

CompuGroup Medical

Quarterly Report
as of December 31, 2022 /
preliminary results FY 2022

Synchronizing Healthcare



CompuGroup
Medical

THE FINANCIAL YEAR 2022 AT A GLANCE

CompuGroup Medical completed the financial year 2022 again with double-digit growth.

- Group revenues at mEUR 1,130, up + 10 % compared to prior year
- Organic revenue growth at 4.1 %, (prior year: 5.8 %), adjusted for the connector software upgrade in 2021 year, at 6.3 %
- Adjusted EBITDA at mEUR 234, up 4 % compared to prior year
- Adjusted EBITDA margin of 21 % (prior year: 22 %)
- Free cash flow of mEUR 69 (prior year: mEUR 101)
- CAPEX at mEUR 76 (prior year: mEUR 64)

Financial key figures

kEUR	01.10.- 31.12.2022	01.10.- 31.12.2021	Change	2022	2021	Change
Revenues	327,656	279,213	+ 17 %	1,129,739	1,025,322	+ 10 %
Recurring Revenues in %	57 %	63 %	- 6 ppt	65 %	65 %	+ 0 ppt
Organic growth in %	11.1 %	2.1 %	+ 8.9 ppt	4.1 %	5.8 %	- 1.7 ppt
EBITDA adjusted	67,933	53,897	+ 26 %	234,004	224,310	+ 4 %
EBITDA margin adjusted	20.7 %	19.3 %	+ 1.4 ppt	20.7 %	21.9 %	- 1.2 ppt
EPS adjusted (EUR) - diluted	0.47	0.49	- 3 %	1.80	1.95	- 8 %
CAPEX	19,507	13,801	+ 41 %	76,058	64,166	+ 19 %
Free Cash flow	45,406	28,180	+ 61 %	68,969	101,108	- 32 %
Number of shares outstanding ('000)				52,235	52,331	- 0 %

NOTICE

CompuGroup Medical has been reporting adjusted key figures for the operating result (EBITDA) and earnings per share since the financial year 2020. These key figures are not defined under International Financial Reporting Standards (IFRS) and should be regarded as supplementary information. Adjusted EBITDA and adjusted earnings per share exclude effects from major acquisition and disposal of subsidiaries, business units and investments (including effects from the subsequent measurement of contingent purchase price liabilities), impairment losses and write-ups on investments, effects from the acquisition, construction and disposal of real estate, impairment losses and write-ups on owner-occupied property, as well as expenses in connection with share-based payment programs for Managing Directors, taxes attributable to the above effects and other non-operating or non-periodic non-recurring effects.

The figures and information contained in this financial report are preliminary and unaudited and are subject to audit and approval by the Supervisory Board. The publication of the final and audited results for the financial year 2022 will take place on March 24, 2023.

Unless otherwise stated, all information and explanatory notes in this report refer to the fourth quarter of 2022 and 2021, i.e. the three-month period from October 1 to December 31 (Q4), and all percentage changes refer to the respective year-on-year comparison, and to the fiscal year 2022 and 2021, i.e., the period January 1 to December 31 and all percentage changes to the respective prior-year comparison. Due to rounding, totals and percentages presented in this report may not add up precisely to the totals provided.

FINANCIAL YEAR 2022 - SIGNIFICANT EVENTS

Digitization continues to drive growth

Across all segments, CompuGroup Medical sees rising demand for digitization in the healthcare sector. CGM continued to support its clients in digitization in the financial year 2022. Healthcare professionals today need to manage electronic health records and e-prescriptions, digitize medication and emergency data sets, issue electronic sick notes, administer risk assessment for medication and to virtualize and mobilize their patient communication. Secure email communication with KIM, enables e-patient notes and secure messaging for a better and more digital patient journey.

Cyber attack

In December 2021, CGM became the target of a so-called ransomware attack. CGM resolutely protected its systems, employees and customers and took measures together with public authorities and external experts to respond to and fend off the ransomware attack. All essential systems and processes were restored within a few weeks.

War in Ukraine

At the end of February 2022 the attack on Ukraine started and continues to this day. In the fiscal year 2022, CGM had no material direct impact on the recognition and measurement of assets and liabilities as of the reporting date. However, future effects on the net assets, financial position and results of operations cannot be ruled out completely at the present time.

Additional financing line

In June 2022, CGM entered into an additional credit line of mEUR 200 with the European Investment Bank (EIB) with a maturity until July 11, 2028. The European Investment Bank is financing up to 50 % of CGM's research and development costs with the additional credit line on an assigned basis.

Changes concerning the Managing Directors

In June 2022, the Administrative Board of CompuGroup Medical Management SE and CEO Dr. Dirk Wössner mutually agreed to end their contract effective June 30, 2022 due to differing views regarding the long-term strategy of the company. At July 1, 2022 CFO Michael Rauch has been appointed as Spokesman of the Managing Directors and became a member of the Administrative Board.

Customer wins

CGM realized strategic customer wins in the ambulatory and hospital business. In southern Germany, CGM won a tender project with emergency practices that will be fully equipped with CGM M1 PRO, enabling a unified workflow for use across practices. In the hospital information systems area, demand for the next generation of technology continues unabated, as underscored by recent strategic customer wins such as the Center of Dental Medicine, University of Zurich, and the Biedenkopf Hospital in Germany.

International digitization efforts for doctors and hospitals

In France, the rollout of the first phase of the government-sponsored digitization program for medical practices SEGUR was successfully completed. In the hospital business, the order intake related to the Hospital Future Act reached a new record of MEUR 90 at the end of the year. CGM expects revenues of MEUR 90 to MEUR 110 in the coming years related to the Hospital Future Act. In December, CGM also announced a planned cooperation with SAP, one of the world's leading providers of business process management software. By combining the expertise of both companies, new intelligent solutions are to be created that are specifically tailored to the requirements in the inpatient area, in order to provide the best possible and future-proof support for the hybrid modular system landscapes of our customers.

Positioning of the data business for future growth

In order to strengthen CGM's innovative, data-based product offering, further emphasizing the importance of data to improve healthcare, CGM acquired in early May 100 % of the shares of INSIGHT Health Group, based in Waldems, Germany. 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. In the second half of the year, CGM and INSIGHT Health launched a joint product offering for pharmaceutical companies.

The acquisition of the GHG business, announced in November and completed in January 2023, complements CGM's portfolio of innovative data-based solutions for the healthcare sector. The Heidelberg-based company offers e-health applications to improve patients' quality of life and helps physicians provide the best possible treatment with the help of digital solutions.

CGM strengthens its position in the Italian data market with the acquisition of 20% of the shares of the Italian New Line RdM Società Benefit S.p.A. (New Line) in December. The investment represents a first cornerstone for CGM in developing international markets with innovative data solutions.

EARNINGS DEVELOPMENT IN THE GROUP

mEUR	01.10.-31.12.2022	01.10.-31.12.2021	01.01.-31.12.2022	01.01.-31.12.2021
Revenues	327,7	279,2	1,129,7	1,025,3
Other income	9,9	15,4	19,4	24,8
Capitalized in-house services	11,1	12,1	44,8	37,3
Expenses for goods and services purchased	-71,2	-59,3	-216,4	-191,4
Personnel expenses	-142,8	-134,6	-546,7	-497,7
Other expenses	-68,2	-64,1	-214,5	-184,8
EBITDA	66,4	48,8	216,4	213,4
in %	20,3%	17,5%	19,2%	20,8%
EBIT	35,8	16,9	104,0	102,7
in %	10,9%	6,1%	9,2%	10,0%
EBT	19,0	17,1	106,8	97,9
in %	5,8%	6,1%	9,5%	9,5%
Consolidated net income	14,3	12,5	74,1	69,0
in %	4,4%	4,5%	6,6%	6,7%

Revenue increased by mEUR 104 (+ 10 %) to mEUR 1,130 for the full year 2022. Organic growth in this period was 4.1 % year-on-year, and 6.3 % adjusted for the connector software upgrade in 2021.

Adjusted earnings before interest, taxes, depreciation and amortization (adjusted group EBITDA) amounted to mEUR 234 (previous year: mEUR 224) with an adjusted EBITDA margin of 20.7 % (prior year: 21.9 %).

Revenues in the fourth quarter increased by mEUR 48 (+ 17 %) to mEUR 328 compared to the same quarter of the previous year. Organic growth amounted to 11 %.

Adjusted group EBITDA amounted to mEUR 68 (prior year: mEUR 54) with an adjusted EBITDA margin of 20.7 % (prior year: 19.3 %).

Adjusted group EBITDA was derived from reported EBITDA as shown below:

kEUR	01.10.-31.12.2022	01.10.-31.12.2021	01.01.-31.12.2022	01.01.-31.12.2021
EBITDA reported	66,430	48,786	216,351	213,390
Adjustments:				
M&A transactions	659	513	2,827	1,806
Share-based option programs	844	1,201	2,643	5,716
Restructuring program expenses	0	0	3,401	0
Other non-operative, extraordinary or one-time effects	0	3,397	8,782	3,398
EBITDA adjusted	67,933	53,897	234,004	224,310
EBITDA adjusted margin	21%	19%	21%	22%

At group level, the main developments in operating expenses in financial year 2022 can be described as follows:

- The expenses for goods and services purchased increased from mEUR 191 to mEUR 216 compared to the reference period of last year. The gross margin (Revenues less cost of purchased services/revenues) of 81 % is at the level of the previous year. In the fourth quarter, cost of purchased goods and services increased by mEUR 12 to mEUR 71. The gross margin was 78 %, 1 % lower than in the prior-year period.
- The increase in personnel expenses from mEUR 498 in 2021 to mEUR 547 in 2022 is mainly due to newly acquired companies (mEUR 23) and a net increase in headcount, as well as general wage and salary increases. In the fourth quarter, personnel expenses increased from mEUR 135 to mEUR 143, mainly due to acquisitions, new hires, currency effects and general wage and salary increases.
- Other expenses including impairment losses on financial assets and contract assets increased from mEUR 185 in 2021 to mEUR 215 in 2022 due to the increased use of external development capacities, software maintenance, and travel expenses. In the fourth quarter, other expenses including impairment losses on financial assets and contract assets amounted to mEUR 68 and were thus mEUR 4 higher than in the prior year.

Depreciation of property, plant and equipment and right-of-use assets amounted to mEUR 43 in 2022, an increase of mEUR 5 compared to same period prior year. Amortization of intangible assets decreased by mEUR 3 to mEUR 70 in the same period.

In the fourth quarter of 2022, depreciation of property, plant and equipment and right-of-use assets amounted to mEUR 12, an increase of mEUR 1 (prior year: mEUR 11). The increase in depreciation of non-current assets mainly related to higher depreciation of rights-of-use assets (IFRS 16). Amortization of intangible assets of mEUR 19 was mEUR 2 lower than in the same quarter of the prior year (prior year: mEUR 21).

Amortization of intangible assets consists of the following:

kEUR	01.10.- 31.12.2022	01.10.- 31.12.2021	2022	2021
Amortization on intangible assets	19,099	21,237	69,551	72,876
thereof from purchase price allocations for business combinations	11,151	10,813	45,882	48,900
thereof from capitalized inhouse services	4,056	6,329	12,636	15,039

The financial result was structured as follows:

kEUR	01.10.- 31.12.2022	01.10.- 31.12.2021	2022	2021
Interest and other expenses on loans and financial services	- 5,152	- 2,433	- 12,712	- 7,199
Net impairment losses on financial assets	- 5,250	0	- 5,250	0
Changes in purchase price liabilities	- 71	513	- 1,514	- 111
Capitalized interest on qualifying assets under construction (IAS 23)	902	190	1,519	812
Bank interest	190	132	578	593
Write-up of derivatives without hedge accounting relationship	- 6,346	2,875	19,181	2,875
Other	- 925	- 1,151	1,083	- 1,806
TOTAL	- 16,652	126	2,885	- 4,836

Consolidated net income for the financial year 2022 amounted to mEUR 74 and was thus mEUR 5 higher than in the previous year. In 2022, the Group's tax rate was 31 % (previous year: 29 %).

In the fourth quarter of 2022, consolidated net income amounted to mEUR 14 and was thus mEUR 2 higher than in the prior-year period. The Group's tax rate for the fourth quarter was 25 % compared to 27 % in the fourth quarter of the previous year.

Adjusted earnings per share were as follows:

kEUR	01.10.- 31.12.2022	01.10.- 31.12.2021	2022	2021
Consolidated net income for the period	14,303	12,465	74,117	69,032
of which: allocated to non-controlling interests	- 504	- 30	- 706	- 62
Consolidated net income of the period (allocated to shareholders of the parent company)	13,799	12,435	73,411	68,970
Adjustments:				
M&A transactions	7,114	6,902	29,619	30,415
Share-based option programs*	844	1,201	2,643	5,716
Restructuring program expenses	0	0	3,401	0
Other non-operative, extraordinary or one-time effects**	6,246	3,398	- 10,797	3,398
Taxes attributable to these effects	- 3,243	- 1,845	- 4,128	- 5,179
Adjusted consolidated net income for the period (allocated to shareholders of the parent company)	24,760	22,091	94,149	103,319
Adjusted undiluted earnings per share (in EUR)	0.47	0.42	1.80	1.95
Adjusted diluted earnings per share (in EUR)	0.47	0.49	1.80	1.95
weighted average of outstanding shares acc. to IAS 33 - undiluted ('000)	52,235	52,590	52,236	52,948
weighted average of outstanding shares acc. to IAS 33 - diluted ('000)	52,436	45,390	52,289	52,971

* Includes one-time effects related to management changes.

** Income and costs in the context of the interest rate cap, changes in management and cyber attack.

EARNINGS DEVELOPMENT OF THE BUSINESS SEGMENTS

Ambulatory Information Systems (AIS)

mEUR	01.10.- 31.12.2022*	01.10.- 31.12.2021	Change	2022*	2021	Change
Revenues to third parties	136.9	127.0	+ 8 %	502.3	475.8	+ 6 %
Share of recurring revenues	72 %	75 %	- 3 ppt	77 %	76 %	+ 1 ppt
EBITDA adjusted	40.3	26.7	+ 51 %	136.5	118.3	+ 15 %
in % of revenues	29 %	21 %	+ 8 ppt	27 %	25 %	+ 2 ppt

* In 2022, some minor profit centers were reallocated and the internal cost allocation was updated.

- The software business with physicians and dentists generated revenues of mEUR 502 in 2022, an increase of 6 % compared to the prior year. This increase was supported by currency effects as well as acquisitions; organically, revenues were slightly above the prior year (1 %). Recurring revenues in the AIS segment increased by 7 % with an increase in the proportion of recurring revenues from 76 % to 77 %. Adjusted EBITDA increased by 15 % to mEUR 137.
- Revenues in the fourth quarter increased to mEUR 137, up 8 % compared to the prior year, supported by currency and acquisition effects. Organically, revenues increased by 4 % compared to the year-ago quarter, in particular due to the rollout of the French initiative Segur and electronic billing modules for German dental practices. Recurring revenues in the AIS segment increased by 4 %. At the same time, adjusted EBITDA increased by 51 % to mEUR 40.

Hospital Information Systems (HIS)

mEUR	01.10.- 31.12.2022*	01.10.- 31.12.2021	Change	2022*	2021	Change
Revenues to third parties	70.4	74.5	- 5 %	277.2	257.4	+ 8 %
Share of recurring revenues	70 %	60 %	+ 10 ppt	69 %	64 %	+ 5 ppt
EBITDA adjusted	- 0.9	12.8	- 107 %	25.3	43.2	- 41 %
in % of revenues	-1 %	17 %	- 18 ppt	9 %	17 %	- 8 ppt

* In 2022, some minor profit centers were reallocated and the internal cost allocation was updated.

- In 2022, HIS segment revenues increased by 8 % to mEUR 277, positively influenced by the acquisitions of VISUS Group and KMS Vertrieb und Services AG in 2021. Adjusted for acquisitions as well as currency effects, organic growth for the year was 3 %, based in particular on a strong business development in Spain and Poland. Recurring revenues increased to mEUR 190, representing 69 % of total revenues. Adjusted EBITDA amounted to mEUR 25, down 41 % compared to the prior year, mainly due to higher investments in G3 technology as well as additional expenses for major projects.

- In the fourth quarter, revenues decreased by 5 % to mEUR 70. Organically, revenues slightly decreased to - 4 % compared to a strong fourth quarter of last year with high license revenues. Recurring revenues increased by 10 % to mEUR 49, representing 70 % of total revenues (prior year: 60 %). Adjusted EBITDA of mEUR - 1 was below the prior year due to higher investments in G3 technology as well as additional expenses for major projects.

Consumer and Health Management Information Systems (CHS)

mEUR	01.10.- 31.12.2022*	01.10.- 31.12.2021	Change	2022*	2021	Change
Revenues to third parties	83.2	45.4	+ 83 %	219.6	173.7	+ 26 %
Share of recurring revenues	22 %	38 %	- 16 ppt	32 %	36 %	- 4 ppt
EBITDA adjusted	23.0	5.5	+ 319 %	44.1	39.9	+ 11 %
in % of revenues	28 %	12 %	+ 16 ppt	20 %	23 %	- 3 ppt

* In 2022, some minor profit centers were reallocated and the internal cost allocation was updated.

- In the fiscal year 2022, the CHS segment generated revenues of mEUR 220, representing a 26 % increase in revenues, mainly driven by the replacement of TI hardware connectors and the consolidation effects from the acquisition of INSIGHT Health. Excluding Telematics Infrastructure, organic growth was 4 %. Recurring revenues amounted to mEUR 70, representing 32 % of total revenues (prior year: 36 %). Adjusted EBITDA amounted to mEUR 44 and was thus 11 % higher than in the prior year.
- Revenues in the fourth quarter increased by 83 % to mEUR 83 compared to the year-ago quarter, mainly driven by the replacement of TI hardware connectors and the consolidation effects from the acquisition of INSIGHT Health. Organically and excluding Telematics Infrastructure, revenues were down year-on-year (- 5 %) due to macroeconomic effects on the pharmaceutical industry. Recurring revenues amounted to mEUR 19 and represent 22 % of total CHS revenues (prior year: 38 %). Adjusted EBITDA amounted to mEUR 23 and was thus mEUR 18 higher than in the prior year.

Pharmacy Information Systems (PCS)

mEUR	01.10.- 31.12.2022*	01.10.- 31.12.2021	Change	2022*	2021	Change
Revenues to third parties	37.0	32.2	+ 15 %	130.5	118.2	+ 10 %
Share of recurring revenues	57 %	61 %	- 4 ppt	64 %	66 %	- 2 ppt
EBITDA adjusted	12.5	10.0	+ 25 %	39.8	33.7	+ 18 %
in % of revenues	34 %	31 %	+ 3 ppt	30 %	29 %	+ 1 ppt

* In 2022, some minor profit centers were reallocated and the internal cost allocation was updated.

- In 2022, revenues of the PCS segment increased by 10 % to mEUR 131, supported by acquisition effects in Italy. Organic growth was 7 %, resulting in particular from strong business development in Italy. Recurring revenues increased by 7 % compared to the

prior-year period to mEUR 84, representing 64 % of recurring revenues (prior year: 66 %). Adjusted EBITDA amounted to mEUR 40, 18 % higher than in the prior-year period.

- Revenues in the fourth quarter increased to mEUR 37, up 15 % on the prior year, positively influenced by acquisitions in Italy. Adjusted for acquisition effects, the PCS segment achieved organic growth of 8 %, in particular due to strong year-end business in Italy. Recurring revenues increased by 6 % to mEUR 21, representing 57 % of total revenues (prior year: 61 %). Adjusted EBITDA amounted to mEUR 12 and was thus 25 % above the prior-year figure.

Other segments and consolidation

mEUR	01.10.- 31.12.2022*	01.10.- 31.12.2021	Change	2022*	2021	Change
Revenues to third parties	0.0	0.1	- 41 %	0.1	0.1	- 36 %
EBITDA adjusted	- 7.0	- 1.1	- 534 %	- 11.7	- 10.8	- 9 %

* In 2022, some minor profit centers were reallocated and the internal cost allocation was updated.

- In 2022, adjusted EBITDA in other business activities and consolidation was mEUR 1 below the level of the prior year. The adjusted special items in the amount of mEUR 9 were mainly special effects in connection with management changes and stock option programs.
- Adjusted EBITDA in the fourth quarter was mEUR 6 million lower than in the reference period of last year. Adjusted special items amounted to mEUR 1 in the fourth quarter and were mainly attributable to special effects in connection with stock option programs.

Staff development

	31.12.2022	31.12.2021
Staff development		
Number of employees (HC)	9,229	8,917*
thereof from acquisitions as at time of acquisition	231	438
Full-time equivalent (FTE)**	8,833	8,530*

* Prior year figure adjusted.

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

The headcount increased by 312 employees compared to end of 2021, of which 231 employees resulted from acquisitions. The number of FTEs increased by 303 compared with the end of last year.

NET ASSETS OF THE GROUP

kEUR	31.12.2022		31.12.2021		Change	
Non-current assets	1,527,926	78 %	1,420,035	79 %	+ 107,891	+ 8 %
Current assets	420,807	22 %	370,778	21 %	+ 50,029	+ 13 %
Total assets	1,948,733	100 %	1,790,813	100 %	+ 157,920	+ 9 %

kEUR	31.12.2022		31.12.2021		Change	
Equity	673,823	35 %	612,284	34 %	+ 61,539	+ 10 %
Non-current liabilities	916,920	47 %	780,184	44 %	+ 136,736	+ 18 %
Current liabilities	357,990	18 %	398,345	22 %	- 40,355	- 10 %
Total Liabilities	1,948,733	100 %	1,790,813	100 %	+ 157,920	+ 9 %

CGM's total assets increased by 9 % as of December 31, 2022, which corresponds to an increase of mEUR 158 to mEUR 1,949.

The largest changes in assets were as follows:

- Increase in intangible assets by mEUR 84 to mEUR 1,298 mainly due to acquisitions as well as capitalization of self developed software.
- Increase in derivative financial instruments by mEUR 30 to mEUR 37 due to the interest rate cap and the newly concluded interest rate swap.
- Increase in inventories by mEUR 9 to mEUR 29, related to the new connector generation.
- Increase in trade receivables by mEUR 42 to mEUR 189.
- Decrease of cash and cash equivalents by mEUR 17 to mEUR 91.

All other assets were subject to minor changes in absolute figures in the financial year 2022.

Group equity increased from mEUR 612 as of December 31, 2021 to mEUR 674 as of December 31, 2022. This increase is mainly driven by the consolidated net income for the period, the positive currency effects and offset by paid dividends.

The following significant changes occurred in current and non-current liabilities compared to year-end 2021:

- Increase in current and non-current liabilities to banks of mEUR 54 to mEUR 728 due to borrowings.
- Increase in current and non-current purchase price liabilities by mEUR 10 to mEUR 22, mainly due to the acquisition of the INSIGHT Health Group in the second quarter of 2022.
- Increase in trade payables by mEUR 19 to mEUR 113.
- Decrease of current and non-current contract liabilities by mEUR 6 to mEUR 82.
- Increase in income tax liabilities by mEUR 14 to mEUR 32.

All other current and non-current liabilities were subject to minor changes in absolute figures in the financial year 2022.

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:

kEUR	01.10.- 31.12.2022	01.10.- 31.12.2021	Change	2022	2021	Change
Operating cash flow	64,913	41,981	22,932	145,027	165,274	-20,247
Cash flow from investing activities	-29,306	-14,257	-15,049	-145,414	-163,976	18,562
Free Cash flow	45,406	28,180	17,226	68,969	101,108	-32,139
Cash flow from financing activities	-29,841	-11,370	-18,471	-16,359	30,153	-46,512
Change in cash and cash equivalents	5,766	16,354	-10,588	-16,746	31,451	-48,197
Changes due to exchange rate fluctuations	-1,082	-376	-706	-80	-18	-62
Cash and cash equivalents at the beginning of the period	85,833	91,365	-5,532	107,343	75,910	31,433
Cash and cash equivalents at the end of the period	90,517	107,343	-16,826	90,517	107,343	-16,826
Net Debt*				696,003	634,018	61,984
Leverage (LTM)**				3.12	2.80	0.32

* 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 (LTM) adjusted for restructuring program expenses plus pro rata EBITDA of newly acquired companies

At mEUR 69, free cash flow in 2022 was mEUR 32 lower than in the same period last year.

The decline in free cash flow in the reporting period compared to the free cash flow in the same period of the prior year resulted mainly from payments for the connector exchange, payments related to management changes and restructuring costs.

In the fourth quarter of 2022, free cash flow amounted to mEUR 45 compared to mEUR 28 in the same period of the prior year.

The derivation of Free Cash flow is shown below:

kEUR	01.10.- 31.12.2022	01.10.- 31.12.2021	2022	2021
Operating cash flow	64,913	41,981	145,027	165,274
Cash flow from investing activities	-29,306	-14,257	-145,414	-163,976
./. Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in previous periods)	-3,784	405	-57,881	-88,507
./. Cash outflow for acquisitions from prior periods	-1,984	-698	-6,887	-5,650
./. Cash inflow from the disposal of subsidiaries and business units	0	0	43	400
./. Cash outflow for capital expenditures in joint ventures and other equity investments	-4,031	-163	-4,631	-6,053
Free Cash flow	45,406	28,180	68,969	101,108

In 2022 the cash flow from investing activities was mEUR - 145 (prior year: mEUR - 164). Cash flow from investing activities amounted to mEUR - 29 in the fourth quarter of 2022, compared to mEUR - 14 in the same period in prior year.

The derivation of Investments is shown below:

kEUR	01.10.- 31.12.2022	01.10.- 31.12.2021	2022	2021
Company acquisition	-3,784	405	-57,881	-88,507
Purchase of minority interest and past acquisition	-1,984	-698	-6,887	-5,650
Capitalized in-house services and other intangible assets	-13,543	-14,358	-50,560	-44,393
Joint ventures and other equity investments	-4,031	-163	-4,631	-6,053
Office building and property	-38	-1,019	-6,565	-10,421
Other property and equipment	-5,926	1,576	-18,933	-9,352
Sale of subsidiaries and business operations	0	0	43	400
Total	-29,306	-14,257	-145,414	-163,976

In 2022, financing activities generated cash outflows of mEUR 16 (prior year: inflows of mEUR 30).

Cash flow from financing activities amounted to mEUR - 30 in the fourth quarter of 2022 (prior year: mEUR - 11).

As of December 31, 2022, cash and cash equivalents amounted to mEUR 91 (prior year: mEUR 107). The reported cash and cash equivalents also include restricted cash.

Net debt as at December 31, 2022 was mEUR 696, mEUR 62 higher than the net debt of mEUR 634 as at December 31, 2021. Leverage was 3.12 (December 31, 2021: 2.80) and thus met the requirements of the existing credit agreement.

GUIDANCE

The Group's adjusted guidance for the **financial year 2022** issued in October 2022 was achieved or surpassed for all key financial indicators. While revenues for the Group as a whole and the PCS segment exceeded the adjusted guidance, the share of recurring group revenues and the revenues of the HIS segment were slightly below the guidance. All other key figures reached the adjusted guidance range.

For the **financial year 2023**, CompuGroup Medical expects revenue growth of approximately 6 %, corresponding to organic growth of approximately 5 %.

Recurring revenues are expected to account for between 60 % and 70 % of total revenues.

Adjusted EBITDA is expected to be in the range of mEUR 260 to mEUR 300.

Adjusted earnings per share (diluted) are expected to increase by at least 10 %.

Free cash flow is expected to be at least mEUR 100.

The guidance for the organic revenue development of the segments is as follows:

- For AIS organic revenue growth in the mid-single-digit percentage range is expected.
- The HIS segment is expected to generate organic revenue growth in the mid to high single-digit percentage range.
- For the CHS segment, organic revenue growth is anticipated to be in the low to mid single-digit percentage range.
- The PCS segment is expected to achieve organic revenue growth in the low single-digit percentage range.

The above guidance for the current fiscal year does not take into account any effects from currently pending acquisitions and potential transactions in the course of the fiscal year 2023. The guidance for 2023 represents management's best estimate of future market conditions and the development of CompuGroup Medical's business segments in this environment and may be influenced in particular by delays in the implementation of the Telematics Infrastructure for which the Company is not responsible. In addition, the further effects of macroeconomic influences, such as the war in Ukraine, cannot be fully assessed. The 2023 guidance could also be influenced by exchange rate effects (in particular changes in the USD/EUR exchange rate).

Interim Statement of Financial Position

as of December 31, 2022

Assets

kEUR	31.12.2022	31.12.2021
Non-current assets		
Intangible assets	1,298,205	1,214,347
Property, plant and equipment	107,478	100,070
Right-of-use assets	53,411	57,930
Investments in associates and joint ventures (valued at-equity)	7,300	5,483
Other investments	3,158	3,123
Finance lease receivables	15,984	17,048
Other financial assets*	2,111	9,316
Derivative financial instruments*	36,560	6,594
Other non-financial assets	1,200	1,200
Deferred taxes	2,519	4,924
	1,527,926	1,420,035
Current assets		
Inventories	29,438	20,642
Trade receivables	189,439	147,227
Finance lease receivables	9,152	8,757
Contract assets	23,282	26,566
Other financial assets	2,842	2,719
Derivative financial instruments	574	0
Other non-financial assets	27,003	26,971
Income tax receivables	48,560	30,553
Cash & cash equivalents	90,517	107,343
	420,807	370,778
	1,948,733	1,790,813

* Reporting of derivative financial instruments previously under other financial assets.

Interim Statement of Financial Position

as of December 31, 2022

Shareholder's Equity and Liabilities

kEUR	31.12.2022	31.12.2021
Equity		
Subscribed capital	53,735	53,735
Treasury shares	- 105,205	- 98,796
Reserves	723,890	657,135
Capital and reserves allocated to the shareholders of the parent company	672,420	612,074
Non-controlling interests	1,403	210
	673,823	612,284
Non-current liabilities		
Provisions for post-employment benefits and other non-current provisions	32,656	40,628
Liabilities to banks	719,371	582,441
Contract liabilities	15,529	9,307
Purchase price liabilities	5,539	4,262
Lease liabilities	31,225	38,544
Other financial liabilities	53	4,640
Other non-financial liabilities	42	37
Deferred taxes	112,505	100,325
	916,920	780,184
Current liabilities		
Liabilities to banks	9,104	92,476
Contract liabilities	66,898	79,086
Purchase price liabilities	16,046	7,453
Trade payables	112,613	93,193
Income tax liabilities	32,316	18,675
Other provisions	60,019	51,756
Derivative financial instruments	901	0
Lease liabilities	22,119	18,673
Other financial liabilities	9,379	15,130
Other non-financial liabilities	28,595	21,903
	357,990	398,345
	1,948,733	1,790,813

Interim Income Statement

for the reporting period of January 1 - December 31, 2022

	01.10.-31.12.2022	01.10.-31.12.2021	2022	2021
Revenues	327,656	279,213	1,129,739	1,025,322
Capitalized inhouse services	11,070	12,102	44,819	37,294
Other income	9,919	15,448	19,396	24,771
Expenses for goods and services purchased	-71,208	-59,252	-216,397	-191,426
Personnel expenses	-142,790	-134,628	-546,704	-497,723
Net impairment losses on financial and contract assets	-3,952	-4,120	-4,961	-7,378
Other expenses	-64,265	-59,977	-209,541	-177,470
Earnings before interest, taxes, depreciation and amortization (EBITDA)	66,430	48,786	216,351	213,390
Depreciation of property, plant and equipment and right-of-use assets	-11,578	-10,633	-42,770	-37,837
Earnings before interest, taxes and amortization (EBITA)	54,852	38,153	173,581	175,553
Amortization of intangible assets	-19,099	-21,237	-69,551	-72,876
thereof from purchase price allocations	-11,151	-10,813	-45,882	-48,900
Earnings before interest and taxes (EBIT)	35,753	16,916	104,030	102,677
Result from companies accounted for using the equity method	-99	22	-99	33
Financial income	-6,255	3,211	22,023	3,854
Financial expenses	-5,147	-3,085	-13,888	-8,690
Net impairment losses on financial assets*	-5,250	0	-5,250	0
Earnings before taxes (EBT)	19,002	17,064	106,816	97,874
Income taxes for the period	-4,699	-4,599	-32,699	-28,842
Consolidated net income for the period	14,303	12,465	74,117	69,032
of which: allocated to shareholders of the parent company	13,799	12,435	73,411	68,970
of which: allocated to non-controlling interests	504	30	706	62
Earnings per share				
undiluted (EUR)	0.26	0.24	1.41	1.30
diluted (EUR)	0.26	0.28	1.40	1.30

* Reporting of net impairment losses on financial assets previously under financial expenses.

Cash Flow Statement

as of December 31, 2022

kEUR	01.10.- 31.12.2022	01.10.- 31.12.2021	2022	2021
Consolidated net income for the period	14,303	12,465	74,117	69,032
Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	30,677	31,870	112,321	110,713
Earnings on sale of fixed assets	24	-1,589	-163	-1,689
Change in provisions (including income tax liabilities)	29,063	665	14,981	-7,147
Change in derivative financial instruments*	15,402	-2,775	-18,871	-6,594
Deferred tax income/expense	-5,834	-5,610	352	-4,665
Other non-cash earnings/ expenditures	350	-6,495	4,562	-5,391
	83,985	28,531	187,299	154,259
Change in inventories	5,367	-440	-8,788	-2,280
Change in trade receivables and other receivables	-16,686	7,022	-28,761	-7,703
Change in income tax receivables	-17,981	-14,702	-17,819	-14,008
Change in other receivables	11,783	6,357	8,419	770
Change in trade payables	24,466	38,537	15,565	23,911
Change in contract liabilities	-27,624	-23,776	-10,377	6,654
Change in other liabilities	1,603	452	-511	3,671
Operating cash flow	64,913	41,981	145,027	165,274
Cash outflow for capital expenditure in intangible assets	-13,543	-14,358	-50,560	-44,393
Cash inflow from disposals of property, plant and equipment	70	6,619	349	7,276
Cash outflow for capital expenditure in property, plant and equipment	-6,034	-6,062	-25,847	-27,049
Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in previous periods)	-3,784	405	-57,881	-88,507
Cash outflow for acquisitions from prior periods	-1,984	-698	-6,887	-5,650
Cash inflow from the disposal of subsidiaries and business units	0	0	43	400
Cash outflow for capital expenditures in joint ventures and other equity investments	-4,031	-163	-4,631	-6,053
Cash flow from investing activities	-29,306	-14,257	-145,414	-163,976
Buyback of own shares	0	-24,743	-9,109	-96,096
Dividend paid	0	0	-26,117	-26,367
Capital paid to non-controlling interests	0	-169	-175	-169
Acquisition of additional shares from non-controlling interests	0	-10	-17	-10
Downpayment of lease liabilities	-7,674	-5,718	-25,530	-21,144
Cash inflow from borrowing of loans	-255,215	21,635	340,000	265,081
Cash outflow from the repayment of loans	233,048	-2,365	-295,411	-91,142
Cash flow from financing activities	-29,841	-11,370	-16,359	30,153
Cash and cash equivalents at the beginning of the period	85,833	91,365	107,343	75,910
Change in cash and cash equivalents	5,766	16,354	-16,746	31,451
Changes due to exchange rate fluctuations	-1,082	-376	-80	-18
Cash and cash equivalents at the end of the period	90,517	107,343	90,517	107,343
Interest paid	755	1,227	6,157	4,178
Interest received	341	-126	687	560
Income taxes paid	6,353	15,753	39,034	49,280

* Change in derivative financial instruments previously reported under changes in other receivables

Segment reporting

as of December 31, 2022

kEUR	Segment AIS Ambulatory Information Systems		Segment HIS Hospital Information Systems		Segment CHS Consumer and Health Management Information Systems		Segment PCS Pharmacy Information Systems	
	2022	2021	2022	2021	2022	2021	2022	2021
	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	502,287	475,846	277,217	257,426	219,594	173,664	130,547	118,240
thereof Software license	45,756	50,298	29,910	30,818	1,044	990	5,685	4,803
thereof Hardware	19,612	21,945	9,583	12,481	53,327	51,374	27,484	25,196
thereof Professional Services	41,409	35,445	47,358	48,013	22,897	15,237	12,228	9,195
thereof Software Maintenance & hotline	278,491	259,373	140,137	123,488	14,096	11,881	42,185	38,241
thereof Other recurring revenues	107,206	100,705	49,795	42,194	56,180	50,194	41,787	40,375
thereof Advertising, eDetailing and Data	682	765	0	3	69,039	42,136	490	293
thereof Other revenues	9,131	7,315	434	430	3,011	1,851	688	138
Point in time of revenue recognition								
at a specific point in time	35,858	33,052	14,880	18,152	56,463	53,404	29,812	26,755
over a period of time	466,429	442,794	262,337	239,274	163,130	120,260	100,735	91,485
	502,287	475,846	277,217	257,426	219,593	173,664	130,547	118,240
thereof recurring revenues	385,697	360,078	189,932	165,681	70,276	62,076	83,972	78,616
Revenues between segments	84,009	59,966	5,347	4,273	47,073	15,784	4,160	5,002
Segment Revenues	586,296	535,812	282,564	261,699	266,667	189,448	134,707	123,242
Capitalized inhouse services	11,322	7,397	18,491	17,775	10,791	7,568	4,215	4,555
Other income	11,315	7,084	6,197	9,894	1,299	1,613	2,822	1,577
Expenses for goods and services purchased	-145,451	-122,795	-48,076	-46,928	-133,863	-77,410	-35,242	-32,934
Personnel costs	-221,708	-212,385	-161,768	-143,748	-60,128	-46,524	-46,374	-43,572
Other expenses	-109,937	-98,375	-72,928	-55,722	-43,477	-34,804	-20,776	-19,168
EBITDA	131,837	116,738	24,480	42,970	41,289	39,891	39,352	33,699
in % of revenues	26.2%	24.5%	8.8%	16.7%	18.8%	23.0%	30.1%	28.5%
Depreciation of property, plant and equipment and right-of-use assets								
Amortization of intangible assets								
EBIT								
Result from companies accounted for using the equity method								
Financial income								
Financial expenses								
Net impairment losses on financial assets								
EBT								
Income taxes for the period								
Consolidated net income for the period								
in % of revenues								

Segment reporting

as of December 31, 2022

	All other segments		Sum Segments		Consolidation		CGM Group	
	2022	2021	2022	2021	2022	2021	2022	2021
	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
kEUR								
Revenues to third parties	94	146	1,129,739	1,025,322	0	0	1,129,739	1,025,322
thereof Software license	0	0	82,395	86,909	0	0	82,395	86,909
thereof Hardware	0	0	110,006	110,996	0	0	110,006	110,996
thereof Professional Services	94	133	123,986	108,023	0	0	123,986	108,023
thereof Software Maintenance & hotline	0	0	474,909	432,983	0	0	474,909	432,983
thereof Other recurring revenues	0	0	254,968	233,468	0	0	254,968	233,468
thereof Advertising, eDetailing and Data	0	0	70,211	43,197	0	0	70,211	43,197
thereof Other revenues	0	13	13,264	9,747	0	0	13,264	9,747
Point in time of revenue recognition								
at a specific point in time	0	13	137,013	131,376	0	0	137,013	131,376
over a period of time	94	133	992,725	893,946	0	0	992,725	893,946
	94	146	1,129,738	1,025,322	0	0	1,129,738	1,025,322
thereof recurring revenues	0	0	729,877	666,451	0	0	729,877	666,451
Revenues between segments	10,247	8,650	150,836	93,675	-150,836	-93,675	0	0
Segment Revenues	10,341	8,796	1,280,575	1,118,997	-150,836	-93,675	1,129,739	1,025,322
Capitalized inhouse services	0	0	44,819	37,294	0	0	44,819	37,294
Other income	96,853	92,081	118,486	112,249	-99,090	-87,478	19,396	24,771
Expenses for goods and services purchased	-3,173	-3,493	-365,805	-283,560	149,408	92,134	-216,397	-191,426
Personnel costs	-57,572	-51,778	-547,550	-498,007	846	284	-546,704	-497,723
Other expenses	-67,020	-65,126	-314,138	-273,196	99,636	88,348	-214,502	-184,847
EBITDA	-20,571	-19,521	216,387	213,777	-36	-387	216,351	213,390
in % of revenues			19.2%	20.8%			19.2%	20.8%
Depreciation of property, plant and equipment and right-of-use assets							-42,770	-37,837
Amortization of intangible assets							-69,551	-72,876
EBIT							104,030	102,677
Result from companies accounted for using the equity method							-99	33
Financial income							22,023	3,854
Financial expenses							-13,888	-8,690
Net impairment losses on financial assets							-5,250	0
EBT							106,816	97,874
Taxes on income for the period							-32,699	-28,842
Consolidated net income for the period							74,117	69,032
in % of revenues							6.6%	6.7%

ADDITIONAL INFORMATION

Financial calendar

Date	Event
March 24, 2023	Annual Report 2022
May 10, 2023	Quarterly Statement Q1 2023
May 17, 2023	Annual General Meeting
August 10, 2023	Interim Report Q2 2023
September 7, 2023	Capital Market Day
November 9, 2023	Quarterly Statement Q3 2023

Contact information

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Investor Relations

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Management Responsibility Statement

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

Koblenz, February 9, 2023

CompuGroup Medical SE & Co. KGaA

Represented by the Managing Directors

of CompuGroup Medical Management SE



Michael Rauch



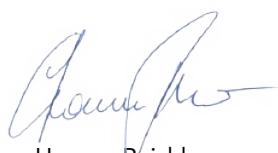
Angela Mazza Teufer



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