group's default risk arises primarily from trade receivables. Trade receivables result from contracts with customers. The amounts reported in the statement of financial position are net of impairment on expected future losses ("expected loss model"). Contract assets are essentially work in progress that has not been invoiced and that has the same risk characteristics as trade receivables due to the same types of contract.

The CGM group's procedure for calculating allowances for doubtful receivables is as follows:

For receivables not yet due and those past due by between 0 and 12 months, a write-down of 0.8 percentage points is recognized as the loss allowance for expected credit losses. An individual write-down (management judgement) is recognized for all receivables past due by between 13-24 months. All receivables past due by 24 months are written down in full. For receivables that are past due by 14 days, the internal company dunning process is triggered. We assume a risk of default in particular if the debtor/contractual partner is insolvent or our receivable is more than 12 months overdue. Financial assets are derecognized if the receivable is uncollectible. If recoveries are made after the write-off of a receivable, these are recognized in profit or loss. The age structure of the receivables is classified as not critical within the group. The default rate is reassessed at each reporting date, taking into account the sector and country risks.

Allowances for "Trade receivables", "Contract assets" and "Finance lease receivables" were calculated on this basis. The CGM group therefore recognizes a loss allowance for expected credit losses of 0.8 percentage points on all financial assets from day one.

The table shows the gross carrying amounts as at December 31, 2021 representing the maximum credit risk:

kEUR	0-12 months overdue (0,8 %)	13-24 months overdue (individual)	more than 24 months overdue (100 %)
Trade receivables	147,802	7,693	9,234
Contract assets	26,784	0	0
Finance lease receivables	26,013	0	0
Total	200,599	7,693	9,234
Individually impaired	–1,619	–5,470	–9,234
Loss allowances for expected credit losses	–1,605	0	0
Total Amount	–3,224	–5,470	–9,234

The table shows the gross carrying amounts as at December 31, 2020:

kEUR	0-12 months overdue (0.8 %)	13-24 months overdue (individual)	more than 24 months overdue (100 %)
Trade Receivables	127,078	16,377	6,617
Contract assets	23,587	0	0
Finance lease receivables	24,048	0	0
Total	174,713	16,377	6,617
Individually impaired	–2,886	–2,279	–6,617
Loss allowances for expected credit losses	–1,398	0	0
Total Amount	–4,284	–2,279	–6,617

Development of the loss allowance for "Trade receivables", "Contract assets" and "Finance lease receivables" from December 31, 2020 to December 31, 2021.

kEUR	Trade Receivables	Contract Assets	Finance Lease Recei-vables
Opening balance of write-down as at Jan 1, 2021	–12,870	–118	–192
Loss allowances for expected credit losses	–91	–100	–16
Arising during the year	–16,323	0	0
Utilized	926	0	0
Unused amounts reversed	10,856	0	0
Write-down as at Dec 31, 2021	–17,502	–218	–208

kEUR	Trade Receivables	Contract Assets	Finance Lease Receivables
Opening balance of write-down as at Jan 1, 2020	–11,575	–73	–182
Expected Credit Loss	–326	–45	–10
Addition	–11,472	0	0
Utilization	3,516	0	0
Reversal	6,987	0	0
Write-down as at Dec 31, 2020	–12,870	–118	–192

The CGM group has no significant concentration of default risk as it is spread across a large number of contracting parties and customers.

Impairment losses on "Trade receivables" and "Contract assets" are shown in the operating result as impairment losses. Amounts generated in subsequent periods that were previously written down are recognized in the same item.

The loss of major customers in the hospitals, laboratories and pharmaceuticals business can have an adverse effect on the liquidity of the group. The tendering procedures for major customers and project business are closely monitored to detect and address changes in the market.

The maximum credit risk of investments in equity instruments at the reporting sheet date equals the carrying amounts of all investments below 20 %, which have been classified accordingly.

The credit risk is limited in the case of cash and cash equivalents, as these are due in the short term and are held with banks that have been given high credit ratings by international rating agencies.

The following table shows a summary of cash and cash equivalents by classification from the international rating agencies Standard & Poor's (S&P) and Moody's and Fitch as at the reporting date:

kEUR	Dec 31, 2021	Dec 31, 2020
AA	222	0
AA-	5,416	404
A+	48,996	27,423
A	19,230	10,724
A-	7,345	5,643
BBB+	12,814	3,579
BBB	2,339	8,564
BBB-	753	1,512
BB+	2	0
BB	74	6,604
BB-	8,163	48
B+	380	9,777
Not rated	1,609	1,632
Total amount	107,343	75,910

7. Currency risk

The market success and gross sales revenues of exporting companies are influenced by fluctuating exchange rates. In 2021 around 79 % of the revenues was generated in euro (prior year: 84 %) and around 21 % of revenues in foreign currencies (prior year: 16 %).

The carrying amount of the Group's monetary assets and liabilities denominated in foreign currencies is as follows:

	Assets		Liabilities	
kEUR	2021	2020	2021	2020
US Dollar	42,955	33,161	19,542	21,958
Norwegian Kroner	18,748	869	1,444	2,471
Swedish Krona	21,969	4,283	5,768	6,403
Polish Zloty	6,941	7,120	3,395	3,752
Turkish lira	648	10,158	247	591
Czech Crowns	5,158	4,772	1,276	2,556
Swiss Franc	4,800	2,799	1,439	1,552
Danish Kroner	2,915	2,301	2,190	2,500
British Pound	7	0	14	0
South African Rand	8,848	8,501	665	797
Romanian Leu	118	1,684	1,346	3,768
Indian Rupee	1,094	1,083	3,793	3,645

a) Effects from the sensitivity analysis on net income in the event of a ten percent rise or fall in the euro against the respective foreign currency:

The following table shows the sensitivity of a ten percent rise or fall in the euro against the respective foreign currency from the perspective of the group. The assumption of a ten percent change represents management's best estimate of a rationally possible change in the exchange rate. The sensitivity analysis only includes outstanding monetary items denominated in foreign currencies and adjusts their translation in accordance with a ten percent change in exchange rates.

	Currency impact net income					
	2021			2020		
Sensitivity Analysis	+/- 0 percent	+10 percent	-10 percent	+/- 0 percent	+10 percent	-10 percent
US Dollar	–6,491	–7,141	–5,842	10,025	11,028	9,023
Norwegian Kroner	–13,569	–14,926	–12,212	–14,597	–16,057	–13,137
Swedish Krona	–9,587	–10,546	–8,629	–8,683	–9,551	–7,815
Polish Zloty	–1,704	–1,875	–1,534	–2,177	–2,395	–1,959
Turkish lira	966	1,062	869	1,839	2,023	1,655
Czech Crowns	–2,670	–2,937	–2,403	–2,845	–3,129	–2,560
Swiss Franc	1,994	2,193	1,794	673	740	605
Danish Kroner	–4,010	–4,411	–3,609	–3,011	–3,312	–2,710
Russian ruble	–44	–48	–39	0	0	0
South African Rand	–677	–745	–610	980	1,078	882
Romanian Leu	–166	–183	–149	–1,487	–1,636	–1,339
Indian Rupee	–1,096	–1,206	–987	0	0	0

b) Effects from the sensitivity analysis on equity in the event of a ten percent rise or fall in the euro against the respective foreign currency:

	Currency impact net income					
	2021			2020		
Sensitivity Analysis	+/- 0 percent	+10 percent	-10 percent	+/- 0 percent	+10 percent	-10 percent
US Dollar	–359,994	–395,994	–323,995	–348,747	–383,621	–313,872
Norwegian Kroner	–38,191	–42,010	–34,372	–38,280	–42,108	–34,452
Swedish Krona	–20,981	–23,079	–18,883	–19,785	–21,763	–17,806
Polish Zloty	–4,717	–5,189	–4,245	–5,195	–5,715	–4,676
Turkish lira	612	673	551	–98	–107	–88
Czech Crowns	–3,136	–3,450	–2,823	–3,212	–3,534	–2,891
Swiss Franc	2,764	3,041	2,488	2,357	2,592	2,121
Danish Kroner	–6,141	–6,755	–5,527	–5,221	–5,743	–4,699
Russian ruble	–81	–89	–73	0	0	0
South African Rand	5,659	6,225	5,093	6,329	6,962	5,696
Romanian Leu	–854	–940	–769	–701	–771	–631
Indian Rupee	–4,169	–4,585	–3,752	–2,687	–2,955	–2,418

Due to the high scalability of the CGM group's revenues and general business activities, management considers the sensitivity analysis to be an appropriate means of mapping exchange rate risks.

8. Interest rate risk

The CGM group's interest rate risk arises from long-term borrowings with variable interest rates. The liabilities to banks amount to kEUR 674,917 as at December 31, 2021. In order to hedge interest rate risks, CGM concluded an interest rate cap in 2021 with a nominal volume of mEUR 400 and a remaining term to maturity until May 7, 2031.

Where required, the CGM group uses relevant financial instruments to hedge against interest rate increases in order to counter interest rate risks. The effects of interest rate fluctuations are explained in more detail below. Borrowings with fixed interest rates are not included in this analysis. It should also be noted that if the downward change of 20 basis points in the market interest rate results in a negative interest rate, an interest rate of 0 % was assumed, as there are no financial instruments for which a negative interest rate would have to be paid. On the basis of contractual agreements, an interest rate floor of 0 % was applied in relation to EURIBOR. This was below 0 % throughout the year. Thus, the interest paid is calculated only on the basis of the fixed margin, which is not subject to fluctuations in market interest rates. Consequently, a drop in the market interest rate would have no effect on the financial result.

The CGM group's expected future interest payments are shown below:

	2021			2020		
kEUR	< 1 year	1–5 years	> 5 years	< 1 year	1–5 years	> 5 years
Liabilities to banks	6,590	16,500	144	2,846	7,777	0
Lease liabilities	866	1,457	248	756	1,125	92
Other loans	94	33	0	154	127	0
Other financial liabilities	0	0	0	0	0	0
Trade payables	0	0	0	0	0	0
Purchase price liabilities	0	0	0	0	0	0

Given the current low interest rate environment, an interest rate sensitivity analysis in which the variable interest rate (here 3-month EURIBOR) is changed by + 20 basis points/– 20 basis points results in only an insignificant impact on the effective interest payments to be made by the CGM group.

9. Liquidity risk

To ensure that financial obligations can be met on an ongoing basis, the CGM group has negotiated adequate overdraft facilities and syndicated loans. As at December 31, 2021, the group has short-term credit lines not yet exhausted of mEUR 48 and a not fully utilized revolving credit facility of mEUR 420.

Liquidity risk differs between the countries in which the CGM group operates. In the companies operating in Germany, liquidity is generally supplied via direct debit agreements, which minimizes the liquidity risk. The same applies to companies operating in countries where direct debit is the predominant payment method (e.g., Austria, Norway, Sweden and France).

Cash-pooling arrangements exist for parts of the group. These arrangements provide a needs-based cash management and ensure that sufficient liquidity is available in the individual companies to meet their operational needs. Cash pooling is managed centrally at the group's headquarters in Koblenz. For areas of the group which have no cash-pooling arrangements, liquidity levels are managed by means of medium-term cash requirement planning.

Cash held by group companies exceeding the level of working capital required is generally transferred to the group's cash management on a quarterly basis.

Furthermore, the CGM group considers any restriction with respect to its ability to incur debt and raise capital to be a liquidity risk. Restrictions place a significant risk on the achievement of corporate goals and affect overall financial flexibility.

The CGM group understands liquidity risk management as performing regular risk analysis involving the use of financial instruments to ensure that potential risks can be adequately addressed.

Approximately 99 % of the financing relates to the syndicated credit facility. Risk concentrations in refinancing are identified promptly through continuous monitoring and reporting. Further information regarding the syndicated credit facility are available in the management report under 2.3.2.1 Capital Structure and 2.3.2.3 Liquidity and in the notes to the consolidated financial statements 15. a) Liabilities to Banks.

The following tables show the contractual remaining terms to maturity of the CGM group's financial liabilities. The tables are based on undiscounted cash flows of financial liabilities and show payments of both principal and interest. Where interest payments are based on variable parameters, the undiscounted amount was determined on the basis of the yield curves at the end of the reporting period. The contractual maturities are based on the earliest date on which the group can be required to make payments.

Expected future payments:

	2021			2020		
kEUR	< 1 year	1–5 years	> 5 years	< 1 year	1–5 years	> 5 years
Liabilities to banks	99,066	418,940	180,144	38,144	468,838	0
Lease liabilities	19,540	33,134	7,115	17,332	26,547	2,660
Other loans	4,626	4,674	0	4,627	9,270	0
Other financial liabilities	10,598	0	0	5,365	2	0
Trade payables	93,193	0	0	64,524	0	0
Purchase price liabilities	6,703	5,012	0	12,077	3,780	0

10. Contingent liabilities

The following table provides information on the CGM group's existing contingent liabilities:

	Maximum liability		Liability reserves	
kEUR	2021	2020	2021	2020
Guarantees for warranties and contract execution	4,176	3,620	0	0
Guarantees	377	489	0	0
Other liability statements	170	424	0	285
Total	4,723	4,533	0	285

There are no major purchase commitments from operating activities. The warranty and contract performance guarantees consist mainly of the performance guarantee of kEUR 1,000 at CGM Clinical Österreich GmbH in connection with the "NÖKIS" project and warranties for bank guarantees referring in particular to contract performance and rent deposits of CGM SE & Co KGaA in the amount of kEUR 3,033. Disclosures in accordance with IAS 37.86 have been omitted due to reasons of practicality.

11. Disclosures on Related Parties

During the financial year, group companies entered into the following transactions with related parties outside the consolidated group.

These were conducted under conditions which are equivalent to those applied to third parties to stay in accordance with the arm's length principle.

In addition, the following amounts were outstanding at the end of the reporting period:

	Sale of goods		Purchase of goods		Receivables		Liabilities	
kEUR	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Frank Gotthardt	36	69		1	10			
Dr. Brigitte Gotthardt	2	5						
Prof. Dr. Daniel Gotthardt		6		30				30
CompuGroup Medical Management SE	3	32	8,453	1,600			657	266
further Administrative Board	1	62						
Superviosry Board				1				
further related companies	8,437	7,308	3,991	2,806	145	256	161	378
Associated companies and joint ventures	10,783	9,611	65	14	984	1,163		

Payments amounting to kEUR 8,453 (prior year: kEUR 1,600) were made to the personally liable company CompuGroup Medical Management SE, which is controlled by Frank Gotthardt via GT 1 Vermögensverwaltung GmbH, in the reporting year for remuneration of the Managing Directors, the Administrative Board and other expense allowances.

Furthermore, Frank Gotthardt directly and indirectly holds a significant shareholding in CompuGroup Medical SE & Co. KGaA as at December 31, 2021 (cf. Shareholder structure). As a result, in addition to the associated companies stated in the list of shareholdings, also all companies having a corporate relationship with Frank Gotthardt, Dr. Brigitte Gotthardt or Professor Dr. Daniel Gotthardt are related to CompuGroup Medical SE & Co. KGaA.

Other related persons:

Remuneration paid to current and former members of the Supervisory and the Administrative Board can be found in the remuneration report (cf. remuneration report in the management report) and has not been restated here

Administrative Board
Business relationships with Frank Gotthardt and Professor Dr. Daniel Gotthardt are shown separately and not included in this list.

Supervisory Board
Beyond this, there were no significant direct business relationships with members of the Supervisory Board in the reporting year.

Other related companies:

The following business relationships with related companies are particularly noteworthy:

Gotthardt Bürotechnik GmbH

CompuGroup obtained services in the form of leases for copiers from Gotthardt Bürotechnik GmbH in the amount of kEUR 118 (prior year: kEUR 125).

Gotthardt Healthgroup AG

The main services provided to Gotthardt Healthgroup AG were hosting and maintenance services in the total amount of kEUR 168 (prior year: kEUR 291).

INFOSOFT Informations- und Dokumentationssysteme GmbH

The goods and services received from Infosoft Informations- und Dokumentationssysteme GmbH include both the purchase of licenses and services in the form of software maintenance totaling kEUR 272 (prior year: kEUR 224).

KEC Vertriebs GmbH & Co. KG

The services received from KEC Vertriebs GmbH & Co. KG mainly consisted of advertising and sponsoring services totaling kEUR 82 (prior year: kEUR 617).

mps public solution GmbH

The goods and services received (kEUR 638; prior year: kEUR 364) and provided in the amount of kEUR 1,423 (prior year: kEUR 1,718) mainly comprise software maintenance services for software licenses between CompuGroup Medical Clinical Deutschland GmbH and mps public solution GmbH.

Fährhaus Koblenz GmbH & Co. KG

This mainly relates to the use of the Fährhaus for meetings, conventions and conferences for a total of kEUR 130 (prior year: kEUR 245).

Gotthardt Grundstücksgesellschaft GbR

Payments that are primarily attributable to employee parking spaces amount to kEUR 49 (prior year: kEUR 54).

MW Office / Marketing und Werbung GmbH

Goods and services provided amounted to kEUR 6,746 (prior year: kEUR 5,195) in the financial year under review and are mainly attributable to advertising measures on behalf of customers. Furthermore, CompuGroup obtained marketing services from MW Office (kEUR 1,467; prior year: kEUR 1,186).

Deutsche Leasing AG

CompuGroup used vehicle leasing services in the amount of kEUR 844 from Deutsche Leasing AG (prior year: kEUR 770).

Associated companies and joint ventures:

Business relationships with associated companies and joint ventures relate primarily to goods and services exchanged with MGS Meine Gesundheit Services GmbH for software developments in the amount of kEUR 9,740 (prior year: kEUR 9,611) and kEUR 1,013 to goods and services between the newly acquired VISUS group and Medecon Telemedizin GmbH, which was also required in the reporting year.

12. Declaration of Conformity with the German Corporate Governance Code

The declaration of compliance required by section 161 of the German Stock Corporation Act (AktG) was issued by the Managing Directors and the Supervisory Board and made publicly available to shareholders on the company's website at (https://www.cgm.com/corp_de/unternehmen/investor-relations/CG-de.html).

13. Auditor's fees in accordance with section 314 (1) no. 9 German Commercial Code (HGB)

The following table shows the total fees payable, including expenses and all additional costs, to KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, for financial year 2021. The Auditing financial statements item includes the fees for auditing the single-entity financial statements, the consolidated financial statements including the dependency report and the remuneration report of CompuGroup Medical SE & Co. KGaA. These items also include fees for auditing the financial statements of five subsidiaries. Other advisory services relate, as in the prior year, to the external audit to achieve limited assurance regarding the combined separate non-financial report. Other services in financial year 2021 relate to support services in respect of an audit by the financial reporting enforcement panel.

kEUR	Dec 31, 2021	Dec 31, 2020
Auditing financial statements	885	986
Other confirmatory services	33	33
Tax advisory	0	0
other services	31	6
Total	**949**	**1,025**

14. Events after the reporting date

Share buy-back program for up to 500,000 treasury shares

The general partner of CompuGroup Medical SE & Co. KGaA resolved on November 25, 2021, using the authorization granted by the Annual General Meeting of May 19, 2021, pursuant to section 71 (1) no. 8 German Stock Corporation Act (AktG), to buy back up to a maximum of 500,000 shares in the company (corresponding to approximately 0.93 % of the company's share capital) at a maximum purchase price (excluding transaction costs) of up to mEUR 37 in total.

The share buy-back program was carried out by a bank. The bank acquired the shares on the stock market and decided on the timing of the acquisition independently of the company in accordance with the safe harbor provisions pursuant to article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 (Market Abuse Regulation) in conjunction with Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016. Furthermore, the consideration paid per share (excluding transaction costs) may not be more than 10 % higher or lower than the price of the company's shares determined on the trade date by the opening auction in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange.

The shares were bought back in the period from November 26, 2021 to and including January 10, 2022. The company's treasury shares acquired by means of the share buy-back program are to be used for the purposes permitted under the authorization granted by the annual general meeting of May 19, 2020.

By the end of the year, the company had acquired 403,878 shares with a total volume of mEUR 27.4. The share buy-back program was completed on January 10, 2022. At this point, the company had bought back 500,000 shares with a total volume of mEUR 33.8.

War in Ukraine

With regard to the financial statements, the attack on Ukraine, which began at the end of February 2022, does not represent a value-enhancing event and therefore has no impact on the recognition and measurement of assets and liabilities at the reporting date. Effects on the net assets, financial position and results of operations in 2022 cannot be ruled out at the present time. Due to the volatile geopolitical situation, the effects cannot be quantified at the present time. The increased risks as a result of the Russia-Ukraine war at the present time are described in the risk report.

Acquisition of Insight Health Group

CGM agreed to acquire 100% of the shares in Insight Health Group, based in Waldems, Germany, on March 25, 2022. Founded in 1999, Insight Health offers innovative solutions for market and healthcare research in the German healthcare sector, taking into account the highest level of data protection compliance. Its customers include well-known companies in the pharmaceutical industry, pharmacies, doctors' associations, health insurance companies, and scientific and political institutions.

Antitrust approval is still pending and the transaction is expected to close in the coming months.

15. Managing Directors and Supervisory Board

Managing Directors:

Last name	First name	Occupation/membership of supervisory boards and other supervisory bodies
Wössner	Dirk, Dr.	Managing Director, Chief Executive Officer (CEO)
Brecher	Frank	Managing Director, Chief Technology Officer (CTO)
Körfgen	Ralph, Dr.	Managing Director Ambulatory & Pharmacy Information Systems (until October 31, 2021)
Mazza Teufer	Angela	Managing Director Ambulatory Information Systems DACH (from February 15,2022) Board member (none-executiv, of TietoEvry Corp., Helsinki, Finland
Mugnani	Emanuele	Managing Director for Ambulatory Information Systems Europe (from February 15,2022)
Pech	Eckart, Dr.	Managing Director Consumer and Health Management Information Systems
Rauch	Michael	Managing Director, Chief Financial Officer (CFO) Vice Chair of the Supervisory Board of edding AG, Ahrensburg
Reichl	Hannes	Managing Director for Inpatient and Social Care

Members of the Supervisory Board:

Members of the Supervisory Board of CompuGroup Medical SE & Co. KGaA as at the reporting date:

Last name	First name	Occupation/membership of supervisory boards and other supervisory bodies
von Ilberg	Philipp (Chair)	CGeschäftsführer der Mayer Sitzmöbel Verwaltungs-GmbH, the general partner of Mayer Sitz-möbel GmbH & Co. KG (since June 18, 2020, Chairman since June 18, 2020)
Weinmann	Stefan (Vice Chair)	Sales Professional REHA at CGM Clinical Deutschland GmbH (since September 30, 2021; Vice Chairman since September 30, 2021)
Fuchs	Michael, Dr.	Freelance consultant Member and Chairman of the Supervisory Board of Schmiedewerke Gröditz GmbH (since June 18, 2020)
Handel	Ulrike, Dr.	Self-employed Management Consultant (since June 18, 2020; Vice Chairwoman from June 18 until July 29, 2020)
Köhrmann	Martin, Professor Dr.	Deputy Director of the Department of Neurology at Essen University Hospital (since June 18, 2020)
Störmer	Matthias	Freelance consultant (since June 18, 2020)
Volkens	Bettina, Dr.	Freelance lawyer Member of Supervisory Board of Bilfinger SE Member of Supervisory Board Vossloh AG (since June 18, 2020)
Basal	Ayfer (Employee representative)	Quality Assurance Professional at CGM Lauer-Fischer GmbH (since September 30, 2021)
Betz	Frank (Employee representative)	Marketing Professional at CGM Clinical Europe GmbH (since September 30, 2021)
Hegemann	Adelheid (Employee representative)	Senior Service Manager at CGM Clinical Deutschland GmbH (since September 30, 2021)
Johnke	Lars (Union representative)	Trade union secretary at IG Metall Munich (since September 30, 2021)
Mole	Julia (Union representative)	Trade Union Secretary of Vereinte Dienstleistungsgewerkschaft ver.di Rheinland-Pfalz/Saarland (since January 15, 2021)

16. Remuneration of the Managing Directors

The total remuneration of the Managing Directors is as follows:

Remuneration of the Managing Directors 2021 pursuant to IAS 24.17

kEUR	Short-term benefits	Other long-term benefits	Total compensation
Wössner, Dirk Dr.	1,656	22,521	24,177
Brecher, Frank	611	0	611
Pech, Eckhart Dr.	833	0	833
Rauch, Michael	974	0	974
Reichl, Hannes	809	0	809
Körfgen, Ralph Dr.*	2,922	0	2,922
Total	7,805	22,521	30,326

* Left the company per 11/01/2021

Remuneration of the Managing Directors/members of the Management Board 2020 pursuant to IAS 24.17

kEUR	Short-term benefits	Other long-term benefits	Total compensation
Gotthardt, Frank	800	4,836	5,636
Brecher, Frank	609	150	759
Pech, Eckhart Dr.	773	0	773
Rauch, Michael*	1,243	0	1,243
Reichl, Hannes	766	0	766
Körfgen, Ralph Dr.	739	0	739
Total	4,929	4,986	9,916

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

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

Remuneration of the Managing Directors 2021

kEUR	Fixed compensation	Variable bonus (performance)	Share options (Fair value)	Fringe benefits	Total compensation
Wössner, Dirk Dr.	800	846	22,521	10	24,177
Brecher, Frank	400	104	0	20	524
Pech, Eckhart Dr.	400	369	0	18	787
Rauch, Michael	425	522	0	19	966
Reichl, Hannes	400	432	0	9	841
Körfgen, Ralph Dr.*	333	2,501	0	13	2,847
Total	2,758	4,774	22,521	89	30,142

* Left the company per 11/01/2021

Remuneration of the Managing Directors/members of the Management Board 2020

kEUR	Fixed compen-sation	Variable bonus (performance)	Fringe benefits	Total compen-sation
Gotthardt, Frank	800	1.646	0	2.446
Brecher, Frank	400	189	31	620
Pech, Eckart, Dr.	400	350	22	773
Rauch, Michael*	425	812	107	1.344
Reichl, Hannes	400	405	13	818
Körfgen, Ralph, Dr.	400	309	14	723
Summe	2.825	3.711	187	6.723

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

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

Remuneration granted in 2021 to former Managing Directors/members of the Management Board of CompuGroup Medical SE & Co. KGaA amounted to mEUR - 2.8.

Revision of the remuneration system for the Managing Directors

On January 1, 2020, the Act Implementing the Second Shareholders' Rights Directive (ARUG II) came into force. In addition, the new version of the German Corporate Governance Code of the Government Commission on the German Corporate Governance Code became effective on March 20, 2020. The Supervisory Board and the Administrative Board, supported by an independent remuneration expert, addressed this issue in detail and resolved a new remuneration system at the meeting of the Administrative Board on March 2, 2021, which was approved by the Annual General Meeting of CompuGroup Medical in accordance with section 120a (1) German Stock Corporation Act (AktG) on May 19, 2021.

17. Share option programs

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

With his appointment as Managing Director in January 2021, Dr. Dirk Wössner (Chief Executive Officer), was awarded 1,250,000 share options. The waiting period ends in accordance with the general option conditions exactly four years after the issue date. In addition to the general option conditions, the exercise of share options is based on the prerequisite that the employment contract is extended beyond December 31, 2024.

Frank Brecher (Chief Technology Officer) was granted 150,000 share options in connection with the amendment of his employment contract and the related assumption of the function as Chief Technology Officer in August 2020. The waiting period for Frank Brecher also ends in accordance with the general option conditions exactly four years after the issue date. In addition to the general option conditions, the exercise of the share options in the case of Frank Brecher is subject to Frank Brecher performing the function of Chief Technology Officer beyond December 31, 2021 and for the duration of his employment contract until March 31, 2023.

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

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

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

The options granted to Dr. Ralph Körfgen, Managing Director Ambulatory & Pharmacy Information Systems until October 31, 2021, expired due to the expiry of his employment contract and were replaced by a cash compensation payment amounting to kEUR 2,273 in accordance with the terms of the employment contract. This cash compensation payment is due in 2022.

The equity-settled share option programs of the individual Managing Directors are recognized over the remaining term in profit or loss up to the fixed fair value on a straight-line basis by offsetting against the capital reserve. The volatility used in the calculation was determined retrospectively over the last seven years since the issue date.

For share-based remuneration components that are cash settled, on the other hand, the fair value is recalculated at each reporting date based on current market parameters and recognized in profit or loss as an expense. As at December 31, 2021, mEUR 1.2 was recognized as an expense in the income statement.

a) Managing Directors

Overview share option program as at December 31, 2021:

Share Option Program Dr. Dirk Wössner	Dec 31, 2021
Total number of outstanding share options	1.250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	78,60
Weighted average remaining term of outstanding rights in years	3,00
Weigthed average fair value of an option (EUR)	18,02
Share price volatility applied (in %)	31,01 %
risk-free interest rate (in %)	-0,57 %

Share Option Program Frank Brecher	Dec 31, 2021
Total number of outstanding share options	150.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	71,87
Weighted average remaining term of outstanding rights in years	2,58
Weigthed average fair value of an option (EUR)	18,63
Share price volatility applied (in %)	31,31 %
risk-free interest rate (in %)	-0,55 %

Share Option Program Hannes Reichl	Dec 31, 2021
Total number of outstanding share options	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	65,53
Weighted average remaining term of outstanding rights in years	1,50
Weigthed average fair value of an option (EUR)	16,85
Share price volatility applied (in %)	29,65 %
risk-free interest rate (in %)	-0,45 %

Share Option Program Michael Rauch	Dec 31, 2021
Total number of outstanding share options	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	56,27
Weighted average remaining term of outstanding rights in years	1,67
Weigthed average fair value of an option (EUR)	9,60
Share price volatility applied (in %)	29,79 %
risk-free interest rate (in %)	-0,55 %

Share Option Program Dr. Eckart Pech	Dec 31, 2021
Total number of outstanding share options	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	56,93
Weighted average remaining term of outstanding rights in years	1,83
Weigthed average fair value of an option (EUR)	12,91
Share price volatility applied (in %)	30,00 %
risk-free interest rate (in %)	-0,55 %

Overview share option program as at December 31, 2020:

Share Option Program Frank Brecher	Dec 31, 2020
Total number of outstanding share options	150.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	71,87
Weighted average remaining term of outstanding rights in years	3,58
Weigthed average fair value of an option (EUR)	18,63
Share price volatility applied (in %)	31,31 %
risk-free interest rate (in %)	-0,55 %

Share Option Program Dr. Ralph Körfgen	Dec 31, 2020
Total number of outstanding share options	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	65,53
Weighted average remaining term of outstanding rights in years	2,50
Weigthed average fair value of an option (EUR)	16,85
Share price volatility applied (in %)	29,65 %
risk-free interest rate (in %)	-0,45 %

Share Option Program Hannes Reichl	Dec 31, 2020
Total number of outstanding share options	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	65,53
Weighted average remaining term of outstanding rights in years	2,50
Weigthed average fair value of an option (EUR)	16,85
Share price volatility applied (in %)	29,65 %
risk-free interest rate (in %)	-0,45 %

Share Option Program Michael Rauch	Dec 31, 2020
Total number of outstanding share options	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	56,27
Weighted average remaining term of outstanding rights in years	2,67
Weigthed average fair value of an option (EUR)	9,60
Share price volatility applied (in %)	29,79 %
risk-free interest rate (in %)	-0,55 %

Share Option Program Dr. Eckart Pech	Dec 31, 2020
Total number of outstanding share options	250.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	56,93
Weighted average remaining term of outstanding rights in years	2,83
Weigthed average fair value of an option (EUR)	12,91
Share price volatility applied (in %)	30,00 %
risk-free interest rate (in %)	-0,55 %

b) Senior Management (group 2)

Overview share option program as at December 31, 2021:

Date of allocation	Dec 1, 2020	Jan 4. 2021	Jun 25, 2021	Jul 27, 2021	Sep 3, 2021
Total number of outstanding share options	20.000	25.000	220.000	10.000	20.000
of which vested	0	0	0	0	0
of which exercisable	0	0	0	0	0
Exercise price (EUR)	76,91	78,60	68,50	72,23	74,65
Weighted average remaining term of outstanding rights in years	2,92	3,01	3,5	3,57	3,68
Weigthed average fair value of an option (EUR)	23,83	18,28	13,43	12,87	19,26
Share price volatility applied (in %)	30,23 %	30,39 %	30,69 %	30,51 %	30,59 %
risk-free interest rate (in %)	-0,56 %	-0,57 %	-0,57 %	-0,56 %	-0,57 %

Overview share option program as at December 31, 2020:

Date of allocation	Dec 1, 2020
Total number of outstanding share options	20.000
of which vested	0
of which exercisable	0
Exercise price (EUR)	76,91
Weighted average remaining term of outstanding rights in years	3,92
Weigthed average fair value of an option (EUR)	23,83
Share price volatility applied (in %)	30,23 %
risk-free interest rate (in %)	-0,56 %

18. Remuneration of the Supervisory Board and the Administrative Board

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

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

The total remuneration (excluding any VAT) of the Supervisory Board of CompuGroup Medical SE & Co. KGaA for the year 2021, including the charges passed on by CompuGroup Medical Management SE for the Administrative Board, amount to (in EUR):

Remuneration 2021 for the Supervisory Board

Name	Remuneration for the Supervisory Board kEUR
von Ilberg, Philipp (since June 18, 2020) Chairman	100
Weinmann, Stefan (since September 30, 2021) Deputy Chairman, employee representative	14
Fuchs, Michael, Dr. (since June 18, 2020)	50
Handel, Ulrike, Dr. (since June 18, 2020)	40
Köhrmann, Martin, Prof. Dr. (since June 18, 2020)	40
Störmer, Matthias (since June 18, 2020)	60
Volkens, Bettina, Dr. (since June 18, 2020)	40
Basal, Ayfer (since September 30, 2021), employee representative	12
Betz, Frank (since September 30, 2021), employee representative	12
Hegemann, Adelheid (since September 30, 2021), employee representative	10
Johnke, Lars (since September 30, 2021), IG Metall	12
Mole, Julia (since January 15, 2021), ver.di	38
Total	428

Remuneration 2021 for former members of the Supervisory Board

Name	Remuneration for the Supervisory Board kEUR
Müller, Sven Thomas (from July 3, 2020 until September 30, 2021)	51
Veith, Thomas (from July 3, 2020 until January 15, 2021)	2
Becker, Andrea (from July 3, 2020 until January 15, 2021)	2
Keller, Ursula (from July 3, 2020 until September 30, 2021)	37
Kohl, Volker (from July 3, 2020 until September 30, 2021)	30
Frevel, Claudia (from July 3, 2020 until September 30, 2021)	30
Wiese, Andreas (from January 15, 2021 until September 30, 2021)	34
Total	187

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

Name	Remuneration for the Supervisory Board kEUR
von Ilberg, Philipp	54
Müller, Sven Thomas	28
Handel, Ulrike, Dr.	24
Störmer, Matthias	32
Veith, Thomas	28
Fuchs, Michael, Dr.	27
Köhrmann, Martin, Prof. Dr.	23
Volkens, Bettina, Dr.	22
Becker, Andrea	20
Keller, Ursula	24
Kohl, Volker	20
Frevel, Claudia	20
Total	322

Remuneration 2020 for the Supervisory Board of CompuGroup Medical SE

Name	Remuneration for the Supervisory Board kEUR
Esser, Klaus, Dr.	45
Gotthardt, Daniel, Prof. Dr.	30
Handel, Ulrike, Dr.	30
Seifert, Thomas	30
Pagenkopf, Maik	30
Schrod, Klaus	30
Total	195

These overviews contain the summarized remuneration of all members of the Supervisory Board in the past two years.

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

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

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

Remuneration 2021 for the Administrative Board

Name	Remuneration for the Administrative Board kEUR
Gotthardt, Frank	120
Esser, Klaus, Dr.	60
Gotthardt, Daniel, Prof. Dr.	60
Peters, Stefanie	60
Wössner, Dirk, Dr.	0
Total	300

Remuneration 2020 for the Administrative Board

Name	Remuneration for the Administrative Board kEUR
Esser, Klaus, Dr.	35
Gotthardt, Daniel, Prof. Dr.	35
Peters, Stefanie	30
Total	100

Review of the Supervisory Board remuneration system

On the occasion of the entry into force of the law for the implementation of the Second Shareholder Rights Directive (ARUG II), the Supervisory Board remuneration system is also to be submitted to the Annual General Meeting for approval pursuant to section 113 (3) German Stock Corporation Act (AktG). This took place at the Annual General Meeting on May 19, 2021.

19. Risk management system

Please refer to the management report for information on the principles of the risk management system.

20. Release from disclosure requirement

All German corporations with profit transfer agreements exercise the exemption under section 264 (3) HGB regarding the preparation and publication of a management report and annual financial statements. This concerns the following companies:

- CGM Clinical Deutschland GmbH, Koblenz
- CompuGroup Medical Deutschland AG, Koblenz
- CompuGroup Medical Software GmbH, Koblenz
- Ifap Service-Institut für Ärzte und Apotheker GmbH, Martinsried
- LAUER-FISCHER GmbH, Fürth
- CGM IT Solutions and Services GmbH, Koblenz
- CompuGroup Medical Mobile GmbH, Koblenz
- LAUER-FISCHER ApothekenService GmbH, Koblenz
- Meditec Marketingservices im Gesundheitswesen GmbH, Koblenz
- docmetric GmbH, Koblenz
- CGM Clinical Europe GmbH, Koblenz
- AESCU DATA Gesellschaft für Datenverarbeitung mbH, Winsen
- CompuGroup Medical Dentalsysteme GmbH, Koblenz
- Intermedix Deutschland GmbH, Koblenz

21. Disclosures by region

kEUR	Sales to third parties 2021	Sales to third parties 2020	Non current assets without deferred taxes 2021	Non current assets without deferred taxes 2020
Germany	556,603	471,114	700,008	566,967
Western Europe	319,387	296,545	399,889	391,217
Eastern Europe	24,087	21,757	7,452	8,955
North America	116,196	39,347	295,011	273,729
Rest of the World	9,049	8,496	12,750	11,841
Foreign countries	468,719	366,145	715,102	685,742
CGM Group	1,025,322	837,259	1,415,110	1,252,709

Koblenz, April 5, 2022

CompuGroup Medical SE & Co. KGaA

Represented by the Managing Directors
of CompuGroup Medical Management SE

Dr. Dirk Wössner Frank Brecher Angela Mazza Teufer Emanuele Mugnani

Dr. Eckart Pech Michael Rauch Hannes Reichl

FURTHER INFORMATION

Responsibility statement

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group, and the management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group

Koblenz, April 5, 2022

CompuGroup Medical SE & Co. KGaA

Represented by the Managing Directors
of CompuGroup Medical Management SE

Dr. Dirk Wössner

Frank Brecher

Angela Mazza Teufer

Emanuele Mugnani

Dr. Eckart Pech

Michael Rauch

Hannes Reichl

Independent Auditor's Report

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of CompuGroup Medical SE & Co. KGaA Koblenz and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of CompuGroup Medical SE & Co. KGaA and the Group (combined management report) for the financial year from January 1 to December 31, 2021.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Independent Auditor's Report

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Acquisition and first-time consolidation of the eMDs Group

For further information on the accounting policies applied please refer to Section "C. 2 b.Acquisition of subsidiaries" in the notes to consolidated financial statements.

Disclosures on the acquisition of the eMDs Group are presented in the notes to the consolidated financial statements in Section "C. 4 Company acquisitions and disposals".

THE FINANCIAL STATEMENT RISK

On December 21, 2020, the CompuGroup Medical SE & Co. KGaA Group acquired 100% of the shares in the eMDs Group. The purchase price amounted to EUR 190.1 million. With due regard to the net assets acquired in the amount of EUR 89.1 million, goodwill amounts to EUR 101.0 million.

The acquired identifiable assets and assumed liabilities are usually recognized at fair value pursuant to IFRS 3 on the date of acquisition. The Group engaged an external expert to identify and measure the assets acquired and the liabilities assumed.

The identification and measurement of acquired (especially intangible) assets and assumed liabilities is complex and based on management's assumptions that require judgment. The significant assumptions include the projections of the acquired business's revenue and margins, the license fees utilized, useful lives applied as well as the cost of capital.

There is the risk for the consolidated financial statements that the assets acquired and liabilities assumed are identified improperly or measured inaccurately. There is also the risk that the disclosures in the notes to the consolidated financial statements are not complete and accurate.

OUR AUDIT APPROACH

We first gained an understanding of the acquisition by evaluating the relevant agreements and consulting employees of the finance department.

We assessed the competency, skills and objectivity of the independent expert engaged by CompuGroup. Furthermore, we assessed the process for identifying the assets acquired and liabilities assumed in terms of conformity with the requirements of IFRS 3 using our knowledge of the business model of the acquired activities. We investigated the valuation methods used for their compliance with the accounting policies. With the involvement of our own valuation experts, we assessed the appropriateness of the identification and valuation methods along with the key assumptions.

Independent Auditor's Report

We discussed projected revenue and margin development with those responsible for planning. Furthermore, we reconciled these with the budgets prepared by management and assessed the consistency of the assumptions with the market data. The license rates utilized to measure the intangible assets were compared with benchmarks from relevant databases. We compared the assumptions and data underlying the capital costs, in particular the risk-free rate, the market risk premium and the beta factor with our own assumptions and publicly available data.

To assess computational accuracy, we verified selected calculations based on risk criteria. Finally, we assessed whether the disclosures in the notes regarding the acquisition of the eMDs Group were complete and accurate.

OUR CONCLUSIONS

The approach used for identifying and measuring the assets acquired and liabilities assumed is appropriate and in line with the accounting policies to be applied. The key assumptions and data underlying the purchase price allocation are appropriate and the presentation in the notes to the consolidated financial statements is complete and appropriate.

Impairment testing of goodwill

For more information on goodwill, please refer to Section "D.1.c) Goodwill" in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

As of December 31, 2021, goodwill amounted to EUR 588.4 million and, at 32.9% of total assets, accounts for a substantial share of assets.

Impairment of goodwill is tested annually at the level of business segments. For this purpose, the carrying amount of the assets is compared with their recoverable amount of the respective segment. If the carrying amount exceeds the recoverable amount, there is a need for impairment. The Company generally takes the value in use of the respective segment as the recoverable amount. The Company calculates this using the discounted cash flow method based on the present values of the expected future cash flows, which stem from the budgets prepared by management for the coming financial year, which are extrapolated using assumptions about future growth rates. The respective discount rate is derived from the return on a risk-appropriate alternative investment. The effective date for the impairment test is October 31, 2021.

Calculation of values in use is complex and, as regards the assumptions made, based largely on estimates and assessments of the Company. This applies particularly to estimates of future cash flows and long-term growth rates, and the determination of the discount rate.

The calculated values did not provide any indications for the need to recognize an impairment. There is the risk for the consolidated financial statements that an impairment loss as of the reporting date is not recognized in the amount required. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

Initially on the basis of the information gained in our audit, we assessed for which goodwill there were indications of a need for impairment. With the involvement of our valuation experts, we subsequently assessed the appropriateness of the significant assumptions and the valuation model of the Group. In addition, we discussed the expected cash flows and the assumed growth rates with those responsible for planning. Furthermore, we reconciled the budget with the budget approved by the Joint Committee for financial year 2022 and assessed whether the budget amounts and growth rates applied are in line with sector development.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and analyzed deviations.

We compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta factor, with our own assumptions and publicly available data. In order to take account of forecast uncertainty, we also investigated the impact of potential changes to the discount rate and the terminal value growth rate on the value in use by calculating alternative scenarios and comparing these with the Group's measurements (sensitivity analysis). To ensure the computational accuracy of the valuation model used, we verified the Company's calculations on the basis of selected risk-based elements.

Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill are appropriate. This also included an assessment of the appropriateness of the disclosures pursuant to IAS 36.134(f) on sensitivities in the event of a reasonably possible change in key assumptions underlying the evaluation.

OUR OBSERVATIONS

The process used by the Company for impairment testing of goodwill is appropriate and in line with the accounting policies. The Company's assumptions and parameters are appropriate. The related disclosures in the notes are appropriate.

Impairment testing of internally generated software

For more information on internally generated software, please refer to Section "D.1.b) Internally generated software" in the notes to the consolidated financial statements.

Independent Auditor's Report

THE FINANCIAL STATEMENT RISK

Internally generated software totaling EUR 161.0 million is recognized in the consolidated financial statements.

The recognition of internally generated software under assets pursuant to IAS 38 is complex and based on a range of assumptions that require judgment. These include the assessment of the future flow of benefits that the Group anticipates from the development projects carried out, as well as the recognition of the expenses included in the production costs. There is the risk that development costs not covered by the recognition criteria under IAS 38 are capitalized.

There is the risk for the financial statements that development costs not covered by the recognition criteria under IAS 38 are capitalized. In addition, there is the risk that the capitalized development costs are overstated due to overly generous inclusion of expense components in production costs.

OUR AUDIT APPROACH

First, we gained an understanding of the process activities with regard to ongoing capitalization decisions and assessed the design and implementation of established internal controls for the recognition of development costs. In addition, we evaluated the methodical approach to the recognition of capitalizable development costs.

For individual projects selected on the basis of risk, we assessed the extent to which significant costs incurred in financial year 2021 qualify for capitalization using the Group's detailed project descriptions. Through discussions with project managers, we gained an understanding of the future flow of benefits expected to result from the development work in question and verified the Company's assessment. Based on these discussions as well as other information obtained in the course of our audit, we assessed whether the Group has the option to use the results of development itself or to sell them.

We evaluated the amount and proper classification of the capitalized development costs for the projects selected on a sample basis based on the time sheets of the employees whose development work was capitalized. In addition, we assessed the recognition of the types of costs included.

OUR OBSERVATIONS

The procedure as well as the associated assumptions requiring judgment for the capitalization of development costs are in line with the recognition criteria under IAS 38. The distinction of the expense components included in the development costs is appropriate overall and is in line with the applicable accounting policies.

Independent Auditor’s Report

Existence of revenue

For more information on revenues, please refer to Section ”D.17. Revenues from contracts with customers and other income” in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

The consolidated financial statements of CompuGroup Medical SE & Co. KGaA reported revenue of EUR 1,025.3 million for the financial year 2021. Revenue is generated from various activities of the Group and includes income from the sale of software licenses and software maintenance contracts, as well as income from rents, services and hardware sales.

Revenue is recognized once the Group has fulfilled its performance obligation by transferring control of the goods or services to the customer. Due to the complex regulations on revenue recognition, the Group analyzes each revenue category to determine whether the revenue is to be recognized at a point in time or over time.

Due to the heterogeneity of the revenue categories and the complexity of the regulations on revenue recognition, there is the risk that revenue is not reported in the proper amount in financial year 2021.

OUR AUDIT APPROACH

First, we assessed whether the Group’s interpretation with regard to the dates of recognition for earnings from the individual revenue categories is in line with the provisions of IFRS 15. Then we gained an understanding of the process activities and assessed the design and implementation of the established controls with regard to order acceptance, service performance and revenue recognition cut-off.

For the revenue to be recognized at a point in time, we assessed, on the basis of a representative sample, revenue recognition cut-off by reconciling invoices with the related contracts, external proof of delivery, acceptance protocols or time sheets. Furthermore, we assessed the applicable point in time and the amount of revenue recognized by obtaining third-party confirmations selected on the basis of a statistical procedure or alternatively by reconciling invoices with the related orders, external proof of delivery or incoming payments. We also inspected credits issued after the reporting date based on elements selected on the basis of risk. For revenue to be recognized over time, we evaluated the extent of the services rendered as well as the resulting recognition in the statement of financial position and the income statement.

OUR OBSERVATIONS

CompuGroup’s approach to the recognition of revenue in financial year 2021 is appropriate.

Independent Auditor’s Report

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Group’s separate non-financial report, which is referred to in the combined management report, and
- the Group’s corporate governance statement referred to in the combined management report.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor’s report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the Group’s assets, liabilities, financial position, and financial performance. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

Independent Auditor’s Report

The Supervisory Board is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in

compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Independent Auditor's Report

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined group management report (hereinafter the "ESEF documents") contained in the electronic file „529900CUXZGOCJZR7O57-2021-12-31-de.zip" (SHA256-Hash value: b5de0e970a14dcba1c0b3081d3c32bbef15c02744d50b10194068e89e44c4421), made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2021, contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).
The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Independent Auditor's Report

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on May 19, 2021. We were engaged by the Supervisory Board on August 4, 2021. We have been the group auditor of CompuGroup Medical SE & Co. KGaA without interruption since financial year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the XHTML format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

Independent Auditor's Report

Responsible auditor

The German Public Auditor responsible for the engagement is Alexander Bock.

Frankfurt/Main, April 5, 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by]

[signature] Bock	[signature] Palm
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

FINANCIAL CALENDAR 2022

Date	Event
April 7, 2022	Annual Report 2021
May 5, 2022	Interim Report Q1 2022
May 19, 2022	Annual Gerneral Meeting
August 4, 2022	Interim Report Q2 2022
November 3, 2022	Interim Report Q3 2022

IMPRINT

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CompuGroup Medical SE & Co. KGaA

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