

Half-Year Financial Report

1 January - 30 June 2020

Financial Highlights Q2/2020

- Group revenues of 180 MEUR - 4 % below prior year quarter, positively influenced by high Telematics Infrastructure one-time revenues
- Organic growth excluding Telematics Infrastructure at + 6 %
- Recurring revenues growth by 10 %, of which 8 % AIS segment, 9 % PCS segment and 12 % HIS segment
- Adjusted EBITDA growth by 1 % to 45 MEUR
- Adjusted earnings per share at 0.38 EUR (prior year quarter: 0.38 EUR)
- Adjusted Free Cash flow is as expected below strong prior year quarter at - 0.8 MEUR
- Equity ratio increases to 43 % due to share placement, leverage dropped to 0.6 x EBITDA
- Guidance for full-year 2020 adjusted EBITDA raised 205 – 220 MEUR (before 195 – 215 MEUR) due to acquisition in HIS segment

Financial key figures

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019*	Change	01.01.- 30.06.2020	01.01.- 30.06.2019*	Change
Revenues	179,880	186,592	-4%	363,023	361,806	0%
Organic growth in %	-6%	-6%		-2%	-2%	
Recurring Revenues in %	69%	60%		68%	62%	
Adjusted EBITDA	44,637	44,339	+1%	88,114	94,264	-7%
Adjusted Margin	25%	24%		24%	26%	
Adjusted EPS (EUR) - diluted	0.38	0.38	-1%	0.72	0.85	-15%
CAPEX	13,512	14,324	-6%	28,193	25,684	+10%
Adjusted Free Cash flow	-842	23,511	-104%	52,466	81,071	-35%
Number of shares outstanding ('000)	53,735	48,828		53,735	48,828	

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

NOTICES

Unless otherwise stated, all information and explanatory notes in this report refer to the second quarter of 2020 and 2019, i.e. the three-month period from 1 April to 30 June (Q2), and all percentage changes refer to the respective year-on-year comparison. Due to rounding, totals and percentages presented in this report may not add up precisely to the totals provided.

BUSINESS DEVELOPMENT - SIGNIFICANT EVENTS

COVID-19 pandemic impact

CompuGroup Medical reacted early to the first signs of the COVID-19 pandemic and implemented appropriate protective measures for employees and customers. At peak times in April more than 5,000 employees worldwide, or around 90 % of the workforce, were working from their home offices. In addition, increased development and personnel efforts were made to provide additional solutions for doctors, hospitals, pharmacies and nursing staff. This included not only the provision of video consultations, which were initially free of charge, but also comprehensive telemonitoring solutions and secure home office workstation access for doctors' practices.

The adjustment of the guidance for the full-year 2020 (for details see Guidance Report section) are not caused by COVID-19. The full-year guidance published in February is raised mainly due to the inclusion of a transaction in the HIS segment in the second half of the year. Possible risks to revenue, earnings and financial performance arising from COVID-19 have not given rise to a revision of the guidance from today's perspective. The situation ascertained by risk management in the second quarter shows that, compared to the prior quarter, the assessment of the operating business units in the countries has begun to calm down. This applies in particular to Italy and Austria, which were affected particularly early in Europe. In the US, on the other hand, there was an increase in the assessment of the risk situation, contrary to the global trend. Sales in South Africa were also affected by the pandemic, whereby the effect was reinforced by a devaluation of the exchange rate.

Because of to the ongoing Corona pandemic, the guidance remains subject to increased uncertainty. Further, there are currently no indications that the COVID-19 pandemic will affect the Group's strategic orientation.

CompuGroup Medical sees significantly increased growth opportunities in the mid-term as a result of the increased sustainable readiness to use digital solutions in the health care system due to the pandemic.

Acquisition of part of the IT healthcare portfolio of Cerner Corporation

In February, CompuGroup Medical announced that a purchase agreement had been concluded for part of Cerner's IT healthcare portfolio in Germany and Spain. The main products of the acquired portfolio are medico and Soarian Integrated Care, leading hospital information systems in Germany, Selene, a leading hospital information system in Spain, and Soarian Health Archive, an archiving solution for healthcare facilities. For 2019, the acquired businesses had revenues of approximately MEUR 74 and an EBITDA of approximately MEUR 13. The transaction was closed on 1 July 2020 after meeting the merger clearance and other closing conditions. The preliminary purchase price, taking into account the agreed adjustment mechanism, is approximately MEUR 203, and the final purchase price will be determined in the second half of 2020, in accordance with the terms of the purchase agreement.

Acquisitions in the first half of 2020

Acquisitions in the first half of 2020 are described in more detail in the notes.

New legal form CGM SE & Co. KGaA

At the Annual General Meeting of CompuGroup Medical SE on 13 May 2020, the conversion into a partnership limited by shares (KGaA) was decided. This became effective upon entry in the Koblenz Commercial Register on 18 June 2020. A monistically constituted European Company (SE) under the name of "CompuGroup Medical Management SE" has been entered as the general partner of the KGaA. Shareholders of this Management SE are indirectly the company founder Frank Gotthardt and Prof. Dr. Daniel Gotthardt. The change of legal form enables CompuGroup Medical SE & Co. KGaA the greatest possible flexibility with regard to the financing of future growth and at the same time, together with the founding Gotthardt family, to retain anchor shareholders, thus maintaining the entrepreneurial perspective and the founding spirit.

The Administrative Board of CompuGroup Medical Management SE comprises as members the former Chairman of the Supervisory Board of CGM SE, Dr. Klaus Esser, company founder Frank Gotthardt as Chairman, Prof. Dr. Daniel Gotthardt and since 10 July 2020 Stefanie Peters. In addition, the former members of the Management Board of CGM SE were appointed as managing directors in order to ensure the greatest possible continuity in the leadership of the company.

Share placement

The subscribed capital of CompuGroup Medical SE & Co. KGaA increased in the second quarter of 2020 by EUR 515,226 from EUR 53,219,350 to EUR 53,734,576. The capital increase against cash took place on 22 June 2020, making partial use of the authorized capital. The entry in the commercial register took place on 25 June 2020 and thus became effective. The subscribed capital was increased by the issue of 515,226 new no-par-registered value shares against cash contributions by an accelerated bookbuilding process with qualified investors, by excluding the subscription rights of existing shareholders. The placement price of EUR 64.00 per share resulted in gross proceeds of MEUR 33.

The new shares are entitled to participate in profits from 1 January 2020 and will be included in the existing listing on the regulated market and at the same time in the sub-segment of the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

As of 22 June 2020, the total portfolio of treasury shares of 4,806,709 shares was placed with qualified investors at a placement price of EUR 64.00 each by an accelerated bookbuilding procedure. The gross proceeds of the placement amount to MEUR 307.6.

The capital measure and the sale of own shares were carried out to strengthen the equity base and support further growth. Based on total gross proceeds of MEUR 340.6, the reserves of CompuGroup Medical SE & Co. KGaA increased by MEUR 251.2, less the portion attributable to subscribed capital, the carrying amount of treasury shares and less directly attributable costs in connection with the capital increase.

EARNINGS DEVELOPMENT IN THE GROUP

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019	01.01.- 30.06.2020	01.01.- 30.06.2019
Revenues	179,880	186,592	363,023	361,806
Capitalized inhouse services and other income	12,142	6,716	21,936	17,302
Expenses for goods and services purchased	-29,927	-38,352	-62,096	-67,834
Personnel expenses	-89,981	-88,347	-179,588	-172,337
Other expenses and net impairment losses on financial and contract assets	-29,366	-29,209	-60,417	-56,135
EBITDA	42,748	37,399	82,858	82,801
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	-17,013	-14,841	-33,795	-29,442
EBIT	25,735	22,558	49,063	53,359
Financial result	-2,508	-2,253	-7,027	-3,819
EBT	23,227	20,305	42,036	49,540
Income taxes for the period	-6,969	-6,121	-12,945	-14,881
CONSOLIDATED NET INCOME FOR THE PERIOD	16,258	14,184	29,091	34,659

In the second quarter revenues decreased by MEUR 6.7 (4 %) to MEUR 179.9, with acquisitions, which were MEUR 6.1 (prior year: MEUR 1.4). Organically, revenues decreased by - 6 % year-on-year, due to lower Telematics Infrastructure one-off revenues. Organic growth excluding Telematics Infrastructure was 6 %.

In the first half of 2020 revenues were MEUR 1.2 (0 %) higher than in the prior year and amounted to MEUR 363.0. Acquisitions generated revenues of MEUR 12.2 (prior year: MEUR 2.4), resulting in an organic growth of - 2 % (prior year: - 2 %) and adjusted for Telematics Infrastructure + 7 % (prior year: + 4 %).

The adjusted consolidated earnings before interest, taxes, depreciation, and amortization (adjusted EBITDA) for the second quarter amounted to MEUR 44.6 (prior year: MEUR 44.3 on a pro forma basis) with an adjusted EBITDA margin of 25 % (prior year: 24 %).

The adjusted Group EBITDA for the first half of 2020 amounted to MEUR 88.1 (prior year: MEUR 94.3 on a pro forma basis) with an adjusted EBITDA margin of 24 % (prior year: 26 %).

In addition, the first and second quarters of 2019 benefited from high one-off revenues and corresponding earnings from the introduction of the Telematics Infrastructure. In the reporting period, higher revenues were generated in particular from maintenance contracts.

Adjusted Group EBITDA is derived from reported EBITDA as shown below:

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019	01.01.- 30.06.2020	01.01.- 30.06.2019
EBITDA REPORTED	42,748	37,399	82,858	82,801
Adjustments:				
M&A Transactions	819	0	3,772	0
Share-based option programs	461	6,940	922	11,463
Restructuring program expenses	0	0	0	0
Other non-operative, extraordinary or one-time effects	609	0	562	0
EBITDA ADJUSTED*	44,637	44,339	88,114	94,264

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

The main developments in operating expenses are:

- The expenses for goods and services purchased decreased by MEUR 8.4 compared to the prior year. The gross generated margin ((Revenues less cost of purchased services)/revenue) of 83 % was 4 % better than the prior year. The growth in gross margin is mainly caused by lower expenses compared to prior year due to less hardware business, in particular for Telematics Infrastructure. A further driver for the improvement was the expansion of the services business. In the first half of 2020, the gross margin reached 83 %, 2 % higher than in the prior year. The cost of purchased goods and services during the first half of the year amounted to MEUR 62.1 (prior year: 67.8).
- Personnel expenses increased by 2 % to MEUR 90.0 compared to the prior year (MEUR 88.3). In the second quarter of last year a negative one-time effect of MEUR 6.9 from the revaluation of the cash-settled stock options of a former member of the Executive Board is included in the personnel expenses. Excluding this one-off effect, personnel expenses increased by 10 %. Employees from newly acquired companies contributed MEUR 2.0 to the increase in personnel expenses. Further new hires of software developer and general salary increases causes the increase. During the first six months of the year, personnel expenses increased by MEUR 7.3 to MEUR 179.6. In the comparative period of last year a negative one-off effect of MEUR 11.5 from the revaluation of the cash-settled stock options of a former member of the Management Board happened. Excluding this one-off effect, personnel expenses increased by 12 %, which are mainly caused by recruiting and general salary increase. Employees of newly acquired companies also contributed MEUR 4.3.
- Other expenses and net impairment losses on financial and contract assets were MEUR 0.2 higher than in the prior year and amounted to MEUR 29.4. Adjusted for special effects of M&A costs and costs for the conversion of the legal form to an SE & Co. KGaA, other expenses and net impairment losses on financial and contract assets were MEUR 1.3 lower than in the prior year. The decrease, corrected by special effects, was mainly due to global cost savings in connection with the COVID-19 pandemic. The main drivers for this were decline in business travel activities and cancellations of trade fair events in the second quarter of 2020. Other expenses and net impairment losses on financial and contract assets in the first half of the year were MEUR 60.4 and MEUR 4.3 above the prior year (MEUR 0.4 below the prior year after adjustment for the above-mentioned special effects).

Depreciation of property, plant and equipment and right-of-use assets amounted to MEUR 7.7 in the second quarter, which is an increase of MEUR 0.7 (prior year: MEUR 7.0). The increase in depreciation of non-current assets is mainly due to slightly higher depreciation on right-of-use assets (IFRS 16) and increased depreciation of own used IT equipment. Amortization of intangible assets increased by MEUR 1.5 to MEUR 9.3 in the second quarter, mainly due to higher amortization from purchase price allocations and more amortization on software licenses. Amortization of self-developed software amounted to MEUR 1.3 in the reporting period (prior year: MEUR 1.1). Depreciation of property, plant and equipment and right-of-use assets amounted to MEUR 15.1 for the first half of the year, which is an increase of MEUR 1.3 compared to prior year. Depreciation of internally generated software amounted to MEUR 2.5 (prior year: MEUR 2.2).

Financial income increased from MEUR 0.2 in the second quarter of 2019 to MEUR 0.4 in the second quarter of current year, which is mainly due to interest income from tax refunds. Financial income of MEUR 1.0 was generated for the first half of the year, which was MEUR 0.4 higher than in the same period of the prior year.

The financial expenses are structured as follows:

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019	01.01.- 30.06.2020	01.01.- 30.06.2019
Interest and expenses on loans and financial services	1,817	1,236	4,957	2,489
Changes in purchase price liabilities	141	191	277	366
Exchange rate losses on internal liabilities in foreign currency	940	398	2,317	421
Capitalized interest on qualifying assets under construction (IAS 23)	-248	-145	-456	-295
Other	85	119	176	246
TOTAL	2,735	1,799	7,271	3,227

In the second quarter of 2020, consolidated net income amounted to MEUR 16.3, compared to MEUR 14.2 in the reference period of last year. The group tax rate for the second quarter was 30.0 %, compared to 30.1 % in the same period last year. Consolidated net income for the first half of the year was MEUR 29.1, MEUR 5.6 less than in the prior year. The Group tax rate for the first 6 months was 30.8 % (prior year: 30.0 %).

Adjusted earnings per share are as follows:

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019*	01.01.- 30.06.2020	01.01.- 30.06.2019*
CONSOLIDATED NET INCOME OF THE PERIOD (ALLOCATED TO SHAREHOLDERS OF THE PARENT COMPANY)	16,322	13,973	29,014	34,372
Adjustments:				
M&A Transactions	1,553	0	4,796	0
Share-based option programs	322	4,858	645	8,024
Restructuring program expenses	0	0	0	0
Other non-operative, extraordinary or one-time effects	427	0	1,195	0
ADJUSTED CONSOLIDATED NET INCOME FOR THE PERIOD (ALLOCATED TO SHAREHOLDERS OF THE PARENT COMPANY)	18,624	18,831	35,650	42,396
ADJUSTED UNDILUTED EARNINGS PER SHARE (IN EUR)	0.38	0.38	0.73	0.87
ADJUSTED DILUTED EARNINGS PER SHARE (IN EUR)	0.38	0.38	0.72	0.85
weighted average of outstanding shares acc. to IAS 33 - undiluted ('000)	48,648	48,915	48,648	48,915
weighted average of outstanding shares acc. to IAS 33 - diluted ('000)	49,648	49,790	49,648	49,790

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

EARNINGS DEVELOPMENT OF THE BUSINESS SEGMENTS

Ambulatory Information Systems (AIS)

MEUR	01.04 - 30.06.2020	01.04 - 30.06.2019	Change	01.01 - 30.06.2020	01.01 - 30.06.2019	Change
Revenues to third parties	106.3	116.5	-9%	215.5	222.8	-3%
thereof organic revenues*	101.3	115.3	-12%	205.3	220.8	-7%
thereof recurring revenues	77%	64%		75%	67%	
EBITDA adjusted**	37.1	39.3	-6%	71.2	78.4	-9%
in % of revenues	35%	34%		33%	35%	

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

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

- The software business with physicians and dentists achieved revenues of MEUR 106.3 for the second quarter 2020, which corresponds to a decline of 9 % year-on-year and is fully attributable to the lower one-off revenues from Telematics Infrastructure.
- Acquisitions, mainly EPSILOG, contributed with MEUR 5.0 (prior year: MEUR 1.2) to revenues for the second quarter.
- Organic revenue growth was 12 % below the prior year due to the prior year's strong revenues in the Telematics Infrastructure. Excluding the Telematics Infrastructure, organic revenue growth was 7 %.
- Significant growth in recurring revenues in the AIS segment of 8 % to MEUR 81.4 was supported by Telematics Infrastructure.
- Adjusted EBITDA stood MEUR 37.1 which is nearly 6 % below the second quarter of the prior year.

Pharmacy Information Systems (PCS)

MEUR	01.04. - 30.06.2020	01.04. - 30.06.2019	Change	01.01. - 30.06.2020	01.01. - 30.06.2019	Change
Revenues to third parties	29.6	27.8	6%	59.2	55.7	6%
thereof organic revenues*	29.3	27.7	6%	58.6	55.6	6%
thereof recurring revenues	64%	63%		64%	64%	
EBITDA adjusted**	8.0	6.0	35%	16.9	14.4	18%
in % of revenues	27%	21%		29%	26%	

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

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

- In the second quarter of 2020, the pharmacy software business achieved revenues in the amount of MEUR 29.6, which represents an increase of 6 % year-on-year.
- Acquisitions contributed with MEUR 0.3 (prior year: MEUR 0.1) to revenues in the second quarter. Excluding these revenues, organic growth was 6 %. The successful sale of additional modules for the cashpoints in German pharmacies contributed in particular to organic growth.
- Recurring revenues in the PCS segment increased by 9 % over the same period last year to MEUR 18.9.
- Adjusted EBITDA of MEUR 8.0 was significantly (+ 35 %) above the prior year's amount of MEUR 6.0. This was primarily due to the additional business in Germany and cost containment in Italy as a result of the COVID-19 pandemic.

Hospital Information Systems (HIS)

MEUR	01.04. - 30.06.2020	01.04. - 30.06.2019	Change	01.01. - 30.06.2020	01.01. - 30.06.2019	Change
Revenues to third parties	33.4	32.3	4%	67.1	63.3	6%
thereof organic revenues*	32.6	32.3	1%	65.6	63.3	4%
thereof recurring revenues	65%	60%		65%	61%	
EBITDA adjusted**	5.5	1.6	238%	9.7	7.4	31%
in % of revenues	16%	5%		14%	12%	

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

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

- Revenue growth amounted to 4 % with only minor consolidation effects, adjusted for these, organic growth was 1 %.
- Additional revenues in connection with the roll-out in Lower Austria and growth in the laboratory business were offset by weaker business development in Germany in the course of the COVID-19 pandemic.
- Recurring revenues increased by 12 % to MEUR 21.8.
- Adjusted EBITDA of MEUR 5.5 was significantly higher than the prior year's amount of MEUR 1.6, which included higher one-off costs in connection with tenders. In addition, organic revenue growth and an earnings increase in the laboratory business contributed to the development.

Consumer and Health Management Information Systems (CHS)

MEUR	01.04. - 30.06.2020	01.04. - 30.06.2019	Change	01.01. - 30.06.2020	01.01. - 30.06.2019	Change
Revenues to third parties	10.6	9.9	6%	21.4	20.0	7%
thereof organic revenues*	10.6	9.9	6%	21.4	19.6	9%
thereof recurring revenues	12%	2%		12%	3%	
EBITDA adjusted**	1.4	1.5	-10%	3.5	3.9	-11%
in % of revenues	13%	15%		16%	20%	

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

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

- CHS segment revenues increased by 6 % to MEUR 10.6. Organic growth was also 6 %.
- The positive revenues development in the second quarter is mainly attributable to the CGM Life division, whose business volume was significantly increased through the development and operation of software solutions for the private health insurance sector.
- Adjusted EBITDA was lower by MEUR 0.1 compared to the prior year due to increased development costs.

Other segments and consolidation

MEUR	01.04. - 30.06.2020	01.04. - 30.06.2019	Change	01.01. - 30.06.2020	01.01. - 30.06.2019	Change
Revenues to third parties	0.0	0.0	0%	-0.1	0.1	-191%
EBITDA adjusted*	-7.3	-4.1	-81%	-13.2	-9.8	-35%

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

- Adjusted EBITDA in other segments and consolidation was lower by MEUR 3.2 than in the prior year mainly due to higher personnel expenses in central R&D activities.
- Adjusted items for the second quarter of 2020 mainly contain M&A costs and KGaA conversion costs (MEUR 1.9 in total). For the second quarter of 2019 on a pro forma basis, a negative one-time effect of MEUR 6.9 resulting from the revaluation of cash-settled stock options of a former Management Board member was adjusted.

Staff Development

Staff Development	30.06.2020	30.06.2019	31.12.2019
Number of employees (HC)	5,826	5,457	5,627
thereof from acquisitions at time of acquisition	36	320	426
Full-time equivalent (FTE)*	5,444	5,102	5,258

* FTE: Indicates for a number of real jobs with different time models the number of notional full-time jobs with the same work capacity.

Headcount increased by 369, of which 36 employees resulted from acquisitions. The number of FTEs increased by 342 compared to the previous year. Most of the new hires were in R&D, sales & marketing and service and support.

NET ASSETS OF THE GROUP

EUR '000	30.06.2020		31.12.2019		Changes	
Non-current assets	839,732	60%	832,930	78%	6,802	1%
Current Assets	564,510	40%	232,932	22%	331,578	142%
TOTAL ASSETS	1,404,242	100%	1,065,862	100%	338,380	32%

EUR '000	30.06.2020		31.12.2019		Changes	
Equity	601,183	43%	259,916	24%	341,267	131%
Non-current liabilities	561,982	40%	569,642	54%	-7,660	-1%
Current liabilities	241,077	17%	236,304	22%	4,773	2%
TOTAL LIABILITIES	1,404,242	100%	1,065,862	100%	338,380	32%

Total assets increased by 32 % in the first two quarters of 2020, or MEUR 338.4 to MEUR 1,404.2 (prior year 31 December 2019: MEUR 1,065.9).

The largest changes in assets are as follows:

- Increase of non-current assets by MEUR 6.8, mainly driven by intangible assets (MEUR 4.9) and property, plant and equipment (MEUR 2.1).
- Increases in inventory by MEUR 5.2 to MEUR 32.7. Inventories mainly comprise goods for CGM's hardware and peripheral equipment business as well as components of the Telematics Infrastructure.
- Increase of trade receivables by MEUR 7.3 to MEUR 110.3 mainly due to a high level of receivables from maintenance contracts invoiced in the second quarter, which are expected to be settled in the third quarter of 2020.
- Increase of current other non-financial assets from MEUR 16.9 at year-end 2019 by MEUR 6.4 to MEUR 23.3 due to higher VAT receivables and higher prepayments for business transactions whereby the service will be rendered in future periods.
- Decrease of income tax receivables from MEUR 19.2 at the end of 2019 by MEUR 7.3 to MEUR 11.9
- Increase of cash and cash equivalents from MEUR 46.4 at year-end 2019 by MEUR 316.4 to MEUR 362.8. The high level of cash and cash equivalents is mainly due to the capital measure and the placement of treasury shares. Partly the cash and cash equivalents are used to pay the purchase price for the acquired IT healthcare portfolio of Cerner Corporation in Germany and Spain.

All other assets were subject to minor changes in absolute figures as of the first half-year of 2020.

Group equity increased from MEUR 259.9 as of 31 December 2019 to MEUR 601.2 as of 30 June 2020. The change in equity results from the placement of treasury shares, the issue of new shares and from the consolidated total income for the period from 1 January 2020 to 30 June 2020 less the net effect from the dividend distribution, the change in the currency reserve, the actuarial result, stock option programs as well as effects from other minor changes. The equity ratio was 43 % as of 30 June 2020.

The following significant changes occurred in current and non-current liabilities compared to year-end 2019:

- Increase of current contract liabilities from MEUR 42.5 to MEUR 84.2 at the end of the first half-year of 2020. This increase is mainly due to advance payments for software maintenance contracts for the calendar year 2020. By the end of 2020, a comparable level of current contract liabilities is expected as in the prior year.
- Current and non-current liabilities to banks decreased by MEUR 23.2 from MEUR 449.6 to MEUR 426.4. This is mainly due to the repayment of short-term credit lines utilized at year-end 2019.
- Trade payables decreased by MEUR 10.7 from MEUR 47.1 to MEUR 36.4. This is mainly due to the settlement of supplier invoices. Some of these were services for which accruals had been made at the end of 2019, as the service was already rendered in 2019 but unbilled by the seller.

All other current and non-current liabilities were subject to minor changes in absolute figures as of the first half-year of 2020.

FINANCIAL POSITION OF THE GROUP

The liquidity situation and financial position of CGM are shown in the following condensed cash flow statement and key figures on debt:

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019	Changes	01.01.- 30.06.2020	01.01.- 30.06.2019	Changes
OPERATING CASH FLOW	10,285	37,835	-27,550	76,004	106,755	-30,751
CASH FLOW FROM INVESTING ACTIVITIES	-13,244	-16,460	3,216	-37,231	-51,209	13,978
FREE CASH FLOW	-3,227	23,511	-26,738	47,811	81,071	-33,260
CASH FLOW FROM FINANCING ACTIVITIES	306,646	-19,465	326,111	279,248	-39,381	318,629
CHANGE IN CASH AND CASH EQUIVALENTS	303,687	1,912	301,775	318,021	16,167	301,854
Changes due to exchange rate fluctuations	77	58	19	-1,526	132	-1,658
Cash and cash equivalents at the beginning of the period	0	0	0	46,350	25,302	21,048
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	303,764	1,970	301,794	362,845	41,601	321,244
NET DEBT*	-	-	-	123,234	342,694	-219,460
LEVERAGE (LTM)**	-	-	-	0.63	1.84	-1.21

* Liabilities to banks (incl. leasing liabilities according to IFRS 16) ./ cash and cash equivalents (with the exception of accounts under third-party management)

** Net debt / EBITDA adjusted/pro forma (LTM) plus pro rata EBITDA of newly acquired companies

In the second quarter of 2020, cash flow from operating activities amounted to MEUR 10.3 compared to MEUR 37.8 in the same period of the prior year. The development of the operating cash flow in the reporting period is mainly driven by a reduction in trade payables, contract liabilities and other liabilities and an increase in inventories and income tax receivables compared with the second quarter of 2019. In contrary, the change in trade receivables and other liabilities developed positively. At MEUR 76.0, operating cash flow for the first six months was MEUR 30.8 above the prior year.

The derivation of free cash flow and adjusted free cash flow is shown below:

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019	01.01.- 30.06.2020	01.01.- 30.06.2019
OPERATING CASH FLOW	10,285	37,835	76,004	106,755
CASH FLOW FROM INVESTING ACTIVITIES	-13,244	-16,460	-37,231	-51,209
./ Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in previous periods)	-822	1,742	6,467	24,392
./ Cash outflow for acquisitions from prior periods	554	394	1,291	1,133
./ Cash inflow from the disposal of subsidiaries and business units	0	0	0	0
./ Cash outflow for capital expenditures in joint ventures and other equity investments	0	0	1,280	0
+/- Extraordinary effects	0	0	0	0
FREE CASH FLOW	-3,227	23,511	47,811	81,071
Operating cash flow adjustments	2,385	0	4,655	0
ADJUSTED FREE CASH FLOW*	-842	23,511	52,466	81,071

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

Cash flow from investing activities amounted to MEUR - 13.2 in the second quarter of 2020, compared to MEUR - 16.5 in the same period in prior year. For the first six months of 2020 the cash flow from investing activities was MEUR - 37.2 (prior year: MEUR - 51.2)

The investments are shown below:

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019	01.01.- 30.06.2020	01.01.- 30.06.2019
Company acquisition	-822	1,742	6,467	24,392
Purchase of minority interest and past acquisition	554	394	1,291	1,133
Capitalized in-house services and other intangible assets	10,340	6,710	19,346	13,006
Joint ventures and other equity investments	0	0	1,280	0
Office building and property	385	284	3,272	344
Other property and equipment	2,787	7,330	5,575	12,335
TOTAL	13,244	16,460	37,231	51,209

Cash flow from financing activities amounted to MEUR 306.6 in the second quarter of 2020 (prior year: MEUR - 19.5). The decrease by MEUR 326.1 is largely due to the capital increase and placement of treasury shares in the second quarter of 2020, which generated gross proceeds less transaction costs (after tax) of MEUR 338.0. This was offset by a MEUR - 12.5 year-on-year decrease in net borrowings (defined as cash inflow from borrowings less cash outflow from the repayment of loans). In the first half of 2020, financing activities generated cash inflows of MEUR 279.2 (prior year: - 39.4).

As of 30 June 2020, cash and cash equivalents amounted to MEUR 362.8 (prior year: MEUR 41.6). The cash and cash equivalents also include restricted cash and cash equivalents.

Net debt as of the reporting date of 30 June 2020 amounted to MEUR 123.2 and was thus MEUR 343.7 lower than the net debt as of 31 December 2019 of MEUR 466.9. The leverage is 0.63 (31 December 2019: 2.36) and thus fulfill the requirements of the existing credit agreement.

REPORT ON OPPORTUNITIES AND RISKS

As an internationally operating company, CompuGroup Medical is exposed to a number of risks. The risks include in particular strategic and macroeconomic risks as well as operational, legal and political risks. Furthermore, the group is exposed to risks arising from project business, key personnel and financial risks.

The technological possibilities and market knowledge within the Group are suitable for assessing risks and taking adequate measures to deal with them. The early identification, analysis and careful handling of risks is ensured at CompuGroup Medical by a uniformly integrated risk management system across the group. The structure of the risk management system and a description of the main risks were explained in detail in the annual report 2019, which can be downloaded free of charge from www.cgm.com.

With the exception of the reassessment of data privacy risks, we do not see any significant changes compared with the risks and opportunities described in the Group management report for the 2019 financial year. After internal assessment of the data protection risks, the data protection authorities' concept for the setting of fines has been rated as potentially higher than in the prior year. However, neither this reassessment nor other changes resulted in risks in the form of individual risks or combined effects thereof that jeopardize the continued existence of the company. The impact of the COVID-19 pandemic is examined separately in the chapter of the same name.

GUIDANCE FOR CGM GROUP

CompuGroup Medical is raising its guidance for revenues and adjusted EBITDA published on 5 February 2020, mainly due to the completion of the acquisition of parts of Cerner on 1 July 2020. The guidance for the adjusted earnings per share also takes into account the increase in the number of shares as a result of the share placement:

- Revenues are now expected in the range of MEUR 820 - 860 for 2020, compared to MEUR 765 - 815 previously. Organic growth is expected to be between 2 and 6 % (previously: 0 - 6 %). The expectation for the percentage of recurring revenues is unchanged at above 60 %.
- The guidance range for adjusted EBITDA is raised from MEUR 195 - 215 to MEUR 205 - 220.
- In addition to the consolidation effects from the Cerner transaction, adjusted earnings per share are affected by the capital measure in June due to the increased number of shares. As a result, adjusted earnings per share for 2020 as a whole are now expected to be between EUR 1.75 and EUR 1.95, compared with adjusted earnings per share of between EUR 1.70 and EUR 1.95 previously.
- Due to the postponement of individual projects, capital expenditures (capex) are expected to reach MEUR 65 - 75 instead of MEUR 70 - 80 as previously expected.
- Adjusted free cash flow (cash flow from operating activities including interest less capex) is expected to be above MEUR 85 (previously above MEUR 80).

For the reporting segments, adjustments have been made to the revenue guidance for the AIS and HIS segments:

- AIS revenues are expected to be in the range of MEUR 470 - 490, compared to MEUR 453 - 485 previously expected. Revenues for the Telematics Infrastructure-business will continue to be below the strong previous year's level, while the expected rollout of the connector upgrade can begin in July after approval by gematik GmbH.
- The PCS segment is expected to generate revenues of MEUR 124 to MEUR 134. Revenues for the Telematics Infrastructure rollout are still expected to be in the low double-digit million range.
- Revenues in the HIS segment are expected to be in the range of MEUR 180 - 188, compared to MEUR 142 - 148 previously. The increase in the guidance for this segment results from the consolidation contributions of the acquired parts of Cerner.
- For the CHS segment Revenues in the range of MEUR 46 and MEUR 48 are still expected.

Possible risks to revenues, earnings and financial performance arising from COVID-19 have not given rise to a revision of the guidance from today's perspective. However, due to the ongoing corona pandemic, the prognosis is subject to increased uncertainty.

In the medium term, CGM sees significantly increased growth opportunities as a result of the enormous increase in sustained readiness to use digital networking solutions in the healthcare sector due to the pandemic.

Interim Statement of Financial Position

as at 30 June 2020

ASSETS

EUR `000	30.06.2020	30.06.2019	31.12.2019
Non-current assets			
Intangible assets	673,236	583,663	668,329
Property, plant and equipment	90,159	84,569	88,064
Right-of-use assets	42,072	40,266	43,189
Investments in associates and joint ventures (valued at-equity)	152	1,531	938
Other investments	1,995	743	1,458
Finance lease receivables	14,305	11,891	14,826
Contract assets	0	1,458	0
Other financial assets	9,255	3,604	9,003
Other non-financial assets	1,200	1,200	1,200
Deferred taxes	7,358	7,267	5,923
	839,732	736,192	832,930
Current assets			
Inventories	32,689	24,345	27,492
Trade receivables	110,282	101,860	102,982
Finance lease receivables	8,435	5,928	7,784
Contract assets	12,623	13,082	9,092
Other financial assets	2,405	1,856	3,137
Other non-financial assets	23,284	22,493	16,918
Income tax receivables	11,947	3,797	19,177
Cash & cash equivalents	362,845	41,601	46,350
	564,510	214,962	232,932
Assets qualified as held for sale	0	1,327	0
	1,404,242	952,481	1,065,862

SHAREHOLDER EQUITY AND LIABILITIES

EUR `000	30.06.2020	30.06.2019	31.12.2019
Equity			
Subscribed capital	53,735	53,219	53,219
Treasury shares	0	-63,345	-86,322
Reserves	547,204	264,461	292,208
Capital and reserves allocated to the shareholders of the parent company	600,939	254,335	259,105
Non-controlling interests	244	1,964	811
	601,183	256,298	259,916
Non-current liabilities			
Provisions for post-employment benefits and other non-current provisions	31,266	25,747	30,979
Liabilities to banks	407,074	317,628	410,838
Contract liabilities	4,814	8,361	6,114
Purchase price liabilities	6,798	8,815	7,791
Lease liabilities	27,500	25,221	28,489
Other financial liabilities	11,429	15,912	13,619
Other non-financial liabilities	1,198	1,266	1,193
Deferred taxes	71,903	52,209	70,619
	561,982	455,158	569,642
Current liabilities			
Liabilities to banks	19,281	4,221	38,810
Contract liabilities	84,222	81,087	42,485
Purchase price liabilities	8,408	9,240	10,119
Trade payables	36,425	39,798	47,093
Income tax liabilities	14,942	9,376	17,973
Other provisions	38,742	58,306	42,156
Lease liabilities	13,912	14,528	14,636
Other financial liabilities	9,038	10,715	7,849
Other non-financial liabilities	16,107	13,334	15,183
	241,077	240,604	236,304
Liabilities related to assets held for sale	0	420	0
	1,404,242	952,481	1,065,862

Interim Income Statement

for the reporting period of 1 January – 30 June 2020

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019	01.01.- 30.06.2020	01.01.- 30.06.2019	01.01.- 31.12.2019
Revenues	179,880	186,592	363,023	361,806	745,808
Capitalized inhouse services	9,299	5,000	17,321	10,119	24,570
Other income	2,843	1,716	4,615	7,183	13,458
Expenses for goods and services purchased	-29,927	-38,352	-62,096	-67,834	-138,956
Personnel expenses	-89,981	-88,347	-179,588	-172,337	-339,442
Net impairment losses on financial and contract assets	-196	-697	-1,117	-1,231	-4,037
Other expenses	-29,170	-28,512	-59,300	-54,904	-123,275
Earnings before interest, taxes, depreciation and amortization (EBITDA)	42,748	37,399	82,858	82,801	178,126
Depreciation of property, plant and equipment and right-of-use assets	-7,666	-7,039	-15,063	-13,823	-28,521
Earnings before interest, taxes and amortization (EBITA)	35,082	30,360	67,795	68,977	149,605
Amortization of intangible assets	-9,347	-7,802	-18,732	-15,618	-34,335
Earnings before interest and taxes (EBIT)	25,735	22,558	49,063	53,359	115,270
Result from companies accounted for using the equity method	-182	-675	-785	-1,173	-1,785
Financial income	409	222	1,029	581	2,067
Financial expenses	-2,735	-1,799	-7,271	-3,227	-7,808
Earnings before taxes (EBT)	23,227	20,305	42,036	49,540	107,745
Income taxes for the period	-6,969	-6,121	-12,945	-14,881	-41,594
Results from continued operations	16,258	14,184	29,091	34,659	66,151
Profit for the period from discontinued operations	0	0	0	0	0
Consolidated net income for the period	16,258	14,184	29,091	34,659	66,151
of which: allocated to shareholders of the parent company	16,322	13,973	29,014	34,372	65,819
of which: allocated to non-controlling interests	-64	212	77	287	332
Earnings per share (from continuing operations)					
undiluted (EUR)	0.34	0.29	0.60	0.70	1.35
diluted (EUR)	0.32	0.29	0.58	0.69	1.33

Interim Statement of Comprehensive Income

for the reporting period of 1 January – 30 June 2020

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019	01.01.- 30.06.2020	01.01.- 30.06.2019	01.01.- 31.12.2019
Consolidated net income for the period	16,258	14,184	29,091	34,659	66,151
Items that will not be reclassified to profit or loss:					
Actuarial gains and losses arising from post-employment benefits	149	-77	618	-28	-4,107
Change in actuarial gains and losses	215	-101	867	-27	-4,012
Deferred income taxes for the period	-66	24	-249	-1	-95
Items that may be reclassified to profit or loss:					
Currency conversion differences	266	-821	-2,786	67	806
Changes in equity	3,190	396	-2,281	-520	-1,268
Changes in profit or loss (recycling)	-2,924	-1,217	-505	587	2,074
Operating income and expense recognized directly in equity (Other comprehensive income)	415	-898	-2,168	39	-3,301
Total comprehensive income	16,674	13,286	26,923	34,698	62,850
of which: allocated to shareholders of the parent company	16,737	13,074	26,846	34,411	62,518
of which: allocated to non-controlling interests	-63	212	77	287	332

Cash Flow Statement

as at 30 June 2020

EUR '000	01.04.- 30.06.2020	01.04.- 30.06.2019	01.01.- 30.06.2020	01.01.- 30.06.2019	01.01.- 31.12.2019
Consolidated net income for the period	16,258	14,184	29,091	34,659	66,151
Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	17,013	14,841	33,795	29,442	62,856
Earnings on sale of fixed assets	-18	680	-35	660	424
Change in provisions (including income tax liabilities)	1,057	3,462	-6,591	1,931	-1,910
Deferred tax income/expense	-345	848	-521	2,735	10,696
Other non-cash earnings/ expenditures	-2,225	3,131	4,287	3,185	-3,649
	31,740	37,146	60,026	72,611	134,568
Change in inventories	-3,006	-865	-5,086	-3,144	-6,237
Change in trade receivables and other receivables	15,160	18,194	-10,176	4,842	6,618
Change in income tax receivables	-1,431	4,393	7,412	5,074	-10,076
Change in other receivables	4,636	1,189	-6,249	-6,376	-7,932
Change in trade payables	-2,744	9,139	-11,213	-2,847	4,092
Change contract liabilities	-24,892	-24,261	39,740	48,071	-1,641
Change in other liabilities	-9,178	-7,101	1,550	-11,477	-8,897
Operating cash flow - continuing operations	10,285	37,835	76,004	106,755	110,495
Operating cash flow	10,285	37,835	76,004	106,755	110,495
Cash inflow from disposals of intangible assets	0	0	0	0	0
Cash outflow for capital expenditure in intangible assets	-10,340	-6,710	-19,346	-13,006	-29,056
Cash inflow from disposals of property, plant and equipment	100	-53	123	143	401
Cash outflow for capital expenditure in property, plant and equipment	-3,272	-7,561	-8,970	-12,821	-14,684
Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in previous periods)	822	-1,742	-6,467	-24,392	-94,857
Cash outflow for acquisitions from prior periods	-554	-394	-1,291	-1,133	-1,753
Cash inflow from the disposal of subsidiaries and business units	0	0	0	0	505
Cash outflow for capital expenditures in joint ventures and other equity investments	0	0	-1,280	0	0
Cash flow from investing activities - continuing operations	-13,244	-16,460	-37,231	-51,209	-139,444
Cash flow from investing activities	-13,244	-16,460	-37,231	-51,209	-139,444
Cash inflow from the issue of shares	32,725	0	32,725	0	0
Cash inflow from the sale of treasury shares	305,303	0	305,303	0	0
Buyback of own shares	0	0	0	-18,086	-41,063
Dividend paid	-24,206	-24,414	-24,206	-24,414	-24,414
Capital paid to non-controlling interests	0	-119	0	-119	-1,408
Acquisition of additional shares from non-controlling interests	0	-257	-400	-257	-1,356
Downpayment of lease liabilities	-4,012	-3,970	-8,110	-7,890	-16,572
Cash inflow from borrowing of loans	-455	35,494	401,402	58,687	188,495
Cash outflow from the repayment of loans	-2,709	-26,199	-427,466	-47,302	-54,005
Cash flow from financing activities - continuing operations	306,646	-19,465	279,248	-39,381	49,677
Cash flow from financing activities	306,646	-19,465	279,248	-39,381	49,677
Cash and cash equivalents at the beginning of the period	0	0	46,350	25,302	25,302
Change in cash and cash equivalents	303,687	1,912	318,021	16,167	20,728
Changes due to exchange rate fluctuations	77	58	-1,526	132	320
Cash and cash equivalents at the end of the period	303,764	1,970	362,845	41,601	46,350
Interest paid	1,692	1,029	5,721	1,922	5,226
Interest received	793	271	1,117	514	1,150
Income taxes paid	14,327	5,997	21,183	13,910	31,511

Changes in Consolidated Equity

as at 30 June 2020

EUR '000	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 31.12.2018 / 01.01.2019 (adjusted)	53,219	-45,259	273,067	-19,310	261,717	2,111	263,828
Consolidated net income for the period	0	0	65,819	0	65,819	332	66,151
Other comprehensive income	0	0	-4,107	806	-3,301	0	-3,301
Actuarial gains and losses	0	0	-4,107	0	-4,107	0	-4,107
Currency conversion differences	0	0	0	806	806	0	806
Total comprehensive income	0	0	61,712	806	62,518	332	62,850
Transactions with shareholders	0	-41,063	-24,067	0	-65,130	-1,631	-66,761
Dividend distribution	0	0	-24,414	0	-24,414	-1,408	-25,822
Stock option program	0	0	1,435	0	1,435	0	1,435
Non-controlling interests from acquisitions	0	0	0	0	0	46	46
Additional purchase of shares from non-controlling interests after control	0	0	-1,088	0	-1,088	-269	-1,357
Buyback of treasury shares	0	-41,063	0	0	-41,063	0	-41,063
Balance as at 31.12.2019	53,219	-86,322	310,712	-18,504	259,105	811	259,916
Consolidated net income for the period	0	0	29,014	0	29,014	77	29,091
Other comprehensive income	0	0	618	-2,786	-2,168	0	-2,168
Actuarial gains and losses	0	0	618	0	618	0	618
Currency conversion differences	0	0	0	-2,786	-2,786	0	-2,786
Total comprehensive income	0	0	29,632	-2,786	26,846	77	26,923
Transactions with shareholders	516	86,322	228,150	0	314,988	-644	314,344
Capital increase	516	0	32,209	0	32,725	0	32,725
Dividend distribution	0	0	-24,206	0	-24,206	0	-24,206
Stock option program	0	0	922	0	922	0	922
Additional purchase of shares from non-controlling interests after control	0	0	244	0	244	-644	-400
Sale of treasury shares	0	86,322	218,981	0	305,303	0	305,303
Balance as at 30.06.2020	53,735	0	568,494	-21,290	600,939	244	601,183

Segment reporting

as at 30 June 2020

	Segment AIS Ambulatory Information Systems			Segment PCS Pharmacy Information Systems			Segment HIS Hospital Information Systems		
	2020	2019	2019	2020	2019	2019	2020	2019	2019
EUR '000	01.01. - 30.06.	01.01. - 30.06.	01.01. - 31.12	01.01. - 30.06.	01.01. - 30.06.	01.01. - 31.12	01.01. - 30.06.	01.01. - 30.06.	01.01. - 31.12
Revenues to third parties	215,545	222,750	444,643	59,151	55,680	119,394	67,073	63,294	135,907
thereof Software license	13,538	12,811	30,445	2,835	2,871	7,045	6,544	5,958	15,579
thereof Hardware	18,843	34,302	54,785	11,877	10,639	26,654	2,993	2,884	10,346
thereof Professional Services	18,954	24,497	47,264	4,586	4,818	10,185	13,902	15,537	30,403
thereof Software Maintenance & hotline	115,528	106,860	217,049	17,876	16,834	33,714	34,584	32,815	66,280
thereof Other recurring revenues	46,757	42,184	88,752	20,196	18,794	38,302	8,914	6,038	13,136
thereof Advertising, eDetailing and Data	607	795	1,603	1,806	1,581	3,338	0	0	0
thereof Software Assisted Medicine	64	78	181	0	0	0	0	0	0
thereof Other revenues	1,254	1,223	4,564	-25	143	156	136	62	163
Point in time of revenue recognition									
at a specific point in time	23,893	39,091	68,657	12,885	11,421	28,989	3,657	3,992	12,623
over a period of time	191,652	183,659	375,986	46,266	44,259	90,405	63,416	59,302	123,284
	215,545	222,750	444,643	59,151	55,680	119,394	67,073	63,294	135,907
thereof recurring revenues	162,285	149,044	305,801	38,072	35,628	72,016	43,498	38,853	79,416
Revenues between segments	12,513	12,095	24,101	298	519	864	3,089	2,298	4,776
Segment Revenues	228,058	234,845	468,744	59,449	56,199	120,258	70,162	65,592	140,683
Capitalized inhouse services	6,414	4,601	10,994	1,161	0	0	6,087	4,989	12,212
Other income	2,632	6,231	8,772	874	532	2,259	1,797	1,397	2,973
Expenses for goods and services purchased	-44,797	-54,695	-101,313	-15,747	-13,216	-32,727	-9,533	-9,102	-21,988
Personnel costs	-81,475	-73,746	-151,102	-20,183	-19,893	-39,469	-42,116	-39,328	-81,726
Other expense	-39,363	-38,883	-75,040	-8,662	-9,240	-18,426	-16,707	-16,143	-32,864
EBITDA	71,469	78,352	161,055	16,892	14,382	31,895	9,690	7,405	19,290
in % of revenues	33.2%	35.2%	36.2%	28.6%	25.8%	26.7%	14.4%	11.7%	14.2%
Depreciation of property, plant and equipment and right-of-use assets									
Amortization of intangible assets									
EBIT									
Results from associates recognized 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 CHS Consumer and Health Man- agement Information Systems			All other Segments			Sum Segments			Consolidation			CGM Group		
2020	2019	2019	2020	2019	2019	2020	2019	2019	2020	2019	2019	2020	2019	2019
01.01. - 30.06.	01.01. - 30.06.	01.01. - 31.12	01.01. - 30.06.	01.01. - 30.06.	01.01. - 31.12	01.01. - 30.06.	01.01. - 30.06.	01.01. - 31.12	01.01. - 30.06.	01.01. - 30.06.	01.01. - 31.12	01.01. - 30.06.	01.01. - 30.06.	01.01. - 31.12
21,367	19,959	45,689	-113	124	174	363,023	361,806	745,808	0	0	0	363,023	361,806	745,808
60	529	598	0	0	0	22,977	22,169	53,668	0	0	0	22,977	22,169	53,668
-4	-386	804	0	0	0	33,709	47,439	92,589	0	0	0	33,709	47,439	92,589
4,491	3,223	7,818	-113	79	48	41,820	48,153	95,718	0	0	0	41,820	48,153	95,718
2,218	500	2,200	0	61	122	170,206	157,070	319,365	0	0	0	170,206	157,070	319,365
270	144	1,261	0	0	0	76,137	67,160	141,451	0	0	0	76,137	67,160	141,451
13,660	14,628	29,373	0	0	0	16,073	17,004	34,314	0	0	0	16,073	17,004	34,314
712	1,384	3,810	0	0	0	776	1,462	3,991	0	0	0	776	1,462	3,991
-40	-63	-175	0	-16	4	1,325	1,349	4,712	0	0	0	1,325	1,349	4,712
-44	-449	629	0	-16	4	40,392	54,039	110,902	0	0	0	40,392	54,039	110,902
21,411	20,408	45,060	-113	140	170	322,631	307,767	634,906	0	0	0	322,631	307,767	634,906
21,367	19,959	45,689	-113	124	174	363,023	361,806	745,808	0	0	0	363,023	361,806	745,808
2,488	644	3,461	0	61	122	246,343	224,231	460,816	0	0	0	246,343	224,231	460,816
1,059	944	1,912	7,040	8,411	16,384	23,999	24,266	48,037	-23,999	-24,266	-48,037	0	0	0
22,426	20,903	47,601	6,927	8,535	16,558	387,022	386,072	793,845	-23,999	-24,266	-48,037	363,023	361,806	745,808
969	208	748	2,690	320	616	17,321	10,119	24,570	0	0	0	17,321	10,119	24,570
166	1,812	1,754	26,902	22,369	46,244	32,371	32,341	62,002	-27,756	-25,158	-48,544	4,615	7,183	13,458
-6,996	-7,559	-15,772	-3,786	-421	-1,395	-80,859	-84,994	-173,195	18,763	17,160	34,239	-62,096	-67,834	-138,956
-7,962	-7,058	-15,477	-29,123	-34,304	-52,945	-180,859	-174,329	-340,719	1,271	1,992	1,277	-179,588	-172,337	-339,442
-5,145	-4,400	-7,643	-22,613	-17,413	-54,370	-92,490	-86,080	-188,343	32,073	29,945	61,031	-60,417	-56,135	-127,312
3,458	3,906	11,211	-19,003	-20,915	-45,292	82,506	83,128	178,160	352	-326	-34	82,858	82,801	178,126
16.2%	19.6%	24.5%				22.7%	23.0%	23.9%				22.8%	22.9%	23.9%
												-15,063	-13,823	-28,521
												-18,732	-15,618	-34,335
												49,063	53,359	115,270
												-785	-1,173	-1,785
												1,029	581	2,067
												-7,271	-3,227	-7,808
												42,036	49,540	107,745
												-12,945	-14,881	-41,594
												0	0	0
												29,091	34,659	66,151
												8.0%	9.6%	8.9%

Explanatory Notes

GENERAL ACCOUNTING PRINCIPLES AND MEASUREMENT METHODS

General Accounting Principles

This condensed half-year financial report is a consolidated financial statement as of 30 June 2020. Unless otherwise specified, all amounts are provided in thousands of euros (TEUR) or millions of euros (MEUR). Due to rounding, totals and percentages presented in this report may not add up precisely to the totals provided.

The half-year financial report as of 30 June 2020, has been prepared like the consolidated financial statements as of 31 December 2019, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. In accordance with IAS 34, a condensed scope of reporting was selected for the presentation of the half-year financial report as of 30 June 2020 compared to the annual financial statements.

With the exception of the standards to be applied for the first time and the revised standards described below, the same accounting principles were applied throughout the Group in the half-year financial report as in the consolidated financial statements as of 31 December 2019. For further information, please refer to the consolidated financial statements as of 31 December 2019. These interim financial statements and interim management report were neither audited nor reviewed by an auditor.

The overview below gives information about the relevant foreign exchange rates for the condensed half-year financial report:

	Fixed rates		Average rates 01.01.-30.06.	
	30.06.2020	31.12.2019	2020	2019
1 € corresponds to				
Denmark (DKK)	7.45	7.47	7.46	7.47
Canada (CAD)	1.53	1.46	1.50	1.51
Malaysia (MYR)	4.80	4.60	4.68	4.65
Norway (NOK)	10.91	9.86	10.73	9.73
Poland (PLN)	4.46	4.26	4.41	4.29
Romania (RON)	4.84	4.78	4.82	4.74
Sweden (SEK)	10.49	10.45	10.66	10.52
Switzerland (CHF)	1.07	1.09	1.06	1.13
Singapore (SGD)	1.56	1.51	1.54	1.54
South Africa (ZAR)	19.44	15.78	18.31	16.04
Czech Republic (CZK)	26.74	25.41	26.33	25.69
Turkey (TRY)	7.68	6.68	7.15	6.36
United Kingdom (GBP)	0.91	0.85	0.87	0.87
USA (USD)	1.12	1.12	1.10	1.13

Unless otherwise stated, all information and explanatory notes in this report refer to the second quarter of 2020 and 2019, i.e. the three-month period from 1 April to 30 June (Q2), and all percentage changes refer to the respective year-on-year comparison. The business development showed no signs of significant cyclical fluctuations. In the second half of the year, the business volume of CompuGroup Medical SE & Co. KGaA normally tends to be higher than in the first half of the year.

When preparing the half-year financial report, management made estimates and assumptions in the process of applying the accounting policies that may influence the amounts of assets, liabilities as well as expense and income. Although these assumptions and estimates were made to the best knowledge of the managing directors, actual results may differ from these estimates.

The main assumptions being used for preparing the consolidated half-year financial report are identical to those used for the preparation of the consolidated financial statements as at year-end 31 December 2019, with the exception of new standards to be applied. Furthermore, assumptions have been made for the current financial year 2020 in the determination of the personnel expenses, the provisions for post-employment benefits and anniversaries and for the tax accruals for the financial year.

New and revised standards to be applied for the financial year 2020

CompuGroup Medical SE & Co. KGaA has implemented all the accounting standards established by the EU and required to be applied as of 1 January 2020, whereby there were no effects on the half-year financial report:

Standard (Issue date)	Subject matter:	Effective for financial years beginning on or after (EU)
Amendments to IAS 1 and IAS 8: Definition of Material (31 October 2018)	The aim of the amendment is to standardize the definition of materiality in all IFRSs and the conceptual framework as well as to prevent the deception of material by immaterial information. For this, a clarification of the definition of "material" is made.	1 January 2020
Amendments to the Conceptual Framework (29 March 2018)	The revision of the Conceptual Framework covered in particular a new chapter on the valuation of assets and liabilities, guidance on the presentation of the financial position, revised definitions of assets and liabilities and clarifications on the importance of accountability and prudence in the context of IFRS accounting.	1 January 2020
Amendment to IFRS 9, IAS 39 und IFRS 7 (26 September 2019)	The amendments are aimed at ensuring that hedge accounting can continue to exist despite the expected replacement of various reference interest rates.	1 January 2020
Amendments to IFRS 3: Business Combinations (22 October 2018)	The changes aim to solve the problems that arise when a company determines whether it has acquired a business or a group of assets.	1 January 2020

The same accounting policies and consolidation principles have been applied in preparing the half-year financial report and the comparative figures for the prior year as in the consolidated financial statements 2019.

A detailed description of these accounting policies and valuation methods is given in the notes of the consolidated financial statements 2019.

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

There are no standards, interpretations and amendments to published standards adopted by the EU but applicable at a later date. The expectations were described in detail in the annual report as of 31 December 2019, to which reference is expressly made at this point.

Amendments, standards and interpretations published by the IASB but not yet transported into European legislation

The IASB and IFRIC have adopted several additional standards and interpretations which are not yet mandatory applicable in the financial year 2020 starting from 1 January 2020. The application of these IFRS and IFRIC depends on the EU-endorsement.

Standard (Issue date)	Subject matter	Effective for financial years beginning on or after (EU)
IFRS 17 (18 May 2017); including amendments to IFRS 17 (25 June 2020)	This standard makes a consistent international accounting standard for insurance businesses available. The objective is to raise transparency and comparability of insurance accountings.	1 January 2023
Amendments to IAS 1: Presentation of Financial Statements (23 January 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 – not the amount or timing of the recognition of assets, liabilities, income or expenses or the related disclosures made by entities.	1 January 2022
Amendments to IFRS 3: Business Combinations (14 May 2020)	Changes to update an outdated reference without significantly changing the rules in the standard	1 January 2022
Amendments to IAS 16: Property, Plant and Equipment (14 May 2020)	Changes in pre-use income arising from the disposal of items produced while putting an item of property, plant and equipment into the location and condition necessary for it to be capable of operating in the manner intended by management	1 January 2022
Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets (14 May 2020)	The amendments deal in particular with costs that an entity should include as costs of performing a contract when assessing whether a contract is unfavourable.	1 January 2022
Annual Improvements 2018-2020 (14 May 2020)	The annual improvement process concerns the following standards: IFRS 1, IFRS 9, IFRS 16, IAS 41.	1 January 2022
Amendment to IFRS 16: Leases COVID-19-Related Rent Concessions (28 May 2020)	The coronavirus pandemic has led some lessors to grant relief to lessees by deferring or waiving amounts that would otherwise be payable. IFRS 16 is amended by adding a practical simplification.	1 January 2020
Amendments to IFRS 4: Insurance Contracts – deferral of IFRS 9 (25 June 2020)	The effective date of IFRS 17, which will replace IFRS 4, is now 1 January 2023 and the specified expiry date of the temporary exemption from the application of IFRS 9 in IFRS 4 has been deferred to 1 January 2023.	1 January 2021

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

For the application of the remaining standards, amendments and interpretations no significant changes for the half-year financial report of CompuGroup Medical SE & Co. KGaA are expected. More detailed expectations were described in the annual report from 31 December 2019, on which is referred at this point.

SELECTED EXPLANATORY NOTES

Changes in the business and the economic circumstances

In comparison to the financial year 2019, the first six months of 2020, showed no significant changes to the business and the economic circumstances of CompuGroup Medical SE & Co. KGaA, with the exception of the factors described in the interim management report.

Conversion of the legal form of CompuGroup Medical SE into a partnership limited by shares (KGaA)

At the Annual General Meeting of CompuGroup Medical SE, held on 13 May 2020, the resolution to convert legal form into a partnership limited by shares (Kommanditgesellschaft auf Aktien - KGaA) under the name CompuGroup Medical SE & Co. KGaA was passed. This change in legal form became effective upon entry in the Koblenz Commercial Register on 18 June 2020. Mr. Philipp von Ilberg was appointed Chairman of the Supervisory Board. In the course of the conversion, all shares were swapped into registered ordinary shares of the KGaA. General partner of CompuGroup Medical SE & Co. KGaA is a monistically constituted European Company (SE), CompuGroup Medical Management SE, which is fully controlled indirectly by the company founder Frank Gotthardt and Prof. Dr. Daniel Gotthardt. The Management SE is led by an Administrative Board which consists of company founder Frank Gotthardt as Chairman, Dr. Klaus Esser as Deputy Chairman, Prof. Dr. Daniel Gotthardt and, since 10 July 2020, Stefanie Peters. Furthermore, to ensure the greatest possible continuity in the management of the company the prior members of the Management Board of CompuGroup Medical SE were appointed as managing directors. In particular, these are Mr. Frank Gotthardt (Chairman of the Management Board and CEO), Mr. Frank Brecher (Chief Technology Officer), Dr. Ralph Körfggen (Managing Director Ambulatory & Pharmacy Information Systems), Dr. Eckhardt Pech (Managing Director Consumer and Health Management Information Systems), Mr. Michael Rauch (Chief Financial Officer) and Mr. Hannes Reichl (Managing Director Hospital Information Systems). Further information on the main reasons for the conversion of the legal form can be found in the Conversion Report.

Scope of consolidation

The IFRS half-year financial report as of 30 June 2020 includes the financial reports of CompuGroup Medical SE & Co. KGaA (formerly CompuGroup Medical SE) and the companies controlled by the company (subsidiaries) as of 30 June 2020. The consolidation begins on the date on which the possibility of control exists and ends when the possibility of control no longer exists. Compared with 31 December 2019, the scope of consolidation has changed as follows:

Changes in scope of consolidation	Germany	Foreign countries	Total
CompuGroup Medical SE & Co. KGaA and consolidated subsidiaries:			
As at 1 January 2020	36	57	93
Additions	0	2	2
Disposals / Merger	3	0	3
As at 30 June 2020	33	59	92

The disposals from the scope of consolidation result from the intragroup merger of Gotthardt Informationssysteme GmbH, Qualitätsverbund MED-IT GmbH & Co KG and CoSi medical IT GmbH, all in Germany, with CGM Medistar Systemhaus GmbH, Germany. The additions result from CGM's acquisition in 2020 of H&S Qualità nel Software S.p.A. in Italy and Titanium Dental BV in Belgium.

Additions from business combinations – together with other business combinations with no impact on the scope of consolidation – are shown in the table below on the basis of the values at the time of acquisition with their impact on the consolidated financial statements.

Explanatory Notes Continued

Company acquisitions and disposals

EUR '000	Total	H&S Qualità nel Software S.p.A.	Titanium Dental BV	Other Acquisitions
Acquisition Date		01.01.2020	01.03.2020	
Shares acquired in %		100%	100%	
Assets acquired and liabilities assumed that were recognized as at the acquisition date				
Non-current assets	5,787	4,781	1,006	0
Standard and special software	431	353	78	0
Customer relationships	4,178	3,360	818	0
Trademark rights	164	147	17	0
Order backlog	106	13	93	0
Property and buildings	40	40	0	0
Other equipment, plant and office equipment	43	43	0	0
Right-of-use assets	671	671	0	0
Other non-current financial assets	80	80	0	0
Deferred tax assets	74	74	0	0
Current assets	1,920	1,574	346	0
Inventories	111	111	0	0
Trade receivables	1,196	873	323	0
Other current financial assets	98	98	0	0
Other current non-financial assets	122	122	0	0
Income tax receivables	197	197	0	0
Cash and cash equivalents	196	173	23	0
Non-current liabilities	2,316	2,026	290	0
Pensions	429	429	0	0
Lease liabilities	671	671	0	0
Deferred tax liabilities	1,216	926	290	0
Current liabilities	1,412	1,134	278	0
Contract liabilities	537	383	154	0
Trade payables	427	364	63	0
Other provisions	11	0	11	0
Other financial liabilities	54	54	0	0
Other non-financial liabilities	383	333	50	0
Net assets acquired	3,979	3,195	784	0
Purchase price paid in cash	6,663	5,305	1,358	0
Total consideration transferred	6,663	5,305	1,358	0
Goodwill	2,684	2,110	574	0
Acquired cash and cash equivalents	196	173	23	0
Purchase price paid in cash	6,663	5,305	1,358	0
Payments for acquisitions after date of acquisition	1,691	0	0	1,691
Cash outflow for acquisitions (net)	-8,158	-5,132	-1,335	-1,691
Effects of the acquisition on CGM's results				
Revenues from acquisition date*	1,693	1,492	201	0
Result from acquisition date*	207	113	94	0
Revenues for the financial year (notional acquisition date 1 January)	1,794	1,492	302	0
Result for the financial year (notional acquisition date 1 January)	233	113	120	0
Costs to CGM attributable to the acquisition	0	0	0	0

* Values come from the individual financial statements

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

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

H&S specializes in telemedicine, patient telemonitoring and ambient assisted living (AAL) for the elderly. It also provides turnkey solutions for private and public providers for the performance of health and care services while optimizing processes and costs. Furthermore, the company offers customized projects and manages information systems for key Italian home care services as a trusted third party.

H&S was initially consolidated on 1 January 2020. The revenues of H&S for the financial year 2019 amounted to about TEUR 2,957 with an EBITDA of TEUR 704. The total consideration to be paid amounts to TEUR 5,740 and was already paid in full on the balance sheet date, less a purchase price reduction of TEUR 435.

Based on the current estimate, the preliminary goodwill of TEUR 2,110 results mainly from the expansion of sales channels in Italy and from new strategic opportunities to synchronize health and social service providers and people in need of care. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of the acquired intangible assets, not including goodwill, amounts to TEUR 3,857 and relates to software, trademark rights, order backlog and customer relationships. For the receivables acquired in the company acquisition, the fair value is the book value assumed as at the acquisition date based on the expected term of the receivables and the best possible estimate of the addition of contractually fixed cash flows. Following an initial analysis of the financial information available, no uncollectable receivables have been identified.

Deferred tax liabilities of TEUR 926 are recognized on the fair value of the acquired intangible assets excluding goodwill. No contingent liabilities or contingent assets have been identified to date.

The valuation of the company acquisition of H&S was performed on a preliminary basis, due to partly incomplete or not yet fully evaluated information of the acquired customer relationships, software, order backlog and trademark rights.

Acquisition of Titanium Dental BV, Belgium

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

The main activity of Titanium Dental is the development, maintenance and marketing of software for dentists in Flanders, Brussels and Wallonia. Titanium Dental is the third largest provider of dental software in Belgium and currently supports 875 active dentists.

Titanium Dental was initially consolidated on 1 March 2020. The revenues of Titanium Dental for the financial year 2019 amounted to about TEUR 529 with an EBITDA of TEUR 232. The total consideration to be paid amounts to TEUR 1,358 and was already paid in full on the balance sheet date.

Based on the current estimate, the preliminary goodwill of TEUR 574 results mainly from the expected effects on the Group due to the expansion of market reach in Belgium and the expansion of distribution channels. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of the acquired intangible assets, not including goodwill, amounts to TEUR 1,001 and relates to software, trademark rights, order backlog and customer relationships. For the receivables acquired in the company acquisition, the fair value is the book value assumed as at the acquisition date based on the expected term of the receivables and the best possible estimate of the addition of contractually fixed cash flows. Following an initial analysis of the financial information available, no uncollectable receivables were identified.

Deferred tax liabilities of TEUR 290 are recognized on the fair value of the acquired intangible assets excluding goodwill. No contingent liabilities or contingent assets have been identified to date.

The valuation of the company acquisition of Titanium Dental was performed on a preliminary basis, due to partly incomplete or not yet fully evaluated information of the acquired customer relationships, software, order backlog and trademark rights.

Remaining Additions

The remaining additions include the following business combinations.

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

In the first half of 2020, current purchase price liabilities of TEUR 210 were paid, which result from the asset deal of the business operations of Eurosof2000 in 2019.

Acquisition of n-design Gesellschaft für systematische Gestaltungen mbH, Germany

A call and put option were agreed upon for the acquisition of the outstanding 5 % of the shares in n-design, which was reported in the balance sheet under the purchase price liabilities as of 31 December 2019 at a value of TEUR 500. This agreement was cancelled in the financial year 2020 and CGM was able to acquire the outstanding shares at an exercise price of TEUR 125. The purchase price liability was reversed and recognized in profit or loss.

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

In January 2020, CompuGroup Medical Italia Holding S.r.l. acquired a further 10.1 % of the shares in Vega Informatica e Farmacia S.r.l. for a purchase price of TEUR 400. In addition, the call and put options for the acquisition of a further 10 % of the shares for TEUR 550, which were recognized under current purchase price liabilities, were exercised in February. CompuGroup Medical Italia Holding S.r.l. now holds 100 % of the shares in Vega Informatica e Farmacia S.r.l.

Acquisition of the assets of en-software GmbH, Austria

In the first half of 2020, current purchase price liabilities of TEUR 56 were paid, which result from the asset deal of the business operations of en-software GmbH in 2019.

Acquisition of Qualizorg B.V., Netherlands

In the first half of 2020, TEUR 350 of the contingent purchase price payments resulting from the acquisition of 100 % of the shares in Qualizorg B.V. were paid out.

Financial Instruments

The Group has various financial assets, such as trade receivables, which result directly from its business activities. The same recognition and measurement principles were applied as for the consolidated financial statements as of 31 December 2019.

The following table presents the book values and the valuation approaches in accordance with measurement categories for the Group's existing financial instruments according to IFRS 9.

	Measurement category according to IFRS 9	Book value according to balance sheet as at 30.06.2020	IFRS 9 valuation			IFRS 16 valuation	
			Amortized costs	Fair value through profit or loss	Fair value through equity	Amortized costs	Fair value as at 30.06.2020
Financial assets							
Cash and cash equivalents	AC	362,845	362,845	0	0	0	362,845
Trade receivables	AC	110,282	110,282	0	0	0	110,282
Other financial assets	AC	11,660	11,660	0	0	0	11,660
Finance lease receivables	-	22,923	0	0	0	22,923	24,321
Other investments	FVtPL	1,995	0	1,995	0	0	1,995
Total financial assets		509,705	484,787	1,995	0	22,923	511,103
Financial liabilities							
Liabilities to banks	AC	426,355	426,355	0	0	0	427,373
Purchase price liabilities	AC	15,206	15,206	0	0	0	15,206
Trade payables	AC	36,425	36,425	0	0	0	36,425
Other financial liabilities	AC	20,467	20,467	0	0	0	20,467
Lease Liabilities	-	41,412	0	0	0	41,412	41,412
Total financial liabilities		539,865	498,453	0	0	41,412	540,883
Total per category							
Financial instruments at fair value through profit or loss	FVtPL	1,995	0	1,995	0	0	1,995
Amortized costs	AC	983,240	983,240	0	0	0	984,258

Explanatory Notes Continued

The financial instruments by valuation category for the prior-year comparison period as at 30 June 2019 are as follows:

	Measurement category according to IFRS 9	Book value according to balance sheet as at 30.06.2019	IFRS 9 valuation		IFRS 16 valuation		Fair value as at 30.06.2019
			Amortized costs	Fair value through profit or loss	Fair value through equity	Amortized costs	
Financial assets							
Cash and cash equivalents	AC	41,601	41,601	0	0	0	41,601
Trade receivables	AC	101,860	101,860	0	0	0	101,860
Other financial assets	AC	26,097	26,097	0	0	0	26,097
Finance lease receivables	-	17,962	0	0	0	17,962	19,058
Other investments	FVtPL	743	0	743	0	0	743
Total financial assets		188,264	169,558	743	0	17,962	189,359
Financial liabilities							
Liabilities to banks	AC	321,849	321,849	0	0	0	323,508
Purchase price liabilities	AC	18,055	18,055	0	0	0	18,055
Trade payables	AC	39,798	39,798	0	0	0	39,798
Other financial liabilities	AC	26,627	26,627	0	0	0	26,627
Lease Liabilities	-	39,749	0	0	0	39,749	39,749
Total financial liabilities		446,077	406,329	0	0	39,749	447,737
Total per category							
Financial instruments at fair value through profit or loss	FVtPL	743	0	743	0	0	743
Amortized costs	AC	575,887	575,887	0	0	0	577,546

Related party transactions

In the period from 1 January 2020 to 30 June 2020 Group companies entered into the following transactions with related parties outside the consolidated Group. All transaction with related parties and associates have been concluded at market conditions.

The related party transactions are as follows:

	Goods and services provided and other income		Goods and services received and other expenses		Receivables		Liabilities	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019
EUR '000								
Related persons	38	73	221	196	1	0	195	195
Related companies	730	818	1,961	1,308	193	245	354	111
Associated companies	3,401	1,449	65	15	1,081	593	0	21
TOTAL	4,170	2,340	2,247	1,519	1,275	838	549	327

Related companies:

The received goods and services are mainly composed of the business relations with MW Office / Marketing und Werbung GmbH (MEUR 0.4), Deutsche Leasing Fleet GmbH (MEUR 0.3), CompuGroup Medical Management SE (MEUR 0.3) and KEC Kölner Eishockey-Gesellschaft "Die Haie" mbH (MEUR 0.2), which were received in particular from CGM SE & Co. KGaA and CGM Deutschland AG. The general partner CompuGroup Management SE provided from the date of legal form conversion services for managing directors and for the liability remuneration. The goods and services provided include in particular business relations with mps public solutions GmbH in the amount of MEUR 0.7.

Associated companies:

The goods and services provided to associated companies are mainly related with MGS Meine Gesundheit-Services GmbH, as in the prior year. Also, receivables comprise especially to MGS Meine Gesundheit-Services GmbH in the amount of MEUR 1.1.

Compliance with payment obligations and financial covenants

On 28 January 2020, CGM concluded an agreement with a consortium of banks a credit facility of MEUR 1,000.0. This consists of a revolving credit facility (RLF) of MEUR 600.0 and a bullet loan of MEUR 400.0. As a result, the existing syndicated loan agreement was terminated and repaid. The syndicate of banks includes BNP Paribas, Commerzbank, Deutsche Bank, Landesbank Baden Württemberg, SEB and Unicredit.

The credit facility has a term of 5 years. The interest rate is based on the EURIBOR of the selected interest period plus a margin, which can change in contractually agreed steps in line with the debt ratio. For the second quarter of 2020, the interest rate for the bullet loan was 0.95 %. As of 30 June 2020, the RLF was not utilized.

In addition, loan commitment fees of MEUR 3.3 were incurred, which will be charged to expense over the term of the loan agreement. No interest rate hedges have been entered into for the syndicated loan. The granting of the loans is linked to compliance with a financial ratio (leverage).

For this concluded credit agreement various German CGM Group companies have issued joint and several payment guarantees (contingent liability for payment defaults of CompuGroup Medical SE & Co. KGaA, former CompuGroup Medical SE).

In the current financial year 2020, CompuGroup Medical fulfilled all agreed financial covenants in all credit agreements.

Contingent liabilities, guarantees and other commitments

During the financial year 2020, contingent liabilities, guarantees and other commitments did not change significantly compared to 31 December 2019.

Significant post balance sheet events

Acquisition of part of the IT healthcare portfolio of Cerner Corporation

On 1 July CompuGroup Medical SE & Co. KGaA acquired part of the IT healthcare portfolio of Cerner Corporation for a consideration of MEUR 203 (see page 2).

The preliminary goodwill amount is MEUR 115, which is deductible for income tax purposes.

The transaction is not yet reflected in the balance sheet in the current Half-year financial report.

Segment reporting

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

Following business segments form the basis of the segment reporting. The range of services offered by these four business segments, can be presented as follows:

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

On the basis of the reporting system, the managing directors, as chief operating decision makers, assess the performance of the four reportable segments and make decisions about the allocation of resources. For the evaluation and assessment of the operating segments, the Group management uses the earnings indicator "earnings before interest, taxes, depreciation and amortization (EBITDA)", which thus represents the segment result.

Additional information

FINANCIAL CALENDAR 2020

Date	Event
16 September 2020	Investor and Analyst Conference
05 November 2020	Quarterly Statement Q3 2020

CONTACT INFORMATION

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Management Responsibility Statement

To the best of our knowledge, and in accordance with applicable accounting principles for Half-year financial reporting, the consolidated Half-year financial report gives a true and fair view of the net assets, financial position and results of operations of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group over the remainder of the financial year.

Koblenz, 06 August 2020

CompuGroup Medical SE & Co. KGaA

**Represented by the Managing Directors of
CompuGroup Medical Management SE**



Frank Gotthardt



Frank Brecher



Dr. Ralph Körfgen



Dr. Eckart Pech



Michael Rauch



Hannes Reichl

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Synchronizing Healthcare

