CompuGroup Medical

Annual Report 2023

WE CREATE THE FUTURE OF E-HEALTH

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REVENUES

€ 1.19 billion

LOCATIONS

20 countries

EMPLOYEES

>9,000

CompuGroup Medical is one of the leading e-health providers worldwide. With a revenue base of EUR 1.19 billion in 2023, its software products are designed to support all medical and organizational tasks in private medical practices, pharmacies, laboratories, hospitals and social welfare institutions. Its information services for all parties involved in the healthcare system and its web-based personal health records contribute towards safer and more efficient healthcare.

Our mission: We create the future of e-health!

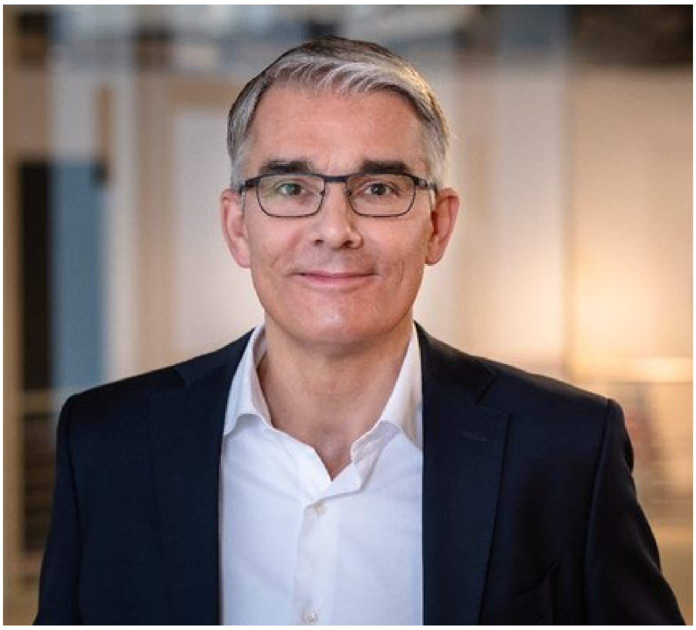
The backbone of CompuGroup Medical's services is its unique customer base including physicians, dentists, pharmacies, other healthcare professionals in outpatient and inpatient facilities as well as insurance and pharmaceutical companies. CompuGroup Medical has sites in 20 countries and distributes its products in 60 countries around the world. More than 9,000 highly qualified employees create sustainable solutions to meet the steadily growing demands in healthcare.

PURPOSE

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

Frank Gotthardt, Founder CompuGroup Medical

CEO letter



Michael Rauch
Chief Executive Officer (CEO)

Dear shareholders,

On average, a doctor in Germany is able to spend less than eight minutes with each patient. No doctor is likely to have sworn the Hippocratic oath with this in mind, and the expectations that we all have when we are sick and need medical help don't correspond either. Therefore, this cannot be the last word of wisdom for a highly developed healthcare system. And yet it is, in fact, a daily reality.

A report* shows where the problem lies: for every hour that a medical practice spends with their patients, they have to schedule three to four additional hours for administrative tasks. And as if that were not already more than enough, there is also a phenomenal stream of new knowledge that needs to be recorded: global medical expertise doubles every 72 days. Processing and implementing this knowledge in treatments for the benefit of the patient is one of the greatest challenges facing healthcare professionals worldwide.

At CompuGroup Medical, we are firmly at the side of healthcare professionals who have to deal with all of this on a daily basis by enabling them to use our established technologies, but above all our pioneering digital innovations. Because as great as the challenges in the healthcare sector are, the opportunities that are currently available to us all, not least through Artificial Intelligence (AI), are just as great: AI has the potential to bring sustained change and to improve our world in the long term. AI makes it possible to classify and channel the gigantic amount of medical knowledge available. This enables our products to provide even better support in making a diagnosis. CGM's AI solutions help to identify rare diseases and develop new drugs and therapies, and AI can be integrated into CGM products to assist with both billing and practice management. Artificial Intelligence, embedded in our software, makes knowledge more tangible rendering work easier and faster. Thus, it enables us to give something very

* Attipoe S et al. Characterization of Electronic Health Record Use Outside Scheduled Clinic Hours […]. JMIR Med Inform., May 12, 2022

CEO letter

fundamental back to healthcare professionals: time for their patients. This leads to better healthcare for everyone – in line with CompuGroup Medical's purpose, as worded by our company founder Frank Gotthardt: "Nobody should suffer or die just because at some point medical information was missing."

It is clear that the future medical world will become even more digitized, even more data-based, even more connected and even more effective. E-prescriptions and electronic patient files are the next milestones for the German healthcare system. They show us what is possible, but the possibilities reach even far beyond this. Intelligent data solutions will bring significant support to healthcare providers, which is why this is one of the strategic focuses for us at CompuGroup Medical.

We are convinced that Artificial Intelligence has great potential. For example, we have already further digitized our internal processes and made them more effective with the "ChatCGM" AI tool tailored to our company. This is a first, very specific step, which made 2023 a defining year for the future of our company. We have boldly opened the door to the digital future as a pioneer in our industry. Our efforts to use Artificial Intelligence profitably are focused on creating products and solutions for healthcare providers and implementing them for the benefit of patients. We also focus on three other pillars of Artificial Intelligence: optimizing software development, service and support, as well as administrative processes. Our customers, their patients and, last but not least, you as our shareholders will benefit significantly from this.

We do so from a position of strength. CompuGroup Medical is a leader when it comes to groundbreaking innovations. It is in our DNA: when designing e-health solutions, we can draw on our unique experience and close partnerships with our customers around the world, as well as the outstanding expertise of our team. We have more than 9,000 employees at locations in 20 countries who work together on a daily basis to provide doctors, pharmacists, laboratory and nursing staff with the right information to care for patients, both outpatients and inpatients in post-acute, acute and intensive care.

Financial year 2023

In the past financial year we have once again demonstrated that we are addressing the right topics and implementing important trends. Our organic growth provides clear evidence of this. Our quality standards are clear: CompuGroup Medical plays a pioneering role in realizing the digital patient journey, supporting our customers with convincing solutions that greatly facilitate daily work in practices, clinics and pharmacies.

To put it in concrete terms: initiatives to digitize the German healthcare system by the Federal Ministry of Health have bestowed the sector with significant momentum in 2023. According to gematik, as many as 15 million e-prescriptions were filled in Germany last year, and almost all pharmacies and the majority of private medical practices in Germany were able to issue or accept electronic prescriptions by the end of the year. Our software solutions have supported this development, placing us at the forefront of this fundamental reform of the healthcare sector.

CEO letter

However, our growth path is not restricted to Germany, it is global. Following the successful integration of eMDs in the US, we rolled out eMEDIX Clearinghouse, our holistic software solution for billing healthcare services. Our significantly improved competitive situation in the demanding US growth market was also reflected in a large number of "Health IT certifications" and by winning first place in the Best in KLAS prize awarded by KLAS Research, the most important ranking of the "Association for Information Systems".

In Italy we have initiated a number of pioneering projects, e.g., a voice recognition software for dentists, a chatbot for pharmacies and various telemedicine projects.

The Hospital Information Systems segment has seen a strong order intake in connection with the German Hospital Future Act (KHZG), which enabled us to increase our revenue guidance twice in 2023 for projects in connection with KHZG. In this context, we established lighthouse projects with two leading university hospitals. By partnering with leading operators of rehabilitation facilities, we also provide high-performance, standardized information systems in all facilities. This increases the quality of care and service immensely.

All these positive developments in 2023 are reflected in our financial figures. We generated revenues of EUR 1.19 billion, equivalent to a 5 % increase compared to 2022, which was also a successful year. Operating income (adjusted EBITDA) increased to a new record high of mEUR 265.

Gratitude and outlook

We would like to sincerely thank our employees for their great commitment in the past financial year and we thank our customers and you, our shareholders, for the trust you place in us.

We will continue to launch leading products and solutions in 2024 in order to continue growing with our customers, to further increase our earnings and to invest sustainably in modern e-health solutions. We will continue to focus on shaping the future of e-health. E-Health is our expertise, our passion and urgently needed by patients and society alike. And that is what motivates us.

Yours,

Michael Rauch
Chief Executive Officer (CEO)

Share information

The CompuGroup Medical shares are listed in the Prime Standard of the Frankfurt Stock Exchange under the securities identification number A28890 (ISIN DE000A288904) as well as in the SDAX and TecDAX under the ticker symbol (COP (FRA: COP). As at December 31, 2023, the share capital consists of 53,734,576 shares each representing EUR 1.00 of the share capital.

Key data

		2023	2022
Year-end price	EUR	37.90	35.98
Year high	EUR	51.70	71.85
Year low	EUR	33.00	31.64
Market capitalization*	mEUR	2,037	1,933
Earnings per share, adjusted	EUR	2.06	1.80
Dividend per share	EUR	1.00**	0.50

** At December 31.*
*** As proposed for 2023 to the Annual General Meeting.*

Share price

The volatility of the stock market and the CGM share in financial year 2023 was caused by the interest rate environment, high inflation rates and increasing trade restrictions.

Following the challenging stock market year in 2022, the CGM share stood at EUR 36.74 at the beginning of 2023 (January 2). A positive price performance in the first half of the year was followed by a period with price adjustments. The share reached its annual high of EUR 51.70 on May 22, 2023 and the lowest level on December 7 at EUR 33.00.

The reference indexes SDAX and TecDAX showed a similar performance in the first three quarters of the year. The initial positive trend that lasted until mid-year had flattened by the end of October. However, the fourth quarter saw indexes recovering more strongly than the CGM share until the end of 2023. The year-end closing price of the CGM share was EUR 37.90, corresponding to a market capitalization of EUR 2.04 billion. The CGM share price was thus 5.3 % above the prior year's closing price. The performance of the relevant indices for the reporting year, SDAX and TecDAX, was 17 % and 20 % in the same period.

Dividend

The total dividend payout in financial year 2023 amounted to mEUR 26.1. This corresponded to a dividend of EUR 0.50 per share. For financial year 2023, a dividend of EUR 1.00 per share will be proposed to the Annual General Meeting on May 22, 2024. Subject to the approval of the Annual General Meeting, the distribution will amount to mEUR 52.2. The total distribution amount stated above does not take into account any change in the number of shares entitled to dividends as a result of any capital measures and share buybacks. Based on the closing price for 2023 (EUR 37.90), this is equivalent to a dividend yield of 2.6 %.

Share information

Shareholder structure as at December 31, 2023

	share in %
Frank Gotthardt (Founder and Chairman of the Administrative Board)	33.37
Prof. Dr. Daniel Gotthardt (Member of the Administrative Board)	6.66
Dr. Brigitte Gotthardt	6.29
Dr. Reinhard Koop	3.72
Treasury shares	2.79
Free float (German Stock Exchange definition)	47.16

Investor relations

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

The Investor Relations section on the company website (www.cgm.com/ir) provides comprehensive information such as financial reports, stock exchange information, relevant news as well as the financial calendar and company presentations. Conference calls for investors and analysts are held upon the publication of quarterly and annual figures. On September 7, 2023, the Managing Directors and the CEO of the US business presented the corporate strategy for CGM at the annual Capital Markets Day in Koblenz. In addition, the presentations by the Managing Directors, in which they provided information on the milestones achieved following the investment initiative, were also streamed live on the company website. All of this content is available on the website as a video webcast or as a PDF download. CompuGroup Medical also participated in various national and international capital market conferences as well as virtual events.

At year-end, thirteen analysts followed the company's business performance on a regular basis. They issued nine Buy recommendations, three Hold and one Sell recommendation.

Managing Directors

Emanuele Mugnani | Hannes Reichl | Michael Rauch | Daniela Hommel | Dr. Ulrich Thomé

Michael Rauch – Chief Executive Officer (CEO)

Michael Rauch joined CompuGroup Medical as Chief Financial Officer in August 2019. In June 2022, he was appointed Spokesman for the Managing Directors and since May 2023, he has been the Chief Executive Officer of CompuGroup Medical. Before that, he was able to gather close to 20 years of experience in various positions in finance and strategy development at international corporations and consulting firms. He has been appointed as Managing Director until July 31, 2027.

Daniela Hommel – Chief Financial Officer (CFO)

Daniela Hommel has been the Chief Financial Officer of CompuGroup Medical since February 1, 2024. She previously held different finance and controlling positions at a major German medical technology and healthcare corporation from 2012 onwards, including CEO of the corporation's digital business subsidiary. She has been appointed as Managing Director until January 31, 2027.

Emanuele Mugnani – Managing Director Ambulatory Information Systems Europe

Since February 2022, Emanuele Mugnani has been responsible for Ambulatory Information Systems Europe and for the Pharmacy Information Systems Segment (PCS). He joined the CGM Italy Group in 2014 as General Manager for Pharmacy Information Systems in Italy and has been appointed as Managing Director until February 14, 2025.

Hannes Reichl – Managing Director Inpatient and Social Care

Hannes Reichl has been working at CompuGroup Medical in various leading positions since 2007. In 2018, he took over the hospital and laboratory business of CompuGroup Medical, which he previously led as Senior Vice President. He has been appointed as Managing Director until October 31, 2027.

Dr. Ulrich Thomé – Managing Director Ambulatory Information Systems DACH

Ulrich Thomé heads the Ambulatory Information Systems segment for the DACH region. Before joining CGM in August 2023, he worked in different fields of the German healthcare system and healthcare IT for more than 16 years. He has been appointed as Managing Director until October 31, 2026.

Report of the Supervisory Board

The Supervisory Board of CompuGroup Medical SE & Co. KGaA (Supervisory Board) performed the duties incumbent upon it under the law, the Articles of Association and the rules of procedure in financial year 2023. The Supervisory Board monitored the management of the company as carried out by the general partner (represented by its Managing Directors). In accordance with its responsibilities, the Supervisory Board was involved in the key decisions that were of fundamental importance to the company.

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

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

The Supervisory Board established an Audit Committee. The Committee held a total of six virtual meetings within the reporting period. Among other matters, the Audit Committee discussed the general partner's interim financial reports and risk reports, prepared Supervisory Board resolutions and discussed key topics with the general partner. In various discussions with the auditors KPMG and the CEO & CFO, the Audit Committee has been monitoring the quality of the audit on an ongoing basis. The meetings of the Audit Committee are regularly attended by representatives of the audit firm KPMG.

During the reporting period, the Supervisory Board held six meetings, three video conferences and three face-to-face meetings:

February 28, 2023:

The annual Declaration on Corporate Governance was discussed and approved. Dr. Ulrike Handel was elected to fill the vacant position as the shareholder representative on the Joint Committee.

March 8, 2023:

The auditor was present at this meeting. The members of the Audit Committee and the general partner informed the members of the Supervisory Board on their discussion of the annual financial statements for 2022 and the most important results of these deliberations. The auditor summarized the preliminary results of the audit of the financial statements and answered the questions of the Supervisory Board. The general partner reported on the main issues of the past financial year and current topics in the current financial year.

Report of the Supervisory Board

March 22, 2023:

At the meeting, the Supervisory Board discussed the annual financial statements and the consolidated financial statements with the representatives of the general partner, Michael Rauch (CEO & CFO)) and the auditor (KPMG AG, Berlin, Frankfurt am Main branch). Following the discussion and also based on the preliminary audit and the recommendation of the Audit Committee, the Supervisory Board approved the annual financial statements of CompuGroup Medical SE & Co. KGaA, the consolidated financial statements, the dependency report of the general partner, the remuneration report and the non-financial report for financial year 2022. The Supervisory Board also resolved that the annual financial statements of CompuGroup Medical SE & Co. KGaA be submitted to the Annual General Meeting on May 17, 2023 for approval. The Supervisory Board concurred with the general partner's proposal for the appropriation of profits. The Supervisory Board resolved to propose to the Annual General Meeting that the actions of the general partner and the members of the Management Board of the legal predecessor, CompuGroup Medical SE, as well as the actions of the members of the Supervisory Board of the company and of the legal predecessor, CompuGroup Medical SE, be formally approved for financial year 2022. The Supervisory Board's report to the Annual General Meeting was approved. On the basis of the new regulatory requirements and after considering the interests of the shareholders and other participants, the Supervisory Board decided to hold the Annual General Meeting as a virtual general meeting. The agenda and the proposed resolutions for the Annual General Meeting were discussed and approved by the Supervisory Board. The Supervisory Board received the general partner's most recent reports on topics surrounding the CHS business unit and the business performance of the CGM group, which it then discussed with the Managing Directors.

May 16, 2023:

In this meeting, the Supervisory Board discussed current topics in connection with the Annual General Meeting to be held the following day. Furthermore, the Supervisory Board was informed of the company's strategic goals.

September 28, 2023:

The Supervisory Board approved the commissioning of the auditor on the basis of the quote presented to the Board. Dr. Ulrich Thomé introduced himself personally to the Supervisory Board and gave an account of his first impressions at CGM. Then Michael Rauch (CEO) gave a report of the current business performance. He explained that the current figures fall short of management's expectations and that stronger efforts are required to reach the targets set for 2023. Finally, Hannes Reichl and members of his team gave a detailed account of the state of current projects, growth opportunities and planned market campaigns in the HIS segment.

December 11, 2023:

The Managing Director Michael Rauch (CEO & CFO) reported to the Supervisory Board on the current business performance and discussed it with the Supervisory Board. Following a proposal by the general partner, the Supervisory Board discussed the concept for holding the Annual General Meeting 2024 and consented to holding it as a physical meeting. The updated Declaration of Compliance with the German Corporate Governance Code was deliberated and finally adopted as proposed. Michael Rauch and Philip Heßen (CHRO) updated the members of the Supervisory Board on current HR topics. At the end of the meeting, the future CFO Daniela Hommel was given the opportunity to present herself to the Supervisory Board. She is to commence office on February 1, 2024.

Report of the Supervisory Board

Conflicts of interest:

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

Changes in the composition of the Supervisory Board:

Mr. Reinhard Lyhs was appointed as a new member of the Supervisory Board with effect from March 1, 2023 by the Koblenz Local Court pursuant to section 104 (2) German Stock Corporation Act (AktG). The Annual General Meeting on May 17, 2023 elected Reinhard Lyhs as the successor of the deceased Dr. Michael Fuchs.

Overview of attendance at meetings of the Supervisory Board and the Audit Committee, including the respective meeting formats:

	Supervisory Board (Meeting attendance)					
	Feb 28, 2023	Mar 08, 2023	Mar 22, 2023	May 16, 2023	Sep 28, 2023	Dec 11, 2023
Meeting format	Virtual	Virtual	Presence	Presence	Presence	Virtual
Von Ilberg, Philipp (Chair)	Yes	Yes	Yes	Yes	Yes	Yes
Weinmann, Stefan (Vice Chair)	Yes	Yes	Yes	Yes	Yes	Yes
Basal, Ayfer	Yes	Yes	Yes	Yes	Yes	Yes
Betz, Frank	Yes	Yes	Yes	Yes	Yes	Yes
Lyhs, Reinhard	Yes (Guest)	No	Yes	Yes	Yes	Yes
Handel, Ulrike	Yes	No	Yes	Yes	Yes	Yes
Hegemann, Adelheid	Yes	Yes	Yes	Yes	Yes	Yes
Johnke, Lars	Yes	Yes	Yes	Yes	Yes	Yes
Köhrmann, Martin	Yes	No	Yes	Yes	Yes	Yes
Mole, Julia	Yes	Yes	Yes	Yes	Yes	Yes
Störmer, Matthias	Yes	Yes	Yes	Yes	Yes	Yes
Volkens, Bettina	Yes	Yes	Yes	Yes	Yes	Yes

	Audit Committee (Meeting attendance)					
	Feb 7, 2023	Mar 8, 2023	Mar 20, 2023	May 9, 2023	Aug 8, 2023	Nov 7, 2023
Session format	Virtual	Virtual	Virtual	Virtual	Virtual	Virtual
Störmer, Matthias (Chair)	Yes	Yes	Yes	Yes	Yes	Yes
Basal, Ayfer	Yes	Yes	Yes	Yes	Yes	Yes
Johnke, Lars	Yes	Yes	Yes	Yes	Yes	Yes
Von Ilberg, Philipp	Yes	Yes	Yes	Yes	Yes	Yes

Report of the Supervisory Board

Audit of the 2023 financial statements:

The Managing Directors of the general partner submitted to the members of the Audit Committee and the Supervisory Board the annual financial statements and consolidated financial statements for financial year 2023, the Combined Management Report of CompuGroup Medical SE & Co. KGaA and the entire group for financial year 2023, the remuneration report for financial year 2023, the separate non-financial report for the group and the dependency report of the general partner once this had been prepared.

The auditing firm (KPMG) elected and appointed as auditor by the Supervisory Board at the Annual General Meeting of CompuGroup Medical SE & Co. KGaA on May 17, 2023 audited the annual financial statements of CompuGroup Medical SE & Co. KGaA, the consolidated financial statements and the Combined Management Report of CompuGroup Medical SE & Co. KGaA and the group as at December 31, 2023, including the accounting system, in accordance with the statutory provisions and issued an unqualified audit opinion.

At their meetings on March 11, 2024 and March 21, 2024, and in the presence of the auditor, the members of the Audit Committee discussed in detail the annual financial statements, the consolidated financial statements, the Combined Management Report of CompuGroup Medical SE & Co. KGaA, the remuneration report and the separate non-financial report for the group as well as the auditor's findings. The auditor reported on the main findings of the audit. On this basis, the Audit Committee proposed to the Supervisory Board to approve the financial statements prepared by the general partner.

The Supervisory Board was informed of the audit results at a meeting on March 11, 2024 and took note of the Audit Committee's recommendation. At its meeting on March 22, 2024, the Supervisory Board was presented with the annual financial statements for financial year 2023 as prepared by the general partner, the consolidated financial statements and the Combined Management Report of CompuGroup Medical SE & Co. KGaA and the group, as well as the general partner's proposal for the appropriation of net profit, the dependency report, the remuneration report, the separate non-financial report of the group and the corresponding auditors findings and report. The Supervisory Board examined the documents submitted. Employees of the auditing firm KPMG personally answered all the Supervisory Board's questions in detail.

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

Report of the Supervisory Board

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

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

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

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

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

Koblenz, March 22, 2024

Philipp von Ilberg
(Chairman of the Supervisory Board)

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

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

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

Two meetings were held in financial year 2023, at which the following topics were discussed and the following resolutions passed:

August 30, 2023:

In this meeting, the committee members deliberated whether to approve the conclusion of refinancing agreements for a term loan amounting to EUR 400,000,000 taken out in 2020. This term loan is to be refinanced using a promissory note loan with a volume of up to EUR 300,000,000 and a new term loan. After discussing the terms and conditions and the background situation, the Joint Committee decided to give their consent to the refinancing agreements.

December 11, 2023:

Pursuant to article 18 (1) (b) of the Articles of Association of CompuGroup Medical SE & Co. KGaA, the Joint Committee discussed the budget for 2024 of the CompuGroup Medical Group as prepared and adopted by the general partner and, in doing so, discussed related opportunities and risks with respect to implementation with the Managing Director Michael Rauch (CEO & CFO). Following the discussion, the Joint Committee approved the budget for financial year 2024.

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

Attendance overview of the Joint Committee members:

	Joint Committee (Meeting attendance)	
	Aug 30, 2023	Dec 11, 2023
Meeting format	Virtual	Virtual
Dr. Klaus Esser, Chair	Yes	Yes
Frank Gotthardt	Yes	Yes
Michael Rauch	Yes	Yes
Frank Betz	Yes	Yes
Dr. Ulrike Handel	Yes	Yes
Philipp von Ilberg	Yes	Yes

Koblenz, January 2024

Dr. Klaus Esser
(Chair of the Joint Committee)

COMBINED MANAGEMENT REPORT

1. Foundations of the group

1.1. Group business model

CGM Group

CompuGroup Medical SE & Co. KGaA (hereinafter also referred to as “CGM” or “CompuGroup Medical”) is one of the leading e-health providers worldwide. With a revenue base of EUR 1.19 billion in 2023, its software products are designed to support all medical and organizational tasks in private medical practices, pharmacies, laboratories, hospitals and social welfare institutions. Its information services for all parties involved in the healthcare system and its web-based personal health records contribute towards safer and more efficient healthcare. The company is one of the leading providers in Europe and the US market. The digitization of doctor-patient interaction is another focus area. Its portfolio of products also includes information services for health insurance companies and pharmaceutical companies. Headquartered in Koblenz, Germany, the company has a wide and global reach with offices in 20 countries worldwide. More than 9,000 highly qualified employees support customers with innovative solutions for the steadily growing demands of the various healthcare systems.

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

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

Organizational structure

The CGM group consists of a large number of entities in various countries, all of which are controlled directly or indirectly by the ultimate parent company CompuGroup Medical SE & Co. KGaA. A complete list of all group companies and interests in other companies is provided in section C.4. Scope of consolidation of the notes to the consolidated financial statements.

Operating segments

The four operating segments outlined below comprise our full portfolio of products, solutions and services, and form the basis for our IFRS segment reporting (IFRS: International Financial Reporting Standards) up to and including December 31, 2023. As at January 1, 2022 and 2023 respectively, individual profit centers were reclassified which resulted in a minor adjustment of the segment reporting to the management structure of CGM. The adjusted prior year's figures are shown in the segment reporting section.

From financial year 2024, the operating segment Consumer & Heath Management Systems (CHS) will be integrated into the existing Ambulatory Information Systems (AIS) segment. In addition, further individual profit centers will be reclassified. These adjustments will not be further discussed below as they will not become effective before the subsequent year.

Ambulatory Information Systems (AIS)

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

Hospital Information Systems (HIS)

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

Consumer & Health Management Information Systems (CHS)

In addition to physicians and pharmacies, the products and services in the Consumer & Health Management Information Systems segment also target pharmaceutical companies, health insurance companies, other IT companies in the healthcare sector as well as patients and consumers. With the data-based products in its portfolio, CGM provides healthcare companies with valuable information for them to improve and optimize their services. The product range also comprises software interfaces for data exchange, portals for retrieving relevant data from the German outpatient healthcare market, medical decision support tools, medication and treatment databases for healthcare service providers, solutions for the insurance industry, and digital healthcare applications, patient portals and mobile apps. Moreover, the CHS business unit includes the Telematics Infrastructure business, which provides secure links for service providers and forms the basis for further digitization in the healthcare sector. Security solutions for service providers are another element in this segment's portfolio of products. In order to accelerate digitization in the healthcare sector, CGM will integrate the CHS segment into the AIS segment from financial year 2024.

Pharmacy Information Systems (PCS)

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

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

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

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

1.2. Changes to the composition of the group

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

1.3. Objectives and strategies

The unchanged strategic objective of CGM is to further expand its position as a leading international provider of IT solutions for the healthcare sector and to benefit from the advance of digitization as well as Artificial Intelligence. The key elements of its corporate strategy are summarized as follows:

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

1.4. Management system

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

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

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

1.5. Research and development

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

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

Wherever possible, we make sure that individual components are processed by central development teams across all segments. Training sessions run by external instructors are an important element in ensuring that the teams stay up-to-date with technological developments. Group companies are constantly working to provide customers with state-of-the-art software solutions and services. Our developer teams work with the latest tools and in accordance with internationally recognized standards to ensure the quality of the products offered. Furthermore, external contract developers in Germany and abroad provide development services either on the basis of contracts for services (“extended workbench”) or contracts for works and services, thereby being involved in efforts to develop new software solutions and software generations.

Future generations of software developed by CGM will be characterized by a customized front-end solution adapted to the individual CGM product lines, while the back-end modules will be developed to fit all main product ranges across all platforms. This can be described as a building block principle. What this means in the medium term is that those development activities will become as centralized as possible, especially for the back-end. By way of contrast, developing and updating front-end systems will continue to be the responsibility of the subsidiaries close to markets and customers. An average of 2,694 (prior year: 2,683) employees was employed in research and development in financial year 2023.

Capitalized in-house services

In accordance with IAS 38, capitalized in-house development services are capitalized as an asset; this lifted CGM's EBITDA by mEUR 40 (prior year: mEUR 45) in 2023. Depreciation and amortization of capitalized development services amounted to mEUR 27 in financial year 2023 (prior year: mEUR 13), of which mEUR 11 (prior year: kEUR 342) was attributable to impairment losses.

The main part of the capitalized development costs is attributable to G3 developments in the AIS, HIS and PCS segments as well as developments in connection with new gematik specifications. Most of the development work was recognized under expenses in the year under review. This essentially involves research costs not eligible for capitalization and expenses associated with the adaption/continuous improvement of software products in line with new or amended legal or contractual requirements that are not eligible for capitalization either. Depending on the area of specialization or current regulations, updates are typically required each quarter. The share of capitalized development costs relative to total R&D costs was 16 % in the reporting period (prior year: 19 %).

2. Economic report

2.1. Macroeconomic and industry-specific conditions

Macroeconomic conditions

In its report published in October 2023, the International Monetary Fund (IMF) predicts different growth outlooks in the various parts of the world, which poses as a challenge for the return to pre-pandemic production trends. Despite indications of resilience at the beginning of 2023, the impact of the tightening monetary policy to curb inflation is likely to slow down future economic activities.

According to an update by the IMF published in January 2024, global growth is set to moderately decline from 3.5 % in 2022 to 3.1 % in 2023 and 3.1 % in 2024. The forecast states that global inflation will steadily fall from 8.7 % in 2022 to 6.8 % in 2023 and 5.8 % in 2024 (source: www.imf.org). This is due to a tighter monetary policy, supported by lower international commodities prices. Furthermore, the IMF predicts the real global economic output will grow by +3.1 % in 2023. CGM's key markets, comprising the European markets (particularly the German market) and the US market, performed differently. In its January 2024 update, the IMF expects that the real economic output in Germany declined by 0.3 % in 2023. For the euro zone as a whole, however, the IMF projects 0.5 % growth and 2.5 % for the US.

Industry development

The healthcare sector, in particular the market for healthcare information technology (HCIT) and related services, is one where demand is growing substantially. The growth in HCIT solutions, which has been steady for years, is being shaped by the rapidly growing volume of data in healthcare, the need for fast and efficient workflows and patients' growing need for data accessibility and self-determination when it comes to healthcare matters. The COVID-19 pandemic that marked the years 2020 to 2022 and the immense strain it has put on the healthcare system have once again accelerated demand for HCIT solutions and added certain momentum to specific fields of application. It was of paramount importance during the pandemic to keep the healthcare system in a fully functioning state without being tied to a physical location and to enable care to be provided remotely. HCIT solutions such as video consultations, online platforms to facilitate the networking of healthcare providers, or apps for patients to stay healthy and monitor their own condition have a key role to play here.

2.2. Business performance

Group

CompuGroup Medical closed the financial year 2023 with higher revenues and adjusted EBITDA.

- Group revenues of mEUR 1,188
- Revenue growth of 5 %
- Organic revenue growth of 4.3 % above prior-year level: (guidance: ≈ 5 %)
- Recurring revenues of 69 % (guidance: 60 % - 70 %)
- Adjusted EBITDA of mEUR 265 (guidance: mEUR 260 - 300)
- Adjusted earnings per share - diluted - of EUR 2.06 and thus 14 % above prior-year level (guidance: at least 10 % above prior-year level)
- Free cash flow of mEUR 113 (guidance: at least mEUR 100)

Segments

At segment level, the guidance is as follows:

- AIS revenue of mEUR 506, corresponding to organic growth of 1 % (organic growth guidance: growth in the middle single-digit percentage range)
- HIS revenue of mEUR 315, corresponding to organic growth of 14 % (organic growth guidance: growth in the middle to high single-digit percentage range)
- CHS revenue of mEUR 225, corresponding to organic growth of - 2 % (organic growth guidance: growth in the low to middle single-digit percentage range)
- PCS revenue of mEUR 141, corresponding to organic growth of 6 % (organic growth guidance: growth in the low single-digit percentage range)

Key financial figures

kEUR	2023	2022	Change
Revenues	1,187,663	1,129,739	+ 5 %
Recurring Revenues in %	69 %	65 %	4 ppt
Organic growth in %	4 %	4 %	+ 0 ppt
EBITDA	229,760	216,351	+ 6 %
EBITDA margin	19 %	19 %	+ 0 ppt
EBITDA adjusted	264,737	234,004	+ 13 %
EBITDA margin adjusted	22 %	21 %	+ 1 ppt
EPS (EUR) - diluted	0.88	1.40	- 37 %
EPS adjusted (EUR) - diluted	2.06	1.80	+ 14 %
Cash flow from operating activities	179,528	145,027	+ 24 %
Cash flow from investing activities	-124,327	-145,414	- 15 %
CAPEX	66,527	76,058	- 13 %
Free Cash flow	113,001	68,969	+ 64 %
Net debt	702,531	696,003	+ 1 %
Leverage	2.75	3.12	
Equity ratio	35 %	35 %	+ 0 ppt
Number of shares outstanding ('000)	52,235	52,235	

Significant events

In addition to a sound development in the operating segments and increased profitability, a number of smaller acquisitions (see note C.4. Scope of consolidation) were carried out in financial year 2023. In addition, various cross-segment and segment-specific events had a significant impact on 2023:

Digitization continues to promote growth

CompuGroup Medical identified increased demand for efficiency and networking, which can be achieved by means of digitization, in all segments. In financial year 2023, CGM continued to help its customers keep up with these developments. Today, physicians can issue electronic prescriptions (e-prescriptions), manage electronic health records and digitize medication plans and emergency records, issue electronic sick notes, conduct medication risk assessments and virtualize and mobilize their patient communications. Secure e-mail communication with KIM (the Communication in Medicine standard) makes it possible to send e-sick notes and secure messages ensuring better and more digital patient communication.

Milestone for covering the fully digital patient journey

By taking over 51 % of shares in m.Doc GmbH in April 2023, CGM reached an important milestone for covering the entire patient journey by digital means in both outpatient and inpatient care. m.Doc develops patient portals and other digital applications for hospitals, rehabilitation clinics and care facilities in order to optimize registered physician allocation in hospitals. In the course of the integration, CGM expanded the CLICKDOC offering for booking appointments and video consultations, and used synergies for messenger solutions.

Changes in the Managing Directors

At its meeting in the run-up to the 2023 Annual General Meeting in May 2023, the Administrative Board of CGM appointed Michael Rauch, the former Spokesman of the Managing Directors and long-time Chief Financial Officer (CFO) as the company's Chief Executive Officer (CEO) with immediate effect. In August, Dr. Ulrich Thomé joined the company and was appointed Managing Director AIS DACH, Connectivity and CLICKDOC, effective on November 1. Angela Mazza Teufer, the former Managing Director Ambulatory Information Systems DACH, had decided to leave the company.

CGM kicks off AI initiative

In the second quarter of 2023, CGM started an initiative to further expand the use of Artificial Intelligence (AI), machine-learning and large language models within the group. Several CGM products and solutions already make use of AI-based functions. AI has the potential of sustainably impacting and changing the healthcare IT sector. CGM integrates AI technology in various areas and workflows, starting from software development up to support processes, including customer care functions and administrative tasks.

Bundling data-based solutions with Ambulatory Information Systems

In October 2023, CGM announced that the business activities of the CHS segment would be integrated into the AIS segment. This serves to bundle the core activities in order to drive digitization in the healthcare sector to the benefit of CGM's customers, especially in private medical practices.

Successful placement of a mEUR 300 promissory note

In October 2023, CGM successfully placed promissory note tranches totaling mEUR 300. The issue consists of three tranches with maturities of three, five and seven years. The funds from the promissory note tranches and the simultaneous renewal of a 5-year term loan were used to prematurely repay a bullet credit line maturing at the end of January 2025. All in all, the financing volume was increased to a total of EUR 1.4 billion with a significant increase in maturities.

Ambulatory Information Systems (AIS)

Digital patient journey

CGM helps physicians with additional modules for emergency data sets, electronic medication plans and electronic health records to enable a fully digital patient journey. In 2023, CGM continued to support physicians in driving the use of e-prescriptions. The joint efforts of gematik, CGM and other healthcare market participants proved successful and the e-prescription was launched in all of Germany at the start of 2024.

Digital billing in dental practices

The revenue performance in Germany was driven by the ongoing demand for digital billing modules in dental practices. The rollout of the new EBZ, an electronic request and approval solution for dentists, that was initiated in Germany in the third quarter of 2022, was continued in 2023. Using the EBZ solution, dental practices are now able to send their requests electronically via an encrypted process to the statutory health insurance company, which then sends its response back to the practice.

Strong performance in the US market

In the US market, CGM has reached further milestones for the expected increase in profitability. The introduction of eMEDIX Clearinghouse for Aprima clients and the corresponding takeover from third party providers was continued in 2023.

DMP acquisition in France

In the course of 2023, CGM took over its distribution and service partner DMP, one of CGM's major distribution partners in France, especially for the AxiSanté product. The acquisition of DMP is an important step that will help CGM to strengthen direct access to its customers on the French market, master the dynamic competitive environment and to capitalize on an important growth opportunity related to the introduction of e-health in France.

Hospital Information Systems (HIS)

German Hospital Future Act

The German Hospital Future Act (KHZG), along with continued good business in Poland and Spain, has led to CGM achieving a new order record in the HIS segment in financial year 2023. The expected revenue target in connection with the government initiative to modernize and digitize German hospitals was raised twice in 2023. The implementation of these orders accelerated in the past financial year. In addition to a large number of orders from existing customers, new customers were also acquired as a result of this program.

Consumer and Health Management Information Systems (CHS)

Telematics Infrastructure (TI)

In the period from September 2022 to summer 2023, the business in CGM's TI segment was characterized by the replacement of connectors with new G4 e-health connectors. During this period, CGM replaced more than 30,000 connectors in order to continue to provide the affected private medical practices with a secure connection to the Telematics Infrastructure. In addition, CGM successfully rolled out the connector software upgrade PTV5 in the second quarter of 2023. Since the second half of 2023, the majority of TI customers have been using the flat rate TI payment option. The TI flat rate was introduced in accordance with the specifications of the Federal Ministry of Health. These provide for a monthly flat-rate reimbursement for healthcare providers such as private medical practices, dental practices, pharmacies and other service providers. The amount of this reimbursement is determined on the basis of various criteria such as the level of equipment, when this was initially installed and other relevant factors.

Expansion of the data business product portfolio

CompuGroup Medical offers customers intelligent data-based products while maintaining the highest standards for data protection and data security. The integration of the acquired practice services business units and the Artificial Intelligence-based solution “MEDICAL BRAIN” from GHG (Gotthardt Health Group) completes the CHS portfolio and provides the basis for a centralized and workflow-integrated medical information & data suite for doctors. Potential major areas of application include analyzing medical data, detecting rare diseases and assessing patients’ suitability for clinical trials.

Pharmacy Information Systems (PCS)

Excellent business performance in the international market

The PCS segment in Italy was able to continue its excellent business performance thanks to its high order backlog and stricter cost control. An additional chatbot tool was introduced as a virtual assistant for pharmacists who can thus obtain answers to their most pressing questions on administrative and logistics issues in connection with pharmacy organization and patient consulting by means of real-time messaging.

Electronic prescriptions in Germany

In the runup to the obligation to use e-prescriptions, the number of electronic prescriptions received by German pharmacies has risen in 2023. CGM’s digital tools enable pharmacies to smoothly and efficiently process e-prescriptions. E-prescriptions are processed via the electronic health card, the gematik app, the mobile CGM CLICKDOC solution or by printing the data matrix code. E-prescriptions speed up the workflows significantly and increase security and safety for patient care.

2.3. The group's position

2.3.1 Results of operations of the group

mEUR	2023	2022
Group revenues	1,187.7	1,129.7
Other income	28.9	19.4
Capitalized in-house services	40.1	44.8
Expenses for goods and services purchased	- 222.7	- 216.4
Personnel expenses	- 590.4	- 546.7
Other expenses*	- 213.8	- 214.5
EBITDA	**229.8**	**216.4**
in %	19.3 %	19.2 %
EBIT	**114.0**	**104.0**
in %	9.6 %	9.2 %
EBT	**72.7**	**106.8**
in %	6.1 %	9.5 %
Consolidated net income	46.9	74.1
in %	3.9 %	6.6 %

* Contrary to the income statement, the item for Net impairment losses on financial assets and contract assets in the amount of mEUR - 11 (prior year: mEUR - 5) was reclassified to Other expenses.

Revenues in financial year 2023 increased by mEUR 58 (5 %) to mEUR 1,188. Company acquisitions contributed mEUR 19 to revenues (prior year: mEUR 51). Organic growth in this period was 4 % compared to the prior year. Recurring revenues in 2023rose by 12 % to mEUR 814.

Other operating income increased from mEUR 19 to mEUR 29 in the financial year 2023, mainly due to the reversal of equity-settled and cash-settled share-based payments. More information on Other operating income is provided in note E.27 to the consolidated financial statements.

At group level, key developments in operating expenses in financial year 2023 can be summarized as follows:

- Expenses for goods and services purchased increased from mEUR 216 to mEUR 223 year-on-year. At 81 %, the gross margin (revenues less expenses for goods and services purchased/revenues) is on par with the prior year's level.
- The increase in personnel expenses from mEUR 547 in 2022 to mEUR 590 in 2023 is mainly attributable to expenses in connection with restructuring measures in some business units and group functions amounting to mEUR 26, the acquisition of new companies (mEUR 13), the net increase in the headcount and general wage and salary increases, which are partly offset by currency effects.

- Other expenses, including impairment losses in connection with financial assets and contract assets, shrank from mEUR 215 in 2022 to mEUR 214 in 2023. This was partly due to savings in legal and management consultancy costs, which were partially offset by increased IT costs and general cost increases. One-off effects in 2023 amount to approximately mEUR 5. More information on Other expenses is provided in note E.30 to the consolidated financial statements.

Depreciation of property, plant and equipment and right-of-use assets decreased by mEUR 3 to mEUR 40 in 2023.

Amortization of intangible assets was up by mEUR 6 year-on-year to mEUR 76. This increase is also attributable to the impairment of internally generated software.

Financial income amounted to mEUR 3 and was thus clearly below the prior-year figure of mEUR 23. Financial expenses increased from mEUR 15 in 2022 to mEUR 44 in financial year 2023. Financial income and expenses were influenced in comparison to the prior year by the measurement of a financial instrument without a hedging relationship, which achieved a positive change in value of mEUR 19 in the prior year and a negative change in value of mEUR 13 in 2023, as well as by mEUR 16 higher interest expenses due to the higher general interest rate level. Further information on the financial income and expenses is provided in note E.33 to the consolidated financial statements.

The effective consolidated tax rate was 36 % in financial year 2023 (prior year: 31 %). Consolidated net income for the period decreased by mEUR 27 to mEUR 47 in 2023 (prior year: mEUR 74).

Development of results in the business segments

Ambulatory Information Systems (AIS)

mEUR	2023	2022**	Change
Revenues to third parties	506.3	502.3	1 %
thereof organic revenues*	507.4	502.3	1 %
thereof recurring revenues	397.7	385.7	3 %
Share of recurring revenues	79 %	77 %	
EBITDA adjusted	123.1	129.3	-5 %
in % of revenues	24 %	26 %	

* Adjusted for currency effects and revenues from companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.
** In 2023, some smaller profit centers were reallocated between the AIS and CHS segments, so the prior year's figures have been updated based on the current structure.

- The software business with physicians and dentists generated revenues of mEUR 506 in 2023 and was thus up 1 % year-on-year.

- Good business performance in the US and the introduction of digital billing modules for dental practices in Germany led to revenues being slightly above the prior-year level (+ 1 %) in organic terms.

- Recurring revenues in the AIS segment rose by 3 %, whereby the share of recurring revenues increased from 77 % to 79 %.
- Adjusted EBITDA fell by 5 % to mEUR 123 due to expenses for the further development of patient portal solutions.

Hospital Information Systems (HIS)

mEUR	2023	2022	Change
Revenues to third parties	314.9	277.2	14 %
thereof organic revenues*	316.8	277.2	14 %
thereof recurring revenues	209.7	189.9	10 %
Share of recurring revenues	67 %	69 %	
EBITDA adjusted	38.6	25.3	53 %
in % of revenues	12 %	9 %	

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

- In 2023, HIS segment revenues increased by 14 % to mEUR 315.
- Adjusted for acquisitions and currency effects, organic growth in the reporting year was 14 %, especially thanks to the strong project business in Germany, Spain and Poland.
- Recurring revenues rose to mEUR 210, representing 67 % of total revenues.
- Adjusted EBITDA amounted to mEUR 39 and was therefore 53 % higher than the prior year's figure, which was impacted by additional expenses for major projects and investments in G3 technology.

Consumer and Health Management Information Systems (CHS)

mEUR	2023	2022**	Change
Revenues to third parties	225.5	219.6	3 %
thereof organic revenues*	215.5	219.6	-2 %
thereof recurring revenues	115.3	70.3	64 %
Share of recurring revenues	51 %	32 %	
EBITDA adjusted	76.6	51.4	49 %
in % of revenues	34 %	23 %	

* Adjusted for currency effects and revenues from companies consolidated for the first time in the reporting period or of companies consolidated for the last time in the prior-year period.
** In 2023, some smaller profit centers were reallocated between the AIS and CHS segments, so the prior year's figures have been updated based on the current structure.

- In financial year 2023, the CHS segment generated revenues of mEUR 225. This corresponds to a revenue increase by 3 % year-on-year and is mainly attributable to effects resulting from the INSIGHT Health acquisition.
- In organic terms, the growth rate stood at - 2 %. Adjusted for Telematics Infrastructure, the organic growth curve is slightly positive.

- Recurring revenues amounted to mEUR 115, accounting for 51 % of total revenues, which represents a significant increase over the prior year due to the introduction of the telematics infrastructure flat rate (prior year: 32 %).

- Adjusted EBITDA amounted to mEUR 77 and was therefore 49 % higher than in the prior year, largely due to effects from the Telematics Infrastructure, in particular a software connector upgrade.

Pharmacy Information Systems (PCS)

mEUR	2023	2022	Change
Revenues to third parties	141.0	130.5	8 %
thereof organic revenues*	138.6	130.5	6 %
thereof recurring revenues	91.3	84.0	9 %
Share of recurring revenues	65 %	64 %	
EBITDA adjusted	51.1	39.8	28 %
in % of revenues	36 %	30 %	

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

- In 2023, PCS segment revenues increased by 8 % to mEUR 141.

- The organic growth rate was 6 %, which is due largely to the strong business performance in Italy and additional hardware sales in Germany.

- Recurring revenues rose by 9 % year-on-year to mEUR 91, representing a 65 % share in total revenues (prior year: 64 %) mainly due to higher revenues from software maintenance and hotline.

- Adjusted EBITDA was mEUR 51, up 28 % on the prior year thanks to improved cost management.

Other business activities and consolidation

mEUR	2023	2022	Change
Revenues to third parties	0.0	0.1	n/a
EBITDA adjusted	- 24.6	- 11.7	- 110 %

- In 2023, adjusted EBITDA in the Other business activities and consolidation segment was mEUR 13 below the prior year’s level, mainly due to the conversion to SAP S4 Hana and the associated additional expenses.

- The adjusted extraordinary effects amounting to mEUR 4 are mainly attributable to effects in connection with share option programs, restructuring expenses, the impairment of an investment, changes in management, expenses for compensation payments and the findings of an external payroll tax audit for prior years.

2.3.2 Financial position

2.3.2.1 Statement of cash flows

In financial year 2023, cash flow from operating activities amounted to mEUR 180 compared to mEUR 145 in the prior year. Changes compared to 2022 relate to the following items in particular:

At mEUR 113, free cash flow in financial year 2023 was mEUR 44 higher than in the same period last year. The increase in free cash flow compared to the prior-year period is mainly attributable to a reduction in inventories and receivables in connection with replacing the connectors in the fourth quarter of 2022, and the first quarter of 2023 as well as lower outgoing payments for investments in fixed assets and lower tax payments, partly offset by an increase in interest payments.

Changes in working capital in 2023 contributed mEUR 9 to the decrease in cash flow from operating activities. compared to 2022, where the changes in working capital led to a decrease of mEUR 43 in cash flow from operating activities. This development is mainly due to changes in inventories, income tax receivables, trade payables, and trade receivables.

Cash flow from investing activities was mEUR - 124 in 2023, compared to mEUR - 145 in the prior-year period. This movement was mainly caused by lower investments in fixed assets and lower payments for company acquisitions compared to 2022.

The cash flow from financing activities was mEUR - 81 in financial year 2023 (prior year: mEUR - 16). This change results mainly from a higher net loan repayment in 2023 and, conversely, from the acquisition of treasury shares in 2022.

2.3.2.2 Principles and objectives of financial management

Financial management of the group is essentially based on three pillars:

- Ensuring liquidity while maintaining financial independence
- Transparency, mitigation and active management of financial risks
- Continuous improvement and cost optimization of workflows

Cash and cash equivalents are optimized both at group level and at the level of the individual companies, whereby the target values are based in equal measure on liquidity and efficiency considerations.

In order to support the achievement of these targets, cash pools were set up in many European countries to allocate surplus liquidity to the parent company while keeping group-wide borrowings to an absolute minimum.

The key principle of the cash pooling approach is the management of the highest-level bank account at CompuGroup Medical SE & Co. KGaA (pool leader), the parent entity of the group. Usually, this company also holds all material liabilities to banks, including the flexible revolving loans and short-term credit lines used for the group's day-to-day liquidity management.

CompuGroup Medical SE & Co. KGaA's liabilities to banks are usually denominated in euro with variable interest rates. Based on the implementation of an interest rate swap with a notional volume of mEUR 200, loans were switched to fixed interest payments; with this measure, the group strives to counteract the emerging changes in the interest rate environment. Moreover, an interest rate cap with a nominal volume of mEUR 400 and a remaining term until May 7, 2031 had already been concluded in 2021 in order to limit interest rate risks at an early stage.

Given the group's international focus, incoming and outgoing payments may be paid in currencies other than the euro. The company generally strives for natural hedging through its choice of suppliers and locations. In addition, forward exchange transactions may be used for hedging purposes. Where appropriate, intra-group financing transactions of individual companies outside the euro zone are hedged against currency risks with FX swaps. In order to optimize costs and mitigate potential risks, the workflows for requesting, carrying out limit reviews, hedging and contractual documentation for these intra-group financing transactions were redesigned. The development of the relevant items that are exposed to currency risks is continuously monitored to ensure an appropriate response to significant changes.

CGM is very much a growth-oriented company, which is why surplus financial resources are primarily used to finance further growth in the best possible way. Accordingly, CGM's dividend policy is aligned with its corporate strategy. Future dividends are linked to long-term, sustainable profits. The aim of CGM is to ensure that the dividend distributed each year is always at least EUR 1. The dividends reported and approved by the shareholders are distributed each year in the course of the Annual General Meeting.

2.3.2.3 Capital structure

Company acquisitions in the financial year were financed via debt capital, as well as self-generated cash flows. In terms of capital structure, the group's goal is to prevent the equity ratio from falling below 25 % for extended periods through appropriate management of group profits, dividends and capital measures such as share placements and share buybacks.

On December 31, 2023 the group's gross debt, which consists mainly of liabilities to banks, financial liabilities to third parties and lease liabilities under IFRS 16, amounted to mEUR 767 (prior year: mEUR 787). The group held cash amounting to mEUR 64 (prior year: mEUR 91). In addition to a syndicated credit facility, the group has further loans, current accounts and promissory note loans. For further information on liabilities to banks and the structure of debt, please refer to note E.17 Financial liabilities.

On October 31, 2023, a promissory note loan with a total volume of mEUR 300 was placed successfully. The issue consists of five tranches with maturities of three, five and seven years. The three-year tranche carries a variable interest rate, while the other tranches were each issued with a fixed and variable interest.

On August 30, 2023, the group took out a new syndicated term loan amounting to mEUR 200 with a term of just under five years. The terms and conditions of the loan are similar in all material aspects to the terms and conditions of the term loan of January 28, 2020.

Both the new syndicated term loan and the placement of the promissory note loan were supported by a banking syndicate consisting of Commerzbank, Landesbank Baden-Württemberg and SEB.

The funds from the promissory note tranches and the simultaneous renewal of the term loan were used to prematurely repay the mEUR 400 term loan of January 28, 2020 that would have become due at the end of January 2025.

The revolving multi-currency credit facility of January 28, 2020 amounting to mEUR 600 is still part of the group's financing instruments. The option of extending the contractual term of this facility by one year was exercised, effective as at January 28, 2021. This results in an extension of the credit term until January 28, 2026. We had last exercised the extension option as at January 28, 2022. The revolving credit facility now expires on January 28, 2027. The syndicate of banks includes BNP Paribas, Commerzbank, Deutsche Bank, Landesbank Baden-Württemberg, SEB and UniCredit.

As at December 31, 2023, mEUR 130 of the full amount of the syndicated term loan (mEUR 200) had been drawn (prior year: mEUR 400). An amount of mEUR 0 of the mEUR 600 revolving credit facility was utilized (prior year: mEUR 50) as at December 31, 2023.

On July 11, 2022, CGM had taken out a credit facility of mEUR 200 with a six-year term. This is a loan from the European Investment Bank that supports research and development initiatives related to the digitization of the healthcare sector.

Overall, the available financing volume increased to about EUR 1.5 billion with significantly longer terms.

The loans are subject to compliance with a financial covenant (leverage). Various German subsidiaries have issued joint and several payment guarantees for this syndicated credit facility (default liability for nonpayment by CompuGroup Medical SE & Co. KGaA). In financial year 2023, CGM fully complied with all financial covenants in the existing loan agreements.

2.3.2.4 Investments

In financial year 2023, the investments of CGM refer to the following:

mEUR	2023	2022
Company acquisition	-35.0	-57.9
Purchase of minority interest and past acquisition	-15.3	-6.9
Joint ventures and other equity investments	-7.6	-4.6
CAPEX	**-66.5**	**-76.1**
Capitalized in-house services and other intangible assets	-48.9	-50.6
Office building and property	-0.2	-6.6
Other property and equipment	-17.4	-18.9
Total	-124.4	-145.5

2.3.2.5 Liquidity

The group has a solid liquidity position driven by stable cash flow from operating activities. Free cash flow amounted to mEUR 113 in financial year 2023. It is defined as cash flow from operating activities less the cash flow from investing activities (not including proceeds from and payments for company acquisitions and joint ventures, the disposal of subsidiaries and business units, the acquisition of non-controlling interests and the settlement of purchase price claims from company acquisitions in prior periods).

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

Given its good liquidity profile, the group strives to maintain a well-balanced cash position. On December 31, 2023, the group is using a term loan of mEUR 130, a revolving credit facility of mEUR 0 and a bilateral loan of mEUR 200 from the European Investment Bank. In addition, promissory note loans amounting to mEUR 300 as well as other credit lines and bilateral loans amounting to mEUR 76 were used. The facilities under the syndicated loan and the short-term credit lines and bilateral loans are used in conjunction with cash pooling instruments to adequately meet the group’s liquidity requirements. As at December 31, 2023, CGM has non-utilized short-term credit lines of mEUR 171 and an open amount in the revolving credit facility of mEUR 600.

2.3.3 Net assets of the group

Total assets shrank by mEUR 44 year-on-year to mEUR 1,900 at the end of the reporting period. The Turkish group company was classified as “held for sale” in accordance with IFRS 5, which is why the company’s asset and liabilities were recognized separately as at December 31, 2023.

Intangible assets represent the largest asset item in terms of value, amounting to mEUR 1,310 as at December 31, 2023, compared to mEUR 1,294 as at December 31, 2022. Intangible assets essentially comprise intangible assets identified in connection with company acquisitions. These intangible assets mainly relate to customer relationships, order backlogs, software, trademarks and goodwill. They account for 68.9 % (prior year: 66.5 %) of total assets as at the reporting date. The increase in intangible assets is mainly attributable to the capitalization of goodwill resulting from the acquisition of GHG Services GmbH and m.Doc GmbH in Germany as well as from the capitalization of internally generated software, offset by depreciation.

The property, plant and equipment item saw a slight increase on the prior year figure by mEUR 1 to mEUR 108. Right-of-use assets amounted to mEUR 57 as at December 31, 2023 (prior year: mEUR 53). The acquisition of shares in New Line Ricerche di Mercato Società Benefit S.p.A in Italy had a significant impact on Investments in associated companies. Based on the fair value measurement, the value of derivative financial instruments was reduced by mEUR 37 to mEUR 17, mainly due to a change in interest rate expectations.

In the current assets item, inventories decreased from mEUR 29 as at December 31, 2022 to mEUR 19 at December 31, 2023, which is due in part to the connector exchange carried out in the area of Telematics Infrastructure. Inventories mainly comprise goods for CGM’s trading business with hardware and peripheral devices as well as components for the Telematics Infrastructure. For billing-related reasons, trade receivables decreased from mEUR 189 as at December 31, 2022 to mEUR 175 as at December 31, 2023. Income tax receivables fell by mEUR 11 to mEUR 38 in the reporting period due to reimbursements from tax assessments and adjusted tax prepayments. As at December 31, 2023, cash and cash equivalents amounted to mEUR 64 (prior year: mEUR 91). Cash and cash equivalents fell mainly due to the higher balance of repayments and loans.

All other assets were subject to only marginal changes in financial year 2023.

Including the consolidated net income in the amount of mEUR 47 for the period January 1 to December 31, 2023 and the dividend of CompuGroup Medical SE & Co. KGaA amounting to mEUR - 26 paid out in 2023, other changes totaling mEUR - 8 as well as exchange rate changes, interest rate changes (actuarial gains) and effects in connection with effective derivative financial instruments totaling mEUR - 17, consolidated equity shrank from mEUR 674 as at December 31, 2022 to mEUR 669 as at December 31, 2023. The equity ratio climbed from 34.7 % on December 31, 2022 to 35.2 % on December 31, 2023.

In the reporting period, current and non-current liabilities declined from mEUR 1,271 as at December 31, 2022 to mEUR 1,229 as at December 31, 2023. Significant individual changes included the decrease in trade payables of mEUR 20 due to billing effects and the increase in current provisions by mEUR 16, mainly due to higher provisions for severance payments in order to respond to staffing and the adjustment of skills in certain teams, particularly with regard to technological developments. The reduction in liabilities to banks by mEUR 18 is mainly due to the repayment of loans, which more than compensated for the drawdowns from newly concluded loan agreements. Current and non-current contract liabilities decreased by mEUR 15 as at the reporting date. Furthermore, income tax liabilities rose by mEUR 17 due, among other reasons, to accruals for risks in connection with external tax audits. On the other hand, deferred tax liabilities decreased by mEUR 15 mainly due to the offsetting of previously unrecognized and current losses. Purchase price liabilities sank by mEUR 7 mainly due to payments made for the 2022 acquisition of the INSIGHT Health group.

All other liabilities were subject to only marginal changes in financial year 2023.

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

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

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

The figures stated are based on the annual financial statements of CompuGroup Medical SE & Co. KGaA prepared in accordance with commercial law. KGaA. As a holding company, the company’s results of operations are substantially dependent on the performance of its operating subsidiaries.

The result for the year breaks down as follows:

mEUR	2023	2022
Operating income	-34.0	-38.0
Investment income	112.9	82.1
Net interest result	-26.0	-9.1
Tax result	2.3	-2.5
Profit before tax	**55.2**	**32.5**
Other taxes	-0.2	-0.2
Annual result	55.0	32.3

The operating result improved by mEUR 4 to mEUR - 34 in the reporting period. The improvement is mainly the result of increased other operating income from the reversal of provisions and exchange rate gains as well as lower other operating expenses due to reduced legal consulting costs.

Net income from equity investments is made up of income from profit and loss transfer agreements and expenses from loss absorption, write-downs and write-ups of financial assets as well as income from investments. Compared to the prior year, net income from equity investments improved by mEUR 31 to mEUR 113. This improvement is mainly due to the write-up of the carrying amount of the investment in “CGM Holding US” by mEUR 45, as the reason for the impairment no longer applies.

The following changes compared to prior year are based on the profit and loss transfer agreements:

- The result of CGM Clinical Deutschland GmbH deteriorated by mEUR 8 to mEUR - 5.
- The 2023 annual result of Lauer-Fischer GmbH decreased by mEUR 1 to mEUR 15m.
- The result of CGM Clinical Europe GmbH showed a marked improvement from mEUR 0 to mEUR 3.
- CGM Deutschland AG’s contribution to earnings decreased by mEUR 10 to mEUR - 3 mainly due to a mEUR 9 higher loss at CGM Software GmbH.
- The result of Ifap GmbH improved over the prior year by mEUR 13 to mEUR 2.

Income from investments shrank by mEUR 10. The distributions of mEUR 57 consist of profit distributions from the following subsidiaries:

- CGM LAB International GmbH, Germany, in the amount of mEUR 31
- KoCo Connector GmbH, Germany, in the amount of mEUR 12
- Profdoc AS, Norway, in the amount of mEUR 12
- CompuGroup Medical Ceská republika s.r.o., Czech Republic, in the amount of mEUR 2

The following effects occurred in net interest result in the reporting year:

mEUR	2023	2022
Interest income from loans granted	2.8	3.8
Other interest and similar income	20.3	1.6
Interest and similar expenses on loans taken	-49.1	-14.5
Net interest result	-26.0	-9.1

The deterioration in the net interest result is due to mEUR 35 higher interest expenses amounting to mEUR 49 (prior year: mEUR 14), which in turn is due to increased interest rates and newly concluded non-current loans. Other interest and similar income increased by mEUR 16 to mEUR 20 (prior year: mEUR 5).

In the reporting year tax income reached mEUR 2 (prior year: tax expense of mEUR 3). This corresponds to a tax rate of around -4.3 % (prior year: 7.0 %). The tax rate is mainly influenced by deferred taxes on losses in the company's tax group (mEUR 14), non-taxable write-ups on investments (mEUR 45), tax-free dividends (mEUR 57) and additions to provisions for tax audit risks (mEUR 9).

The net income of the company in the reporting year amounted to mEUR 55 (prior year: mEUR 32).

2.3.4.2 Net assets of CompuGroup Medical SE & Co. KGaA

With a share of around 59.9 % (prior year: 67.3 %), financial assets are the most significant asset item in the statement of financial position in terms of value; a fact that is congruent with the company's function as a holding. Intangible assets almost exclusively refer to capitalizations in connection with the group-wide SAP implementation program "OneGroup".

Compared to the prior year, the carrying amounts of financial assets have increased from mEUR 995 in the prior year to mEUR 1,021 as at the reporting date. In addition to the write-up of mEUR 45 of the carrying amount of the investment in US Holding and the acquisition of shares in GHG Services GmbH amounting to mEUR 12, loans to associated companies decreased by mEUR 30. As in the prior year, Shares in affiliated companies is the main individual item within financial assets in the amount of mEUR 1,016, unchanged from the prior year.

Receivables from associated companies rose by mEUR 235 to mEUR 630. This is largely attributable to higher cash pool receivables (mEUR 215) as well as higher central services, group IT and carpool transfer pricing (mEUR 37). In the reporting year, cash pool receivables and liabilities were reported on an unnetted basis.

Other assets were reduced from mEUR 39 to mEUR 19, especially through the receipt of income tax refunds.

The equity ratio was 27.1 % in the reporting period and thus slightly below the prior-year level (prior year: 29.3 %).

The tax provision relates to risks from external tax audits for the years 2015 to 2018 and the resulting consequential effects. The amount of the provision was determined on the basis of a risk assessment and taking current tax legislation into account.

Liabilities to associated companies increased by mEUR 228 to mEUR 476 in the reporting period. This is mainly due to higher cash pool liabilities, which were not netted in the reporting year.

Liabilities to banks

On December 31, 2023, CompuGroup Medical SE & Co. KGaA had liabilities to banks in the amount of mEUR 712.

On August 30, 2023, the group took out a new syndicated term loan amounting to mEUR 200 with a term of just under five years. The terms and conditions of the loan are similar in all material aspects to the terms and conditions of the term loan of January 28, 2020.

As at December 31, 2023, mEUR 130 of the full amount of the syndicated term loan (prior year: mEUR 400) had been drawn. Furthermore, on October 31, 2023, a promissory note loan with a total volume of mEUR 300 was placed successfully. It consists of five tranches with terms of three, five and seven years, which are each subject to fixed and variable interests.

Both financing measures, the new syndicated term loan and the placing of the promissory note loan, were supported by a banking syndicate consisting of Commerzbank, Landesbank Baden-Württemberg and SEB. The funds from the promissory note tranches and the simultaneous renewal of the term loan were used to prematurely repay a mEUR 400 portion of the term loan of January 28, 2020 that would have become due at the end of January 2025.

The revolving multi-currency credit facility of January 28, 2020 amounting to mEUR 600 is still part of the company's financing instruments. By exercising two renewal options, the term of this credit facility was prolonged until January 28, 2027. The syndicate of banks includes BNP Paribas, Commerzbank, Deutsche Bank, Landesbank Baden-Württemberg, SEB and Unicredit.

An amount of mEUR 0 of the mEUR 600 revolving credit facility was utilized (prior year: mEUR 50) as at December 31, 2023.

Various German group companies have issued joint and several payment guarantees for this loan agreement (default liability for nonpayment by CompuGroup Medical SE & Co. KGaA).

On July 11, 2022, CGM took out a credit facility of mEUR 200 with a six-year term from the European Investment Bank. This loan is designated for promoting research and development in connection with the digitization of the healthcare sector. Overall, the available financing volume increased to about EUR 1.5 billion with significantly longer terms.

In addition to the aforementioned financing instruments, the group has two other loans with IKB as well as additional credit lines with an amount of mEUR 81.5 outstanding (prior year: mEUR 78).

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

The business performance of CGM was positive overall in financial year 2023, marked by strong organic growth and a disproportionately strong increase in adjusted EBITDA. The share of recurring revenues in total revenue amounts to 69 % and is therefore in line with CGM's strategic goals and business model that are largely based on long-term customer relationships. In addition to operating business, the changes in earnings KPIs were caused by the increasing focus on the use of Artificial Intelligence (AI) in order to secure the company's innovative strength and to enable future growth.

As a holding company, the business performance and position of the company is largely dependent on the performance of its operating subsidiaries.

2.4. Financial and non-financial performance indicators

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

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

Financial performance indicators:

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

Main financial indicators:

1. Revenues/revenue growth

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

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

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

kEUR	2023	2022
EBITDA reported	229,760	216,351
Adjustments:		
M&A Transactions	3,539	2,827
Share-based option programs	- 7,037	2,643
Restructuring program expenses	26,048	3,401
Other non-operative, extraordinary or one-time effects	12,427	8,782
EBITDA adjusted	264,737	234,004
EBITDA adjusted margin	22 %	21 %

The adjustments to the share-based option programs mainly refer to one-off effects from the reversal of obligations under vesting conditions not yet met and to changes in the management. Other extraordinary and one-off effects in the reporting year's operating result pertain to adjustments for expenses from backcharges for the use of licenses in prior years, the impairment of an investment, expenses for compensation payments, changes in management and the effects of an external payroll tax audit for prior years. The restructuring measures mainly consist of severance payments in order to respond to staffing structures and to adjust skills in individual teams, particularly with regard to technological developments.

Additional financial indicators

3. Recurring revenues

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

kEUR	2023	2022
Revenues or software maintenance & hotline	498,903	474,909
Other recurring revenues	315,065	254,968
Recurring revenues	813,968	729,877
Recurring revenues	69 %	65 %

4. Organic growth

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

kEUR	2023	2022
Group revenues	1,187,663	1,129,739
Ambulatory Information Systems (AIS)	- 1,113	21,222
Hospital Information Systems (HIS)	- 1,898	11,547
Consumer and Health Management Information Systems (CHS)	9,994	25,561
Pharmacy Information Systems (PCS)	2,414	4,070
Group organic revenues	**1,178,267**	**1,067,489**
Organic growth	4.3 %	4.1 %

5. Free Cash flow

The free cash flow (for the definition we refer to 2.3.2.5 Liquidity) is derived as follows:

kEUR	2023	2022
Operating cash flow	179,528	145,027
Cash flow from investing activities	- 124,327	- 145,414
./. Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in previous periods)	34,951	57,881
./. Cash outflow for acquisitions from prior periods	15,287	6,887
./. Cash inflow from the disposal of subsidiaries and business units	0	- 43
./. Cash outflow for capital expenditure for joint ventures and other equity investments	7,562	4,631
Free Cash flow	113,001	68,969

6. Earnings per share (adjusted)

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

kEUR	2023	2022
Consolidated net income for the period	**46,872**	**74,117**
of which: allocated to non-controlling interests	956	706
Consolidated net income for the period (allocated to shareholders of the parent company)	45,916	73,411
Adjustments:		
M&A Transactions	28,442	29,618
Share-based option programs	- 7,037	2,643
Restructuring program expenses	26,048	3,401
Other non-operative, extraordinary or one-time effects*	36,670	- 10,797
Taxes attributable to these effects	- 22,238	- 4,128
Adjusted consolidated net income for the period (allocated to shareholders of the parent company)	**107,801**	**94,148**
Adjusted undiluted earnings per share (in EUR)	2.06	1.80
Adjusted diluted earnings per share (in EUR)	2.06	1.80
weighted average of outstanding shares acc. to IAS 33 - undiluted ('000)	52,235	52,236
weighted average of outstanding shares acc. to IAS 33 - diluted ('000)	52,455	52,289

* In addition to adjusted EBITDA effects, this accounts for costs in connection with the interest rate cap and the impairment of internally generated software.

7. CAPEX

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

kEUR	2023	2022
Cash outflow for capital expenditure for intangible assets	48,879	50,560
Cash inflow from disposals of property, plant and equipment	- 1,325	- 349
Cash outflow for capital expenditure for property, plant and equipment	18,973	25,847
CAPEX*	66,527	76,058

* Without IFRS 16 CAPEX and CAPEX from acquisitions.

8. Equity ratio

The equity ratio is the percentage of equity capital in total capital. In the reporting year 2023, the equity ratio was 35.2 % (prior year: 34.7 %).

9. Leverage

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

The EBITDA Last Twelve Months (LTM) is defined as the reported EBITDA of the last twelve months adjusted for restructuring expenses plus the EBITDA of newly acquired companies extrapolated to twelve months and less the EBITDA of companies or parts of companies divested in the period under review and adjusted for restructuring expenses.

The following table shows the leverage calculated based on LTM EBITDA:

kEUR	2023	2022
a. Liabilities to banks (non-current)	704,168	699,371
b. Liabilities to banks (current)	6,252	29,104
c. Financial liabilities to third parties (non-current and current)	87	4,646
d. Lease liabilities (non-current and current)	56,435	53,344
e. Cash and cash equivalents	-64,461	-90,517
thereof restricted cash	50	55
Net debt	**702,531**	**696,003**
a. EBITDA adjusted	229,760	216,351
b. Restructuring expenses	26,048	3,401
c. EBITDA extrapolated for 12 months of newly acquired companies	20	3,394
Leverage EBITDA (LTM)	**255,828**	**223,146**
Leverage	2.75	3.12

Non-financial indicators

Customer reach

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

kEUR	2023	2022
Software maintenance	498,903	474,909
Software rental and software as a service	57,350	46,324
Customer reach	556,253	521,233

No special financial indicators are used for managing CompuGroup Medical SE & Co. KGaA. The decisive factor here is to ensure the ability to distribute a dividend.

3. Guidance, risk and opportunity report

3.1. Guidance report

According to the International Monetary Fund (IMF), fighting inflation will continue to be a decisive factor for the global economy in 2024. The monetary policy is expected to remain on track to curb inflation down to the interest rate level, while household consolidation is required to limit the rising level of debt. Structural reforms are essential to revive the medium-term growth prospects.

In its update for 2024 published in January 2024, the International Monetary Fund (IMF) forecasts real economic growth of only 2.1 % in the US and 0.9 % in Europe. In Germany, the IMF only expects a 0.5 % increase on the weak prior year. According to an analysis by MarketsandMarkets, the global healthcare IT (HCIT) market is expected to grow from January 2023 until 2027 by USD 974.5 billion compared to USD 394.6 billion in 2022, which corresponds to a compound average annual growth rate (CAGR) of 19.8 %. Growth drivers in Europe and the US are primarily the increasing use and acceptance of electronic prescriptions, telemedicine, billing simplifications in the medical practices, digital networking and improvements in efficiency through the increased use of HCIT applications in the hospital business, remote monitoring solutions for patients, the data business, and the need to ensure compliance with government regulations.

Group

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

CompuGroup Medical expects the following in financial year 2024:

Group

- Organic growth (adjusted for acquisitions and currency effects) in the range of 4 % and 6 %.
- The share of recurring revenues in total revenues is expected to be between 65 % and 70 %.
- Adjusted EBITDA is expected to range between mEUR 270 and mEUR 310.
- Adjusted earnings per share (diluted) are expected to increase by about 10 % on the prior year.
- Free cash flow in the range of mEUR 70-100.

Segments

From financial year 2024, the segment structure will change in that the previous CHS segment will be integrated into the new AIS segment. The guidance for the segments' organic revenue growth in financial year 2024 is as follows:

- Organic revenue growth in the low to mid-single digit percentage range in the AIS segment.
- Organic revenue growth in the mid to high single digit percentage range in the HIS segment.
- Organic revenue growth in the low to mid-single digit percentage range in the PCS segment.

The above guidance for the current financial year was published on February 7, 2024 and does not take into account any effects from company acquisitions not yet completed at that date or potential transactions to be carried out in the course of financial year 2024. The guidance for 2024 is based on the management's best estimate of future market conditions and the development of the business segments of CompuGroup Medical in this environment; it may be influenced by delays or changes in the implementation of the Telematics Infrastructure that are beyond the control of the company. Furthermore, there is still uncertainty regarding the further impact of the global economic environment. The guidance for 2024 may also be influenced by foreign exchange effects (especially changes in the USD/EUR conversion rate).

Guidance for CompuGroup Medical SE & Co. KGaA

Due to its holding function, the company is dependent on the results achieved by its subsidiaries and is therefore not managed on the basis of financial performance indicators. Net income from equity investments is expected to show a positive development in line with the planned growth trajectory of the group. If the current high level of interest rates persists, net interest income will deteriorate further despite the existing interest rate hedge, as the hedge only applies above a certain interest rate level. The company therefore expects net profit within the range of mEUR 50 to mEUR 60 for its separate financial statements for 2024 prepared in accordance with the German Commercial Code (HGB). The above guidance for the current financial year was prepared in March 2024 and does not take into account any effects from company acquisitions not yet completed or potential transactions to be carried out in the course of financial year 2024. The guidance for 2024 is based on a management assessment of future market conditions and the development of the business segments of CompuGroup Medical SE & Co. KGaA in this environment.

3.2. Risk report

3.2.1 Risk management system

As an internationally operating group, CGM is subject to a variety of different risks. CGM is aware of the need to take risks, which also allows the group to seize opportunities. The risks and opportunities presented below also apply to CompuGroup Medical SE & Co. KGaA.

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

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

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

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

The annual risk reporting process begins by identifying all major risks within defined risk categories. CGM has defined eleven risk categories:

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

The eleventh risk category "Other risks" was added in 2022 to include risks that are not included in the established catalog of business risks.

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

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

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

The risks for the group's eleven risk categories for the period from January 1, to December 31, 2023 were communicated to the Managing Directors. The group's risk categories are ranked as follows according to the severity of the risks reported:

1. Data processing risks	(1)
2. Operational risks	(2)
3. Regulatory risks	(4)
4. Strategic risks	(5)
5. Project risks	(8)
6. Personnel risks	(6)
7. Financial risks	(3)
8. Macroeconomic and political risks	(7)
9. Other risks	(9)
10. Tax risks	(11)
11. M&A risks	(10)

The numbers in parenthesis show the ranking of the risk categories in 2022 for comparison. The ranking of our risk categories changed in the reporting period as a result of the reassessment of potential risk categories and individual risks. In particular, the reassessment of potential risk categories and individual risks in the risk inventory resulted in higher risk assessments due to changing market and general conditions in relation to individual risks in the risk categories of financial risks and new other risks.

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

The risk reporting process is supported by an intranet-based risk management system that ensures transparent communication throughout the group. This provides for transparent communication processes in the entire group. In addition, Internal Audit assessed the quality and functionality of our risk management system in financial year 2023.

3.2.2 Risks

Data processing risks

These risks arise primarily from a lack of coordination and alignment of the IT strategy with corporate objectives, insufficient data protection for IT systems, inadequate documentation, etc. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 13 (prior year: mEUR 16).

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

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

To avoid such security vulnerabilities, high demands are placed on quality management in both software development and maintenance. CGM also places high demands on its internal information security management system, and has therefore had this audited by an independent third party and certified in accordance with ISO/IEC 27001 – the internationally recognized standard for information security management systems. The continuous expansion of internal structures and the resulting steady increase in transparency led to risks being more extensively identified and assessed.

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

Operational risks

Operational risks refers to risks associated with research and development, markets and customers. The expected potential annual loss for all operational risks identified in the analysis is approximately mEUR 12 (prior year: mEUR 14).

Research and development

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

Market and customer risks

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

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

Regulatory risks

These are in particular legal and politics risks as well as data privacy risks. The expected potential annual loss for all regulatory risks identified in the analysis is approximately mEUR 9 (prior year: mEUR 8).

Legal and political risks

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

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

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

Data privacy risks

Regulatory risks also include data privacy risks. Like in the prior year, the corresponding risk assessment continues to be based on the deterministic model. Given the increase in potential fines calculated from a revenue-based daily rate, this risk has risen slightly.

Strategic risks

CGM defines strategic risks as risks that could jeopardize the financial result arising from the company focusing inadequately on the respective business environment. The expected potential annual loss for all strategic risks identified in the analysis is approximately mEUR 7 (prior year: mEUR 7).

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

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

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

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

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

Project risks

These risks arise in particular from non-compliance with agreed schedules, a lack of or inadequate employee resources, a lack of or inadequate material resources, a lack of customer acceptance of the project services rendered, etc. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 7 (prior year: mEUR 3).

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

Personnel risks

These are in particular risks arising from the concentration of company-relevant expertise on individual employees, staff fluctuation, overstaffing and understaffing, poor working atmosphere, etc. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 4 (prior year: mEUR 6).

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

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

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

Financial risks

These risks are in particular liquidity and refinancing risks, currency risks and control risks. The expected potential annual loss for all financial risks identified in the analysis is approximately mEUR 4 (prior year: mEUR 8).

Liquidity and refinancing risks

Business models that are not exclusively financed by equity are exposed to the risk of the leveraged portion being dependent on the refinancing options available on the capital market. In order to counter this risk factor, CGM bases its financing on different instruments.

In October 2023, the company issued its first promissory note over mEUR 300. This new instrument creates a new source of financing that will additionally mitigate liquidity risks. In August 2023, the company additionally took out a term loan totaling mEUR 200. These two new instruments were used to prematurely repay the existing mEUR 400 term loan and to increase the average maturities.

To cover the short and medium-term liquidity needs, the company also has a syndicated revolving loan and bilateral credit lines with EIB and other house banks at its disposal.

A financial covenant has been agreed in the syndicated credit facility. A breach of the financial covenant can result in the loan being called due immediately. This creates liquidity and refinancing risks. There was no such breach as at the reporting date. An additional short-term liquidity risk results from the risk of misjudgments in working capital planning that could mean that short-term trade receivables or payables are not received or settled on time.

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

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

The medium-term liquidity risk is monitored and managed with the help of 12-month liquidity planning. Compliance with financial covenants is systematically monitored as part of budget planning and in retrospect, and the results are regularly reported to both the management and the banks.

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

Despite all the preventive measures taken, particularly the interest rate cap concluded in 2021 and the interest rate swap concluded in 2022, it cannot be entirely ruled out that refinancing interest rates to be paid by the company will be subject to an unfavorable development or refinancing from leverage will not be granted in the medium term. Given the ECB's changes in the key interest rate, the interest environment has already started to be more unfavorable. At present, the majority of market participants do not expect short-term interest rates to rise further within the next twelve months. Below the line, the potential annual loss for all identified financial risks thus decreases to mEUR 4. As things stand at present, there are no indications that future refinancing or that borrowing in general are at risk.

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

Currency risks

Given the group's international focus, incoming and outgoing payments are performed in various currencies. The group compares and offsets its cash flows in the individual currencies. The company generally strives to achieve extensive natural hedging based on a careful selection of its suppliers and locations. CGM currently makes selective use of derivative financial instruments to hedge currency risks, in particular with respect to intergroup loan relationships. The development of the relevant positions is monitored regularly to ensure an appropriate response to significant changes.

Macroeconomic and political risks

In particular, these are risks arising from political changes and the effects of macroeconomic developments. The analysis shows an expected potential annual loss for all identified risks in this category of approximately mEUR 4 (prior year: mEUR 4).

The products and services offered by CGM are currently marketed from offices in 20 countries. Both the establishment of business relationships in these countries and the business activity itself entail the usual risks for international business. In this context, particular attention must be paid to the prevailing general economic or political situation in the individual countries, the clash of different tax systems, legal hurdles such as import and export restrictions, competition regulations, and statutory provisions governing the use of the Internet or guidelines for the development and provision of software and services.

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

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

Other risks

Other risks are mainly those risks that cannot be or have not yet been allocated to any of the above categories. This category serves to recognize and disclose both newly identified risks and novel developments that might be of a temporary nature. The expected potential annual loss for all other risks identified in the analysis is approximately mEUR 3 (prior year: mEUR 3).

Two types of risk were classified as other risks in the reporting period: potential effects from the war in Ukraine as well as general risks related to climate change and weather events that exceed the company's normal macroeconomic and political risk context.

Tax risks

These are in particular risks from subsequent payment of taxes (also for acquired companies), pricing of goods and services between associated companies and inaccurate legal structure as a result of inaccurate tax planning. The expected potential annual loss for all tax risks identified in the analysis is approximately mEUR 3 (prior year: mEUR 1).

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

M&A risks

These are in particular acquisition and integration risks. The expected potential annual loss for all M&A risks identified in the analysis is approximately mEUR 0.4 (prior year: mEUR 3).

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

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

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

Presentation of the overall risk position

On a cumulative basis, the total potential annual loss for the group is mEUR 66 (prior year: mEUR 73). The potential maximum annual loss at group level within a 95 percent confidence level amounts to approximately mEUR 99 (prior year: mEUR 107) with a 5 percent probability of higher, unexpected losses.

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

3.3. Report on opportunities

Increasing amounts of data are being collected in the healthcare system – in private medical practices, hospitals and by health insurers. Physicians also want to share detailed insights and information with their peers, always with the aim of providing each patient with the individual optimal care. At the same time, indications and treatment options are becoming more differentiated and thus more complex. Both the time pressure and the amount of medical information available are constantly increasing: it is becoming more and more difficult to have all information available with perfect precision at all times.

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

Opportunities in operations

Technological leadership and innovation

CGM is well positioned to continue its trend-setting position in technology and innovation in the future. As an experienced pioneer, CGM constantly develops innovative solutions to facilitate healthcare communication, learn from data and share new insights with the overall healthcare sector.

Initiative for increased use of Artificial Intelligence (AI)

CGM started an initiative to further expand the use of Artificial Intelligence (AI), machine-learning and large language models within the group. While several CGM products and solutions already revert to AI-based functions, there is considerable potential for AI to coin and change the healthcare IT sector in the years to come. The new AI technology will be integrated into relevant areas and workflows, starting from software development up to support processes, including customer care functions and administrative tasks.

Customer retention and expert knowledge

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

G3 technology

The development of our products is based on a consistent platform approach, summarized under G3. The objective is to standardize our product development across all segments based on uniform principles, architectures and components. For this purpose, we use state-of-the-art technologies and a uniform design system that facilitates the integrated use of each product for our customers. Where already possible today, we also use international standards for interoperability to facilitate interfaces between our products as well as interfaces to current or foreseeable digital e-health ecosystems.

G3 solutions can be offered as software as a service (SaaS) or in the cloud and are suitable for almost any use from single clinic deployment to regional and national solutions.

Organizational and process-related improvements

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

Strategic opportunities

Leading market position in Ambulatory Information Systems

CGM is a provider of ambulatory information systems (AIS) in Germany. The company offers a wide range of software solutions addressing especially physicians and medical professionals, helping them to efficiently manage their practice workflows, document medical data and communicate with other healthcare service providers. CGM has established itself as the leading provider of AIS solutions and supplies a large number of physicians and medical facilities in all types of private medical practices as well as major customers, be it medical care centers owned by hospitals, clinics or registered physicians or by other owners. The company offers healthcare software products that meet the specific needs of private medical practices and medical professionals. The solutions include functions such as patient administration, appointment scheduling, billing, electronic health records and the integration of laboratory data. By continuously enhancing and adjusting its AIS products to meet the needs of the healthcare system, CGM has gained a leading market position. Given the company's market position, the rising demand for digital healthcare solutions, the increasing digitization in the healthcare sector and the need for interoperability offer additional growth opportunities.

CGM is also among the leading AIS providers in Denmark, France, Sweden, Norway, Austria, Italy and the Czech Republic. The company has also been able to further scale up its already attractive and sizable presence in the US, the world's largest healthcare market, by carrying out smaller, targeted acquisitions in 2023 as in prior years. Thanks to the size of its AIS business, CGM has direct access to many registered physicians in medical practices. This has a number of significant benefits. CGM's strategically favorable positioning makes it possible to take a lead role in other efficiency-enhancing areas of healthcare.

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

The Telematics Infrastructure in Germany

The TI messenger provides another possibility to use the Telematics Infrastructure cleverly, providing CGM's customers with a highly integrated solution that fits smoothly into the existing system. Convergence towards TI 2.0 also offers many growth opportunities created by the necessary steps, such as the TI gateway. Looking forward, the further rollout of the electronic health record (eHR) also suggests that additional solutions will be available on the market for CGM's customers, which will enable useful applications and generate further sales for CGM.

Ségur project in France

The Ségur software version for the two main French products HelloDoc and AxiSanté was launched in the fourth quarter of 2022 and generated more than 33 million digitalized documents in the course of financial year 2023. This is a good starting point for further market penetration in the course of 2024, especially as the program will be extended to other customer groups.

CLICKDOC

With CLICKDOC, CGM offers a platform with a direct patient-doctor communication interface. Physician and patient are in direct contact – whether appointment request, online consultation or retrieval of findings.

CLICKDOC, which supports the entire patient care process as a communication and information platform, has been integrated into the outpatient information systems in France and Germany already since 2021. The customer base has grown steadily, with more than 10,000 healthcare providers now using video consultation, around 5,000 providers in France and Germany using the online calendar.

Opportunities:

- Further rollout in practices in Germany and France
- Germany: The combination of CLICKDOC and m.Doc creates links between the outpatient and inpatient sectors
- More patients can be reached by contacting patients in outpatient and inpatient care (CLICKDOC and m.Doc)
- CLICKDOC e-prescription: Patient onboarding to CLICKDOC, innovative and user-friendly function for private medical practices, easy filling of e-prescriptions for patients

DMP acquisition

In the course of 2023, CGM took over its distribution and service partner DMP, one of CGM's major distribution partners in France, especially for the AxiSanté product. The takeover of DMP is an important step that will help CGM to maintain direct access to its customers on the French market, to master the highly competitive environment and to use an important growth opportunity in connection with the introduction of e-health in France.

EBZ – electronic request and approval solution for dentists in Germany

EBZ, launched in Germany in the third quarter of 2022, continues to perform well in 2023. Using the EBZ solution, dental practices are now able to send their requests electronically via an encrypted process to the statutory health insurance company, which then sends its response back to the practice, leading to considerable savings on time and money. This positive trend is expected to continue in 2024.

Clinical decision support

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

Financial opportunities

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

As CGM acquired the INSIGHT Health Group and the GHG business, it strengthened its position in the growth area of innovative data-driven solutions. With the investment in the Italian New Line RdM Società Benefit S.p.A., CGM has laid the foundation for developing the international markets with innovative data solutions.

Smaller acquisitions in the USA are strengthening CGM's position on the US healthcare market. This is completed and enhanced by the successful integration of further companies acquired in recent years, such as KMS Vertrieb und Services, VISUS Health IT and Meta-it.

Legislative and political opportunities

Overall political perspective

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

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

German Hospital Future Act (KHZG)

In Germany, the Bundestag passed the German Hospital Future Act (KHZG) in November 2020. This program published by the government will drive digitization in German hospitals over the next few years. Contracts are being awarded since 2021. Implementation of the contracted projects commenced as early as 2021 and will last until the end of 2025.

Personnel opportunities

Successful and experienced management team

CGM has a strong international management team whose members have a wealth of experience in the industry. The management team comprises the Managing Director Michael Rauch (CEO) and the Managing Directors Daniela Hommel (CFO), Dr. Ulrich Thomé (Ambulatory Information Systems DACH), Emanuele Mugnani (Ambulatory Information Systems Europe), and Hannes Reichl (Inpatient and Social Care).

Attractive employer

More than 9,000 employees at CGM are behind our innovations and developments. With these products and services, our employees have a significant impact on the lives of millions of people in Europe, the USA and South Africa. This is something we are aware of, which is why we see it as our obligation to provide a safe and healthy working environment where people can give their very best.

Given the prevailing shortage of IT specialists, it is important to CGM to actively do something against this lack of skilled labor (in addition to external recruiting). Therefore, we are investing sustainably in the training and promotion of junior talent. Moreover, taking into account individual needs and skills, this increases early talent retention and helps strengthen expertise in our industry.

CGM can also look back on a successful financial year 2023 when it comes to junior talent management. In Germany alone, CGM hired 52 new trainees and dual-program students, thus having 163 trainees and dual-program students under contract at the end of the reporting year.

The fact that we were able to take on 75 % of all apprentices in Germany after their graduation in 2023, the majority of them in IT occupations, is very encouraging.

To ensure our employees can develop greater personal, professional, methodological and, as the company becomes more international, intercultural skills, it is our mission to provide and secure the ideal framework conditions here. One of our most important measures to promote continuous professional development for individuals is the annual performance and development reviews that must be held for all employees in all companies, as stipulated by internal CGM guidelines. This is a dialog between employees and their managers, which is supported digitally. The goal of the dialog is to identify development potential, define goals, and identify and initiate appropriate training and qualification.

In addition to the internal courses available, which are offered in particular on our learning platform, CGM also provides further online education and training opportunities for managerial staff, specialists and project managers. These allow the greatest possible flexibility for employees in terms of the training period and location.

CGM takes responsibility as an employer to provide its employees with stability and security. The top priority here is to protect and support our employees. Our occupational health management offering includes traditional sports and exercise programs as well as occupational health and special training programs.

A good work-life balance is a crucial basis for satisfaction and performance, benefiting employees and the company alike. CGM has set up a childcare center at the company's headquarters in Koblenz to make work-life balance easier for young families. Children of company employees are given priority. The center is open ten hours a day, which is convenient even for employees on flextime schedules.

Data-related opportunities

Ambulatory information systems made CompuGroup Medical big, but the company has already been in the business of supporting the healthcare sector with further smart, digital solutions and data driven services for many years. Data security and GDPR compliant data processing play a dominant role here. Services such as Therafox keep physicians informed about potential risks related to the prescription of a specific medication, and the Arznei Aktuell app enables them to check this medication. With further specialized tools, we make it easier for physicians to diagnose rare diseases. Our INSIGHT Health data service provides valuable insights into pharmaceutical developments. CGM has excellent connections in all healthcare sectors and intends to develop data-driven solutions for all these sectors.

Overall assessment of opportunities (Group and CompuGroup Medical SE & Co. KGaA)

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

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

4. Internal control and risk management system

4.1. General*

The systematic and responsible management of risks and opportunities is an important part of corporate governance for CGM. The company-wide risk management, compliance and control system is based on the "Three Lines of Defense" model, which describes the overlapping risk structures and responsibilities at different levels.

At the first level (1st Line), activities (including the management of financial and non-financial risks) and the deployment of resources are managed in line with external and internal requirements. Risks are to be prevented or recorded and reduced where they can arise, i.e. at the operational level. Risk owners, i.e., the heads of the business units, the general managers of the CGM subsidiaries and the heads of the group functions, establish processes in accordance with the requirements of the second level (2nd Line) to ensure measures to mitigate risks are identified, evaluated, monitored and developed. Through the management of the business units and group functions, there is a regular exchange with the Managing Directors on planned, actual and expected results in relation to the organization's objectives, as well as on risks.

At the second level (2nd Line), the framework for the design of the internal control system, the risk management system and the compliance management system is set by defining corresponding minimum governance requirements, systems and processes for application at the first level. The specific design of this governance is risk-based and at the discretion of the Managing Directors. The Managing Directors and the Audit Committee of the Supervisory Board receive regular reports on risk management, the financial internal control system and compliance. For further information on governance and the implemented processes of risk management, compliance management and the financial internal control system, please refer to the "Opportunity and Risk Report" and to the corporate governance practices and working methods of the Managing Directors and the Supervisory Board, which is published in the Declaration on Corporate Governance on the company's website at http://www.cgm.com.

At the third level (3rd Line), the group function Internal Audit monitors the correctness, security, appropriateness and effectiveness of the existing governance and implemented processes, internal controls and risk management through independent audits. This is done as part of the risk-based annual audit plan or, in individual cases, as part of event-driven audits during the year. It supports the Managing Directors in the performance of their monitoring function and reports directly and independently to the Managing Directors. Internal Audit's independence ensures that both the planning and execution of its activities are free from hindrance and bias, and that there is unimpeded access to the necessary people, resources and information. The Head of Internal Audit involves the Managing Directors in the distribution of all audit announcements and audit reports. He also provides quarterly summary reports to the Managing Directors, the Administrative Board and the Audit Committee of the Supervisory Board.

* The contents of this section are unaudited contents that have been critically read by the auditor.

These quarterly reports relate to the completion of all audits and the follow-up of related actions. The Head of Internal Audit submits them in advance and explains them during meetings of the aforementioned bodies. A professional exchange with the appointed auditing firm also supports compliance with auditing guidelines.

The "Three Lines of Defense" model is supplemented with regard to accounting by the activities of the external auditor. With the "Three Lines of Defense" model described above, the Managing Directors have implemented a control framework for CGM aimed at ensuring appropriate and effective internal control and risk management. The measures implemented in this context also address the effectiveness and appropriateness of internal control, compliance and risk management systems and are explained, for example, in the opportunity and risk report within this report. As part of the implementation of the "Three Lines of Defense" model and the legal framework, independent monitoring and audits also take place, in particular through the Internal Audit audits described above and other external audits. In particular, the dynamic development of requirements in the area of non-financial reporting and non-financial risks makes it necessary to review the monitoring systems for this area at regular intervals and adjust them as necessary.

4.2. In relation to accounting (section 289 (4) and section 315 (4) of the German Commercial Code (HGB))

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.3. Effectiveness*

Internal Audit continued to report to the Managing Directors in 2023 on the control systems implemented. In this context, identified improvement and optimization potentials and corresponding ongoing projects were presented to the Managing Directors. Finally, Internal Audit provided the Managing Directors with an assessment of the appropriateness and effectiveness of the respective control system, where applicable against the background of recommended improvement options. On the basis of this assessment, as well as on the basis of the review of the non-financial internal control system, the Managing Directors are currently not aware of any indications with regard to significant issues that speak against the adequacy and effectiveness of the system as of December 31, 2023. Due to the multi-layered process landscape and the high rate of change in the catalog of requirements for non-financial information, the maturity of the internal control system in the non-financial area does not yet correspond to that of the (group) accounting-related internal control system. Based on the regular review of the financial internal control system, compliance and risk management, as well as reporting by Internal Audit, the Managing Directors are not aware of any indications with regard to significant matters as of December 31, 2023 that would speak against the adequacy and effectiveness of these systems.

* The contents of this section are unaudited contents that have been critically read by the auditor.

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

Risks arising from the use of financial instruments

The CGM group is exposed, with respect to credit risks, price change risks and cash flow fluctuation risks on the assets, liabilities and planned transactions, primarily to liquidity and credit risks as well as the risk of changes in foreign exchange rates and interest rates. Risks arising from the use of financial instruments are continuously monitored as part of risk management.

Currency and interest rate risks are partially minimized through the use of derivative hedging instruments. Derivative financial instruments are used exclusively for micro hedges of risks arising in the normal course of business. Derivative financial instruments are used exclusively for hedging purposes, never for speculative purposes, and are only concluded with established financial institutions whose risk profile is solid and is reviewed on a daily basis. The effectiveness of the hedging relationship between the underlying transactions and the hedging instrument is verified by using effectiveness tests.

Currency risks result from investments, financing measures and operating activities. CGM currently hedges only intercompany financial loans and deposits through derivative financial instruments in order to minimize intercompany currency risks. The hedging relationships used by CGM are presented in the consolidated financial statements as hedge accounting.

Interest rate risks mainly result from group financing. CGM currently uses derivative financial instruments to hedge long-term bullet loans against any negative interest rate developments. These interest rate derivatives are partly designated as cash flow hedges and are contracted in order to fix or cap the amount of interest payments for variable-interest liabilities.

CGM strives to minimize related credit risks. Measures taken by the group to achieve this goal include the establishment of a dunning system. Furthermore, credit risks are avoided by agreeing prepayments for a significant share of the contracts relevant to recurring revenues. The maximum (earnings) risk resulting from financial instruments basically corresponds to the carrying amounts of the respective capitalized financial instruments.

For further detailed information on market risks, credit risks and liquidity risks, please refer to G.6 Credit risk, G.7 Currency risk, G.8 Interest rate risk and G.9 Liquidity risk of the notes to the consolidated financial statements.

6. Takeover-related disclosures

Composition of subscribed capital

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

Restrictions affecting voting rights or the transfer of shares

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

The "Gotthardt family/Dr. Koop" shareholder group, consisting of the natural persons Frank Gotthardt (Germany), Dr. Brigitte Gotthardt (Germany), Professor Dr. Daniel Gotthardt (Germany) and Dr. Reinhard Koop (Germany) together with the legal persons classed as their related parties, hold a total of 50.04 % of all ordinary shares with voting rights.

Based on two separate pool agreements, one between Frank Gotthardt, GT 1 Vermögensverwaltung GmbH, Dr. Brigitte Gotthardt and Professor Dr. Daniel Gotthardt and the second between GT 1 Vermögensverwaltung GmbH and Dr. Reinhard Koop, 24,312,663 shares, corresponding to a percentage of voting shares of 46.55 %, are attributable to the shareholder group "Gotthardt family/Dr. Koop". One of the purposes of the two pooling agreements is to ensure that voting rights of the two pools are exercised consistently with regard to the shares of CompuGroup Medical SE & Co. KGaA. Frank Gotthardt, Professor Dr. Daniel Gotthardt and GT 1 Vermögensverwaltung GmbH hold further shares in addition to the shares attributable to the pools.

Shareholdings exceeding 10 % of the voting rights

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

Shares with special rights conferring powers of control

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

Type of voting rights control through employee shareholdings

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

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

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

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

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

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

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

Authorization of the general partner to issue and buy back shares

Authorized capital

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

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

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

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

if the exclusion of subscription rights is required in order to grant the holders or creditors of convertible bonds, bonds with warrants, profit participation certificates and/or profit participation bonds (or a combination of such instruments) with option and/or conversion rights or option and/or conversion obligations that are issued by the company or any other company associated with or under the direct or indirect majority shareholding of the company a subscription right to new shares to the same extent to which they would be have been entitled after exercising their conversion or option rights or fulfilling their conversion or option obligations.

Contingent capital

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

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

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

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

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

As at December 31, 2023, CompuGroup Medical SE & Co. KGaA had exercised this authorization to grant share options and created share option programs for a total of 980,000 share options for members of group 1 and 177,500 share options for members of group 2.

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

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

CompuGroup Medical SE & Co. KGaA is authorized by resolution of the Annual General Meeting of May 19, 2021 to acquire treasury shares up to a total of 10 % of the share capital existing at the time of the resolution or, if this amount is lower, of the share capital existing at the time this authorization is exercised. Acquired shares together with other treasury shares of the company that are held by the company or are attributable to it in accordance with sections 71d and 71e German Stock Corporation Act (AktG) must not at any time exceed 10 % of the existing share capital at the time the resolution is adopted. The acquisition can also be exercised by group companies dependent on the company within the meaning of section 17 German Stock Corporation Act (AktG) or by third parties for their account or for the account of the company. The authorization may not be used for the purpose of trading in treasury shares. The authorization can be exercised in full or in part, on one or more occasions and in pursuit of one or more objectives by the company or by third parties acting on its behalf. The authorization became effective on May 19, 2021 and is valid until May 18, 2024. At the discretion of the general partner, the acquisition will be implemented on the stock market or by a public purchase offer to all shareholders or a public invitation to all shareholders to submit offers for sale, whereby the explicit provisions of the resolution of the Annual General Meeting must be complied with.

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

1. In addition, the shares can also be canceled without the cancellation or execution requiring a further resolution by the Annual General Meeting. Cancelling the shares generally leads to a reduction in capital. In deviation of the above, the general partner may determine that the share capital shall remain unchanged upon such cancellation and that instead the cancellation shall increase the proportion of the share capital represented by the remaining shares in accordance with section 8 (3) German Stock Corporation Act (AktG). In this case, the general partner and the Supervisory Board shall be authorized to adjust the number of shares specified in the Articles of Association.
2. They can also be disposed of in another manner than via the stock exchange or an offer to all shareholders if the shares are sold for cash and at a price that is not significantly less than the stock market price of the company’s shares as at the time of disposal. However, this authorization applies only subject to the proviso that the shares that are disposed of under exclusion of subscription rights in accordance with section 186 (3) sentence 4 German Stock Corporation Act (AktG) may not in total exceed a pro rata amount of 10 % of the share capital, neither at the time this authorization becomes effective nor at the time it is exercised. Shares issued during the term of this authorization from authorized capital under exclusion of subscription rights in accordance with sections 203 (1) sentence 1, 186 (3) sentence 4 German Stock Corporation Act (AktG) shall count towards this limit. In addition, shares to be issued to satisfy bonds and/or profit participation certificates with conversion or option rights or a conversion or option obligation shall count towards this limit, provided that the bonds and/or profit participation certificates are issued during the term of this authorization under exclusion of subscription rights when applying section 186 (3) sentence 4 AktG.
3. They may be disposed of in return for contributions in kind, in particular for the acquisition of companies, parts of companies or equity interests in companies or other assets, including receivables from the company or its group companies. In particular, treasury shares can be disposed of as consideration for the transfer to the company or one of its subsidiaries of industrial property rights or third-party intellectual property rights, such as patents or trademarks, to market and develop products of CompuGroup or as consideration for licenses to such rights being granted.
4. They may be used to satisfy conversion or option rights granted by the company or a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital when issuing bonds and/or profit participation certificates, or to satisfy conversion or option obligations arising from bonds and/or profit participation certificates issued by the company or a domestic or foreign company in which the company directly or indirectly holds a majority of the votes and capital.
5. They may be used to satisfy option rights from share options granted by the company in accordance with the authorization granted by resolution of the Annual General Meeting of May 15, 2019 under agenda item 6 and adjusted in the context of the change of legal form resolution of the General Meeting of May 13, 2020 under agenda item 7 to grant subscription rights (share options) to former members of the Management Board and former executive employees of CompuGroup Medical SE, the legal predecessor of CompuGroup Medical SE & Co. KGaA, to Managing Directors of CompuGroup Medical Management SE, to executives of CompuGroup Medical SE & Co. KGaA as well as to members of the management of CompuGroup Medical SE & Co. KGaA’s subordinated associated companies and their executive employees. To the extent that treasury shares are to be transferred to former members of the Management Board of CompuGroup Medical SE, the legal predecessor of CompuGroup Medical SE & Co. KGaA, in this context to satisfy share options issued prior to the conversion of CompuGroup Medical SE into CompuGroup Medical SE & Co. KGaA, the above authorization applies to the Supervisory

Board. To the extent that treasury shares are to be transferred to Managing Directors of CompuGroup Medical Management SE in this context to satisfy share options issued after the conversion of CompuGroup Medical SE into CompuGroup Medical SE & Co. KGaA, the above authorization applies to the Administrative Board of the general partner. Those shares granted to eligible former members of the Management Board and eligible former employees of CompuGroup Medical SE, the legal predecessor of CompuGroup Medical SE & Co. KGaA, eligible Managing Directors of CompuGroup Medical Management SE, eligible employees of CompuGroup Medical SE & Co. KGaA as well as eligible executives and employees of the subordinated associated companies of CompuGroup Medical SE & Co. KGaA as from May 19, 2021 to satisfy such subscription rights (share options) from contingent capital (section 192 (2) no. 3 AktG) are to be counted towards this authorization for the use of treasury shares.

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

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

At the end of the reporting year, the company held 1,500,000 treasury shares. For more information on the acquisition of treasury shares, we also refer to the disclosures pursuant to section 160 (1) no. 2 of the German Stock Corporation Act (AktG) in the notes to the company's annual financial statements.

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

A "Change of Control Event" exists if

- CompuGroup Medical Management SE pursuant to article 10 of the Articles of Association of CompuGroup Medical SE & Co. KGaA in the currently valid version (the "Articles of Association") is removed as the general partner of CompuGroup Medical SE & Co. KGaA; or
- an acquirer within the meaning of article 10 (1) of the Articles of Association acquires a controlling influence over CompuGroup Medical Management SE.

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

If the Managing Director exercises their special termination right, they will receive a cash compensation in the amount of 150 % of the fixed compensation and short-term variable compensation until the regular termination date of the employment contract, but for a maximum period of two years, whereby the 150 % of the short-term variable compensation is calculated on the basis of the target amount in the event of an assumed 100 % target achievement.

The cash compensation is paid in 24 monthly instalments of the same amount and is credited against any waiting allowance owed. The employment contracts stipulate that, in principle, share options already granted up to the effective date of the special right of termination are not forfeited. Option rights may be exercised after expiry of the waiting period once the general option conditions have been met.

The contracts do not provide for any severance if a contract is terminated prematurely for good cause for which the respective Managing Director is responsible. Share options that have already been granted lapse without replacement or compensation. The contracts do not contain any regulations governing regular termination.

7. Corporate Governance Statement

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

The following shareholdings exist as at December 31, 2023 on the basis of the information available to the company:

Supervisory Board of CompuGroup Medical SE & Co. KGaA:

Prof. Dr. Martin Köhrmann:	8,000 shares (approx. 0.01 %)
Matthias Störmer:	1,300 shares (approx. 0.00 %)
Reinhard Lyhs:	200 shares (approx. 0.00 %)
Adelheid Hegemann:	34 shares (approx. 0.00 %)
Stefan Weinmann:	25 shares (approx. 0.00 %)

Administrative Board of CompuGroup Medical Management SE:

Frank Gotthardt:	17,931,565 shares (approx. 33.37 %)
Prof. Dr. Daniel Gotthardt:	3,580,411 shares (approx. 6.66 %)
Dr. Klaus Esser:	140,000 shares (approx. 0.26 %)
Michael Rauch:	11,000 shares (approx. 0.01 %)
Stefanie Peters:	800 shares (approx. 0.00 %)

Managing Board of CompuGroup Medical Management SE:

Michael Rauch:	11,000 shares (approx. 0.01 %)
Hannes Reichl:	4,000 shares (approx. 0.00 %)
Dr. Eckart Pech:	2,000 shares (approx. 0.00 %)
Emanuele Mugnani:	700 shares (approx. 0.00 %)
Dr. Ulrich Thomé:	296 shares (approx. 0.00 %)

8. Separate non-financial report in accordance with section 298 b and section 315 b HGB

Employees

At the end of financial year 2023, the CGM group had 9,199 employees worldwide, which is a 0.3 % decrease over the prior year (9,229).

Employees	2023	2022
Headcount	9,199	9,229
of which from acquisitions as at the acquisition date	181	231

In Germany, currently the strongest market in terms of revenues, CGM employed a total of 4,034 employees in financial year 2023, which, in relation to the total number of employees in the group, corresponds to a percentage share of 43.9 %.

Corporate social responsibility reporting

CGM's report on non-financial and diversity information (Corporate Social Responsibility "CSR Report") within the meaning of section 289b of the German Commercial Code (HGB) and section 315b of the German Commercial Code (HGB) is published separately on the company's website http://www.cgm.com/ir. The CSR report is prepared in accordance with EU Directive 2014/95/EU and the respective regulations under German law.

9. Final declaration on the dependency report

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

Koblenz, March 22, 2024

CompuGroup Medical SE & Co. KGaA

Represented by the Managing Directors
of CompuGroup Medical Management SE

Michael Rauch

Daniela Hommel

Emanuele Mugnani

Hannes Reichl

Dr. Ulrich Thomé

CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2023

Consolidated statement of financial position

Assets

kEUR	Notes	Dec 31, 2023	Dec 31, 2022
Non-current assets			
Intangible assets	E.1	1,309,857	1,293,910
Property, plant and equipment	E.2	108,405	107,478
Right-of-use assets	E.3	57,294	53,411
Investments in associates and joint ventures (valued at-equity)	E.4	15,249	7,300
Other investments	E.4	615	3,158
Finance lease receivables	E.8	14,189	15,984
Other financial assets	E.10	3,333	2,111
Derivative financial instruments	E.11	16,840	36,560
Other non-financial assets	E.12	1,700	1,200
Deferred taxes	E.5	2,632	2,519
		1,530,114	**1,523,631**
Current assets			
Inventories	E.6	18,881	29,438
Trade receivables	E.7	175,464	189,439
Finance lease receivables	E.8	8,538	9,152
Contract assets	E.9	27,089	23,282
Other financial assets	E.10	7,796	2,842
Derivative financial instruments	E.11	1,161	574
Other non-financial assets	E.12	27,831	27,003
Income tax receivables	E.5	37,752	48,560
Cash & cash equivalents	E.13	64,461	90,517
		368,973	**420,807**
Assets qualified as held for sale	E.14	856	0
		1,899,943	1,944,438

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

Consolidated statement of financial position

Equity and liabilities

kEUR	Notes	Dec 31, 2023	Dec 31, 2022
Equity	**E.15**		
Subscribed capital		53,735	53,735
Treasury shares		- 105,205	- 105,205
Reserves		719,148	723,890
Capital and reserves allocated to the shareholders of the parent company		**667,678**	**672,420**
Non-controlling interests		1,594	1,403
		669,272	**673,823**
Non-current liabilities			
Provisions for post-employment benefits and other non-current provisions	E.16	34,940	32,656
Liabilities to banks	E.17	704,168	699,371
Contract liabilities	E.21	4,578	15,529
Purchase price liabilities	E.19	10,210	5,539
Lease liabilities	E.18	36,829	33,741
Other financial liabilities	E.23	87	53
Other non-financial liabilities	E.23	25	42
Deferred taxes	E.5	93,007	108,210
		883,844	**895,141**
Current liabilities			
Liabilities to banks	E.17	6,252	29,104
Contract liabilities	E.21	62,567	66,898
Purchase price liabilities	E.19	3,963	16,046
Trade payables	E.20	93,006	112,613
Income tax liabilities	E.5	48,899	32,316
Other provisions	E.22	77,376	60,920
Derivative financial instruments	E.11	194	901
Lease liabilities	E.18	19,606	19,603
Other financial liabilities	E.23	5,910	8,478
Other non-financial liabilities	E.23	27,541	28,595
		345,314	**375,474**
Liabilities related to assets held for sale	E.24	1,513	0
		1,899,943	1,944,438

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

Consolidated income statement

kEUR	Notes	2023	2022
Revenues	E.25	1,187,663	1,129,739
Capitalized inhouse services	E.26	40,139	44,819
Other income	E.27	28,868	19,396
Expenses for goods and services purchased	E.28	- 222,747	- 216,397
Personnel expenses	E.29	- 590,414	- 546,704
Net impairment losses on financial and contract assets		- 11,438	- 4,961
Other expenses	E.30	- 202,311	- 209,541
Earnings before interest, taxes, depreciation and amortization (EBITDA)		229,760	216,351
Depreciation of property, plant and equipment and right-of-use assets	E.31	- 39,835	- 42,770
Earnings before interest, taxes and amortization (EBITA)		**189,925**	**173,581**
Amortization of intangible assets	E.31	- 75,963	- 69,551
thereof from purchase price allocations		- 43,541	- 45,882
Earnings before interest and taxes (EBIT)		**113,962**	**104,030**
Result from companies accounted for using the equity method	E.32	623	- 99
Financial income	E.33	2,820	22,719
Financial expenses	E.33	- 44,169	- 14,584
Net impairment losses on financial*	E.33	- 564	- 5,250
Earnings before taxes (EBT)		**72,672**	**106,816**
Income taxes for the period	E.34	- 25,800	- 32,699
Consolidated net income for the period		**46,872**	**74,117**
of which: allocated to shareholders of the parent company		45,916	73,411
of which: allocated to non-controlling interests		956	706
Earnings per share	E.35		
undiluted (EUR)		0.88	1.41
diluted (EUR)		0.88	1.40

* Impairment losses on loans granted.
(The accompanying notes are an integral part of the consolidated financial statements.)

Consolidated statement of total comprehensive income

kEUR	Notes	2023	2022
Consolidated net income for the period		**46,872**	**74,117**
Items that will not be reclassified to profit or loss:			
Actuarial gains and losses arising from post-employment benefits		- 1,495	4,577
Change in actuarial gains and losses	E.16	- 1,953	6,616
Deferred income taxes for the period	E.34	458	- 2,039
Items that may be reclassified to profit or loss:			
Cashflow hedges		- 4,791	7,537
Changes in equity	E.11	- 6,844	10,767
Deferred income taxes for the period	E.34	2,053	- 3,230
Currency conversion differences	E.15	- 10,340	9,449
Changes in equity		- 10,340	9,449
Operating income and expense recognized directly in equity (Other comprehensive income)		**- 16,626**	**21,563**
Total comprehensive income		**30,246**	**95,680**
of which: allocated to shareholders of the parent company		29,290	94,974
of which: allocated to non-controlling interests		956	706

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

Changes in consolidated equity

kEUR	Notes	Subscribed capital	Treasury shares	Reserves: Other	Reserves: Cashflow Hedges	Reserves: Currency translation	Equity attributable to shareholders of CompuGroup Medical SE & Co. KGaA	Non-controlling interest	Consolidated equity
Balance as at Dec 31, 2021		**53,735**	**- 98,796**	**664,479**	**0**	**- 7,344**	**612,074**	**210**	**612,284**
Consolidated net income for the period		**0**	**0**	**73,411**	**0**	**0**	**73,411**	**706**	**74,117**
Other comprehensive income		**0**	**0**	**4,577**	**7,537**	**9,449**	**21,563**	**0**	**21,563**
Derivative hedging instruments (effective)	E.15	0	0	0	7,537	0	7,537	0	7,537
Actuarial gains and losses	E.16	0	0	4,577	0	0	4,577	0	4,577
Currency conversion differences	E.15	0	0	0	0	9,449	9,449	0	9,449
Total comprehensive income		**0**	**0**	**77,988**	**7,537**	**9,449**	**94,974**	**706**	**95,680**
Transactions with shareholders		**0**	**- 6,409**	**- 28,219**	**0**	**0**	**- 34,628**	**487**	**- 34,141**
Dividend distribution	E.15	0	0	- 26,117	0	0	- 26,117	- 175	- 26,292
Stock option program		0	0	- 2,011	0	0	- 2,011	0	- 2,011
Non-controlling interests from acquisitions	C.4	0	0	0	0	0	0	588	588
Additional purchase of shares from non-controlling interests after control	E.15	0	0	- 91	0	0	- 91	74	- 17
Buyback of treasury shares	E.15	0	- 6,409	0	0	0	- 6,409	0	- 6,409
Balance as at Dec 31, 2022		**53,735**	**- 105,205**	**714,248**	**7,537**	**2,105**	**672,420**	**1,403**	**673,823**
Consolidated net income for the period		**0**	**0**	**45,916**	**0**	**0**	**45,916**	**956**	**46,872**
Other comprehensive income		**0**	**0**	**- 1,495**	**- 4,791**	**- 10,340**	**- 16,626**	**0**	**- 16,626**
Derivative hedging instruments (effective)	E.15	0	0	0	- 4,791	0	- 4,791	0	- 4,791
Actuarial gains and losses	E.16	0	0	- 1,495	0	0	- 1,495	0	- 1,495
Currency conversion differences	E.15	0	0	0	0	- 10,340	- 10,340	0	- 10,340
Total comprehensive income		**0**	**0**	**44,421**	**- 4,791**	**- 10,340**	**29,290**	**956**	**30,246**
Transactions with shareholders		**0**	**0**	**- 34,021**	**0**	**- 11**	**- 34,032**	**- 765**	**- 34,797**
Dividend distribution	E.15	0	0	- 26,117	0	0	- 26,117	- 211	- 26,328
Stock option program		0	0	- 4,155	0	0	- 4,155	0	- 4,155
Additional purchase of shares from non-controlling interests after control	E.15	0	0	- 3,775	0	0	- 3,775	- 554	- 4,329
Other Changes		0	0	26	0	- 11	15	0	15
Balance as at Dec 31, 2023		53,735	- 105,205	724,648	2,746	- 8,246	667,678	1,594	669,272

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

Consolidated statement of cash flows

kEUR	Notes	2023	2022
Consolidated net income for the period		46,872	74,117
Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	E.31	115,798	112,321
Earnings on sale of fixed assets	E.27	- 1,035	- 163
Change in provisions and income tax liabilities		33,409	15,882
Change in derivative financial instruments		18,425	- 18,871
Deferred tax income/expense	E.34	- 15,297	352
Other non-cash earnings/ expenditures		- 9,552	4,561
Gross cash flow before changes in working capital		**188,620**	**188,199**
Change in inventories		10,582	- 8,788
Change in trade receivables and other receivables		11,119	- 28,761
Change in income tax receivables		10,844	- 17,819
Change in other receivables		- 6,554	8,419
Change in trade payables		- 21,075	15,565
Change in contract liabilities		- 14,738	- 10,377
Change in other liabilities		730	- 1,411
Operating cash flow		**179,528**	**145,027**
Cash outflow for capital expenditure for intangible assets		- 48,879	- 50,560
Cash inflow from disposals of property, plant and equipment		1,325	349
Cash outflow for capital expenditure in property, plant and equipment		- 18,973	- 25,847
Net cash outflow for company acquisitions (less acquired cash and cash equivalents and prepayments in previous periods)	C.4	- 34,951	- 57,881
Cash outflow for acquisitions from prior periods		- 15,287	- 6,887
Cash inflow from the disposal of subsidiaries and business units		0	43
Cash outflow for capital expenditures for joint ventures and other participations		- 7,562	- 4,631
Cash flow from investing activities		**- 124,327**	**- 145,414**
Buyback of treasury shares		0	- 9,109
Dividend paid	E.15	- 26,117	- 26,117
Capital paid to non-controlling interests	E.15	- 211	- 175
Acquisition of additional shares from non-controlling interests	E.15	- 4,329	- 17
Downpayment of lease liabilities		- 25,819	- 25,530
Cash inflow from borrowing of loans	E.17	480,000	340,000
Cash outflow from the repayment of loans	E.17	- 504,211	- 295,411
Cash flow from financing activities		**- 80,687**	**- 16,359**
Cash and cash equivalents at the beginning of the period	E.13	90,517	107,343
Change in cash and cash equivalents		**- 25,486**	**- 16,746**
Changes due to exchange rate fluctuations		- 570	- 80
Cash and cash equivalents at the end of the period	E.13	**64,461**	**90,517**
Interest paid		26,711	6,157
Interest received		841	687
Income taxes paid		26,590	39,034

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. General disclosures

A.1 Company information

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

The purpose of the company and its main activities are divided into the following business units in financial year 2023:

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

These business units form the basis for the segment reporting in financial year 2023. The four business units provide the following range of services:

- AIS: Develops and sells practice software solutions and renders services for registered physicians and dentists. It also renders Internet services for physicians and other healthcare professionals.
- HIS: Develops and sells clinical software solutions and renders services.
- CHS: Develops and sells data-based products as well as inter-connects service providers (physicians, dentists, clinics and pharmacies) with other key market participants in the healthcare sector, for example health insurance companies and pharmaceutical companies.
- PCS: Develops and sells software solutions and renders services for pharmacies.

For more details on the business units, please refer to section 1.1 Group business model of the management report.

From financial year 2024 onward, the segment structure will be changed in that smaller profit centers will be reallocated and the previous CHS segment will be integrated into the new AIS segment.

A.2 Basis of reporting and fundamental principles

These consolidated financial statements combine the financial statements of CompuGroup Medical SE & Co. KGaA and those of its subsidiaries (hereinafter also referred to as "the CGM group"). As in the prior year, the CGM group's consolidated financial statements as at December 31, 2023 were prepared in accordance with section 315e of the German Commercial Code (HGB) and in compliance with the International Financial Reporting Standards (IFRS).

All International Financial Reporting Standards (IFRS) – formerly International Accounting Standards (IAS) – as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRS IC) – formerly Standing Interpretations Committee (SIC) –required for the reporting period ending December 31, 2023 as applicable in the EU have been applied. How the individual standards are applied is indicated in the comments on the individual items of the consolidated financial statements.

In addition, the provisions of commercial law pursuant to section 315e German Commercial Code (HGB) have also been observed.

The Managing Directors of CompuGroup Medical Management SE prepared the consolidated financial statements on March 22, 2024 and approved them for publication.

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

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

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

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

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

B. Key accounting principles and measurement methods

B.1 Principles for the preparation of the consolidated financial statements

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

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

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

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

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

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

- **Level 1 parameters:** The market value of assets and liabilities is calculated on the basis of quoted and unadjusted prices for these or identical assets and liabilities listed on active markets. Tradability on the principal or the most advantageous market on the measurement date is key.

- **Level 2 parameters:** The market value of assets and liabilities is calculated using parameters for which either directly or indirectly derived quoted prices are available on an active market. Examples: Price quotations on non-active markets; observable interest rates and curves; implied volatilities; credit spreads and adjusted Level 1 inputs.

- **Level 3 parameters:** The market value of assets and liabilities is calculated using parameters for which no observable market data is available. Examples: interest rates calculated using models; historical volatilities; financial forecast based on a company's own data and adjusted Level 2 input factors.

CGM records reclassifications to different levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

B.2 New and amended standards, applicable to financial year 2023

CompuGroup Medical SE & Co. KGaA has implemented all financial reporting standards adopted by the EU that are to be applied from January 1, 2023. New or amended standards that have been endorsed by the EU and became mandatory on January 1, 2023 are described below:

Standard (published on)	Content	Effective for financial years beginning on or after (EU)
Amendments to IAS12 Income taxes: International Tax Reform – Pillar Two (May 23, 2023)	The amendments to IAS 12 relating to the international tax reform - Pillar Two - regulate the mandatory exemption of deferred tax accounting from the global minimum taxation.	Immediately and January 1, 2023
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (December 9, 2021)	The amendment contains an option for the first-time application of IFRS 17 with regard to comparative information in order to avoid temporary mismatches in the recognition of financial assets and liabilities from insurance contracts.	January 1, 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related from a Single Transaction (May 7, 2021)	The main amendment for deferred tax relating to assets and liabilities arising from a single transaction is an additional backstop regarding IAS 12.15(b) and IAS 12.24. The amendment clarifies how entities account for deferred tax on transactions such as leases and retirement obligations.	January 1, 2023
Amendments to IAS 1 and IFRS-Practice Statement 2 (February 12, 2021)	The amendments address the disclosure of significant accounting principles and measurement methods and the application of the materiality concept.	January 1, 2023
Amendments to IAS 8 (February 12, 2021)	The amendments clarify how entities should distinguish changes in accounting principles and measurement methods from changes in accounting estimates.	January 1, 2023
IFRS 17 (May 18, 2017), including amendments to IFRS 17 (June 25, 2020)	This standard creates a uniform international accounting standard for the insurance business. Its objective is to enhance the transparency and comparability of accounting by insurance companies.	January 1, 2023

The "Pillar Two" amendments to IAS 12 have been enacted in some jurisdictions in which CGM operates or has been substantively enacted. CGM falls within the scope of the adopted or effective revision. However, the adjustments were issued only shortly before the reporting date, so CGM is still in the process of assessing the potential income tax burden due to Pillar Two until December 31, 2023. Currently, the potential burdens are neither known nor can they be reasonably estimated. CGM assumes that it will be able to report the potential risk in its next interim financial statements for the period up to June 30, 2024. As at December 31, 2023, the group made use of the temporary option to neither recognize nor disclose deferred tax assets and deferred tax liabilities in connection with Pillar 2 income taxes.

In all other respects, the same accounting principles and measurement methods as well as consolidation principles have been applied to prepare these consolidated financial statements and determine the prior-year figures as in the 2023 consolidated financial statements. The amendments had no material effect on consolidated earnings.

B.3 Standards, interpretations and amendments to published standards to be applied at a later date which have already been adopted into European law ("endorsement")

Standard (published on)	Content	Effective for financial years beginning on or after (EU)
Amendments to IAS 1 Presentation of Financial Statements (January 23, 2020, July 15, 2020 and October 31, 2022)	The amendments for the classification of liabilities as current or non-current only affect the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of assets, liabilities, income or expenses. The IASB has decided to amend IAS 1 with respect to the classification (as current or non-current), presentation and disclosure of liabilities for which an entity's right to defer settlement for at least twelve months is conditional on the entity meeting certain conditions after the reporting period.	January 1, 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (September 22, 2022)	The amendments clarify how a seller-lessee makes subsequent measurements of Sale-and-Leaseback transactions that are accounted for as a sale in accordance with IFRS 15.	January 1, 2024

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

B.4 Standards, interpretations and amendments to published standards to be applied at a later date which have been published by IASB, but not yet adopted into European law

IASB and IFRIC have adopted further standards and interpretations that are not yet mandatory in the EU as at January 1, 2023. The application of these IFRSs and IFRIC is still subject to endorsement by the EU.

Standard (published on)	Content	Effective for financial years beginning on or after (EU)
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (August 15, 2023)	The amendments to IAS 21 provide guidance on when a currency is considered not exchangeable, how to set exchange rates and what information is to be disclosed.	January 1, 2025
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments (May 25, 2023)	The amendments to IAS 7 and IFRS 7 concern the disclosure requirements relating to the terms and conditions of supplier finance arrangements and what information must be further disclosed about reverse factoring arrangements.	January 1, 2024

Early application of individual standards is permitted. CompuGroup Medical SE & Co. KGaA does not use the early application option. CompuGroup Medical SE & Co. KGaA constantly examines the effects of the first-time application of these standards and amendments.

It is not currently assumed that the adoption of the other standards, amendments and interpretations will have any significant impact on the consolidated financial statements.

C. Principles of consolidation

C.1 Date of consolidation

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

C.2 Consolidated subsidiaries

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

The company achieves control when it:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b) Acquisition of subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

c) Goodwill

Goodwill resulting from a business combination is initially recognized at cost which is measured as the difference between the consideration transferred and the identifiable assets and assumed liabilities. Goodwill is subsequently measured at cost less cumulative impairment losses.

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

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

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

C.3 Associated companies and joint ventures

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

A joint venture is a joint arrangement whereby the parties that share control of the arrangement hold rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control over an economic arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

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

The provisions of IFRS 28 are applied to determine any indications requiring impairment on investments in associated companies or joint ventures. If an impairment test is to be carried out, the carrying amount of the interest (including goodwill) is tested for recoverability in accordance with IAS 36 by comparing the recoverable amount of the investment to its carrying amount. Any resulting impairment loss is offset against the carrying amount. Impairment losses are not allocated to assets, including goodwill, contained in the carrying amount of the interest. If the recoverable amount rises again in subsequent years, impairment losses are reversed in accordance with IAS 36.

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

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

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

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

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

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

C.4 Scope of consolidation

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

a) Changes to the consolidation group

In addition to CompuGroup Medical SE & Co. KGaA, the consolidated financial statements included 97 (prior year: 93) fully consolidated companies in 2023:

	Germany	Foreign countries	Total
As at January 1, 2023	26	67	93
Additions	2	3	5
Disposals / Merger	0	1	1
As at December 31, 2023	28	69	97

The deconsolidation refers to the liquidation of Portavita LLC in Russia.

The additions refer to the acquisitions of GHG Services GmbH and m.Doc GmbH made by the CGM group in Germany in financial year 2023 as well as the acquisitions abroad of m.Doc AG in Switzerland and DMP Informatique SAS and IPRO Informatique SAS in France.

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

b) Company acquisitions and disposals

The following table lists the business combinations that the CGM group carried out in financial year 2023 using the values as at the acquisition date and the effects on the consolidated financial statements:

kEUR	Total	GHG business	m.Doc group*	DMP group	Other additions
Acquisition date		Jan 1, 2023	Apr 24, 2023	Dec 31, 2023	
Shares acquired		100 % / Asset Deal	100 %	100%	
Assets acquired and liabilities assumed that were recognized as at the acquisition date					
Non-current assets	**5,910**	**3,675**	**1,335**	**900**	**0**
Standard and special software	4,497	3,468	1,029	0	0
Customer relationships	973	0	109	864	0
Property and buildings	13	0	0	13	0
Other equipment, plant and office equipment	125	3	99	23	0
Right-of-use assets	204	204	0	0	0
Other non-current financial assets	98	0	98	0	0
Current assets	**1,312**	**123**	**888**	**301**	**0**
Inventories	32	0	0	32	0
Trade receivables	109	50	0	59	0
Other current financial assets	502	1	487	14	0
Other current non-financial assets	406	1	398	7	0
Income tax receivables	22	13	0	9	0
Cash and cash equivalents	241	58	3	180	0
Non-current liabilities	**1,016**	**204**	**343**	**469**	**0**
Liabilities to banks	253	0	0	253	0
Lease liabilities	204	204	0	0	0
Deferred tax liabilities	559	0	343	216	0
Current liabilities	**13,967**	**100**	**13,649**	**218**	**0**
Contract liabilities	9	0	9	0	0
Trade payables	10,743	89	10,587	67	0
Loans from group companies	0	0	0	0	0
Liabilities to banks	917	0	917	0	0
Other provisions	1,979	4	1,916	59	0
Other non-financial liabilities	319	7	220	92	0
Net assets acquired	-7,761	3,494	-11,769	514	0
Purchase price paid in cash	34,002	22,000	10,090	1,912	0
Liabilities assumed (-receivable for purchase price reimbursement)	8,915	8,915	0	0	0
of which contingent consideration	8,915	8,915	0	0	0
Total consideration transferred	42,917	30,915	10,090	1,912	0
Currency-related effects	5	0	5	0	0
Goodwill	50,683	27,421	21,864	1,398	0
Acquired cash and cash equivalents	241	58	3	180	0
Purchase price paid in cash	34,002	22,000	10,090	1,912	0

kEUR	Total	GHG business	m.Doc group*	DMP group	Other additions
Prepayments on acquisitions	1,266	0	0	0	1,266
Payments for acquisitions from prior periods	15,287	0	0	0	15,287
Cash outflow for acquisitions (net)	**-50,314**	**-21,942**	**-10,087**	**-1,732**	**-16,553**
Effects of the acquisition on CGM's results					
Revenues included in the consolidated statement of comprehensive income since acquisition date	1,285	49	1,236	0	0
Result included in the consolidated statement of comprehensive income since acquisition date	-9,788	-3,765	-6,023	0	0
Revenues for the financial year (notional acquisition date January 1)	3,622	49	1,854	1,719	0
Result for the financial year (notional acquisition date January 1)	-6,186	2,608	-9,035	241	0

* Transaction costs of kEUR 686 were recorded in connection with the acquisition of the m.Doc group; the remaining transaction costs incurred for the other acquisitions are not material.

Acquisition of the GHG business, Germany

Effective as at January 2, 2023, CompuGroup Medical Deutschland AG, a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, acquired the GHG business, a related company of Professor Dr. Daniel Gotthardt (100 % of shares in GHG Services GmbH and the GHG business units “GHG Praxisdienst” and “GHG medical brain”, together hereinafter referred to as “GHG”) domiciled in Heidelberg, Germany.

GHG offers electronic health applications that improve the quality of life of patients and help physicians provide the best possible treatment with the aid of digital solutions.

GHG was consolidated for the first time as at January 1, 2023. The fixed component of the purchase price amounted to kEUR 22,000 and has been paid in full as at the reporting date. In addition, there are several variable purchase price components that will be calculated on the basis of pre-defined revenue figures in the following years. The value of these earn out agreements totals about kEUR 8,915 and they have a term of five years.

The current assessment reports goodwill of kEUR 27,421, which is mainly attributable to the expansion of the distribution network for the CHS segment in Germany as well as to the expertise of the employees. Recognized goodwill is not deductible for income tax purposes.

The fair value of acquired intangible assets not including goodwill amounts to kEUR 3,468 and relates to standard and specialist software. For receivables acquired as part of the acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractual cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

No contingent liabilities or contingent assets have been identified.

Acquisition of the m.Doc group, Germany and Switzerland

Effective as at April 24, 2023 CompuGroup Medical Deutschland AG, a wholly owned subsidiary of CompuGroup Medical SE & Co. KGaA, acquired 51 % of the shares in m.Doc GmbH domiciled in Cologne that holds 100 % of shares in m.Doc AG domiciled in Zug, Switzerland (hereinafter referred to as m.Doc). The remaining 49 % of shares were acquired in August.

m.Doc develops patient portals and other digital applications for hospitals, rehabilitation clinics and care facilities.

m.Doc was consolidated for the first time as at May 1, 2023. The purchase price amounted to kEUR 10,090 and has been paid in full as at the reporting date.

The current assessment reports preliminary goodwill of kEUR 21,864, which is mainly attributable to the expansion of the distribution network for the AIS segment in Germany. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 1,138 and relates to customer relationships and standard and specialist software. For receivables acquired as part of the acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractual cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 343 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

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

Acquisition of the DMP group in France

Effective on December 31, 2023, CompuGroup Medical Solutions SAS, a wholly owned subsidiary of UCF Holding S.a.r.l., acquired 100 % of the shares in DMP Informatique SAS domiciled in Artigues-près-Bordeaux, which holds 100 % of the shares in IPRO Informatique SAS domiciled in Artigues-près-Bordeaux, France (hereinafter "DMP").

DMP is a distribution and service partner of CGM and in charge of providing services in the fields of security, maintenance and connectivity.

DMP was consolidated for the first time as at December 31, 2023. The purchase price amounted to kEUR 1,912 and has been paid in full as at the reporting date.

The current assessment reports preliminary goodwill of kEUR 1,398, which is mainly attributable to the expansion of the distribution network for the AIS segment in France. Recognized goodwill is not deductible for income tax purposes.

The preliminary fair value of acquired intangible assets not including goodwill amounts to kEUR 864 and relates to customer relationships. For receivables acquired as part of the acquisition, the fair value is the carrying amount assumed as at the acquisition date based on the expected term of the receivables and the best estimate of the addition of contractual cash flows. An initial analysis of the financial information available identified no uncollectable receivables.

Deferred tax liabilities of kEUR 216 are recognized on the fair value of the acquired intangible assets not including goodwill. No contingent liabilities or contingent assets have been identified to date.

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

Other additions

The remaining additions include the following business combinations:

Business combination	Acquisition date	Shares acquired	Description of how control was achieved	Reasons for the business combination
curacom Praxistechnik	Jan 1, 2022	n/a	Purchase price payment of kEUR 60 in 2023 resulting from the asset deal in 2022	Extension of the customer platform in the AIS business segment in Germany and expansion of market reach
Medicus Laboratory Information Systems	Nov 21, 2022	n/a	Purchase price payment of kEUR 525 in 2023 resulting from the asset deal in 2022	Extension of the customer platform in the AIS business segment in the USA and expansion of market reach
Schuyler House Inc.	Dec 31, 2020	100 %	Purchase price payment of kEUR 362 in 2023 resulting from the acquisition of 100 % of the shares in 2020	Extension of the customer platform in the AIS business segment in the USA and expansion of market reach
Meta-it GmbH	Jun 1, 2021	100 %	Purchase price payment of kEUR 375 in 2023 resulting from the acquisition of 100 % of the shares in 2021	Extension of the customer platform in the HIS business segment in Germany and establishment of a strong sales and service structure
Small Business Computers of New England, Inc.	Feb 16, 2022	100 %	Purchase price payment of kEUR 1,372 in 2023 resulting from the acquisition of 100 % of the shares in 2022	Extension of the customer platform in the AIS business segment in the USA and expansion of market reach
INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH	Nov 20, 2009	100 %	Payment of kEUR 2,594 to exercise a put option for the acquisition of a further 9.9 % of the shares in 2023	Extension of the customer platform in the AIS business segment in Austria and establishment of a strong sales and service structure
INSIGHT Health group	May 10, 2022	100 %	Purchase price payment of kEUR 10,000 in 2023 resulting from the acquisition of 100 % of the shares in 2022	Extension of the customer platform in the CHS business segment in Germany and expansion of market reach

Change in purchase price allocation

Purchase price allocation for the 2022 acquisitions of 4K S.r.l. in Germany and the assets of Medicus Laboratory Information Systems in the USA was completed in 2023. This resulted in the following changes to purchase price allocation:

4K S.r.l. in kEUR	Before change of purchase price allocation	Change of purchase price allocation	After change of purchase price allocation
Non-current assets	2,731	1	2,732
Current assets	3,531	88	3,619
Non-current liabilities	709	0	709
Current liabilities	2,069	252	2,321
Net equity acquired	3,484	-163	3,321
Total consideration transferred	7,847	0	7,847
Non-controlling interests	588	0	588
Goodwill	4,951	163	5,114

Medicus Laboratory Information Systems in kEUR	Before change of purchase price allocation	Change of purchase price allocation	After change of purchase price allocation
Non-current assets	2,168	0	2,168
Net equity acquired	2,168	0	2,168
Total consideration transferred	3,784	525	4,309
Currency-related effects	158	-3	155
Goodwill	1,774	522	2,296

c) Subsidiaries included in the scope of consolidation

	Company name	Participation held by	Registered Office	Equity voting rights in %
Fully consolidated participations				
	Participations in the region Germany			
1	Aescudata GmbH (formerly: AESCU DATA Gesellschaft für Datenverarbeitung mbH)	10	Hamburg	100
2	CompuGroup Medical Deutschland AG		Koblenz	100
3	CompuGroup Medical Dentalsysteme GmbH	16	Koblenz	100
4	docmetric GmbH	5	Koblenz	100
5	ifap Service Institut für Ärzte und Apotheker GmbH		Martinsried	100
6	Intermedix Deutschland GmbH	3	Koblenz	100
7	IS Informatik Systeme Gesellschaft für Informationstechnik mbH	8	Koblenz	100
8	LAUER-FISCHER GmbH		Fürth	100
9	CGM IT Solutions und Services GmbH	2	Koblenz	100
10	CGM Clinical Deutschland GmbH		Koblenz	100
11	CGM Systemhaus GmbH	2	Koblenz	100
12	CGM Mobile Software GmbH	2	Koblenz	100
13	Meditec Marketingservices im Gesundheitswesen GmbH	2	Koblenz	100
14	KoCo Connector GmbH		Berlin	100
15	CompuGroup Medical Mobile GmbH	5	Koblenz	100
16	CGM LAB International GmbH		Koblenz	100
17	CGM LAB Deutschland GmbH	16	Koblenz	100
18	CGM Mobile Services GmbH	20	Koblenz	100
19	LAUER-FISCHER ApothekenService GmbH	9	Koblenz	100
20	CompuGroup Medical Software GmbH	2	Koblenz	100
21	La-Well Systems GmbH	20	Bünde	100
22	factis GmbH	10	Freiburg im Breisgau	100
23	CGM Clinical Europe GmbH	30	Koblenz	100
24	KMS Vertrieb und Services GmbH	10	Unterhaching	100
25	VISUS Health IT GmbH	10	Bochum	100
26	INSIGHT Health GmbH	2	Waldems-Esch	100
27	m.Doc GmbH	2	Köln	100
28	GHG Services GmbH		Heidelberg	100
	Participations in the region Western Europe			
29	Aescudata Gmbh AT (formerly: AESCU DATA Gesellschaft für Datenverarbeitung mbH AT)	1	Steyr/Austria	100
30	CompuGroup Medical CEE GmbH		Vienna/Austria	100
31	CGM Arztsysteme Österreich GmbH	30	Wiener Neudorf/Austria	100
32	HCS Health Communication Service Gesellschaft m.b.H.	30	Steyr/Austria	100
33	INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH	30	Wiener Neudorf/Austria	100
34	Intermedix Österreich GmbH	30	Wiener Neudorf/Austria	100
35	CGM Clinical Österreich GmbH	30	Steyr/Austria	100
36	VISUS IT Solutions AG	25	Zürich/ Switzerland	100

Company name		Participation held by	Registered Office	Equity voting rights in %
37	CompuGroup Medical Schweiz AG	30	Bern/Switzerland	100
38	m.Doc AG	27	Zug/ Switzerland	100
39	CompuGroup Medical Norway AS	40	Lysaker/Norway	100
40	Profdoc AS		Lysaker/Norway	100
41	CompuGroup Medical Sweden AB	40	Solna/Sweden	100
42	Lorensbergs Communication AB	43	Gothenburg/Sweden	100
43	Lorensbergs Holding AB	40	Gothenburg/Sweden	100
44	CompuGroup Medical LAB AB	41	Borlänge/Sweden	100
45	CompuGroup Medical Denmark A/S	40	Aarhus/Denmark	100
46	CompuGroup Medical Belgium BVBA	b)	Wetteren/Belgium	100
47	CompuGroup Medical Holding Cooperatief U.A.	c)	Echt/Netherlands	100
48	CompuGroup Medical Nederland B.V.	47	Echt/Netherlands	100
49	Qualizorg B.V.	47	Deventer/Netherlands	100
50	Portavita B.V.	47	Amsterdam/Netherlands	100
51	MGRID B.V.	47	Amsterdam/Netherlands	100
52	Compufit BVBA	46	Ostend / Belgium	100
53	Barista Software BVBA	46	Hasselt / Belgium	100
54	ATX Advanced Technology Explained NV	46	Wetteren/Belgium	100
55	Titanium Dental BV	46	Wetteren/Belgium	100
56	CGM LAB Belgium SA	d)	Barchon/Belgium	100
57	CompuGroup Medical UK Limited		London/United Kingdom	100
58	EPSILOG SAS	59	Castries/France	100
59	MB INVEST SAS		Castries/France	100
60	CompuGroup Medical Solutions SAS	69	Montpellier/ France	100
61	Intermedix France SAS	69	Nanterre/France	100
62	CompuGroup Medical France SAS		Nanterre/France	100
63	Imagine Editions SAS		Soulac sur mer/France	100
64	CGM LAB France SAS	16	Nanterre/France	100
65	Aatlantide SAS	62	Meylan/ France	100
66	ADD-LIB SAS	j)	Meylan/ France	100
67	DMP Informatique SAS	60	Artigues-près-Bordeaux/France	100
68	IPRO Informatique SAS	67	Artigues-près-Bordeaux/France	100
69	UCF Holding S.a.r.l.	2	Luxembourg/Luxembourg	100
70	CompuGroup Medical Italia SpA		Molfetta/Italy	100
71	CompuGroup Medical Italia Holding S.r.l.		Milan/Italy	100
72	CGM XDENT Software S.r.l.	70	Ragusa/Italy	100
73	Studiofarma S.r.l.	71	Milan/Italy	100
74	Pharmaone S.r.l.	71	Novara/Italy	100
75	Farloyalty s.r.l.	73	Milan/Italy	51
76	Medicitalia S.r.l.	70	Milan/Italy	100
77	Smoove Software S.r.l.	74	Milan/Italy	53
78	Fablab S.r.l.	70	Milan/Italy	100
79	CGM Telemedicine S.r.l (formerly: H&S Qualità nel Software S.p.A.)	71	Milan/Italy	100

	Company name	Participation held by	Registered Office	Equity voting rights in %
80	4K S.r.l.	71	Milan/Italy	80
81	4K Services Belgium S.a.r.l.	80	Bruxelles/Belgium	100
82	CGM Clinical España, S.L.	30	Madrid/Spain	100
83	Medigest Consultores S.L.		Madrid/Spain	100
	Participations in the region Eastern Europe			
84	CompuGroup Medical Polska Sp. z o.o.		Lublin/Poland	100
85	CompuGroup Medical Česká republika s.r.o.	a)	Prague/Czech Republic	100
86	Intermedix Česká republika s.r.o.	85	Prague/Czech Republic	100
87	CGM Software RO SRL	g)	Iasi/Romania	100
88	CompuGroup Medical Slovensko s.r.o.	85	Bratislava/Slovakia	100
	Participations in the region North America			
89	CompuGroup Holding USA, Inc.		Delaware/USA	100
90	CompuGroup Medical, Inc.	89	Delaware/USA	100
91	MDeverywhere Midco Inc.	89	Austin/USA	100
92	eMDs Holding Inc.	91	Austin/USA	100
93	eMDs Inc.	92	Austin/USA	100
	Participations in the region Rest of the World			
94	CompuGroup Medical South Africa (Pty) Ltd.	f)	Cape Town/South Africa	100
95	Intermedix SA (PTY) LTD *	94	Cape Town/South Africa	100
96	MDeverywhere India Pvt. Ltd	i)	Noida/India	100
97	CompuGroup Medical Bilgi Sistemleri A.Ş.	e)	Istanbul/Turkey	100
Participations that are accounted for using the equity method				
	Joint Ventures			
98	MGS Meine Gesundheit-Services-GmbH	15	Koblenz	38
99	Solvena GmbH	26	Vienna/ Austria	51
100	Mediaface GmbH		Reinbek	49
101	Secure Farma DB S.r.l.	73	Milan/Italy	60
	Associated companies			
102	AxiService Nice S.a.r.l.	69	Nice/France	28
103	Technosante Nord-Picardie SAS	69	Lille/France	20
104	R56+ Regionalmarketing GmbH & Co. KGaA	h)	Koblenz	19
105	R56+ Management GmbH		Koblenz	20
106	MedEcon Telemedizin GmbH	25	Bochum	25
107	Better@Home Service GmbH	5	Berlin	25
108	New Line Ricerche di Mercato Società Benefit S.p.A.	71	Milan/Italy	40
Participations accounted for at cost				
	Other participations			

Company name		Participation held by	Registered Office	Equity voting rights in %
109	AES Ärzteservice Schwaben GmbH	2	Neckarsulm	10
110	ic med EDV-Systemlösungen für die Medizin GmbH	2	Halle	10
111	Savoie Micro S.a.r.l.	69	Meythet/France	10
112	Technosante Toulouse S.A.S.	69	Toulouse/France	10
113	Daisy-NET S.c.a r.l.	70	Bari/Italy	1
114	Practice Perfect Medical Software (PTY) Limited	94	Hillcrest/South Africa	15
115	Conai System	73	Rome/Italy	0
116	DrugAgency a.s.	85	Praha/Czech Republic	10
117	Qurasoft GmbH	5	Koblenz	15
118	scanacs GmbH **	2	Dresden	19
119	PLSP A/S	45	Skanderborg/ Denmark	17

* Undergoing liquidation

** Undergoing insolvency proceedings

a) Participation held by CompuGroup Medical SE & Co. KGaA (78.5 %) and CompuGroup Medical Deutschland AG (21.5 %)

b) Participation held by CompuGroup Medical SE & Co. KGaA (99 %) and CompuGroup Medical Deutschland AG (1 %)

c) Participation held by CompuGroup Medical SE & Co. KGaA (99.98 %) and CompuGroup Medical Deutschland AG (0.02 %)

d) Participation held by CGM LAB International GmbH (99.9 %) and CompuGroup Medical SE & Co. KGaA (0.1 %)

e) Participation held by CompuGroup Medical SE & Co. KGaA (43.99 %), CompuGroup Medical Deutschland AG (53.16 %), Intermedix Deutschland GmbH (0 %), CGM Clinical Deutschland GmbH (0.48 %), CompuGroup Medical Software GmbH (2.37 %)

f) Participation held by CompuGroup Medical SE & Co. KGaA (91.511 %) and Profdoc AS (8.489 %)

g) Participation held by CompuGroup Medical SE & Co. KGaA (5 %) and CompuGroup Medical Software GmbH (95 %)

h) Participation held by R56+ Management GmbH (86 %) and CompuGroup Medical SE & Co. KGaA (2 %)

i) Participation held by eMDs Inc. (99.9 %) and CompuGroup Holding USA, Inc. (0.1 %)

j) Participation held by CompuGroup Medical SE & Co. KGaA (33.3 %) and CompuGroup Medical France SAS (66.7 %)

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

C.5 Debt consolidation

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

C.6 Consolidation of results

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

C.7 Foreign currency translation

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

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

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

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

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

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

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

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

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

	Closing rates		Average rates Jan 1 - Dec 31	
1 Euro corresponds to	Dec 31, 2023	Dec 31, 2022	2023	2022
Switzerland (CHF)	0.93	0.98	0.97	1.00
Czech Republic (CZK)	24.72	24.12	24.00	24.57
Denmark (DKK)	7.45	7.44	7.45	7.44
Great Britain (GBP)	0.87	0.89	0.87	0.85
Norway (NOK)	11.24	10.51	11.42	10.10
Poland (PLN)	4.34	4.68	4.54	4.69
Romania (RON)	4.98	4.95	4.95	4.93
Sweden (SEK)	11.10	11.12	11.48	10.63
Turkey (TRY)	32.65	19.96	25.76	17.41
USA (USD)	1.11	1.07	1.08	1.05
South Africa (ZAR)	20.35	18.10	19.96	17.21
India (INR)	91.90	88.17	89.30	82.69
Russia (RUB)	117.20	117.20	88.40	88.40

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

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

D.1 Intangible assets

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

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

If CGM acquires intangible assets with an indefinite useful life separately, these are recognized at cost less accumulated impairment.

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

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

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

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

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

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

b) Internally generated software

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

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

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

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

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

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

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

c) Goodwill

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

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

Goodwill is allocated to the individual cash-generating units or groups of cash-generating units for which synergies are expected to arise. The CGM group monitors the recoverability of goodwill at the level of the reportable segments. No impaired goodwill was identified in this context.

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

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

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

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

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

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

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

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

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

e) Derecognition of intangible assets

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

D.2 Property, plant and equipment

a) Land and buildings

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

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

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

Depreciation is calculated to allocate the cost of property, plant and equipment, less their estimated residual values, on a straight-line basis over the period of their estimated useful lives. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

b) Other equipment, operating and office equipment

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

Depreciation is calculated using the straight-line method with the costs or fair value being allocated to the residual carrying amount over the expected useful life of the assets. Expected useful lives, residual values and depreciation methods are reviewed at each reporting date and adjusted if necessary. All changes resulting from reassessments are taken into account prospectively. Depreciation of property, plant and equipment is based on useful lives of 3 to 21 years.

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

D.3 Investments in companies accounted for using the equity method

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

a) Associated companies

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

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

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

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

b) Joint ventures

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

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

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

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

D.4 Financial assets

a) Classification

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

Measurement of a financial asset at amortized cost

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

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

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

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

b) Recognition and measurement

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

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

c) Impairment of financial assets

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

- trade receivables;
- contract assets; and
- receivables from finance lease contracts.

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

d) Derecognition of financial assets

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

e) Offsetting financial instruments

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

D.5 Inventories

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

D.6 Trade receivables

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

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

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

D.7 Cash and bank deposits

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

D.8 Equity

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

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

D.9 Accumulated other comprehensive income

Accumulated other comprehensive income includes changes in equity not recognized in profit or loss, provided that such changes are not based on transactions with shareholders that are recognized in equity. Changes recognized in other comprehensive income include the currency translation differences, unrealized gains and losses from the fair value measurement of available-for-sale assets and effects from changes in cash flow hedges.

D.10 Provisions for post-employment benefits

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

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

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

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

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

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

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

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

D.11 Other provisions

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

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

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

a) Onerous contracts

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

b) Restructuring

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

c) Warranties

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

d) Severance payments

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

e) Provisions for anniversaries

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

D.12 Financial liabilities

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

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

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

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

A financial liability is classified as held for trading if:

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

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

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

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

b) Other financial liabilities

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

c) Derecognition of financial liabilities

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

D.13 Derivative financial instruments (in hedge accounting)

The CGM group enters into derivative financial instruments to manage its interest rate and exchange rate risks. This includes the conclusion of forward exchange transactions as well as interest rate caps and swaps. Derivatives are initially recognized at fair value at the time the contract is entered into and subsequently measured at fair value at the end of each reporting period. The resulting gains or losses are recognized immediately in profit or loss. If the derivative is a hedging instrument in a designated and effective hedging relationship (hedge accounting), the change in value is recognized in other comprehensive income.

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

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

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

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

Derivatives with a remaining term of more than one year are classified as non-current assets or liabilities; otherwise they are classified as current.

D.14 Cash flow hedges

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

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

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

Information on the fair values of derivatives used for hedging purposes is provided under D. 20 i) Fair value of derivative and primary financial instruments.

D.15 Government grants

Government grants relating to assets that are acquired or produced are deducted from the cost of the assets concerned, which reduces the planned depreciation of these assets accordingly.

Government grants related to income that do not relate to the acquisition or production of assets are recognized in profit or loss in the period in which the corresponding claim arises and are reported as other income.

D.16 Leases

a) The CGM group as lessee

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

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

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

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

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

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

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

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

b) The CGM group as lessor

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

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

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

D.17 Income taxes and deferred taxes

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

In accordance with the provisions of IAS 12, the CGM group recognizes all temporary differences between the tax accounts and the consolidated financial statements as deferred taxes. Deferred taxes on loss carryforwards are recognized up to the amount of the deferred tax liabilities, taking into account minimum taxation.

Deferred tax assets and liabilities are also recognized on temporary differences arising from business acquisitions. An exception to this is temporary differences on goodwill, for which no deferred taxes are recognized.

If goodwill is taken into account for tax purposes, deferred taxes that are only realized upon disposal are recognized in the subsequent measurement.

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

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

D.18 Sales revenues from contracts with customers

Revenues are recognized in accordance with IFRS 15.

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

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

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

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

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

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

than the price stated in the contract if the consideration is variable because the company may offer the customer a price concession.

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

The contracts are negotiated as a package with a single commercial objective:

(f) the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
(g) the goods or services promised in the contracts are a single performance obligation in accordance with IFRS 15.22-30.

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

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

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

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

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

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

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

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

Type of sales revenues	Description and revenue recognition
Software licenses	This includes revenues from the sale of software licenses, which are usually remunerated with a single payment. The license entitles the customer to permanent use of the software. The license fee is contractually fixed and does not trigger any future license payments or usage-based billing. Only extensions of the software modules used trigger further license payments. Revenues from the sale of software licenses are deferred over the minimum contractual term of the maintenance agreement if software license and software maintenance are together one performance obligation. This affects practically all license sales in the classic AIS and PCS segment. CGM applies the portfolio approach in accordance with IFRS 15.4 for this purpose. Revenues from license sales in the HIS segment are typically recognized during the customer's implementation phase. Revenues from rental and lease transactions that cannot be regarded as sales are recognized on a straight-line basis over the lease period.
Software maintenance and other recurring revenues	This includes revenues from contracts that give customers access to new releases of software products after the latter have already been supplied. These updates serve to rectify bugs, improve performance and other features and also adapt the software to changes in the legal framework. The contractual relationship for software maintenance also usually includes hotline support (either via telephone or online). The minimum contract terms for software maintenance vary depending on the product line (from cancellation possible at any time to cancellation possible for the first time after five years), taking into account the individual cancellation periods. If cancellations are not made in due time as agreed in the contract, the software maintenance contract usually extends by a further twelve months. Revenues from recurring, transaction-specific services and other long-term services, including, for example, multi-year software licensing (SaaS and period-related transfer of use), application service provider services, hosting fees, Internet service provider fees, eServices fees, EDI and remuneration payments, receivables management payments, outsourcing agreements, hardware maintenance and repair agreements, etc. are generally based on a long-term contractual relationship. Revenues from software maintenance and other recurring revenues and from support services are recognized on a pro-rata basis over the period when the services are rendered.
Professional services	Revenues from services that are remunerated on an hourly basis or at contractually agreed fixed prices are included in the revenue type professional services. The activities performed on behalf of the customer include for example, project management, analyses, training, system configuration and customer-related programming. The revenues for services that are remunerated on an hourly basis are recognized at the point in time when the service is rendered. Revenues are generally recognized over time, whereby the CGM group makes use of the practical expedient to recognize them in the amount that the CGM group has a right to invoice. Revenues from service components within the framework of contracts for work and services and other service contracts are recognized over time using the percentage-of-completion method. The percentage of completion is typically determined by dividing the contract costs incurred for work performed to that date by the estimated total contract costs (cost-to-cost method). For complex contracts where it is not possible to reliably estimate the total contract costs and thus the percentage of completion cannot be determined, revenues are recognized only to the extent of the contract costs incurred. Even though it is impossible to estimate the percentage of completion, the CGM group nevertheless expects a positive

Type of sales revenues	Description and revenue recognition
	margin. A pro rata profit is therefore only recognized when the project has been fully completed (zero profit method).
Hardware	Revenues from the sale of hardware and infrastructure components, such as PCs, servers, monitors, printers, switches, racks, network components, etc. These revenues are recognized immediately upon delivery of the hardware components. Revenues from rental and lease transactions that cannot be regarded as sales are recognized on a straight-line basis over the lease period.
Advertising, eDetailing and data	This includes revenues from paid advertising and communication services via software or other media. Furthermore, revenues from software services and the associated services that support the sales process of pharmaceutical companies are reported under this revenue type. Revenues from the collection, structuring, and provision of data (e.g., blacklists) for healthcare providers (e.g., health insurers, pharmaceutical companies, etc.) are also allocated to this revenue type. Revenues from advertising, eDetailing and data that take the form of a continuing obligation are recognized on a pro rata basis over time as long as the service is rendered. For services to be rendered on a daily basis, which are remunerated on an hourly basis, revenue is recognized at the point in time when the service is rendered.
Software Assisted Medicine (SAM)	This includes revenues from healthcare management and associated services. In addition, revenues generated from the use of special software modules (i.e., software supporting medical decision-making) within medical practices, hospitals, physician-hospital networks, health insurance companies, patient networks, etc. are allocated to this type of revenue. For services in health management to be rendered on a daily basis, which are remunerated on an hourly basis, revenue is recognized at the point in time when the service is completed. Revenues are generally recognized over time, whereby the CGM group makes use of the practical expedient to recognize them in the amount that the CGM group has a right to invoice. Revenues from sales of SAM software licenses are recognized in part immediately upon delivery, provided that the delivered software only grants the customer a right to access. If revenues from the sale of SAM software licenses fall under the "right to use" approach, the revenues from software licenses, revenues from software maintenance and other recurring revenues in the SAM area as well as support services, are recognized on a pro-rata basis over the minimum contractual term for the provision of the service.
Other revenues	This comprises all revenues that cannot be attributed to any of the aforementioned categories. Revenue recognition is carried out on a case-by-case basis in compliance with the relevant IFRS requirements.

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

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

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

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

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

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

D.19 Interest and dividend income

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

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

D.20 Earnings per share and share-based payment transactions

a) Earnings per share

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

b) Share-based payment transactions

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

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

D.21 Estimates and management judgments

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

a) Purchase price allocation and business acquisitions

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

b) Estimated impairment of goodwill

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

c) Recoverability of assets

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

d) Useful lives of property, plant and equipment

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

e) Assessment of the probability of other provisions

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

f) Provisions for post-employment benefits

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

g) Revenue recognition for project orders

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

h) Income taxes

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

i) Fair value of derivative and primary financial instruments

The fair value measurement of derivative and primary financial instruments takes into account expected future developments, such as interest rate and credit risks, and well as the underlying assumptions. Further information on the assumptions and estimates underlying these consolidated financial statements are provided in the notes on the individual items of the financial statements. Judgments must be made when applying accounting principles and measurement methods. These decisions are continually reassessed and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

Fair values of derivative financial instruments are determined on the basis of information available at the reporting date using recognized valuation techniques (discounted cash flow method and option valuation method).

j) Contingent liabilities and contingent assets

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

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

E.1 Intangible assets

a) Development of intangible assets

Development of intangible assets as at December 31, 2023:

	Purchase and manufacturing costs							
kEUR	Jan 1, 2023	Additions due to changes in scope of consolidation	Other additions	Investment Grants	Reclassi-fications	Disposals	Exchange rate differences	Dec 31, 2023
Intangible assets	1,735,070	57,064	48,879	- 1,746	0	- 20,279	- 15,495	1,803,493
Goodwill	657,763	51,368	0	0	0	- 3,084	- 6,415	699,632
Acquired software rights	290,735	4,723	3,909	0	203	- 1,565	- 2,533	295,472
Customer relationships	483,410	973	28	0	0	0	- 5,833	478,578
Trademark rights	42,783	0	5	0	0	0	- 528	42,260
Order backlog	20,280	0	0	0	0	0	- 33	20,247
Capitalized inhouse services	237,026	0	42,811	- 1,746	0	- 15,592	- 115	262,384
Prepayments on software	3,073	0	2,126	0	- 203	- 38	- 38	4,920

	Depreciation and amortization							Net book value	
kEUR	Jan 1, 2023	Additions due to changes in scope of consolidation	Additions	Disposals	Transfers	Exchange rate differences	Dec 31, 2023	Dec 31, 2023	Jan 1, 2023
Intangible assets	441,160	226	75,963	- 20,157	0	- 3,556	493,636	1,309,857	1,293,910
Goodwill	18,601	0	0	- 3,084	0	14	15,531	684,101	639,162
Acquired software rights	179,036	226	18,254	- 1,481	0	- 1,159	194,876	100,596	111,699
Customer relationships	158,028	0	27,823	0	0	- 2,433	183,418	295,160	325,382
Trademark rights	25,489	0	2,529	0	0	- 254	27,764	14,496	17,294
Order backlog	18,707	0	855	0	0	- 28	19,534	713	1,573
Capitalized inhouse services	41,299	0	26,502	- 15,592	0	304	52,513	209,871	195,727
Prepayments on software	0	0	0	0	0	0	0	4,920	3,073

The disposals include kEUR 82 from reclassification to “assets held for sale”.

Assets in progress were tested for impairment leading to impairment losses of kEUR 11,453 in financial year 2023. For further information on impairment, please refer to section E.31 Depreciation and amortization. Impaired assets were also recognized as disposals. Please refer to section E.26 b) Capitalized in-house services for further information on additions to the internally generated software item.

Development of intangible assets as at December 31, 2022:

	Purchase and manufacturing costs							
kEUR	Jan 1, 2022*	Additions due to changes in scope of consolidation	Other additions	Investment Grants	Reclassi-fications	Disposals	Exchange rate differences	Dec 31, 2022
Intangible assets	1,592,517	84,471	50,560	0	0	- 7,231	14,753	1,735,070
Goodwill	606,957	45,108	0	0	0	0	5,698	657,763
Acquired software rights	274,250	14,198	3,118	0	478	- 3,840	2,531	290,735
Customer relationships	457,402	23,156	477	0	0	- 2,657	5,032	483,410
Trademark rights	41,767	405	0	0	0	- 95	706	42,783
Order backlog	18,620	1,604	0	0	0	0	56	20,280
Capitalized inhouse services	190,284	0	46,339	0	0	- 342	745	237,026
Prepayments on software	3,237	0	626	0	- 478	- 297	- 15	3,073

* On the basis of new knowledge gained, the opening statement of financial position as at 01.01.2022 was adjusted retrospectively.

	Depreciation and amortization						Net book value	
kEUR	Jan 1, 2022*	Additions	Disposals	Transfers	Exchange rate differences	Dec 31, 2022	Dec 31, 2022	Jan 1, 2022
Intangible assets	378,170	69,551	- 7,177	0	616	441,160	1,293,910	1,214,347
Goodwill	18,551	0	0	0	50	18,601	639,162	588,407
Acquired software rights	161,991	20,757	- 3,833	0	121	179,036	111,699	107,535
Customer relationships	129,820	30,272	- 2,657	0	593	158,028	325,382	332,241
Trademark rights	22,850	2,603	- 96	0	132	25,489	17,294	18,981
Order backlog	15,409	3,283	0	0	15	18,707	1,573	3,211
Capitalized inhouse services	29,300	12,636	- 342	0	- 295	41,299	195,727	160,984
Prepayments on software	249	0	- 249	0	0	0	3,073	2,988

* On the basis of new knowledge gained, the opening statement of financial position as at 01.01.2022 was adjusted retrospectively.

The most significant changes in intangible assets relate to acquisitions (note C.4) and internally generated software (note E.1 e). All amortization and impairments of intangible assets are recognized in profit or loss.

b) Goodwill

Goodwill is attributable to the individual segments as follows:

kEUR	Jan 1, 2023*	Changes in the scope of consolidation	Other additions	Disposals	Impairment	Reclassification	Exchange rate differences	Dec 31, 2023
Ambulatory Information Systems	355,041	23,784	0	0	0	0	-6,496	372,329
Hospital Information Systems	186,213	0	0	0	0	0	66	186,279
Consumer and Health Management Information Systems	46,711	27,421	0	0	0	0	0	74,132
Pharmacy Information Systems	51,198	163	0	0	0	0	0	51,361
Total	639,163	51,368	0	0	0	0	-6,430	684,101

* On the basis of new knowledge gained, the opening statement of financial positions as at 01.01.2023 was adjusted retrospectively.

The additions due to changes in the consolidation group relate to both, business combinations by transferring shares in equity (share deals) and business combinations through transfer of net assets (asset deals).

c) Goodwill impairment test

Goodwill is allocated to the individual cash-generating units or groups of cash-generating units for which synergies are expected to arise. Since the completion of the transformation of legal form in June 2020, the CGM group has monitored the recoverability of goodwill at the level of the reportable segments.

The discounted future cash flows of the segments, discounted by using the DCF method, are determined on the basis of the approved planning for 2024 for the net assets, financial position and results of operations and are then verified by using historical values. The results are then extrapolated for three additional years using bottom-up, multi-year planning that reflects the future development of the segments under current conditions. Following this four-year period, perpetuities are used for the remaining planning period, thereby applying a highly conservative group-wide assumed growth rate of 1 %. To determine the present value of future cash flows, a discount rate based on the weighted average cost of capital (WACC) is applied. The following table provides information on key assumptions used to compile corporate planning:

Notes on business planning assumptions

Description of key assumptions of corporate planning	Approach used to determine key assumptions of corporate planning
– Expected development of sales revenues (new customers, cross- selling opportunities, winning project tenders).	Group's own estimates referring to past experiences and expected market trends, market potential analysis. External market studies are also used, if available.
– Expected enforceable price increases for existing customers in relation to software maintenance and other recurring revenues.	
– Application of current and historical organic growth rates for business units or business areas.	
– Consideration of regulatory changes affecting the development of business units.	
– Development of purchased services based on current circumstances (e.g., contractual basis, strategic business model) and the anticipated development of sales activities (expected revenue situation).	
– Expected development of personnel expenses and other operating expenses, based on demand analyses, contractual framework (e.g., collective bargaining agreements) and statistical procedures (e.g., inflation).	

Goodwill is tested for impairment on the basis of euro cash flows. For this purpose, the company planning of the individual group entities that is prepared in local currency is translated into euro and then allocated to the segment to be tested. The estimated future cash flows are derived from the planning approved by the responsible bodies. The assumptions underlying the main planning parameters take into account not only past experience but also aspects arising from the operating business.

The growth assumptions for 2024 and the continuation period 2025 to 2027 for calculating the value in use of the individual segments as at November 30, 2023 are as follows. The EBITDA margin for 2024 and for the continuation period resulting from the application of the planning assumptions is also listed in the table to increase transparency of the assumptions made. The EBITDA margin stated for 2025 to 2027 is calculated as an average value.

	Growth rate		EBITDA margin	
	2024	Average 2025 - 2027	2024	Average 2025 - 2027
Ambulatory Information Systems (AIS)	8.8 %	4.2 %	20.3 %	22.8 %
Hospital Information Systems (HIS)	11.7 %	5.5 %	11.6 %	14.2 %
Consumer and Health Management Information Systems (CHS)	0.0 %	7.8 %	27.2 %	35.6 %
Pharmacy Information Systems (PCS)	6.2 %	4.0 %	21.3 %	24.9 %

The discount rates (WACC) used to calculate the value in use as at November 30, 2023 are as follows for WACC before tax and WACC after tax:

	WACC (before taxes) 2023	WACC (after taxes) 2023	WACC (before taxes) 2022	WACC (after taxes) 2022
Ambulatory Information Systems (AIS)	12.3 %	8.8 %	11.4 %	8.1 %
Hospital Information Systems (HIS)	11.9 %	8.8 %	11.1 %	8.1 %
Consumer and Health Management Information Systems (CHS)	12.2 %	8.6 %	11.5 %	7.9 %
Pharmacy Information Systems (PCS)	13.8 %	9.8 %	12.5 %	8.8 %

In financial year 2023, there was no impairment requirement for any of the segments tested on the basis of value in use. The surplus in the HIS segment amounts to mEUR 78.1.

Similarly, there is no need to recognize an impairment loss if the growth rate in the perpetual value were 0.5 percentage points lower. The group-wide surplus would be reduced by mEUR 173.9 if the growth rate in the perpetual value were 0.5 percentage points lower.

An increase in WACC of 1 percentage point would not give rise to an impairment loss. An increase in WACC of 1 percentage point would give rise to a reduction in the group-wide surplus by mEUR 414.7.

An increase in WACC of 2 percentage points the group-wide surplus excluding the HIS segment would decrease by mEUR 613.0.

In the HIS segment, if the WACC is 1.08 percentage points higher, the value in use corresponds to the carrying amount. If the EBITDA margin is reduced by 1.8 percentage points, the value in use is also equal to the carrying amount. If the EBITDA margin is reduced by 1.41 percentage points, the value in use is equal to the carrying amount.

d) Acquired software, customer relationships, trademark rights and order backlog

Acquired software, customer relationships and trademark rights represent, in addition to goodwill, the main groups of intangible assets of CompuGroup Medical SE & Co. KGaA. The following table provides an overview of these intangible assets and their useful lives:

kEUR	Dec 31, 2023	Dec 31, 2022	Amortization until latest
Purchased standard and special software			
From acquisitions	93,480	102,808	
Cerner Corporation	23,538	27,159	Jun 30, 2030
INSIGHT Health Group	10,705	11,990	Apr 30, 2032
eMDs Group	34,746	39,430	Dec 31, 2035
VISUS Group	6,190	6,592	May 31, 2039
Other	18,301	17,637	
Other purchased standard and special software	7,116	8,891	
Total Standard and special software	100,596	111,699	

The classification of the acquired standard and specialist software was adapted to the internal reporting structure.

kEUR	Dec 31, 2023	Dec 31, 2022	Amortization until latest
Customer contracts			
GIS-Group	9,044	9,949	Dec 31, 2033
Epsilog	19,847	21,651	Dec 31, 2034
eMDs Group	60,323	67,913	Dec 31, 2035
Lauer-Fischer	8,019	8,606	Jun 30, 2036
INSIGHT Health Group	14,037	15,090	Apr 30, 2037
CGM Sweden	8,711	9,091	Jun 30, 2038
VISUS Group	15,051	16,027	May 31, 2039
KMS	11,097	11,809	Jul 31, 2039
Cerner Corporation	64,316	68,214	Jun 30, 2040
CGM US (formerly Visionary Group)	11,861	13,653	Aug 31, 2040
Other	72,854	83,379	
Total Customer contracts	295,160	325,382	

kEUR	Dec 31, 2023	Dec 31, 2022	Amortization until latest
Brands			
Cerner Corporation	1,796	2,073	Jun 30, 2030
VISUS Group	1,487	1,687	May 31, 2031
KMS	1,446	1,636	Jul 31, 2031
CGM LAB International	1,217	1,339	Dec 31, 2033
eMDs Group	6,941	8,385	Dec 31, 2035
Other	1,609	2,174	
Total Brands	14,496	17,294	

kEUR	Dec 31, 2023	Dec 31, 2022	Amortization until latest
Order backlog			
eMDs Group	0	320	Dec 31, 2023
INSIGHT Health Group	713	1,247	Apr 30, 2025
Other	0	6	
Total Order backlog	713	1,573	

e) Internally generated software

In financial year 2023, in-house services (software development) of kEUR 40,139 were capitalized in accordance with IAS 38 (prior year: kEUR 44,819). These were measured at directly attributable production costs. In accordance with the provisions of IAS 23, borrowing costs attributable to in-house services (software development) of kEUR 2,672 (prior year: kEUR 1,519) were capitalized in financial year 2023. Impairments and amortization of capitalized in-house services amounted to kEUR 26,502 in the reporting year (prior year: kEUR 12,636).

f) Cumulative impairment loss on goodwill

Intangible assets include accumulated impairment of goodwill from financial years 2008 to 2023, which, based on the exchange rates as at the December 31, 2023 reporting date, amount to mEUR 15.5.

There is no impairment required for financial years 2022 and 2023.

g) Intangible assets from business acquisitions

The following additions to acquired software, customer relationships, order backlog and trademark rights resulted from business combinations in the 2023 reporting period:

kEUR	Total	GHG business	m.Doc group	DMP group	Other acquisitions
Software	4,497	3,468	1,029	0	0
Customer relationships	973	0	109	864	0
Total	5,470	3,468	1,138	864	0

E.2 Property, plant and equipment

Overview of the development of property, plant and equipment as at December 31, 2023:

	Purchase and manufacturing costs						
kEUR	Jan 1, 2023	Additions due to changes in scope of consolidation	Other additions	Reclassi-fications	Disposals	Exchange rate differences	Dec 31, 2023
Property, plant and equipment	201,285	349	18,973	0	-5,606	-183	214,818
Land and buildings	92,843	13	1,144	0	-947	60	93,113
Other fixed assets and office equipment	98,879	336	15,096	96	-4,659	-243	109,505
Assets under construction	9,563	0	2,733	-96	0	0	12,200

	Depreciation and amortization							Net book value	
kEUR	Jan 1, 2023	Additions due to changes in scope of consolidation	Additions	Disposals	Transfers	Exchange rate differences	Dec 31, 2023	Dec 31, 2023	Jan 1, 2023
Property, plant and equipment	93,807	209	15,940	- 3,404	0	- 139	106,413	108,405	107,478
Land and buildings	26,697	0	2,645	- 215	0	15	29,142	63,971	66,146
Other fixed assets and office equipment	67,110	209	13,295	- 3,189	0	- 154	77,271	32,234	31,769
Assets under construction	0	0	0	0	0	0	0	12,200	9,563

The disposals include kEUR 65 from reclassification to "assets held for sale".

Overview of the development of property, plant and equipment as at December 31, 2022:

	Purchase and manufacturing costs						
kEUR	Jan 1, 2022*	Additions due to changes in scope of consolidation	Other additions	Reclassi-fications	Disposals	Exchange rate differences	Dec 31, 2022
Property, plant and equipment	185,150	447	24,297	0	-8,481	-128	201,285
Land and buildings	85,425	6	5,015	3,627	-1,273	43	92,843
Other fixed assets and office equipment	90,642	441	15,316	-197	-7,152	-171	98,879
Assets under construction	9,083	0	3,966	-3,430	-56	0	9,563

* On the basis of new knowledge gained, the opening statement of financial position as at 01.01.2022 was adjusted retrospectively.

	Depreciation and amortization						Net book value	
kEUR	Jan 1, 2022*	Additions	Disposals	Transfers	Exchange rate differences	Dec 31, 2022	Dec 31, 2022	Jan 1, 2022
Property, plant and equipment	85,080	17,046	- 8,119	0	- 200	93,807	107,478	100,070
Land and buildings	24,716	3,006	- 1,270	236	9	26,697	66,146	60,709
Other fixed assets and office equipment	60,308	14,040	- 6,793	- 236	- 209	67,110	31,769	30,334
Assets under construction	56	0	- 56	0	0	0	9,563	9,027

* On the basis of new knowledge gained, the opening statement of financial position as at 01.01.2022 was adjusted retrospectively.

The main changes in property, plant and equipment arise from investments in operating and office equipment (especially IT hardware) amounting to mEUR 11.8 and acquisitions (note C.4).

E.3 Right-of-use assets

The group mainly rents office space and the respective car parking spaces. The remaining terms of these leases are between one and ten years. All long-term leases concern sites that are to be retained in the longer term. As any asset retirement obligations under these leases are linked to early termination, it is currently not expected that the group will be required to honor them. Some of the property leases provide for rent increases that are linked to (price) indices. These were measured at the index level valid at the commencement date.

Leases have also been agreed for vehicles. They typically have a term of two to four years.

Leases for hardware, operating and office equipment are of minor importance. These leases typically have a term of three to five years; the underlying values in use accounted for less than 1 % of the total value of the right-of-use assets on December 31, 2023.

Overview of the development of right-of-use assets as at December 31, 2023:

	Purchase and manufacturing costs						
kEUR	Jan 1, 2023	Additions due to changes in scope of consolidation	Other additions	Reclassi-fications	Disposals	Exchange rate differences	Dec 31, 2023
Right of use assets	111,747	204	54,250	0	- 43,471	- 443	122,287
Property and buildings - IFRS 16	84,884	204	40,924	0	- 32,776	- 487	92,749
Vehicles - IFRS 16	26,205	0	12,298	0	- 10,227	34	28,310
Other - IFRS 16	658	0	1,028	0	- 468	10	1,228

	Depreciation and amortization							Net book value	
kEUR	Jan 1, 2023	Additions due to changes in scope of consolidation	Additions	Disposals	Transfers	Exchange rate differences	Dec 31, 2023	Dec 31, 2023	Jan 1, 2023
Right of use assets	58,336	0	23,896	- 17,035	0	- 204	64,993	57,294	53,411
Property and buildings - IFRS 16	44,759	0	15,407	- 8,143	0	- 195	51,828	40,921	40,125
Vehicles - IFRS 16	13,218	0	8,270	- 8,676	0	- 9	12,803	15,507	12,987
Other - IFRS 16	359	0	219	- 216	0	0	362	866	299

Overview of the development of right-of-use assets as at December 31, 2022:

	Purchase and manufacturing costs						
kEUR	Jan 1, 2022	Additions due to changes in scope of consolidation	Other additions	Reclassi-fications	Disposals	Exchange rate differences	Dec 31, 2022
Right of use assets	96,694	756	20,433	0	- 6,212	76	111,747
Property and buildings - IFRS 16	77,739	353	8,785	- 721	- 1,388	116	84,884
Vehicles - IFRS 16	18,617	403	11,255	721	- 4,757	- 34	26,205
Other - IFRS 16	338	0	393	0	- 67	- 6	658

	Depreciation and amortization						Net book value	
kEUR	Jan 1, 2022	Additions	Disposals	Transfers	Exchange rate differences	Dec 31, 2022	Dec 31, 2022	Jan 1, 2022
Right of use assets	38,764	25,724	- 6,136	0	- 16	58,336	53,411	57,930
Property and buildings - IFRS 16	28,403	17,708	- 1,356	0	4	44,759	40,125	49,336
Vehicles - IFRS 16	10,155	7,792	- 4,713	0	- 16	13,218	12,987	8,462
Other - IFRS 16	206	224	- 67	0	- 4	359	299	132

E.4 Financial investments

a) Investments in associated companies and joint ventures accounted for using the equity method

kEUR	Dec 31, 2023	Dec 31, 2022
Joint ventures:		
MGS Meine Gesundheit-Services-GmbH	0	0
Mediaface GmbH	50	50
Secure Farma DB S.r.l.	619	637
Solvena GmbH	270	486
Associated companies:		
AxiService Nice S.a.r.l.	0	0
Technosante Nord-Picardie SAS	8	8
R56+ Regionalmarketing GmbH & Co. KGaA	10	10
R56+ Management GmbH	0	0
MedEcon Telemedizin GmbH	13	13
Better@Home Service GmbH	1,559	1,712
New Line Ricerche di Mercato Società Benefit S.p.A.	12,720	4,384
Total	15,249	7,300

MGS Meine-Gesundheit-Services GmbH

MGS Meine-Gesundheit-Services GmbH (MGS) is a joint venture in which the group exercises joint control and holds a 37.5 % stake. MGS is the provider of MEINE GESUNDHEIT, the account for individual health management for people with private health insurance in Germany. With the foundation of this service in 2015, CGM and its joint venture partner laid the foundations for interconnecting all players in the healthcare sector.

The following table summarizes financial data on MGS Meine-Gesundheit-Services GmbH:

kEUR	2023	2022
Revenues	10,170	20,596
Depreciation and amortization	-4,107	-4,469
Interest expense	-338	-780
Other expenses	-11,194	-14,529
Total result	-5,469	818

kEUR	Dec 31, 2023	Dec 31, 2022
Current assets	3,148	9,585
thereof cash and cash equivalents	2,663	6,943
Non-current assets	9,475	12,022
Current liabilities	1,958	5,473
Non-current liabilities	14,000	14,000
Net assets (100%)	-3,335	2,134
Group's share of net assets (37,5%)	-1,251	801
Elimination of unrealized gains on downstream sales	-437	-399
Impairments	0	-402
Carrying amount of the interest in joint venture at the end of the period	0	0

New Line Ricerche di Mercato Società Benefit S.p.A.

New Line Ricerche di Mercato Società Benefit S.p.A. (New Line) is an associated company in which the group holds a 40 % stake. With the investment in the Italian New Line, CGM has laid the foundation for gaining a foothold in international markets with innovative data solutions.

The following table provides summarized financial information for New Line Riceche di Mercato Società Benefit S.p.A.:

kEUR	2022*
Revenues	8,972
Depreciation and amortization	-141
Interest expense	-6
Other expenses	-5,600
Tax income/Tax expense (-)	-605
Total result	2,620

kEUR	Dec 31, 2022*
Current assets	10,969
thereof cash and cash equivalents	888
Non-current assets	213
Current liabilities	1,213
Non-current liabilities	963
Net assets	9,006
Group’s share of the joint venture at the beginning of the period	3,602
Goodwill	9,118
Carrying amount of the interest in associated company at the end of the period	12,720

** Current information was unavailable on the reporting date.*

Further disclosures as per IFRS 12 on other investments in associated companies and joint ventures accounted for using the equity method are not made as these companies are of minor significance.

b) Other equity investments

These equity investments are measured at fair value. This refers to the following investments:

kEUR	Dec 31, 2023	Dec 31, 2022
scanacs GmbH	0	2,500
Qurasoft GmbH	530	530
Other	85	128
Total	615	3,158

scanacs GmbH insolvency

In November 2023 scanacs GmbH filed for insolvency proceedings. The impairment of the investment is reported under the item "Net impairment losses on financial and contract assets" in the income statement.

E.5 Income tax receivables, income tax liabilities and deferred taxes

a) Income tax receivables and liabilities

kEUR	Dec 31, 2023	Dec 31, 2022
Income tax receivables	37,752	48,560
Benefit of tax losses to be carried back to recover taxes paid in prior periods	0	3,525
Income tax receivables	37,752	45,035
Income tax liabilities	48,899	32,316
Income tax liability	48,818	26,085
Other	81	6,231
Total	11,147	- 16,244

Income tax receivables (kEUR 37,752; prior year: kEUR 48,560) comprise the group companies' current income tax receivables. Income tax liabilities (kEUR 48,899; prior year: kEUR 32,316) essentially relate to current tax expenses less prepayments made (kEUR 48,818; prior year: kEUR 26,085).

b) Deferred tax receivables and liabilities

Deferred tax rates abroad ranged between 16 % and 28 % in financial year 2023 (prior year:16 % - 28 %).

Deferred taxes are calculated using the relevant tax regulations that are effective or enacted as at the end of the reporting period. Deferred tax receivables and liabilities are netted if there is a legally enforceable right to net these items and if the deferred tax receivables and liabilities relate to the same taxation authority.

The deferred tax assets and liabilities by consolidated statement of financial position item as at December 31, 2023 are shown in the table below:

	Jan 1, 2023		Recognized in profit or loss		Recognized in OCI		Acquisitions/Disposals		Dec 31, 2023	
kEUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	2,211	110,458	- 1,158	17,416	0	0	0	0	1,053	127,874
Property, plant and equipment	1,964	446	991	744	0	0	0	0	2,955	1,190
Right-of-use assets	0	14,554	0	1,097	0	0	0	0	0	15,651
Inventories	8,842	52	- 1,607	- 31	0	0	0	0	7,235	21
Trade receivables	4,466	217	- 2,629	- 56	0	0	0	0	1,837	161
Finance lease receivables	0	5,764	0	329	0	0	0	0	0	6,093
Contract assets	0	4,693	32	2,267	0	0	0	0	32	6,960
Other assets	8	10,265	- 1,321	- 2,824	1,409	0	0	0	96	7,441
Equity	1,120	0	8	0	0	0	0	0	1,128	0
Provisions for post-employment benefits and other non-current provisions	2,964	3	- 323	45	458	0	0	0	3,099	48
Trade payables	130	8,848	923	7,058	0	0	0	0	1,053	15,906
Contract liabilities	12,659	512	- 5,686	- 468	0	0	0	0	6,973	44
Other provisions and liabilities	1,441	3,977	4,455	- 3,706	0	0	0	0	5,896	271
Leasing liabilities	5,949	5	9,495	- 5	0	0	0	0	15,444	0
Tax losses carried forward	12,349	0	32,135	0	0	0	0	0	44,484	0
	54,103	159,794	35,315	21,866	1,867	0	0	0	91,285	181,660
Offsetting of deferred tax assets against deferred tax liabilities	- 51,584	- 51,584	0	0	0	0	- 37,069	- 37,069	- 88,653	- 88,653
Total	2,519	108,210	35,315	21,866	1,867	0	- 37,069	- 37,069	2,632	93,007

The netting of deferred tax assets with deferred tax liabilities in the current reporting year amounts to kEUR 37,069 in the acquisitions/ disposals column.

The deferred tax assets and liabilities by consolidated statement of financial position item for the comparative prior-year period as at December 31, 2022 are shown in the table below:

	Jan 1, 2022		Recognized in profit or loss		Recognized in OCI		Acquisitions/Disposals		Dec 31, 2022	
kEUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	815	127,727	1,386	- 20,986	0	0	10	3,717*	2,211	110,458
Property, plant and equipment	1,436	743	528	- 297	0	0	0	0	1,964	446
Right-of-use assets	76	15,588	- 76	- 1,034	0	0	0	0	0	14,554
Inventories	5,043	0	3,799	52	0	0	0	0	8,842	52
Trade receivables	3,616	1,064	850	- 847	0	0	0	0	4,466	217
Finance lease receivables	0	5,528	0	236	0	0	0	0	0	5,764
Contract assets	0	5,728	0	- 1,035	0	0	0	0	0	4,693
Other assets	822	2,916	- 820	3,152	6	4,197	0	0	8	10,265
Equity	1,120	0	0	0	0	0	0	0	1,120	0
Provisions for post-employment benefits and other non-current provisions	4,233	25	- 1,269	- 2,061	0	2,039	0	0	2,964	3
Trade payables	702	7,216	- 572	1,632	0	0	0	0	130	8,848
Contract liabilities	6,836	0	5,823	512	0	0	0	0	12,659	512
Other provisions and liabilities	3,020	2,115	- 1,579	1,862	0	0	0	0	1,441	3,977
Leasing liabilities	14,718	73	- 8,769	- 68	0	0	0	0	5,949	5
Tax losses carried forward	30,885	0	- 18,536	0	0	0	0	0	12,349	0
	73,322	168,723	- 19,235	- 18,882	6	6,236	10	3,717	54,103	159,794
Offsetting of deferred tax assets against deferred tax liabilities	- 68,398	- 68,398	0	0	0	0	16,814	16,814	- 51,584	- 51,584
Total	4,924	100,325	- 19,235	- 18,882	6	6,236	16,824	20,531	2,519	108,210

* This includes reclassifications from income tax liabilities of kEUR 3,094.

c) Tax loss carryforwards

kEUR	Dec 31, 2023	Dec 31, 2022
Total losses carried forward	437,951	284,842
thereof tax deductible	229,437	46,252
thereof unused tax losses carried forward	115,899	149,844
thereof not usable for tax purposes	92,615	88,746

The recognized loss carryforwards of kEUR 229,437 (prior year: kEUR 46,252) can currently be carried forward and used without limitation and refer to the USA (kEUR 96,497) and Germany (kEUR 129,576). kEUR 78,333 of the loss is attributable to Germany and relates to corporation tax and kEUR 51,243 to trade tax. As it is currently not expected within the scope of the tax result planning that the tax loss carryforwards are likely to be utilized, deferred tax assets were only recognized up to the amount of the deferred tax liabilities.

As at the reporting date, tax loss carryforwards exist, which are not recognized due to unforeseeable usability. The current estimate may change in future years depending on the results of operations of the companies and tax legislation and may require an adjustment. No deferred tax assets were recognized on these tax loss carryforwards of kEUR 115,899 (prior year: kEUR 149,844) due to the economic development, nor were they offset against deferred tax liabilities.

Because of their age structure, loss carryforwards of kEUR 92,615 (prior year: kEUR 88,746) can no longer be utilized for tax purposes. The majority of the loss carryforwards not recognized and non-deductible (for tax purposes) originate from US subsidiaries.

For the calculation of loss carryforwards that are non-deductible (for tax purposes), we regularly use the information on the historical view of tax loss carryforwards in the local tax returns of the subsidiaries concerned.

Deferred tax liabilities essentially relate to capitalized internally generated software at group level and acquired software licenses, customer relationships and trademarks from company acquisitions as well as deferred taxes on other consolidation procedures (in particular the elimination of intercompany results).

Deferred taxes break down as follows in relation to their expected future usability:

	Deferred tax assets		Deferred tax liabilities	
kEUR	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Utilization expected within 12 months	0	2,519	18,204	13,095
Utilization expected after more than 12 months	2,632	0	74,803	95,115
Total	2,632	2,519	93,007	108,210

E.6 Inventories

kEUR	Dec 31, 2023	Dec 31, 2022
Software	759	858
Hardware	17,893	28,079
Accessories and other	705	789
Write-off on inventory	-476	-288
Total	18,881	29,438

The structure of the inventories item was adjusted in line with the internal reporting structure.

Impairments totaling kEUR 188 were recognized on inventories in financial year 2023 in the scope of measuring inventories at the lower of cost and net realizable value. The carrying amount of inventories measured at net realizable value amounts to kEUR 3,688. Impairment on inventories was recognized through profit or loss under expenses for goods and services purchased.

There are no inventories pledged as security for liabilities.

E.7 Trade receivables

Trade receivables are amounts owed by customers for goods sold or services rendered in the ordinary course of business. They are generally payable within 14 days and are therefore classified as current assets. The consist exclusively of contracts with customers. Trade receivables are initially recognized at the amount of the unconditional consideration. If they contain significant financing components, they must instead be recognized at fair value. The CGM group does not have any trade receivables with a significant financing component.

a) Trade receivables

	Dec 31, 2023	Dec 31, 2022
kEUR	current	current
Trade receivables	198,328	209,972
Write-down	- 22,864	- 20,533
Total	175,464	189,439

Information on impairment from trade receivables is included in note G.6 Credit risk.

b) Trade receivables (by region)

kEUR	Dec 31, 2023	Dec 31, 2022
Trade receivables		
of which domestic	63,352	93,062
of which foreign	112,112	96,377
Total	175,464	189,439

E.8 Finance lease receivables

Finance lease receivables relate primarily to the following group companies, which offer hardware leases to their customers (including all peripheral devices) with terms of up to five years: Lauer-Fischer GmbH, CGM Clinical Österreich GmbH, CGM Arztsysteme Österreich, CGM Deutschland AG, CGM Denmark A/S, CGM Dentalsysteme GmbH, CGM Nederland B.V, CGM Italia SpA, Pharmaone S.r.l, CGM Xdent Software S.r.l., ATX Advanced Technology Explained NV, CGM Systemhaus GmbH and EPSILOG SAS. Income from these leases is reported in the income statement as revenues. The contracts are classified as finance leases.

The following table provides an overview of the maturities of future lease payments and the interest components of finance lease receivables reported under trade receivables:

	2023			2022		
kEUR	Future minimum lease payments	Interest component	Present value of future leasing receivables	Future minimum lease payments	Interest component	Present value of future leasing receivables
< 1 year	10,393	1,786	8,607	10,844	1,618	9,226
1-5 years	15,914	1,700	14,214	17,767	1,717	16,050
> 5 years	93	2	91	64	1	63
Total	26,400	3,488	22,912	28,675	3,336	25,339

Finance lease receivables were reduced by the amount of kEUR 184 (prior year: kEUR 203) for expected credit losses. Information regarding the loss allowance for Receivables from finance leases in accordance with IFRS 9 is provided under note G.6 Credit risk.

E.9 Contract assets

Contract assets are broken down as follows:

	Dec 31, 2023	Dec 31, 2022
kEUR	current	current
Contract assets	27,318	23,495
Write-down	- 229	- 213
Total	27,089	23,282

Contract assets originate exclusively from contracts with customers. For information on impairment recognized as per IFRS 9, please see note G.6 Credit risk.

E.10 Other financial assets

Other financial assets are broken down as follows:

	Dec 31, 2023		Dec 31, 2022	
kEUR	current	non-current	current	non-current
Loans	519	6,810	241	5,268
Creditors with debit balances	4,466	0	1,975	0
Deposits	82	1,886	75	2,005
Receivables subsidies and investment grants	2,583	0	54	0
Other financial assets	522	202	541	439
Impairments	-376	-5,565	-44	-5,601
Total	7,796	3,333	2,842	2,111

Recognized impairments refer mainly to current and non-current loan receivables.

E.11 Derivative financial instruments

Derivative financial instruments are broken down as follows:

	Dec 31, 2023		Dec 31, 2022	
kEUR	current	non-current	current	non-current
Derivatives classified as Cash flow hedges	1,161	3,857	574	10,783
Derivatives without hedging relationship	0	12,983	0	25,777
Assets	**1,161**	**16,840**	**574**	**36,560**
Derivatives classified as Cash flow hedges	- 194	0	- 901	0
Liabilities	**- 194**	**0**	**- 901**	**0**
Total	967	16,840	- 327	36,560

Information regarding the interest rate cap (compares Derivative without hedging relationship) and interest swap (compares long-term Derivative classified as Cash flow hedges) can be found under note G.8 Interest rate risk.

E.12 Other non-financial assets

Other non-financial assets are broken down as follows:

	Dec 31, 2023		Dec 31, 2022	
kEUR	current	non-current	current	non-current
Capitalized sales commissions	800	1,700	800	1,200
Input tax surplus receivables	3,889	0	6,790	0
Prepayments for future periods	21,568	0	18,593	0
Other	1,574	0	820	0
Total	27,831	1,700	27,003	1,200

In the 2023 financial statements, depreciation and impairment of the costs of obtaining a contract amounted to kEUR 800 (prior year: kEUR 800) and were recognized in personnel expenses in the amount of kEUR 600 (prior year: kEUR 600) and in cost of materials in the amount of kEUR 200 (prior year: kEUR 200). Moreover, costs of obtaining a contract amounting to kEUR 800 (prior year: kEUR 800) were again capitalized in the financial year as at December 31, 2023 in line with the carrying amount.

E.13 Cash and cash equivalents

kEUR	Dec 31, 2023	Dec 31, 2022
Cash and cash equivalents	64,411	90,462
Restricted cash	50	55
Total	64,461	90,517

As at December 31, 2023, cash and cash equivalents include restricted cash held by subsidiaries in countries with restrictions on foreign exchange transactions. These are subject to legal transfer restrictions and are therefore not available to the group for general use. Such restrictions exist in South Africa.

Cash at banks refers to current accounts. Interest rates as at the reporting date 31.12.2023 varied between 0.25 % and 3.25 %. Thanks to careful cash management, the majority of cash and cash equivalents in financial year 2023 were used to repay short-term credit lines, thereby minimizing the burden from negative interest rates. Please see the statement of cash flows for information on changes in cash.

E.14 Assets qualified as held for sale

A sales contract for the disposal of the Turkish group company CompuGroup Medical Bilgi Sistemleri A.S. was signed in the fourth quarter of 2023. As the approval of the Turkish antitrust authorities was still outstanding on the reporting date, the company is still included in the consolidation and its assets and liabilities are classified as "held for sale" in accordance with IFRS 5. It is assumed that the disposal will be completed within a year. The fair value measurement of the assets and liabilities less disposal costs did not result in any impairment. The assets and liabilities are allocated to CHS and All other segments.

The following assets were classified as "held for sale" in accordance with IFRS 5 as at December 31, 2023:

kEUR	Dec 31, 2023	Dec 31, 2022
Intangible assets	64	0
Property, plant and equipment	51	0
Right-of-use assets	49	0
Trade receivables	503	0
Other current financial assets	44	0
Other current non-financial assets	145	0
Total	856	0

E.15 Equity

a) Subscribed capital

The company's subscribed and authorized capital consists of:

kEUR	Dec 31, 2023	Dec 31, 2022
Issued and fully paid ordinary shares		
53,734,576 nominal shares of € 1.00 each	53,735	53,735
Authorized capital		
26,094,449 nominal shares of € 1.00 each	26,094	26,094

(i) Issued and fully paid ordinary shares

The company has only one class of shares. These do not grant entitlement to a fixed dividend. Subscribed capital is divided into 53,734,576 no-par value bearer shares, having the securities ID number A28890 (ISIN: DE000A288904). Subscribed capital cannot be repaid.

(ii) Authorized capital

We refer to the explanations on authorized capital in the section Authorization of the general partner to issue and buy back shares in the management report.

(iii) Contingent capital

We refer to the explanations on contingent capital in the section Authorization of the general partner to issue and buy back shares in the management report.

b) Treasury shares

As at December 31, 2023, CompuGroup Medical SE & Co. KGaA held 1,500,000 (prior year: 1,500,000) treasury shares, representing 2.79 % of the share capital. The notional value attributable to the share capital amounts to EUR 1,500,000 (prior year: EUR 1,500,000). The company's holding of treasury shares stems from the following acquisitions and disposals:

Financial year	Period of the buyback program / date of sale of treasury shares	Number of shares repurchased / sold	Interval acquisition cost / sale price in EUR	Weighted average acquisition cost / sale price per share in EUR
2021	February 26 to April 29, 2021	1,000,000	65.6039 to 76.1176	71.3530
2021	November 26 to December 30, 2021	403,878	65.7609 to 71.3793	67.9490
2022	January 3 to January 10, 2022	96,122	62.7451 to 71.7694	66.6764
Total		1,500,000		

CompuGroup Medical SE & Co. KGaA is authorized by resolution of the Annual General Meeting of May 19, 2021 to acquire treasury shares up to a total of 10 % of the share capital existing at the time of the resolution or, if this amount is lower, of the share capital existing at the time this authorization is exercised. Please refer to the detailed information on Authorization to acquire and use (including cancellation of) treasury shares in the management report.

c) Other

The changes in the CGM group's reserves under consolidated equity are as follows:

kEUR	2023	2022
Balance as at January 1	714,248	664,479
Consolidated net income for the period	45,916	73,411
Actuarial gains and losses	-1,495	4,577
Dividend distribution	-26,117	-26,117
Stock options program	-4,155	-2,011
Additional purchase of shares from non-controlling interests after control	-3,775	-91
Other changes	26	0
Balance as at December 31	724,648	714,248

The most significant developments in 2023 are described below:

The consolidated net income for the period (attributable to the shareholders of the parent company) of kEUR 45,916 (prior year: kEUR 73,411) was recognized in reserves.

By way of resolution of the Annual General Meeting of May 17, 2023, a dividend of kEUR 26,117 (prior year: kEUR 26,117) was distributed to the shareholders, which translates to a dividend of EUR 0.50 (prior year: EUR 0.50) per dividend-bearing share.

Reserves (capital reserves, retained earnings and dividends on equity instruments) were decreased by the actuarial gain of kEUR - 1,495 (prior year: kEUR 4,577).

By acquiring additional shares of non-controlling interests after having already held a majority interest, the reserves decreased by kEUR - 3,775 (prior year: kEUR - 91).

The expenses for share options of the Managing Directors and Senior Management amounted to kEUR - 4,155 (prior year: kEUR - 2,011) and were recognized in reserves.

If a final dividend is recommended, it will be conditional on shareholder approval at the Annual General Meeting in 2024; therefore, it is not recognized as a liability in the consolidated financial statements. The group will not experience any income tax effects as the result of a dividend. The amount of the dividend is exclusively dependent on the separate financial statements of CompuGroup Medical SE & Co. KGaA. The dividend to be proposed for financial year 2023 is EUR 1.00 per eligible share, which translates to a total amount of kEUR 52,234. The total distribution amount stated above does not take into account any change in the number of shares entitled to dividends as a result of any further capital measures and share buybacks.

d) Currency translation

kEUR	2023	2022
Balance as at January 1	2,105	- 7,344
Currency conversion differences	- 10,340	9,449
Other changes	- 11	0
Balance as at December 31	- 8,246	2,105

Exchange differences from translating the functional currency of foreign operations into the group’s reporting currency (EUR) are recognized in the consolidated financial statements directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences which were recognized earlier in the foreign currency translation reserve (translation of net assets of foreign operations) are reclassified to the income statement once a partial or complete sale of the corresponding operation has been performed.

e) Cash flow hedges

Changes in the fair value of derivatives designated in hedging relationships (cash flow hedges) adjusted for deferred taxes in the amount of kEUR 2,053 (prior year: kEUR - 3,230) changed equity by a total of kEUR - 4,791 (prior year: kEUR 7,537).

f) Non-controlling interests

Non-controlling interests by company

	Farloyalty S.r.l.		S'moove Software S.r.l.		4K S.r.l.		Total	
kEUR	2023	2022	2023	2022	2023	2022	2023	2022
Amount of shareholding	51%	51%	53%	53%	80%	60%	-	-
Voting interest	51%	51%	53%	53%	80%	60%	-	-
Equity of non-controlling interests	261	197	255	98	1,078	1,108	1,594	1,403
Dividends paid to non-controlling interests	211	175	0	0	0	0	211	175
Assets	1,567	1,129	959	429	8,337	5,916	10,863	7,474
Liabilities	1,009	1,595	399	649	2,993	8,659	4,401	10,903
Net income of the company	560	371	336	10	2,622	1,300	3,518	1,681

Changes in non-controlling interests in financial year 2023

kEUR	2023	2022
Balance as at January 1	1,403	210
Share of profit for the year	956	706
Addition 4K S.r.l.	0	588
Dividend distribution to non-controlling shareholders	- 211	- 175
Additional purchase of shares from non-controlling interests after control	- 554	74
Balance as at December 31	1,594	1,403

Acquisition of additional interests in subsidiaries

The CGM group carried out the following transactions with non-controlling shareholders in financial year 2023:

Acquisition of additional shares in 4K S.r.l., Italy

In June 2023, it was resolved to transfer another 20 % in 4K S.r.l. to CompuGroup Medical Italia Holding SpA. The purchase price amounted to kEUR 4,329 and has been paid in full as at the reporting date. CompuGroup Medical Italia SpA now holds 80 % of the shares in 4K S.r.l.

The effect of the change in the CGM group's interest in the equity attributable to shareholders of the parent company in financial year 2023 is as follows:

	2023	2022
kEUR	4K S.r.l.	Medicitalia S.r.l.
Book value of acquired non-controlling interests	- 554	74
Purchase price paid to non-controlling shareholders	4,329	17

E.16 Retirement plans and provisions for post-employment benefits and other non-current provisions

a) Defined benefit plans

The CGM group offers defined benefit plans in various countries with different characteristics.

Germany:

There are vested pension obligations for current and former employees in Germany, which are partially covered by reinsurance instruments. The pension obligations here comprise retirement and disability pensions as well as survivors' and death benefits, depending on specifics of the respective contract. The acquisition of the German Cerner portfolio in financial year 2020 also meant that obligations were assumed under Siemens pension plans (BSAV) and under partial retirement agreements already concluded. The majority of the employees taken over participate in the BSAV pension plan, which means that future benefits will be based primarily on nominal contributions and their investment income, as well as a guaranteed minimum interest rate. The BSAV plans are partially covered by assets and reinsurance in contractual trust arrangements (CTA).

Austria:

Severance payment provisions have been made for the majority of Austrian employees (in accordance with section 23 of the Angestelltengesetz (Austrian Salaried Employees Act) and section 2 of the Arbeiterabfertigungsgesetz (Austrian Employees Severance Pay Act)). These classify as post-employment benefits in accordance with IAS 19. These severance payment provisions refer to severance payments that eligible employees receive when they leave the company depending on the time they spent with the company or payments that their next of kin receive upon their death.

Switzerland:

Employees at the subsidiary CGM Schweiz AG are granted pensions financed by a pension fund consisting of employer and employee contributions and income generated on investments. Given the inclusion of the statutory minimum pension provision in accordance with Swiss law through Swiss occupational pension plans (BVG), the pension plan is recognized as a defined benefit plan. All benefits vest immediately. Under the legal requirements, the employer is required to pay employer contributions that enable the pension fund to finance the minimum level of provision. The pension fund is managed through a trust board comprising employee and employer representatives, which manages and monitors the benefit plan and asset investment.

Italy:

Obligations also exist in Italy within the scope of the TFR-Fund (Italian Civil Code Article 2120), which are considered as post-employment benefits in accordance with IAS 19. The TFR-Fund is equivalent to severance pay based on the years of service that eligible employees receive when they leave the company.

Other countries:

There are also obligations at other foreign subsidiaries for statutory programs in France, India, Poland, and Turkey. They have a similar structure to the obligations in Italy or Austria and should thus be considered as post-employment benefits in accordance with IAS 19.

Risks:

In general, the CGM group is exposed to the following actuarial risks with regard to the existing defined benefit plans:

- Longevity risk:

  The present value of the defined benefit obligation for the corresponding defined benefit plans is determined based on the best estimate of mortality of each beneficiary both during employment and after termination. An increase in the life expectancy of eligible employees leads to an increase in the plan liability.

- Salary risk:
  The present value of the defined benefit obligation for appropriate benefit plans is determined based on the expected future salaries of eligible employees. Accordingly, salary increases of eligible employees raise the defined benefit obligation associated with the plan.

- Inflation risk:
  An increase in the long-term inflation assumption would primarily affect the expected pension trend and the expected increase in pensionable salaries.

Risks arising from the payment of benefits to family members (surviving dependent benefits) of eligible employees are partially reinsured by an external insurance company.

Accounting and measurement

Provisions for post-employment benefits are accounted for using the current pension reports, all of which were compiled by external service providers (actuaries).

The following actuarial parameters were taken as a basis for determining the defined benefit obligation and related plan assets:

	Discount rate(s) in %		Expected rate(s) of salary increase in %		Pension growth rate(s) in %	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Germany	3.44%	3.23%	3.00%	3.00%	2.21%	2.20%
Austria	3.13%	3.49%	3.00%	3.00%	n/a	n/a
Switzerland	1.60%	1.95%	2.60%	2.60%	n/a	n/a
France	2.84%	3.20%	3.47%	3.90%	n/a	n/a
India	7.50%	7.50%	9.20%	9.20%	n/a	n/a
Italy	3.65%	3.20%	3.50%	3.50%	n/a	n/a
Poland	5.40%	6.80%	7.00%	7.30%	n/a	n/a
Turkey	20.90%	11.00%	24.10%	14.40%	n/a	n/a

Domestic pension obligations are based on the mortality rates (based on the 2018 G Heubeck mortality tables).

The development of the defined benefit obligation in the year under review and the prior year is as follows:

	2023			2022		
kEUR	Present value of pension commitment	Fair value of plan assets	Total	Present value of pension commitment	Fair value of plan assets	Total
Balance as at 1 January	49,345	- 21,844	27,501	57,479	- 22,673	34,806
Current service costs	3,844	21	3,865	4,261	20	4,281
Interest income/cost	1,400	- 498	902	389	- 94	295
Past service cost, including losses/(gains) on curtailments	- 1,102	- 363	- 1,465	- 703	52	- 651
Components of defined costs recognized in profit or loss	**4,142**	**- 840**	**3,302**	**3,947**	**- 22**	**3,925**
Return on plan asset (excluding amounts included in net interests)	0	- 818	- 818	0	303	303
Actuarial gains and losses arising from changes in demographic assumptions	- 4	0	- 4	1	0	1
Actuarial gains and losses arising from changes in financial assumptions	801	0	801	- 8,562	0	- 8,562
Actuarial gains and losses arising from experience adjustments	1,971	0	1,971	1,634	0	1,634
Other effects	3	0	3	8	0	8
Components of defined benefit costs recognized in other comprehensive income	**2,771**	**- 818**	**1,953**	**- 6,919**	**303**	**- 6,616**
Payment of debts/disposal of assets by plan settlement	0	0	0	- 2,666	1,276	- 1,390
Liabilities assumed in a business combination / acquisitions	0	0	0	60	0	60
Exchange rate differences on foreign pension plans	706	- 855	- 149	660	- 655	5
Benefits paid	- 4,444	2,709	- 1,735	- 2,672	1,478	- 1,194
Contributions from the employer	- 546	- 412	- 958	- 803	- 1,292	- 2,095
Contributions from plan participant	275	- 278	- 3	259	- 259	0
Reclassification	- 252	0	- 252	0	0	0
Other Reconciliation items and Payments	**- 4,261**	**1,164**	**- 3,097**	**- 5,162**	**548**	**- 4,614**
Balance as at 31 December	51,997	- 22,338	29,659	49,345	- 21,844	27,501

The annual cost of kEUR 3,302 (prior year: kEUR 3,925) is recognized in personnel expenses of the CGM group. Defined benefit costs arising from the remeasurement of the net liability for defined benefit plans in the amount of kEUR 1,953 (prior year: kEUR 6,616) were recognized in other comprehensive income.

The fair values of plan assets to secure the pension obligations are broken down as follows:

		Dec 31, 2023			Dec 31, 2022		
kEUR		with quoted market price	do not have quoted market price	Total	with quoted market price	do not have quoted market price	Total
Germany	Cash and cash equivalent	108	0	108	108	0	108
	Equity instruments (shares)	6,591	0	6,591	5,738	0	5,738
	Debt instruments (annuity bonds)	12	0	12	12	0	12
	Liability insurance	202	1,128	1,330	0	2,234	2,234
Switzerland	Other (Pension fund)	0	14,297	14,297	0	13,752	13,752
Total		6,913	15,425	22,338	5,858	15,986	21,844

The average weighted duration of the pension obligation is 28 years for India, 21 years for Poland, 17 years for France, 17 years for Turkey, 14 years for Switzerland, 13 years for Italy, 10 years for Austria and 5 years for Germany.

Changes in provisions for post-employment benefits in the last five years are shown in the following table:

kEUR	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022	Dec 31, 2023
Present value of pension commitment	23,231	24,095	24,966	32,298	49,345	51,997
Fair value of plan assets	- 3,094	- 2,926	- 3,908	- 5,683	- 21,844	- 22,338
Shortfall	20,137	21,169	21,058	26,615	27,501	29,659

A total of kEUR 3,837 (prior year: kEUR 4,750) is expected to be paid into defined benefit pension plans in the coming financial year 2024 and recognized in profit or loss accordingly.

Sensitivity analysis

The primary actuarial assumptions used to determine the defined benefit obligation in the CGM group are the discount rate, expected salary increases, and inflation expectations. The sensitivity analyses presented below are based on the best estimate of potential changes in the assumptions as at the reporting date of December 31, 2023. In the event of a change in one actuarial assumption in the sensitivity analysis, the other actuarial assumptions remain unchanged.

	Increase		Decrease	
	in %	kEUR	in %	kEUR
Impact of the discount rate on pension commitment	0.50%	- 2,113	0.50%	2,333
Impact of future salary increases on pension commitment	0.50%	756	0.50%	- 754
Impact of future pension development on pension commitment	0.50%	859	0.50%	- 779

For the above sensitivity analysis, it is unlikely that the scenario in question will occur in reality because it is likely that a change in one actuarial parameter assumption will correlate with others. The sensitivity analysis of the defined benefit obligations applies the same method used to calculate pension provisions recognized in the statement of financial position.

b) Defined contribution plans and state plans

On the basis of statutory or contractual provisions, contributions to the defined contribution plans are paid to state or private pension funds. Expenses recognized in profit or loss totaled kEUR 29,917 in financial year 2023 (prior year: kEUR 28,986).

In financial year 2023, contributions in the amount of kEUR 19,755 (prior year: kEUR 18,911) were paid to the German pension insurance.

c) Anniversary provisions

The anniversary provisions for the German companies (kEUR 5,039; prior year: kEUR 4,893) are calculated with a discount rate of 3.5 % (prior year: 3.3 %). In addition, anniversary provisions for the Dutch companies (kEUR 242; prior year: kEUR 262) are recognized with a weighted discount rate of 3.6 % (prior year: 3.2 %).

In accordance with the option in IAS 19, the interest component is not accounted as part of net interest result but as part of the operating cost. The calculation was based on the "2018 G" mortality tables by Professor Dr. Klaus Heubeck for the German anniversary provisions, and the "AG2022" guidance table for the Dutch; social security contributions are accounted for using a flat rate.

E.17 Financial liabilities (current and non-current)

The financial liabilities of the CGM group break down as follows:

	Dec 31, 2023		Dec 31, 2022	
kEUR	current	non-current	current	non-current
Current liabilities to banks	6,252	704,168	29,104	699,371
Other loans	0	87	4,594	53
Total	6,252	704,255	33,698	699,424

In financial year 2023, new liabilities to banks, promissory note loans and other loans amounting to kEUR 480,000 (prior year: kEUR 340,000) were taken out, while an amount of kEUR 504,211 (prior year: kEUR 295,411) was repaid. Financial liabilities increased by kEUR 1,170 as a result of changes in the consolidation group.

a) Liabilities to banks

Liabilities to banks break down as follows:

kEUR	Book value as at Dec 31, 2022	Interest rate as at Dec 31, 2023 in %	Currency	Due Year	Book value as at Dec 31, 2023	Fair value as at Dec 31, 2023
Syndicated loan	450,000	-	EUR	2027	0	0
Syndicated loan 2023	0	4.20%	EUR	2028	130,000	130,000
Promissory note	0	4.30% - 4.96%	EUR	2026-2030	300,000	288,727
EIB loan	200,000	2.75%	EUR	2028	200,000	200,000
Other secured bank loans	1,719	-	-	-	0	0
Other unsecured bank loans	76,756	4.52% - 5.18%	EUR	2024-2028	80,420	80,420
Total	728,475		EUR		710,420	699,147

On October 31, 2023, a promissory note loan with a total volume of mEUR 300 was placed successfully. The issue consists of five tranches with maturities of three, five and seven years. The three-year tranche carries a variable interest rate, while the other tranches were each issued with a fixed and variable interest. The variable interest rate is based on the 6-month EURIBOR plus a fixed margin.

On August 30, 2023, the group took out a new syndicated term loan amounting to mEUR 200 with a term of just under five years. The terms and conditions of the loan are similar in all material aspects to the terms and conditions of the term loan of January 28, 2020.

Both the new syndicated term loan and the placement of the promissory note loan were supported by a banking syndicate consisting of Commerzbank, Landesbank Baden-Württemberg and SEB.

The funds from the promissory note tranches and the simultaneous renewal of the term loan were used to prematurely repay the mEUR 400 term loan of January 28, 2020 that would have become due at the end of January 2025.

The revolving multi-currency credit facility of January 28, 2020 amounting to mEUR 600 is still part of the company's financing instruments. The option of extending the contractual term of this facility by one year was exercised, effective as at January 28, 2021. This results in an extension of the credit term until January 28, 2026. CGM had last exercised the extension option as at January 28, 2022. The revolving credit facility now expires on January 28, 2027. The syndicate of banks includes BNP Paribas, Commerzbank, Deutsche Bank, Landesbank Baden-Württemberg, SEB and Unicredit.

The interest rate of the two syndicated loans is based on EURIBOR (LIBOR for foreign currency loans) for the selected interest period plus a margin that can change in contractually agreed stages in line with the leverage ratio.

As at December 31, 2023, mEUR 130 of the full amount of the new syndicated term loan (mEUR 200) had been drawn subject to an interest rate of 4.20 %. An amount of mEUR 0 of the mEUR 600 revolving credit facility was utilized (prior year: mEUR 50) as at December 31, 2023.

On July 11, 2022, CGM had taken out a credit facility of mEUR 200 with a six-year term. This is a loan from the European Investment Bank that supports research and development initiatives related to the digitization of the healthcare sector.

Transaction costs in the amount of kEUR 1,373 were reversed in 2023 (prior year: kEUR 659). In addition, loan commitment fees of kEUR 2,284 (prior year: kEUR 1,999) were also incurred in 2023. In order to hedge interest rate risks, CGM concluded an interest rate cap in 2021 with a nominal volume of mEUR 400 and a remaining term to maturity until May 7, 2031. In addition, an interest rate swap with a remaining term until July 11, 2028 and a notional amount of mEUR 200 was concluded in October 2022. The loans are subject to compliance with contractually agreed financial covenants (leverage ratio).

Various German group companies have issued joint and several payment guarantees for this loan agreement (default liability for nonpayment by CompuGroup Medical SE & Co. KGaA).

The loans are subject to compliance with contractually agreed financial covenants (leverage ratio). With regard to the syndicated loan, the bank has the right to call in the loan immediately if the leverage ratio (defined as net financial debt/adjusted EBITDA) exceeds 4.0 on a measurement date (end of each quarter). In the current financial year 2023, CGM fully complied with all financial covenants in the existing loan agreements.

b) Other loans

Other loans as at December 31, 2023 amounted to kEUR 87 (prior year: kEUR 4,647). In the prior year, this mainly related to the financing of the "OneGroup Project" in the form of a "sale and hire-purchase back" transaction, which is reported under other financial liabilities.

c) Expected payments for financial liabilities

kEUR	Total financial debt	of which: liabilities to banks
< 1 year	6,252	6,252
1–5 years	639,288	639,201
> 5 years	64,967	64,967
Total	710,507	710,420

E.18 Lease liabilities (current and non-current)

Lease liabilities break down as follows:

	Dec 31, 2023		Dec 31, 2022	
kEUR	current	non-current	current	non-current
Liabilities Land and Buildings - IFRS 16	12,886	29,008	13,771	28,027
Liabilities Vehicles - IFRS 16	6,392	7,275	5,675	5,564
Liabilities Other - IFRS 16	328	546	157	150
Total	19,606	36,829	19,603	33,741

For further details, please refer to note D.15 Leases. The lease liabilities from companies acquired during financial year 2023 amounted to kEUR 204.

E.19 Purchase price liabilities (current and non-current)

	Dec 31, 2023			Dec 31, 2022		
kEUR	current	non-current	Total	current	non-current	Total
GHG business	0	7,710	7,710	0	0	0
INSIGHT Health GmbH	2,000	2,500	4,500	10,000	4500	14,500
INNOMED GmbH	223	0	223	2,871	0	2,871
Schuyler House Inc.	466	0	466	965	0	965
Meta-it GmbH	375	0	375	375	375	750
Other	899	0	899	1,835	664	2,499
Total	3,963	10,210	14,173	16,046	5,539	21,585

Changes to prior year

INSIGHT Health group: In the first half of 2023, current purchase price liabilities of kEUR 10,000 were paid, resulting from the acquisition of 100 % of the shares in the INSIGHT Health group in 2022.

Schuyler House Inc.: In the first half of 2023, kEUR 362 of the contingent consideration was paid, resulting from the acquisition of 100 % of the shares in Schuyler House Inc. in 2020.

Meta-it GmbH: In the first half of 2023, current purchase price liabilities of kEUR 375 were paid, resulting from the acquisition of 100 % of the shares in Meta-it GmbH in 2021.

INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH: In 2023, CGM paid current purchase price liabilities of kEUR 2,594 that resulted from the exercise of the put option on the part of the non-controlling shareholders for 9.9 % of the shares in INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH. The exercise price is based on clearly defined revenue amounts and totals kEUR 2,817.

Current purchase price liabilities (due in less than one year)

INSIGHT Health GmbH: Contingent considerations were agreed in the purchase agreement that provide for further purchase price payments. The amount of the expected payment amount still totals kEUR 4,500 and is reported under both current and non-current purchase price liabilities.

INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH: The remaining purchase price liability relates to the outstanding purchase price payment for the 2023 profit share of kEUR 223 and results from the exercise of the put option by the non-controlling shareholders for 9.9 % of the shares in INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH.

Schuyler House Inc.: Contingent considerations were agreed in the purchase agreement that provide for two further additional purchase price payments which are based on pre-defined earnings figures. The total amount expected to be paid out is kEUR 466.

Meta-it GmbH: Contingent considerations were agreed in the purchase agreement that provide for further purchase price payments. The total amount expected to be paid out still amounts to kEUR 375.

Non-current purchase price liabilities (due in more than one year)

INSIGHT Health GmbH: Non-current share of the reported purchase price liabilities in the amount of kEUR 2,000 as at December 31, 2023.

GHG business: Variable purchase price components were agreed in the purchase contract that will be calculated on the basis of pre-defined revenue figures in the following years. The value of these earn out agreements totals about kEUR 7,710 and they have a remaining term of four years.

The sensitivity analyses of the purchase price liabilities did not reveal any significant effects. Adjusted for exchange rate effects and payments made in the financial year, the changes were recognized in profit or loss.

E.20 Trade payables

kEUR	Dec 31, 2023	Dec 31, 2022
Trade payables	93,006	112,613

Trade payables all have a remaining term to maturity of up to one year. The trade payables from businesses acquired amount to kEUR 10,743 in financial year 2023.

E.21 Contract liabilities

Contract liabilities break down as follows:

	Dec 31, 2023		Dec 31, 2022	
kEUR	current	non-current	current	non-current
Contract liabilities	62,567	4,578	66,898	15,529

Contract liabilities originate exclusively from contracts with customers. The revenues recognized in 2023, which were included in the balance of contract liabilities at the beginning of the financial year, amount to kEUR 66,898 (prior year: kEUR 79,086), of which kEUR 16,271 (prior year: kEUR 15,115) relates to performance obligations that were fulfilled or partially fulfilled in earlier periods.

The acquisition of subsidiaries entailed the acquisition of contract liabilities amounting to kEUR 9 (prior year: kEUR 2,720) in financial year 2023.

E.22 Other provisions

The development of short-term provisions for personnel and other provisions for financial year 2023 is as follows:

kEUR	Personnel expenses	Guarantee and sales commitments	External year-end accounting costs	Legal charges	Others	Total
Balance as at Jan 1, 2023	42,784	3,010	2,463	6,291	6,372	60,920
Exchange rate differences	- 4	30	- 4	- 3	- 12	6
Addition from first-time consolidation	1,813	111	53	0	2	1,979
Arising during the year	58,461	337	1,923	2,554	2,776	66,052
Utilized	- 34,795	- 297	- 1,802	- 3,194	- 5,266	- 45,354
Unused amounts reversed	- 4,140	- 30	- 135	- 1,260	- 335	- 5,900
Disposal (IFRS 5)	- 303	0	- 5	- 19	0	- 327
Balance as at Dec 31, 2023	63,816	3,161	2,493	4,369	3,537	77,376

The development of short-term provisions for personnel and other provisions for the prior-year period 2022 is as follows:

kEUR	Personnel expenses	Guarantee and sales commitments	External year-end accounting costs	Legal charges	Others	Total
Balance as at Jan 1, 2022	40,635	2,000	2,406	3,717	2,998	51,756
Exchange rate differences	99	-8	-6	-5	72	152
Addition from first-time consolidation	576	185	21	26	60	868
Arising during the year	37,702	1,448	1,884	3,543	5,096	49,673
Utilized	-30,160	-312	-1,743	-446	-1,653	-34,314
Unused amounts reversed	-6,068	-303	-98	-545	-201	-7,215
Balance as at Dec 31, 2022	42,784	3,010	2,464	6,290	6,372	60,920

Provisions for employee benefits primarily result from provisions for wages/salaries as well as bonuses/commission (2023: kEUR 28,588; prior year: kEUR 29,711). In addition the item includes, among others, provisions for severance payments/restructuring (2023: kEUR 24,655; prior year: kEUR 2,986), holiday entitlements (2023: kEUR 8,985; prior year: kEUR 8,578) and overtime (2023: kEUR 1,588; prior year: kEUR 1,508) that are determined on the basis of the underlying hourly rates and social security contributions.

The guarantees/warranties item includes mainly contractually agreed obligations in connection with the quality and functioning of hardware components.

The provisions recognized for litigation costs in financial year 2023 pertain to contractual risks of the German subsidiary CompuGroup Medical Deutschland AG and CompuGroup Medical Dentalsysteme GmbH amounting to kEUR 2,660 as well as to legal disputes with former employees and customers of the subsidiaries in France (2023: kEUR 1,561: prior year: kEUR 1,884).

Provisions for guarantees and litigation costs are, by their very nature, subject to higher levels of uncertainty. Other provisions exclusively relate to short-term provisions.

E.23 Other financial and non-financial liabilities

a) Other financial liabilities

Other financial liabilities break down as follows:

	Dec 31, 2023		Dec 31, 2022	
kEUR	current	non-current	current	non-current
Loans	0	87	4,594	53
Debtors with credit balances	4,094	0	2,081	0
Other financial liabilities	1,816	0	1,803	0
Total	5,910	87	8,478	53

Loans in the prior year essentially included the financing of the SAP One Group project.

b) Other non-financial liabilities

Other non-financial liabilities break down as follows:

	Dec 31, 2023		Dec 31, 2022	
kEUR	current	non-current	current	non-current
VAT, payroll tax	20,403	0	20,720	0
Guarantees	0	25	0	42
Liabilities from social security costs	3,866	0	4,510	0
Liabilities from wages and salaries	3,191	0	2,648	0
Other non-financial liabilities	81	0	717	0
Total	27,541	25	28,595	42

E.24 Liabilities associated with assets held for sale

The following liabilities were classified as “held for sale” in accordance with IFRS 5 as at December 31, 2023:

kEUR	Dec 31, 2023	Dec 31, 2022
Provisions for post-employment benefits and other non-current provisions	361	0
Contract liabilities	219	0
Trade payables	27	0
Other provision	258	0
Leasing liabilities current	28	0
Other non-financial liabilities	620	0
Total	1,513	0

E.25 Revenues

Revenues break down as follows:

kEUR	2023	2022
Software licenses	90,740	82,394
Software maintenance and other recurring revenues	813,967	729,876
Services	125,267	123,986
Hardware	98,568	110,007
Advertising, e-detailing and data	44,091	70,212
Other revenues	15,030	13,264
Total	1,187,663	1,129,739

Group revenues are essentially generated from contracts with customers within the meaning of IFRS 15. Other revenues that are not covered by the provisions of IFRS 15 (kEUR 11,016; prior year: EUR 9,854) refer to leases with customers.

Please refer to the segment report for a detailed breakdown of revenues in accordance with IFRS 15.114.

No information is provided on the remaining performance obligations as at December 31, 2023, which have an original expected duration of one year or less according to IFRS 15.

The total amount of the transaction price of the unfulfilled or partially unfulfilled performance obligations on the reporting date as at December 31, 2023 is kEUR 182,105 (prior year: kEUR 180,761). Management expects that this will result in the recognition of the following amounts of revenues in the coming financial years:

	within 1 year kEUR	1 - 5 years kEUR
	93,876	88,228

E.26 Research and development expenses and capitalized in-house services

a) Research and development expenses

Research and development expenses include all costs arising in the course of software research and development activities. In financial year 2023, these costs amounted to kEUR 252,164 (prior year: kEUR 237,804).

b) Capitalized in-house services

The capitalized in-house services of the CGM group consist of capitalized expenses for internally generated software in accordance with the criteria stated in IAS 38.

kEUR 40,139 (prior year: kEUR 44,819) were capitalized as internal development costs in financial year 2023. These are derived on the basis of the hours the company's own employees and external contractors worked on the projects and are then measured at the respective allocable cost rates. Assets in progress were tested for impairment leading to impairment losses of kEUR 11,453 in financial year 2023. For further information on impairment, please refer to section E.31 Depreciation and amortization.

E.27 Other income

kEUR	2023	2022
Income from services performed	**2,043**	**1,027**
thereof rental income	769	751
thereof services related income	110	250
thereof investment grants	1,164	26
Remaining other operating income	**26,825**	**18,369**
thereof compensation received from damages	555	370
thereof gain on sale of fixed assets	1,325	270
thereof revenues from valuation allowances/reversals	15,287	8,892
thereof other	9,658	8,837
Total	28,868	19,396

Revenues from valuation allowances/reversals mainly includes income from reversal of provisions. The increase compared to the prior year is mainly due to the reversal of cash-settled share-based payments in the amount of mEUR 4.3. The reversal of other equity-settled share-based payments is shown under "Other". The vesting conditions were not met in either case.

E.28 Expenses for goods and services purchased

kEUR	2023	2022
Software licenses	19,556	12,739
Software maintenance and other recurring revenues	114,607	88,414
Professional services	22,497	28,721
Hardware	52,386	64,626
Advertising, eDetailing and data	8,056	16,875
Other cost of goods	5,645	5,022
Total	222,747	216,397

Purchased services for software maintenance and other recurring revenues primarily relates to the cost of external service providers operating the customer service hotline and sales activities.

E.29 Personnel expenses and employees

a) Personnel expenses

kEUR	2023	2022
Salaries	453,968	432,966
Employer social security costs	95,779	92,459
of which net pension expenses – Benefits	3,302	3,925
of which net pension expenses – Contribution	29,917	28,986
Termination benefits	26,169	5,664
Other personnel expenses	14,498	15,615
Total	590,414	546,704

Acquisitions contributed kEUR 13,220 (prior year: kEUR 10,080) to the increase in personnel expenses in financial year 2023. Contributions to domestic statutory pension insurance amounted to kEUR 19,755 in financial year 2023 (prior year: kEUR 18,911).

b) Employees

The average number of the CGM group's employees in financial years 2023 and 2022 breaks down as follows:

	2023	2022
Full-time employees	7,917	7,771
Apprentices	196	202
Part time	1,143	1,120
Total	9,256	9,093

The average number of employees in a managerial role within the CGM group amounts to 87 (prior year: 103). The Managing Directors were not counted.

E.30 Other expenses

Other expenses breaks down as follows:

kEUR	2023	2022
Outsourcing	78,688	78,954
Legal and consulting fees	19,986	25,162
Advertising/entertainment	9,038	11,717
Travel expenses	9,767	8,091
IT (software, maintenance etc.)	30,418	26,144
Company cars	10,080	10,005
Occupancy	11,850	11,634
Losses on disposal of fixed assets	290	107
Telephone costs	5,619	5,378
Office supplies	3,555	3,546
Insurances	2,863	2,715
Other	20,157	26,088
Total	202,311	209,541

After the conversion of CompuGroup Medical SE into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) as at June 18, 2020, all previous Management Board members of CGM SE were appointed as Managing Directors of CompuGroup Medical Management SE. As at that date, their remuneration is no longer included in personnel expenses, but as external service under Other expenses.

The Other item in the financial year also includes additional expenses for contract and project risks that have materialized in the amount of kEUR 4,960 (prior year: kEUR 6,040).

E.31 Depreciation and amortization

Depreciation of property, plant and equipment breaks down as follows:

kEUR	2023	2022
Property and buildings	2,645	3,006
Other fixed assets and office equipment	13,295	14,040
Total	15,940	17,046

Amortization of intangible assets breaks down as follows:

kEUR	2023	2022
Acquired software rights	18,254	20,757
Customer relationships	27,823	30,272
Trademark rights	2,529	2,603
Order backlog	855	3,283
Capitalized inhouse services	26,502	12,636
Total	75,963	69,551

Of this amount, kEUR 43,541 relates to amortization from purchase price allocations (prior year: kEUR 45,882). Of the amortization of internally generated software, kEUR 11,453 (prior year: kEUR 342) relates to impairment losses. The impairments refer to various modules in the HIS segment that were written off in full. The impaired modules are components of the HIS.G3 Evolution software that have been discarded and redeveloped due to technical changes on the one hand and discontinued due to a lack of customer acceptance on the other.

Depreciation of right-of-use assets breaks down as follows:

kEUR	2023	2022
Property and buildings - IFRS 16	15,407	17,708
Vehicles - IFRS 16	8,270	7,792
Other - IFRS 16	219	224
Total	23,896	25,724

E.32 Result from companies accounted for using the equity method

The results from companies accounted for using the equity method in financial year 2023 amount to kEUR 623 (prior year: kEUR - 99).

E.33 Financial income and financial expenses

a) Financial income

Financial income breaks down as follows:

kEUR	2023	2022
Change in value of derivatives without hedge accounting relationship	0	19,181
Currency gains	150	2,031
Interest income on loans	179	342
Interest income on cash at bank	729	235
Interest income on taxes	147	232
Income from the reversal of purchase price liabilities	1,494	0
Other	121	698
Total	2,820	22,719

Further information on derivatives not designated as hedging instruments is provided under note G.8 Interest rate risk.

b) Financial expenses

Financial expenses break down as follows:

kEUR	2023	2022
Bank interest	26,145	10,054
Change in value of derivatives without hedge accounting relationship	12,793	0
Capitalized borrowing costs on qualified assets	- 2,672	- 1,519
Transaction costs/loan commitment fees	3,658	2,658
Increase/change in purchase price liabilities	294	1,514
Interest on lease liabilities	845	583
Currency losses	3,088	950
Other	18	344
Total	44,169	14,584

c) Impairment losses on financial assets

Impairment losses on financial assets break down as follows:

kEUR	2023	2022
Write-offs on loans issued	564	5,250
Total	564	5,250

In the reporting year, the write-downs on loans issued relate to a loan granted to the insolvent company scanacs GmbH. In the prior year, the write-downs pertained to a loan granted to MGS Meine Gesundheit Services GmbH.

E.34 Income taxes

Income taxes break down as follows according to their origin:

kEUR	2023	2022
Current income taxes	**33,339**	**32,346**
Germany	12,651	12,308
Other countries	20,688	20,038
Deferred taxes	**- 7,539**	**353**
Total	25,800	32,699

Current tax expenses include a tax expense of kEUR 10,482 for prior financial years (prior year: kEUR 4,184). The deferred tax result includes effects from loss carryforwards of kEUR 32,130 (prior year: kEUR 18,536), counteracted by temporary effects of kEUR - 24,591 (prior year: kEUR - 18,183).

(Deferred) income taxes, which are recognized directly in other comprehensive income, break down as follows:

kEUR	2023	2022
Deferred taxes	- 1,867	6,230
Arising in connection with income and expenses recognized in other comprehensive income:	- 1,867	6,230
Remeasurement of defined benefit obligation	- 458	2,039
Cashflow hedges	- 2,053	3,230
Effects from currency translation	644	961
Deferred tax recognized in other operating income	- 1,867	6,230

The consolidated tax rate is used as a measure for group management and strategic planning. The consolidated tax rate is understood as the measure providing information on the (income) tax burden of the company. The consolidated tax rate is calculated by dividing the reported income tax expense by the result for the year before taxes. Consequently, the consolidated tax expense is the total amount of current and deferred taxes whereby the utilization of loss carryforwards, the use of tax credits and tax allowances and ensuring that deferred tax assets are not impaired have a favorable effect on the final consolidated tax rate.

The weighted average tax rate was 30 % (prior year: 30 %), which is equal to the corporate tax rate on taxable profits to be paid by CompuGroup Medical SE & Co. KGaA in Germany. Under German tax law, income taxes consist of corporation tax, trade tax and the solidarity surcharge for the former East Germany. The corporate tax rate for domestic companies in the CGM group is composed of corporation tax of 15 % (prior year: 15 %), the solidarity surcharge in the amount of 5.5 % on corporation tax (prior year: 5.5 % on corporation tax) and trade tax in the amount of 14 % (prior year: 14 %). For the foreign subsidiaries, the effective national tax rates are applied for the financial year.

The reconciliation between the statutory tax rate (nominal) and the actual tax rate is shown below:

	2023		2022	
kEUR		in %		in %
Earnings before taxes (EBT)	72,672		106,816	
Tax expense at a tax rate of 30%	21,802	30.00 %	32,045	30.00 %
Effects of differing national tax rates	- 2,717	- 3.74 %	- 5,882	- 5.51 %
Effects of changes in tax rates on deferred taxes	1,709	2.35 %	109	0.10 %
Effects from tax losses and offset options for which no deferred tax asset was recognized	4,096	5.64 %	8,530	7.99 %
Effects from the previously unrecognized and unused tax losses and offset options that are now recognized as deferred tax assets	- 28,258	- 38.88 %	18,930	17.72 %
Effects from the use of previously unrecognized tax loss carryforwards	0	0.00 %	- 13,208	- 12.37 %
Effects of non-tax-deductible expenses	15,690	21.59 %	3,249	3.04 %
Effects of tax-free earnings	- 1,112	- 1.53 %	- 1,112	- 1.04 %
Impact of non-taxable goodwill amortization/ impairment	0	0.00 %	1,199	1.12 %
Tax expense from previous years (True-Up's)	3,303	4.55 %	1,090	1.02 %
Effects from the previously unrecognized tax assets that are now recognized as deferred tax assets	0	0.00 %	- 13,868	- 12.98 %
Effects on tax expense from previous years due to tax audits	9,100	12.52 %	1,003	0.94 %
Effects from stock option programs	1,246	1.71 %	- 603	- 0.56 %
Other differences	941	1.29 %	1,217	1.14 %
Effective income tax expense	25,800	35.50 %	32,699	30.61 %

Effects from deferred tax assets not recognized on tax loss carryforwards and temporary differences result mainly from CompuGroup Medical Inc, USA, and eMDs Inc., USA as well as CompuGroup Medical SE & Co. KGaA.

The effects on tax expenses from prior years due to tax audits are associated with risks in connection with the expected results from changed findings of external audits and are decisive for determining the tax rate.

The actual tax expense includes tax expenses of domestic and foreign companies that are related to other periods.

E.35 Earnings per share

	Dec 31, 2023	Dec 31, 2022
Consolidated net income for the period allocated to the parent company in kEUR	**45,916**	**73,411**
Number of ordinary shares	53,734,576	53,734,576
Treasury shares	1,500,000	1,500,000
Outstanding ordinary shares at closing date	**52,234,576**	**52,234,576**
Earnings per share (in EUR)		
– undiluted	0.88	1.41
– diluted	0.88	1.40

The (undiluted) earnings per share are calculated by dividing the consolidated net income for the year by the weighted average number of shares issued. The share options granted by the company lead to a dilution of earnings per share.

The time-weighted number of shares issued as at the reporting date, including share options, amounts to 52,455,287 (prior year: 52,288,547).

F. Segment reporting

For the definition of the business segments, the Managing Directors draw on internal reports that are also available to the Supervisory Board and analysts for their strategic decisions. In order to reflect regional differences of the healthcare industry with regard to organization and regulation, the reporting covers product and service-related financial data and regional information. For management purposes and resource allocation, the product and service-related structure is a decisive parameter and is divided into a total of four business segments.

For the purpose of assessing and evaluating the operating segments, the Managing Directors use the earnings indicator "earnings before interest, taxes, depreciation and amortization (EBITDA)", which therefore represents the segment result.

The activities included under All other segments (IFRS 8.16) mainly comprise income and expenses from the software development department based centrally in Koblenz and corporate functions managed centrally from the Koblenz site (e.g., IT, Human Resources, Legal).

The column Consolidation shows the consolidation adjustments between the segments.

The segment information is based on the same reporting and measurement methods as the consolidated financial statements. The business relationships between the companies of the group's segments are generally based on prices that would also be agreed with third parties.

For further detailed information on segment reporting, please refer to the management report, section 1.1 Group business model.

Segment report

kEUR	Segment AIS Ambulatory Information Systems 2023 01.01 - 31.12.	Segment AIS Ambulatory Information Systems 2022* 01.01. - 31.12	Segment HIS Hospital Information Systems 2023 01.01 - 31.12.	Segment HIS Hospital Information Systems 2022 01.01. - 31.12	Segment CHS Consumer and Health Management Information Systems 2023 01.01 - 31.12.	Segment CHS Consumer and Health Management Information Systems 2022* 01.01. - 31.12	Segment PCS Pharmacy Information Systems 2023 01.01 - 31.12.	Segment PCS Pharmacy Information Systems 2022 01.01. - 31.12
Revenues to third parties	**506,309**	**502,287**	**314,863**	**277,217**	**225,486**	**219,594**	**140,987**	**130,547**
thereof Software license	47,465	45,756	35,987	29,910	987	1,044	6,300	5,685
thereof Hardware	16,364	19,612	9,149	9,583	44,744	53,327	28,312	27,484
thereof Professional Services	32,632	41,409	59,913	47,358	18,977	22,897	13,738	12,228
thereof Software Maintenance & hotline	282,147	278,491	157,337	140,137	14,032	14,096	45,386	42,185
thereof Other recurring revenues	115,528	107,206	52,388	49,795	101,272	56,180	45,878	41,787
thereof Adverting, eDetailing and Data	650	682	5	0	42,975	69,039	461	490
hereof Other revenues	11,523	9,131	84	434	2,499	3,011	912	688
Point in time of revenue recognition								
at a specific point in time	32,258	35,858	18,051	14,880	47,313	56,463	31,022	29,812
over a period of time	474,051	466,429	296,812	262,337	178,173	163,131	109,965	100,735
	506,309	**502,287**	**314,863**	**277,217**	**225,486**	**219,594**	**140,987**	**130,547**
thereof recurring revenues	397,675	385,697	209,725	189,932	115,304	70,276	91,264	83,972
Revenues between segments	60,473	84,008	5,827	5,347	28,255	47,089	4,498	4,160
Segment Revenues	566,782	586,295	320,690	282,564	253,741	266,683	145,485	134,707
Capitalized inhouse services	9,493	11,322	14,466	18,491	9,161	10,791	6,272	4,215
Other income	7,725	11,349	7,598	6,197	2,517	1,254	5,476	2,823
Expenses for goods and services purchased	-123,934	-145,521	-59,782	-48,077	-102,522	-133,798	-38,605	-35,242
Personnel costs	-239,655	-223,641	-181,606	-161,768	-61,485	-58,196	-49,085	-46,375
Other expenses	-111,118	-115,281	-70,884	-72,927	-31,270	-38,123	-21,114	-20,776
EBITDA	109,293	124,523	30,482	24,480	70,142	48,611	48,429	39,352
in % of revenues	21.6%	24.8%	9.7%	8.8%	31.1%	22.1%	34.3%	30.1%
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								

* In 2023, some smaller profit centers were reallocated between the AIS and CHS segments, so the prior year's figures have been updated based on the current structure.

Segment report

	All other segments		Sum Segments		Consolidation		CGM Group	
	2023	2022	2023	2022	2023	2022	2023	2022
kEUR	01.01 - 31.12.	01.01. - 31.12	01.01 - 31.12.	01.01. - 31.12	01.01 - 31.12.	01.01. - 31.12	01.01 - 31.12.	01.01. - 31.12
Revenues to third parties	**18**	**94**	**1,187,663**	**1,129,739**	**0**	**0**	**1,187,663**	**1,129,739**
thereof Software license	0	0	90,739	82,395	0	0	90,739	82,395
thereof Hardware	0	0	98,569	110,006	0	0	98,569	110,006
thereof Professional Services	6	94	125,266	123,986	0	0	125,266	123,986
thereof Software Maintenance & hotline	0	0	498,902	474,909	0	0	498,902	474,909
thereof Other recurring revenues	0	0	315,066	254,968	0	0	315,066	254,968
thereof Adverting, eDetailing and Data	0	0	44,091	70,211	0	0	44,091	70,211
hereof Other revenues	12	0	15,030	13,264	0	0	15,030	13,264
Point in time of revenue recognition								
at a specific point in time	12	0	128,656	137,013	0	0	128,656	137,013
over a period of time	6	94	1,059,007	992,726	0	0	1,059,007	992,726
	18	**94**	**1,187,663**	**1,129,739**	**0**	**0**	**1,187,663**	**1,129,739**
thereof recurring revenues	0	0	813,968	729,877	0	0	813,968	729,877
Revenues between segments	11,832	10,247	110,885	150,851	-110,885	-150,851	0	0
Segment Revenues	11,850	10,341	1,298,548	1,280,590	-110,885	-150,851	1,187,663	1,129,739
Capitalized inhouse services	747	0	40,139	44,819	0	0	40,139	44,819
Other income	91,895	96,853	115,211	118,476	-86,343	-99,080	28,868	19,396
Expenses for goods and services purchased	-6,941	-3,172	-331,784	-365,810	109,037	149,413	-222,747	-216,397
Personnel costs	-59,169	-57,572	-591,000	-547,552	586	848	-590,414	-546,704
Other expenses	-66,968	-67,020	-301,354	-314,127	87,605	99,625	-213,749	-214,502
EBITDA	-28,586	-20,570	229,760	216,396	0	-45	229,760	216,351
in % of revenues			19.3%	19.2%			19.3%	19.2%
Depreciation of property, plant and equipment and right-of-use assets							-39,835	-42,770
Amortization of intangible assets							-75,963	-69,551
EBIT							113,962	104,030
Result from companies accounted for using the equity method							623	-99
Financial income							2,820	22,719
Financial expenses							-44,169	-14,584
Net impairment losses on financial assets							-564	-5,250
EBT							72,672	106,816
Taxes on income for the period							-25,800	-32,699
Consolidated net income for the period							46,872	74,117
in % of revenues							3.9%	6.6%

G. Other disclosures

G.1 Notes on cash and the cash flow statement

The CGM group prepares the consolidated cash flow statement in accordance with International Accounting Standard IAS 7 Statement of Cashflows. The CGM group discloses its cash flows in order to reveal the sources and uses of cash and cash equivalents. It distinguishes between cash flows from operating activities, investing activities and financing activities.

Cash and cash equivalents in the cash flow statement include cash on hand, checks, cash at banks and other financial assets with a remaining term to maturity of no more than three months and correspond to the amount of cash and cash equivalents reported in the statement of financial position as at the end of the period. Therefore, only short-term securities that are not subject to a significant risk of price fluctuations are carried in cash and cash equivalents. In addition, cash and cash equivalents include bank balances (kEUR 50), which are mainly classified as restricted cash due to capital export restrictions (see also note E.13 Cash and cash equivalents). Effects from currency translation of cash and cash equivalents are adjusted in the calculation and reported separately in the statement of cash flows.

Cash flow from operating activities is determined by first adjusting consolidated net income for the period for non-cash items such as depreciation, impairment, write-ups of intangible assets and property, plant and equipment while including changes in provisions and changes in other assets and liabilities and in net current assets.

Cash flow from investing activities relates to cash outflows for investments in intangible assets, property, plant and equipment, subsidiaries and other business units and investments accounted for using the equity method and jointly controlled entities. This item also includes cash inflows from the disposal of intangible assets, property, plant and equipment, subsidiaries and other business units.

Outflows for acquisitions of subsidiaries and other business units relate to business acquisitions shown in section C.4 b) Company acquisitions and disposals.

In the cash flows from financing activities we report both paid and received dividends, the repayment of debt and new borrowing, payments for the acquisition of non-controlling interests and other financing transactions, and cash outflows for the principal portions of other loans. The change in financial liabilities in the reporting year was caused by the repayment of borrowings and liabilities under other loans.

Income tax payments are already included in the consolidated net income for the period, which is the starting point for the calculation of cash flow from operating activities. Income taxes actually paid in the reporting period are disclosed as additional information below the statement of cash flows. The same applies to the reporting of interest paid and received.

kEUR	Dec 31, 2022	Cash flow from financing activities	Non-Cash				Dec 31, 2023
			changes in scope of consolidation	currency effects	other effects*	change of fair value	
Liabilities to banks	728,475	- 19,618	1,170	0	393	0	710,420
Lease liabilities	53,344	- 25,819	204	- 266	28,972	0	56,435
Other loans	4,647	- 4,593	0	0	33	0	87
Total financial liabilities	786,466	- 50,030	1,374	- 266	29,398	0	766,942

* *Includes, among others, additions to leases, changes in other loans, accrued interest and transaction costs.*

The reconciliation shows changes in financial liabilities where the cash inflows and outflows are shown in the statement of cash flows under Cash flow from financing activities.

G.2 Capital management

The CGM group aims to strengthen its equity base sustainably and to generate an adequate return on capital invested. However, the group's accounting capital is only a passive risk control criterion, while the key performance indicators stated in the section Main financial indicators of the management report are active control elements.

The CGM group's capital structure is measured using financial liabilities less cash and cash equivalents in relation to the consolidated equity. A detailed breakdown of consolidated equity can be found in the Statement of changes in equity or in note E.15 Equity.

Both the aims and the strategy of capital management are to maintain or optimize the financial covenants specified in the credit agreements in order to continue financing on unchanged or improved terms as well as to distribute an appropriate dividend.

The consolidated equity ratio according to the consolidated financial statements as at December 31, 2023 amounts to 35 % (prior year: 35 %), which is due in particular to

- the addition of consolidated net income attributable to shareholders of CGM (kEUR 45,916; prior year: kEUR 73,411);
- the distribution of dividends (kEUR - 26,117; prior year: kEUR - 26,117);
- currency translation differences (kEUR - 10,340; prior year: kEUR 9,449);
- actuarial gains and losses (kEUR - 1,495; prior year: kEUR 4,577); and
- cash flow hedges (kEUR - 4,791; prior year: kEUR 7,537).

The CGM group's capital structure as at December 31, 2023 breaks down as follows:

kEUR	Dec 31, 2023	Dec 31, 2022
Financial liabilities*	710,507	733,122
Cash and cash equivalents	64,461	90,517
Net liabilities	646,046	642,605
Equity**	669,272	673,823
Net debt to equity ratio	97%	95%

* *Financial liabilities are defined as current and non-current financial liabilities to banks (not including derivatives and financial guarantees) and other loans.*

** *Equity comprises all the group's capital and reserves (including non-controlling interests).*

The leverage ratio is described in the section Main financial indicators of the management report.

G.3 Financial instruments

a) Financial instruments by class and category

A financial instrument is a contract that simultaneously gives rise to a financial asset at one company and a financial liability or equity instrument at another company. Financial instruments are recognized when CGM becomes a party to the financial instrument.

The CGM group's financial instruments to be classified as financial assets consist of Cash and cash equivalents, Trade receivables, Other financial assets and Other investments.

Financial instruments to be classified as financial liabilities comprise Liabilities to banks, Purchase price liabilities, Trade payables and Other financial liabilities.

The fair value is not always available as a market value, which often necessitates a determination based on various measurement parameters. Depending on the availability of observable parameters and the relevance of these parameters for determining the fair value as a whole, fair value is assigned to Level 1, 2 or 3. The following factors determine the assignment within these levels:

- Level 1 parameters: The market value of assets and liabilities is calculated on the basis of quoted and unadjusted prices for these or identical assets and liabilities listed on active markets. Tradability on the principal or the most advantageous market on the measurement date is key.
- Level 2 parameters: The market value of assets and liabilities is calculated using parameters for which either directly or indirectly derived quoted prices are available on an active market. Examples: price quotations in non-active markets; observable interest rates and curves; implied volatilities and credit spreads.
- Level 3 parameters: The market value of assets and liabilities is calculated using parameters for which no observable market data is available.

For financial instruments in the CGM group to be measured at fair value, the calculation was based on the market information available on the reporting date, using the following methods and assumptions:

- Financial instruments at fair value through profit or loss (FVtPL) are financial assets that do not meet the criteria of IFRS 9 for the categories at amortized cost (AC) or at fair value through other comprehensive income (FVOCI), or financial investments in equity instruments for which the FVOCI option was not applied upon initial recognition. As no companies in the CGM group have exercised this FVOCI option to date, investments with an ownership interest of less than 20 % are reported as Other investments. The acquisition cost measured at amortized cost represents an appropriate estimate of the fair value for recognizing other investments on the reporting date.

- Derivatives with no hedging relationships are measured at the fair value through profit or loss (FVtPL) method.

- Derivatives with hedging relationships are classified as cash flow hedges and measured at their fair value as at the reporting date.

All other financial assets and financial liabilities are carried at amortized cost based on the effective interest method.

- Financial assets in the at amortized cost category are assets held in order to collect the contractual cash flows which solely represent payments of principal and interest. Interest income from these financial assets is reported in financial income based on the effective interest method. Gains or losses from derecognition are recognized directly in the income statement and, together with foreign currency gains and losses, are reported under other gains/losses.

- Under financial assets, the CGM group reports Cash and cash equivalents, Trade receivables and Other financial assets. The carrying amount of financial instruments classified as financial assets corresponds to the fair value of the proportion of short-term positions they contain, as a result of their short maturity.

- Financial liabilities in the CGM group are generally measured at amortized cost using the effective interest method and assigned to the measurement category at amortized cost (AC). The carrying amount of financial instruments reported as Trade payables or Other financial liabilities is almost the same as the fair value. The item Liabilities to banks under financial liabilities is divided into fixed rate debt and variable rate debt. The estimates of the fair values of the Purchase price liabilities are based on the contractually defined influencing factors, which condition the future payments and the expectations that the CGM group has with respect to these values (Level 3). The probability of achieving the defined targets and their timing is assessed. The assumptions made are reviewed at regular intervals.

- The fair value of fixed rate debt is calculated as the present value of the expected future cash flows, discounted using the interest rates (including CGM-specific margin) appropriate on the reporting date. The fair value of the variable rate debts corresponds approximately to the carrying amount.

The financial assets and liabilities from Receivables from finance leases, Derivatives classified as cash flow hedges and the financial liabilities from Lease liabilities do not fall into the classification categories under IFRS 9, but are reported under Financial instruments in the table below. Financial assets in Receivables from finance leases and Financial liabilities from lease liabilities are measured at amortized cost in accordance with the provisions of IFRS 16. These are included in the impairment after expected credit losses. The fair value is determined on the basis of a market interest rate and the average term of the leases.

The following table shows the carrying amounts and valuations of the group's existing financial instruments in accordance with the measurement categories under IFRS 9 as at December 31, 2023:

			IFRS 9 valuation			IFRS 16 valuation	
kEUR	Measurement category according to IFRS 9	Book value as at Dec 31, 2023	Amortized costs	Fair value through profit or loss	Fair value through equity	Amortized costs	Fair value* as at Dec 31, 2023
Financial assets							
Cash and cash equivalents	AC	64,461	64,461	0	0	0	-
Trade receivables	AC	175,464	175,464	0	0	0	-
Other financial assets	AC	11,129	11,129	0	0	0	-
Finance lease receivables	n/a	22,727	0	0	0	22,727	-
Derivatives classified as Cashflow Hedges	n/a	5,018	0	0	5,018	0	5,018
Derivatives without hedge accounting	FVtPL	12,983	0	12,983	0	0	12,983
Other investments	FVtPL	615	0	615	0	0	615
Total financial assets		**292,397**	**251,054**	**13,598**	**5,018**	**22,727**	**-**
thereof Financial instruments at fair value through profit or loss	FVtPL	13,598	0	13,598	0	0	13,598
thereof Amortized costs	AC	251,054	251,054	0	0	0	-
Financial liabilities							
Liabilities to banks	AC	710,420	710,420	0	0	0	699,147
Purchase price liabilities	FVtPL	14,173	0	14,173	0	0	14,173
Trade payables	AC	93,006	93,006	0	0	0	-
Lease Liabilities	n/a	56,435	0	0	0	56,435	-
Derivatives classified as Cashflow Hedges	n/a	194	0	0	194	0	194
Other financial liabilities	AC	5,997	5,997	0	0	0	-
Total financial liabilities		**880,225**	**809,423**	**14,173**	**194**	**56,435**	**-**
thereof Financial instruments at fair value through profit or loss	FVtPL	14,173	0	14,173	0	0	14,173
Amortized costs	AC	809,423	809,423	0	0	0	-

* The table contains no information regarding the fair value of Cash and cash equivalents, Trade receivables, Other financial assets, Finance lease receivables, Purchase price liabilities, Trade payables, Lease liabilities and Other financial liabilities. The carrying amounts correspond approximately to the fair value.

The financial instruments by measurement category for the prior-year period ended December 31, 2022, adjusted to the currently applicable definition, are as follows:

			IFRS 9 valuation			IFRS 16 valuation	
kEUR	Measurement category according to IFRS 9	Book value as at Dec 31, 2022	Amortized costs	Fair value through profit or loss	Fair value through equity	Amortized costs	Fair value* as at Dec 31, 2022
Financial assets							
Cash and cash equivalents	AC	90,517	90,517	0	0	0	-
Trade receivables	AC	189,439	189,439	0	0	0	-
Other financial assets	AC	4,953	4,953	0	0	0	-
Finance lease receivables	AC	25,136	0	0	0	25,136	-
Derivatives classified as Cashflow Hedges	n/a	11,357	0	0	11,357	0	11,357
Derivatives without hedge accounting	FVtPL	25,777	0	25,777	0	0	25,777
Other investments	FVtPL	3,158	0	3,158	0	0	3,158
Total financial assets		**350,337**	**284,909**	**28,935**	**11,357**	**25,136**	**-**
thereof Financial instruments at fair value through profit or loss	FVtPL	28,935	0	28,935	0	0	28,935
thereof Amortized costs	AC	284,909	284,909	0	0	0	-
Financial liabilities							
Liabilities to banks	AC	728,475	728,475	0	0	0	728,383
Purchase price liabilities	AC	21,585	0	21,585	0	0	21,585
Trade payables	AC	112,613	112,613	0	0	0	-
Lease Liabilities	n/a	53,344	0	0	0	53,344	0
Derivatives classified as Cashflow Hedges	n/a	901	0	0	901	0	901
Other financial liabilities	AC	8,531	8,531	0	0	0	-
Total financial liabilities		**925,449**	**849,619**	**21,585**	**901**	**53,344**	**-**
thereof Financial instruments at fair value through profit or loss	FVtPL	21,585	0	21,585	0	0	21,585
Amortized costs	AC	849,619	849,619	0	0	0	-

* The table contains no information regarding the fair value of Cash and cash equivalents, Trade receivables, Other financial assets, Finance lease receivables, Purchase price liabilities, Trade payables, Lease liabilities and Other financial liabilities. The carrying amounts correspond approximately to the fair value.

b) Fair value of financial assets and liabilities (according to valuation hierarchies)

The financial assets and liabilities that are measured at fair value as at December 31, 2023 are as follows:

kEUR	2023	Level 1	Level 2	Level 3
Financial assets valuated at fair value				
Derivates classified as cash flow hedges	5,018	0	5,018	0
Derivatives without hedge accounting	12,983	0	12,983	0
Other investments	615	0	0	615
Total	18,616	0	18,001	615
Financial liabilities valuated at fair value				
Liabilities to banks	699,147	0	699,147	0
Purchase price liabilities	14,173	0	0	14,173
Derivates classified as cash flow hedges	194	0	194	0
Total	713,514	0	699,341	14,173

The financial assets and liabilities that are measured at fair value as at December 31, 2022 are as follows:

kEUR	2022	Level 1	Level 2	Level 3
Financial assets valuated at fair value				
Derivates classified as cash flow hedges	11,357	0	11,357	0
Derivatives without hedge accounting	25,777	0	25,777	0
Other investments	3,158	0	0	3,158
Total	40,292	0	37,134	3,158
Financial liabilities valuated at fair value				
Liabilities to banks	728,383	0	728,383	0
Purchase price liabilities	21,585	0	0	21,585
Derivates classified as cash flow hedges	901	0	901	0
Total	750,869	0	729,284	21,585

The valuation techniques used to determine level 2 and 3 fair values are the discounted cash flow method and option pricing models. Other investments are recognized at amortized cost as the best estimate.

c) Derivative financial instruments and hedge accounting

The following table shows the effects of cash flow hedging relationships in financial year 2023:

				Cashflow Hedge reserve		
kEUR	Financial asset	Financial liability	Nominal value	Cumulative Amounts for Continuing Hedging Relationships	Hedging effects recognized in other comprehensive income	Amounts reclassified to profit or loss for realized hedges*
Currency risks	1,161	- 194	45,049	0	967	- 967
Interest rate risks	3,857	0	200,000	2,956	- 5,481	- 2,347
Total	5,018	- 194	245,049	2,956	- 4,514	- 3,314

*Shown under financial expenses in the income statement.

The following table shows the effects of cash flow hedging relationships in financial year 2022:

				Cashflow Hedge reserve		
kEUR	Financial asset	Financial liability	Nominal value	Cumulative Amounts for Continuing Hedging Relationships	Hedging effects recognized in other comprehensive income	Amounts reclassified to profit or loss for realized hedges*
Currency risks	574	- 901	41,260	0	- 327	327
Interest rate risks	10,783	0	200,000	10,784	11,095	- 311
Total	11,357	- 901	241,260	10,784	10,768	16

*Shown under financial expenses in the income statement.

CGM held the following financial instruments, to hedge against currency and credit risk:

	2023			2022		
	Maturity			Maturity		
	1 - 6 months	6 - 12 months	greater than one year	1 - 6 months	6 - 12 months	greater than one year
Currency risks						
Nominal value (in kEUR)	45,049	-	-	41,260	-	-
Average forward rate EUR : CHF	0.95	-	-	0,98	-	-
Average forward rate EUR : CZK	24.79	-	-	24,31	-	-
Average forward rate EUR : GBP	0.86	-	-	0,88	-	-
Average forward rate EUR : NOK	11.89	-	-	9,81	-	-
Average forward rate EUR : PLN	0.00	-	-	4,71	-	-
Average forward rate EUR : SEK	11.56	-	-	10,67	-	-
Average forward rate EUR : USD	1.09	-	-	1.00	-	-
Interest rate risks						
Nominal value (in kEUR)	-	-	200,000	-	-	200,000
Average interest rate secured	-	-	2.00%	-	-	2.04%

The financial assets and liabilities from currency risks and interest rate risks are reported in the balance sheet item Derivative financial instruments.

Due to the deviation in maturities between the hedged item and the hedging instrument, the derivative for the new interest rate swap concluded in 2022 was designated at the second term interest rate of the hedged item. Therefore, it was already completely effective from the point in time of designation onwards. As at the reporting date of December 31, 2023, all currency hedging relationships, with the exception of credit risk and forward components that are not material, are considered fully effective.

G.4 Net gains and losses on financial assets and liabilities

kEUR	2023	2022
Net gain/loss foreign currency translation (AC)	-31,834	-11054
Net gain/loss from derivatives not designed as hedging instruments (FVtPL)	-11,594	-1,514
Total	-43,428	-12,568

The net gain/loss from the foreign currency translation is recognized according to the origin in other income and other expenses or financial income and financial expenses. The effective portion of the net gain/loss from derivatives classified as cash flow hedges is recognized in other comprehensive income. If an ineffective portion of cash flow hedges were to be recognized, this would be recognized in profit or loss under financial income and financial expenses. Total interest income for financial assets amounted to kEUR 908 and total interest expenses to kEUR 29,803.

The item Net impairment losses on financial and contract assets also includes impairments on receivables and contract assets in the amount of kEUR 8,738 (prior year: kEUR 4,961), which are allocated to the category at amortized cost (AC).

G.5 Risks related to financial instruments

The CGM group is exposed, with respect to credit risks, price change risks and cash flow fluctuation risks on the assets, liabilities and planned transactions, primarily to liquidity and credit risks as well as the risk of changes in foreign exchange rates and interest rates. Risks arising from the use of financial instruments are continuously monitored as part of risk management.

Currency and interest rate risks are partially minimized through the use of derivative hedging instruments. Derivative financial instruments are used exclusively for micro hedges of risks arising in the normal course of business. Derivative financial instruments are used exclusively for hedging purposes, never for speculative purposes, and are only concluded with established financial institutions whose risk profile is solid and is reviewed on a daily basis. CGM determines the existence of an economic relationship between the hedging instrument and the hedged item on the basis of currency, amount and timing of their respective cash flows. CGM uses the hypothetical derivative method to assess whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in the cash flows of the hedged item. As they are considered to be immaterial, CGM does not recognize these separately.

Currency risks result from investments, financing measures and operating activities. CGM currently hedges only intercompany financial loans and deposits through derivative financial instruments in order to minimize intercompany currency risks. The hedging relationships used by CGM are presented in the consolidated financial statements as hedge accounting.

Interest rate risks mainly result from group financing. CGM currently uses derivative financial instruments to hedge long-term bullet loans against any negative interest rate developments. These interest rate derivatives are partly designated as cash flow hedges and are contracted in order to fix or cap the amount of interest payments for variable-interest liabilities.

CGM strives to minimize related credit risks. Measures taken by the group to achieve this goal include the establishment of a dunning system. Furthermore, credit risks are avoided by agreeing prepayments for a significant share of the contracts relevant to recurring revenues. The maximum (earnings) risk resulting from financial instruments basically corresponds to the carrying amounts of the respective capitalized financial instruments.

For further detailed information on market risks, credit risks and liquidity risks, please refer to G.6 Credit risk, G.7 Currency risk, G.8 Interest rate risk and G.9 Liquidity risk of the notes to the consolidated financial statements.

G.6 Credit risk

The rules for recognizing impairment set forth in IFRS 9 are based on expected credit losses (“expected loss model”). A three-step model is provided for determining the extent of risk provisioning. A provision for expected credit losses is recognized in the statement of financial position for financial assets carried at amortized cost. For Trade receivables, Contract assets and Finance lease receivables, the simplified approach is based on lifetime expected credit losses. Trade receivables, Finance lease receivables and Contract assets were calculated on the basis of common risk characteristics to measure expected credit losses, taking into account the corresponding industry and country risks. For the calculation of the expected credit losses, historical loss rates are determined, which are adjusted on the basis of future macroeconomic data. Impairments for which the general approach must also be applied are of minor significance.

The group’s credit risk arises primarily from trade receivables. Trade receivables result from contracts with customers. The amounts reported in the statement of financial position are net of impairment on expected future losses (“expected loss model”). Contract assets are essentially work in progress that has not been invoiced and that has the same risk characteristics as trade receivables due to the same types of contract.

The CGM group's procedure for calculating allowances for doubtful receivables is as follows:

For receivables not yet due and those past due by between 0 and 12 months, a write-down of 0.8 percentage points is recognized as the loss allowance for expected credit losses. An adjustment is made on the basis of individual creditworthiness (management judgement) for all receivables past due by between 13-24 months. All receivables past due by 24 months are written down in full. For receivables that are past due by 14 days, the internal company dunning process is triggered. We assume a risk of default in particular if the debtor/contractual partner is insolvent or our receivable is more than 12 months past due. Financial assets are derecognized if the receivable is uncollectible. If recoveries are made after the write-off of a receivable, these are recognized in profit or loss. The age structure of the receivables is classified as not critical within the group. The default rate is reassessed at each reporting date, taking into account the sector and country risks.

Allowances for Trade receivables, Contract assets and Finance lease receivables were calculated on this basis. The CGM group therefore recognizes a loss allowance for expected credit losses of 0.8 percentage points on all financial assets from day one.

The table shows the gross carrying amounts as at December 31, 2023 representing the maximum credit risk:

kEUR	0-12 months overdue (0.8 %)	13-24 months overdue (individual)	more than 24 months overdue (100 %)
Trade receivables	169,200	14,744	14,385
Contract assets	27,318	0	0
Finance lease receivables	22,912	0	0
Total	219,430	14,744	14,385
Credit-impaired assets (individually assessed)	- 1,722	- 5,417	- 14,385
Loss allowances for expected credit losses	- 1,755	0	0
Total Amount	- 3,477	- 5,417	- 14,385

The table shows the gross carrying amounts as at December 31, 2022:

kEUR	0-12 months overdue (0.8 %)	13-24 months overdue (individual)	more than 24 months overdue (100 %)
Trade receivables	187,871	10,643	11,457
Contract assets	23,495	0	0
Finance lease receivables	25,339	0	0
Total	236,705	10,643	11,457
Credit-impaired assets (individually assessed)	- 986	- 6,611	- 11,457
Loss allowances for expected credit losses	- 1,894	0	0
Total Amount	- 2,880	- 6,611	- 11,457

The table shows the development of the loss allowance for Trade receivables, Contract assets and Finance lease receivables from December 31, 2022 to December 31, 2023.

kEUR	Trade Receivables	Contract Assets	Finance Lease Receivables
Opening balance of write-down as at Jan 1, 2023	- 20,533	- 213	- 203
Loss allowances for expected credit losses	136	- 16	19
Arising during the year	- 21,523	0	0
Utilized	1,857	0	0
Unused amounts reversed	17,199	0	0
Write-down as at Dec 31, 2023	- 22,864	- 229	- 184

kEUR	Trade Receivables	Contract Assets	Finance Lease Receivables
Opening balance of write-down as at Jan 1, 2022	- 17,502	- 218	- 208
Loss allowances for expected credit losses	- 299	5	5
Arising during the year	- 19,055	0	0
Utilized	1,427	0	0
Unused amounts reversed	14,896	0	0
Write-down as at Dec 31, 2022	- 20,533	- 213	- 203

The CGM group has no significant concentration of credit risk as it is spread across a large number of contracting parties and customers.

Impairment losses on Trade receivables and Contract assets are shown in the operating result as impairment losses. Amounts generated in subsequent periods that were previously written down are recognized in the same item.

The loss of major customers in the hospitals, laboratories and pharmaceuticals business can have an adverse effect on the liquidity of the group. The tendering procedures for major customers and project business are closely monitored to detect and address changes in the market.

The maximum credit risk of investments in equity instruments at the reporting sheet date equals the carrying amounts of all investments below 20 %, which have been classified accordingly.

The credit risk is limited in the case of cash and cash equivalents, as these are due in the short term and are held with banks that have been given high credit ratings by international rating agencies.

The following table shows a summary of cash and cash equivalents by classification from the major international rating agencies as at the reporting date:

kEUR	Dec 31, 2023	Dec 31, 2022
AA-	31,381	1,869
A+	9,321	30,370
A	4,098	11,662
A-	8,830	13,677
BBB+	501	24,267
BBB	3,124	2,082
BBB-	0	1,461
BB+	1,062	34
BB-	5,444	4,254
B	0	291
B-	405	0
Not rated	295	550
Total amount	64,461	90,517

G.7 Currency risk

The market success and gross sales revenues of exporting companies are influenced by fluctuating exchange rates. In 2023, approximately 78 % of revenues were denominated in euro (prior year: 79 %) and approximately 22 % of revenues were denominated in foreign currencies (prior year: 21 %).

The carrying amount of the group's monetary assets and liabilities denominated in foreign currencies is as follows:

	Assets		Liabilities	
TEUR	De 31, 2023	Dec 31, 2022	De 31, 2023	Dec 31, 2022
US Dollar	60,056	52,346	20,222	18,182
Norwegian Kroner	3,720	3492	1,198	1,125
Swedish Krona	9,298	9,468	5,091	4,532
Polish Zloty	19,652	9,423	6,410	3,824
Turkish Lira	405	754	0	721
Czech Crowns	6,522	4,377	2,072	1,093
Swiss Franc	3,262	3,098	3,027	2,324
Danish Kroner	4,819	2,528	1,911	2,150
British Pound	25	11	17	12
South African Rand	5,387	4,772	535	556
Romanian Leu	109	97	2,437	987
Indian Rupee	1,861	1,321	1,841	2,096

a) Effects from the sensitivity analysis on net income in the event of a ten percent rise or fall in the euro against the respective foreign currency:

The following table shows the sensitivity of a ten percent rise or fall in the euro against the respective foreign currency from the perspective of the group. The assumption of a ten percent change represents management's best estimate of a rationally possible change in the exchange rate. The sensitivity analysis only includes outstanding monetary items denominated in foreign currencies and adjusts their translation in accordance with a ten percent change in exchange rates.

	Currency impact net income					
	2023			2022		
kEUR	+/- 0 percent	+10 percent	-10 percent	+/- 0 percent	+10 percent	-10 percent
US Dollar	-10,487	-11,536	-9,438	-26,771	-29,448	-24,094
Norwegian Kroner	-1,774	-1,951	-1,597	-14,257	-15,683	-12,832
Swedish Krona	-7,462	-8,208	-6,716	-11,185	-12,303	-10,066
Polish Zloty	-2,289	-2,518	-2,060	-2,492	-2,741	-2,243
Turkish Lira	-1,502	-1,652	-1,352	1,517	1,669	1,365
Czech Crowns	-3,099	-3,409	-2,789	-2,458	-2,704	-2,212
Swiss Franc	2,394	2,633	2,155	3,600	3,960	3,240
Danish Kroner	-4,495	-4,945	-4,046	-2,663	-2,930	-2,397
British Pound	98	108	88	-32	-35	-29
South African Rand	3,704	4,074	3,334	-261	-288	-235
Romanian Leu	-863	-949	-777	-859	-945	-773
Indian Rupee	-2,401	-2,641	-2,161	-2,197	-2,416	-1,977

b) Effects from the sensitivity analysis on equity in the event of a ten percent rise or fall in the euro against the respective foreign currency:

	Currency impact equity					
	2023			2022		
kEUR	+/- 0 percent	+10 percent	-10 percent	+/- 0 percent	+10 percent	-10 percent
US Dollar	-284,797	-313,277	-256,317	-284,361	-312,797	-255,925
Norwegian Kroner	-24,928	-27,421	-22,435	-26,246	-28,871	-23,621
Swedish Krona	-56,243	-61,867	-50,619	-55,154	-60,669	-49,639
Polish Zloty	-7,637	-8,401	-6,873	-4,842	-5,326	-4,358
Turkish Lira	253	278	228	2,134	2,347	1,921
Czech Crowns	-4,524	-4,976	-4,072	-3,862	-4,248	-3,476
Swiss Franc	5,033	5,536	4,530	1,475	1,623	1,328
Danish Kroner	-13,035	-14,339	-11,732	-10,958	-12,054	-9,862
British Pound	0	0	0	-90	-99	-81
South African Rand	7,310	8,041	6,579	3,706	4,077	3,335
Romanian Leu	-2,444	-2,688	-2,200	-1,595	-1,755	-1,436
Indian Rupee	-7,491	-8,240	-6,742	-5,442	-5,986	-4,898

G.8 Interest rate risk

The CGM group's interest rate risk arises from long-term borrowings with variable interest rates. The liabilities to banks amount to mEUR 710 as at December 31, 2023. In order to hedge interest rate risks, the group concluded an interest rate cap in 2021 with a nominal volume of mEUR 400 and a remaining term to maturity until May 7, 2031. In addition, an interest rate swap with a remaining term until July 11, 2028 and a notional amount of mEUR 200 was concluded in October 2022.

Where required, the CGM group uses relevant financial instruments to hedge against interest rate increases in order to counter interest rate risks. The effects of interest rate fluctuations are explained in more detail below. Borrowings with fixed interest rates are not included in this analysis.

The CGM group's expected future interest payments are shown below:

	2023			2022		
kEUR	< 1 year	1–5 years	> 5 years	< 1 year	1–5 years	> 5 years
Liabilities to banks	28,867	100,991	5,742	22,626	45,354	2,946
Lease liabilities	929	1,541	364	489	889	420
Other loans	3	3	0	33	0	0

If the variable interest rate (here 3-month EURIBOR) in the interest rate sensitivity analysis is changed by + 100 basis points/ - 100 basis points, this has an impact on the effective interest payments to be made of kEUR 2,646/ kEUR - 2,646.

G.9 Liquidity risk

To ensure that financial obligations can be met on an ongoing basis, the CGM group has negotiated adequate overdraft facilities, promissory note loans and syndicated loans. As at December 31, 2023, the group has short-term credit lines not yet exhausted of mEUR 171 and a not fully utilized revolving credit facility of mEUR 600.

Liquidity risk differs between the countries in which the CGM group operates. In the companies operating in Germany, liquidity is generally supplied via direct debit agreements, which minimizes the liquidity risk. The same applies to companies operating in countries where direct debit is the predominant payment method (e.g., Austria, Norway, Sweden and France).

Cash-pooling arrangements exist for parts of the group. These arrangements provide a needs-based cash management and ensure that sufficient liquidity is available in the individual companies to meet their operational needs. Cash pooling is managed centrally at the group's headquarters in Koblenz. For areas of the group which have no cash-pooling arrangements, liquidity levels are managed by means of medium-term cash requirement planning.

Cash held by group companies (excluding the cash pooling agreement) that exceed the level of working capital required is generally transferred to the group's cash management on a quarterly basis.

Furthermore, the CGM group considers any restriction with respect to its ability to incur debt and raise capital to be a liquidity risk. Restrictions place a significant risk on the achievement of corporate goals and affect overall financial flexibility. The CGM group understands liquidity risk management as performing regular risk analysis involving the use of financial instruments to ensure that potential risks can be adequately addressed.

Debt financing is largely secured by the syndicated loan, the promissory note loans and the EIB loan. Risk concentrations in refinancing are identified promptly through continuous monitoring and reporting. Further information is available in the management report under 2.3.2.3 Capital structure and 2.3.2.5 Liquidity and in the notes to the consolidated financial statements under note E. 17 a) Liabilities to banks.

The following tables show the contractual remaining terms to maturity of the CGM group's financial liabilities. The tables are based on undiscounted cash flows of financial liabilities. They include the payments of both interest and principal. Where interest payments are based on variable parameters, the undiscounted amount was determined on the basis of the yield curves at the end of the reporting period. The contractual maturities are based on the earliest date on which the group can be required to make payments.

	2023			2022		
kEUR	< 1 year	1–5 years	> 5 years	< 1 year	1–5 years	> 5 years
Liabilities to banks	35,119	740,192	70,709	51,730	544,725	202,946
Lease liabilities	20,535	31,803	6,931	20,092	27,656	7,394
Other loans	3	90	0	4,627	53	0
Other financial liabilities	5,910	0	0	3,884	0	0
Trade payables	93,006	0	0	112,613	0	0
Purchase price liabilities	3,963	10,210	0	16,046	5,539	0
Derivatives classified as Cashflow Hedges	194	0	0	901	0	0

G.10 Contingent liabilities

The following table provides information on the CGM group's existing contingent liabilities:

	Maximum liability		Liability reserves	
kEUR	2023	2022	2023	2022
Guarantees for warranties and contract execution	10,957	5,635	0	0
Guarantees	817	207	0	0
Other liability statements	196	171	0	0
Total	11,970	6,013	0	0

There are no major purchase commitments from operating activities. The warranty and contract performance guarantees consist mainly of guarantees for sureties referring in particular to contract performance and rent deposits of CGM SE & Co KGaA in the amount of kEUR 8,510 and further contract performance guarantees of CGM Polska Sp. z o.o. (kEUR 1,954). Disclosures in accordance with IAS 37.86 have been omitted due to reasons of practicality.

G.11 Disclosures on related parties

During the financial year, group companies entered into the following transactions with related parties outside the consolidated group.

These were conducted under conditions which are equivalent to those applied to third parties to stay in accordance with the arm's length principle.

In addition, the following amounts were outstanding at the end of the reporting period:

	Sale of goods		Purchase of goods		Receivables		Liabilities	
kEUR	2023	2022	2023	2022	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Frank Gotthardt	0	0	0	0	0	0	0	0
Dr. Brigitte Gotthardt	0	0	0	0	0	0	0	0
Prof. Dr. Daniel Gotthardt	0	0	0	0	0	0	0	0
CompuGroup Medical Management SE	11	115	9,813	14,573	249	32	0	103
further Administrative Board	0	1	0	2	0	0	0	0
further related companies	2,608	1,848	25,693	2,667	433	105	147	347
Associated companies and joint ventures	13,230	11,153	169	90	1,460	1,750	0	12

Payments amounting to kEUR 9,813 (prior year: kEUR 14,573) were made to the personally liable company CompuGroup Medical Management SE, which is controlled by Frank Gotthardt via GT 1 Vermögensverwaltung GmbH, in the reporting year for remuneration of the Managing Directors, the Administrative Board and other expense allowances.

Furthermore, Frank Gotthardt directly and indirectly holds a significant shareholding in CompuGroup Medical SE & Co. KGaA as at December 31, 2023. As a result, in addition to the associated companies stated in the list of shareholdings, also all companies having a corporate relationship with Frank Gotthardt, Dr. Brigitte Gotthardt or Professor Dr. Daniel Gotthardt are related to CompuGroup Medical SE & Co. KGaA.

Other related persons:

Remuneration paid to current and former members of the Supervisory and the Administrative Board can be found in the remuneration report (cf. remuneration report in the management report) and has not been restated here.

Administrative Board

Business relationships with Frank Gotthardt and Professor Dr. Daniel Gotthardt are shown separately and not included in this list.

Supervisory Board and Senior Management

Beyond this, there were no significant direct business relationships with members of the Supervisory Board or the Senior Management in the reporting year.

Other related companies:

The following business relationships with related companies are particularly noteworthy:

Gotthardt Healthgroup AG

The sale of the GHG group was concluded with the Gotthardt Healthgroup AG. The basic amount of the payment is kEUR 22,000.

Gotthardt Bürotechnik GmbH

CompuGroup obtained services in the form of leases for copiers from Gotthardt Bürotechnik GmbH in the amount of kEUR 112 (prior year: kEUR 116).

INFOSOFT Informations- und Dokumentationssysteme GmbH

The goods and services received from INFOSOFT Informations- und Dokumentationssysteme GmbH include both the purchase of licenses and services in the form of software maintenance totaling kEUR 250 (prior year: kEUR 173).

KEC Vertriebs GmbH & Co. KG

The services received from KEC Vertriebs GmbH & Co. KG mainly consisted of advertising and sponsoring services totaling kEUR 316 (prior year: kEUR 316).

mps public solution GmbH

The goods and services received (kEUR 893; prior year: kEUR 605) and provided in the amount of kEUR 1,789 (prior year: kEUR 1,613) mainly comprise software maintenance services for software licenses between CompuGroup Medical Clinical Deutschland GmbH and mps public solution GmbH.

Fährhaus Koblenz GmbH & Co. KG

This mainly relates to the use of the Fährhaus for meetings, conventions and conferences for a total of kEUR 107 (prior year: kEUR 87).

Gotthardt Healthgroup RO

CGM Deutschland AG procured software development services amounting to kEUR 366 from Gotthardt Healthgroup RO.

Gotthardt Grundstücksgesellschaft GbR

Payments that are primarily attributable to employee parking spaces amount to kEUR 54 (prior year: kEUR 47).

GT Transportation Service GmbH

Payments amount to kEUR 761 in the financial year, mainly for onward charging of travel expenses (prior year: kEUR 220).

KSM KoWaDi Security Management GmbH

This mainly relates to the use of security services totaling kEUR 364 (prior year: kEUR 329).

VIUS SE & Co. KGaA

This pertains mainly to subleases totaling kEUR 401 (lessee) and kEUR 89 (lessor).

medocs GmbH

Mainly, this refers to payments for software development totaling kEUR 362.

Associated companies and joint ventures:

Business relationships with associated companies and joint ventures relate primarily to goods and services exchanged with MGS Meine Gesundheit Services GmbH for software developments in the amount of kEUR 12,252 (prior year: kEUR 11,140).

G.12 Declaration of Conformity with the German Corporate Governance Code

The declaration of compliance required by section 161 of the German Stock Corporation Act (AktG) was issued by the Managing Directors and the Supervisory Board and made publicly available to shareholders on the company's website at (https://www.cgm.com/corp_de/unternehmen/investor-relations/CG-de.html).

G.13 Auditor's fees in accordance with section 314 (1) no. 9 German Commercial Code (HGB)

The following table shows the total fees payable, including expenses and all additional costs, to KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, for financial year 2023. The Auditing financial statements item includes the fees for auditing the single-entity financial statements, the consolidated financial statements including the dependency report and the remuneration report of CompuGroup Medical SE & Co. KGaA. These items also include fees for auditing the financial statements of seven subsidiaries. Other advisory services relate, as in the prior year, to the external audit to achieve limited assurance regarding the combined separate non-financial report.

kEUR	2023	2022
Auditing financial statements	1,161	932
Other advisory services	56	70
Tax advisory	0	0
Other services	0	21
Total	1,217	1,023

G.14 Events after the reporting date

There were no significant events after the reporting date

G.15 Managing Directors, Supervisory Board and Administrative Board

Managing Directors:

Last name	First name	Occupation/membership of Supervisory Boards and other supervisory bodies
Rauch	Michael	Managing Director, Chief Executive Officer (CEO - since Mai 17, 2023), Spokesman for the Managing Directors (until Mai 17,2023) and Chief Financial Officer (CFO - until January 31, 2024) Chairman of the Supervisory Board of edding AG
Hommel	Daniela	Managing Director, Chief Financial Officer (CFO - since February 1, 2024)
Mugnani	Emanuele	Managing Director for Ambulatory Information Systems Europe
Pech	Eckart, Dr.	Managing Director Consumer and Health Management Information Systems (until March 15,2024)
Reichl	Hannes	Managing Director for Inpatient and Social Care
Thomé	Ulrich, Dr.	Managing Director Ambulatory Information Systems DACH (since November 1, 2023)
Mazza Teufer	Angela	Managing Director Ambulatory Information Systems DACH (until Mai 31, 2023)

Members of the Supervisory Board:

Members of the Supervisory Board of CompuGroup Medical SE & Co. KGaA as at the reporting date:

Last name	First name	Occupation/membership of Supervisory Boards and other Supervisory Bodies
von Ilberg	Philipp (Chair)	Lawyer and Managing Director of Mayer Sitzmöbel Verwaltungs-GmbH, the general partner of Mayer Sitzmöbel GmbH & Co. KG (Member of the CGM Supervisory Board since June 18, 2020; since June 18, 2020, Chairman)
Weinmann	Stefan (Vice Chair)	Sales Professional at CGM Clinical Deutschland GmbH (Member of the CGM Supervisory Board since September 30, 2021; Vice Chairman since September 30, 2021)
Handel	Ulrike, Dr.	Supervisory Board member and Senior Advisor Member of the Board of Directors of Sparks Networks SE Member of the Board of Directors of Schibsted ASA (Member of the CGM Supervisory Board since June 18, 2020; Vice Chairwoman from June 18 until July 29, 2020)
Köhrmann	Martin, Professor Dr.	Deputy Director of the Department of Neurology at Essen University Hospital (Member of the CGM Supervisory Board since June 18, 2020)
Lyhs	Reinhard	Freelance consultant (Member of the CGM Supervisory Board since March 1, 2023)
Störmer	Matthias	Freelance consultant (Member of the CGM Supervisory Board since June 18, 2020)
Volkens	Bettina, Dr.	Supervisory Board member/Start up founder and self-employed advisor Member of the Supervisory Board of Bilfinger SE Member of the Supervisory Board Vossloh AG Member of the Supervisory Board of Elektrobau Mulfingen GmbH (Member of the CGM Supervisory Board since June 18, 2020)
Basal	Ayfer (Employee representative)	Quality Assurance Professional at CGM Lauer-Fischer GmbH (Member of the CGM Supervisory Board since September 30, 2021)
Betz	Frank (Employee representative)	Marketing Professional at CGM Clinical Europe GmbH (Member of the CGM Supervisory Board since September 30, 2021)
Hegemann	Adelheid (Employee representative)	Senior Service Manager at CGM Clinical Deutschland GmbH (Member of the CGM Supervisory Board since September 30, 2021)
Johnke	Lars (Union representative)	Trade union secretary at IG Metall District management Lower Saxony and Saxony-Anhalt (Member of the CGM Supervisory Board since September 30, 2021)
Mole	Julia (Union representative)	Trade union secretary at the United Services Union ver.di Rhineland-Palatinate/Saarland (Member of the CGM Supervisory Board since January 15, 2021)

Members of the Administrative Board:

Members of the Administrative Board of CompuGroup Medical SE & Co. KGaA as at the reporting date:

Last name	First name	Occupation/membership of Supervisory Boards and other Supervisory Bodies
Gotthardt	Frank (Chair)	Managing Director of GT 1 Vermögensverwaltung GmbH Managing Director of GT 3 Software und Beteiligung GmbH Managing Director of GT 4 Software und Beteiligung GmbH Managing Director of GT Digital Health Holding GmbH Managing Director of GT Medien GmbH Managing Director of Hotel am Moselstausee Verwaltungs GmbH Chairman of the Supervisory Board der Rhein Massiv Verwaltung AG Chairman of the Supervisory Board der XLHEALTH AG
Esser	Klaus, Dr. (Vice Chair)	Managing Director of Klaus Esser Verwaltungs GmbH
Gotthardt	Daniel, Prof. Dr.	Senior Vice President and Chief Medical Officer of CompuGroup Medical SE & Co. KGaA Managing Director of Dagui Beteiligungen GmbH Managing Director of Dagui Verwaltungs- GmbH Managing Director of Gotthardt Healthgroup Holding GmbH Managing Director of Mediteo GmbH Managing Director of Mediteo International GmbH Managing Director of Mediteo US GmbH Managing Director of XL Health Fonds Nr. 2 GmbH Member of the Management board of Gotthardt Healthgroup AG Member of the Management board of XLHealth AG
Peters	Stefanie	Managing partner of enable2grow GmbH Member of the Supervisory Board of STAFFBOOK AG
Rauch	Michael	Managing Director and Chief Executive Officer of CompuGroup Medical SE & Co. KGaA Chairman of the Supervisory Board of edding AG

G.16 Remuneration for the Managing Directors

The total remuneration for the Managing Directors is as follows:

Remuneration for the Managing Directors in 2023 pursuant to IAS 24.17

kEUR	Short-term benefits	Other long-term benefits	Total compensation
Rauch, Michael	1,668	500	2,168
Mugnani, Emanuele	776	0	776
Pech, Eckart, Dr.	2,336	0	2,336
Reichl, Hannes	848	1,233	2,081
Thomé, Dr. Ulrich	153	2,249	2,402
Mazza Teufer, Angela*	1,133	0	1,133
Total	6,914	3,982	10,896

** Left the company effective from May 31, 2023.*

Remuneration for the Managing Directors in 2022 pursuant to IAS 24.17

kEUR	Short-term benefits	Other long-term benefits	Total compensation
Rauch, Michael	3,158	3,546	6,704
Mazza Teufer, Angela	730	2,089	2,819
Mugnani, Emanuele	706	2,089	2,795
Pech, Eckart, Dr.	801	0	801
Reichl, Hannes	2,693	242	2,935
Wössner, Dirk, Dr.*	4,571	0	4,571
Brecher, Frank **	231	0	231
Total	12,890	7,966	20,856

** Left the company effective from June 30, 2022.*

*** No longer Managing Director since June 1, 2022.*

Remuneration disclosure Managing Directors 2023 pursuant to section 314 (1) no. 6 German Commercial Code (HGB)

kEUR	Fixed compensation	Variable bonus (performance)	One-time payments	Share options (fair value)	Fringe benefits	Total compensation
Rauch, Michael	800	1,181	0	0	8	1,989
Mugnani, Emanuele	500	190	0	0	0	690
Pech, Eckart, Dr.	500	100	1,592	0	22	2,214
Reichl, Hannes	550	255	0	952	9	1,766
Thomé, Ulrich, Dr.	83	67	0	2,249	3	2,402
Mazza Teufer, Angela*	208	7	825	0	5	1,045
Total	2,641	1,800	2,417	3,201	47	10,106

** Left the company effective from May 31, 2023.*

Remuneration disclosure Managing Directors 2022 pursuant to section 314 (1) no. 6 German Commercial Code (HGB)

kEUR	Fixed compensation	Variable bonus (performance)	One-time payments	Share options (fair value)	Fringe benefits	Total compensation
Rauch, Michael	613	710	2,000	3,296	14	6,633
Mazza Teufer, Angela	438	280	0	2,089	13	2,820
Mugnani, Emanuele	438	269	0	2,089	0	2,796
Pech, Eckart, Dr.	417	311	0	0	22	750
Reichl, Hannes	425	476	2,000	0	9	2,910
Wössner, Dirk, Dr.*	400	153	5,764	0	5	6,322
Brecher, Frank **	167	34	0	0	9	210
Total	2,898	2,233	9,764	7,474	72	22,441

** Left the company effective from June 30, 2022.*

*** No longer Managing Director since June 1, 2022.*

Remuneration for former Managing Directors / members of the Management Board of CompuGroup Medical SE & Co. KGaA

Remuneration granted in 2023 to former Managing Directors/members of the Management Board of CompuGroup Medical SE & Co. KGaA amounted to mEUR - 0.2.

Revision of the remuneration system for the Managing Directors

The Supervisory Board and the Administrative Board, supported by an independent remuneration expert and taking into account the requirements of the newly created section 87a (1) AktG in the Second Shareholder Rights Directive (ARUG II) of December 12, 2019 and the corresponding recommendations of the German Corporate Governance Code (DCGK) in the version of December 16, 2019, addressed this issue in detail and resolved a new remuneration system at the meeting of the Administrative Board on March 2, 2021, which was approved by the Annual General Meeting of CompuGroup Medical in accordance with section 120a (1) German Stock Corporation Act (AktG) on May 19, 2021. The remuneration system was derived from the system introduced in 2021 and adopted at the meeting of the Administrative Board on March 7, 2022 and approved by the Annual General Meeting of CGM in accordance with section 120a (1) of the German Stock Corporation Act (AktG) on May 19, 2022.

The current remuneration system is derived from the system approved by the Annual General Meeting of CGM on May 19, 2022. It was adopted at the meeting of the Administrative Board on February 6, 2023, and approved by the Annual General Meeting of CGM in accordance with section 120a (1) of the German Stock Corporation Act (AktG) on May 17, 2023.

This remuneration system applies to every employment contract concluded or renewed with Managing Directors from the day following the Annual General Meeting 2023. Managing Director employment contracts concluded or renewed since the Annual General Meeting 2022 already anticipate the changes set forth in this new remuneration system.

G.17 Share option programs

The Managing Directors receive option rights as long-term variable remuneration in accordance with the conditions of the authorization to issue option rights for CompuGroup Medical SE & Co. KGaA decided upon under agenda item 6 at the Annual General Meeting on May 15, 2019. In order to be able to satisfy the share options, the Annual General Meeting on May 15, 2019 resolved to authorize contingent capital in agenda item 8, which – like the share option program – was adapted by resolution of the Annual General Meeting of CompuGroup Medical SE & Co. KGaA of May 19, 2021 (Contingent Capital 2019). The provisions set forth in the resolutions of the Annual General Meetings on May 15, 2019, May 13, 2020 and May 19, 2021 apply to issuing and settling the share options. The option conditions adopted by the Annual General Meeting in the version in force on August 2, 2021 apply equally to all Managing Directors. Any deviating conditions are described below.

Each share option entitles its holder to acquire a registered share of CompuGroup Medical SE & Co. KGaA with each individual share representing a pro rata amount of EUR 1.00 in share capital by paying the exercise price during the term within the exercise periods if all the conditions for exercising the option are met.

A share option may only be exercised if

(i) the waiting period has expired;

(ii) the performance target was reached; and

(iii) the share option has not been forfeited in accordance with the option conditions or the employment contract.

CompuGroup Medical SE & Co. KGaA may choose to either satisfy exercised share options by (i) issuing the corresponding amount of shares using Contingent Capital 2019 or any other contingent capital resolved for this purpose (new shares) or by means of newly issued shares or a combination of both, or (iii) by paying a corresponding amount of money, in each case less the statutory tax and any other charges.

Waiting period

The waiting period for exercising share options commences on the date the respective options are issued and ends four years after the issue date (end of day). The issue date of a share option is the date the eligible person is informed of the decision of the Administrative Board of CompuGroup Medical Management SE to issue such share option (issue date).

After the end of the waiting period and if all other requirements for exercising the options have been fulfilled, the eligible person may exercise the share options either entirely or partially in tranches within a period of six years (term), whereby each of the eligible person's tranches must comprise at least 10,000 share options.

Performance target

The prerequisite for exercising share options is that the performance target for the respective share options has been reached. The performance target has been reached if the company's share price has increased by 15 % either (i) in the three-year period from the issue date or (ii) in the three-year period prior to the date on which the respective share options can be exercised for the first time ("Performance Target"). The relevant reference price for measuring the minimum share price increase is the volume-weighted average price of the company's shares in the XETRA trading system on the Frankfurt Stock Exchange during a period of three months prior to the date on which option rights may be exercised for the first time.

If the minimum share price increase has not been met within the two possible performance periods, the respective share options are forfeited without replacement. It is not possible to repeat the calculation of the performance periods in later periods.

Exercise price

The price per share to be paid when exercising a share option (exercise price) corresponds, in accordance with the general option conditions, to the volume-weighted average price of the company's shares in XETRA (or a similarly functioning system that replaces XETRA) on the Frankfurt Stock Exchange for a period beginning 45 calendar days before and ending 45 calendar days after the respective issue date, but at least the pro rata amount of the company's share capital attributable to the share (section 9 (1) German Stock Corporation Act (AktG)).

The option rights can only be exercised if the employment contract of the respective Managing Director is extended beyond the existing term of their respective first employment contract and if the employment contract is still valid at the time the option rights can be exercised for the first time.

The Performance Target that must be achieved to be able to exercise all the share options newly granted from 2022 is that the share price of CompuGroup Medical SE & Co. KGaA must have risen by at least 20 % either (i) within three years of the issue date of the respective share options or (ii) within the three years prior to the day on which the respective share options can be exercised for the first time. All the share options outstanding as at December 31, 2023 are thus subject to this Performance Target.

As part of his appointment as spokesperson for the Managing Directors in addition to his position as Chief Financial Officer as of July 1, 2022, **Michael Rauch** was awarded 400,000 share options. 100,000 share options are allocated to each of the financial years 2022 to 2025 for the purposes of allocation to remuneration for a particular financial year (in particular for the purposes of determining the maximum remuneration or calculating the waiting period) and assessing potential forfeiture. The waiting period ends in accordance with the general option conditions four years after the issue date (end of day). By way of deviation from the general option conditions, there is no need to renew the employment contract again beyond July 31, 2027 in order to exercise the option.

Angela Mazza Teufer (Managing Director of Ambulatory Information Systems DACH, Connectivity & CLICKDOC) was awarded 250,000 share options in February 2022 when she was appointed as Managing Director. The options were forfeited without replacement when she left active service as Managing Director in May 2023.

In February 2022, **Emanuele Mugnani** (Managing Director of Ambulatory Information Systems Europe and Pharmacy Information Systems Europe) was awarded 250,000 share options. The waiting period ends in accordance with the general option conditions exactly four years after the issue date (end of day). The amount applies both to the entire term of the employment contract (three years) to any potential renewal thereof. Emanuele Mugnani is allocated 50,000 share options each over five years for the purposes of these being allocated to remuneration for a given financial year (in particular for the purposes of determining the maximum remuneration, assessing potential forfeiture, calculating the waiting period or calculating the number of share options that vest in the event of termination for change of control). In addition to the general terms and conditions of the share option program set out above, the share options will be forfeited without replacement if the short-term variable remuneration determined from 2023 until the end of the appointment has not reached at least 70 % of the target amount. This does not apply to the share options granted on a proportionate basis for financial year 2022.

In connection with his office, **Dr. Eckart Pech** (Managing Director Consumer and Health Management Information Systems) was awarded long-term variable remuneration (LTI) of 250,000 option rights in 2019. The waiting period ended in accordance with the general option conditions four years after the issue date on November 2, 2023 (end of day). As the Performance Targets have not been reached, the share options were forfeited without replacement.

When his employment contract was renewed on February 8, 2022, Dr. Eckart Pech was awarded 120,000 options for no-par value bearer shares of CompuGroup Medical SE & Co. KGaA for each financial year, but no more than four years, each as at July 1 or two weeks after the Annual General Meeting of CompuGroup Medical SE & Co. KGaA if this has not taken place before July 1 of the respective year. The 30,000 share options for each of the financial years will only be granted if the short-term variable remuneration determined for the respective prior financial year amounted to at least 70 % of the target amount. If individual Performance Targets were decisive for calculating the short-term variable remuneration of the respective prior year and the Managing Director had little or no influence on achieving them, the Administrative Board may disregard such Performance Targets when determining or agreeing on the relevant Performance et for calculating the 70 % threshold.

In September 2023, Dr. Eckart Pech resigned from his office as Managing Director, effective as at March 15, 2024. The share options granted were thus forfeited upon termination of the employment contract.

Hannes Reichl (Managing Director Inpatient and Social Care) was awarded long-term variable remuneration (LTI) of 250,000 option rights in 2019. The waiting period ended in accordance with the general option conditions four years after the issue date (end of day). As the Performance Targets have not been reached, the share options were forfeited without replacement.

It has also been determined for Hannes Reichl that a long-term bonus in the amount of the difference between the exercise price for the virtual option rights allocated on November 1, 2018 and the aforementioned XETRA average price for the option rights allocated on June 29, 2019, in each case multiplied by a factor of 250,000, will be paid out (cash settled). This entitlement exists if the Performance Targets specified for the option rights (which are derived from the general option conditions) are achieved, and is due and payable at the time the option rights are exercised. The background for this provision, which deviates from the general option conditions, is that the exercise price of EUR 65.5270 newly determined by the Supervisory Board in June 2019 was above the XETRA average price for the period from 45 calendar days before November 1, 2018 to 45 calendar days after November 1, 2018 (EUR 45.1191).

In the event that the Performance Targets set for option rights have not been met, but all other requirements for exercising the option rights have been fulfilled, Hannes Reichl remains – if the relevant average share price has increased by at least 15 % compared with the average November share price – entitled to a long-term cash bonus amounting to 50 % of the difference between the relevant average share price and the average November share price multiplied by a factor of 250,000, due and payable at the time the option rights could have been exercised for the first time. This Performance Target has not been reached either and the claim to a cash bonus has been forfeited.

When his new employment contract was concluded in 2022, Hannes Reichl was allocated 20,000 share options per year for each financial year, but at the most for up to four years, each as at July 1 of the respective year or two weeks after the Annual General Meeting of CompuGroup Medical SE & Co. KGaA if this has not taken place before July 1 of the respective year. The first allocation was made on July 1, 2023. The 20,000 share options for the respective financial year will only be granted if the short-term variable remuneration determined for the respective prior financial year amounted to at least 70 % of the target amount. If, from 2022 onward, the short-term variable remuneration is based on individual Performance Targets on the achievement of which the Managing Director has little or no influence, the Administrative Board may decide to neglect such Performance Targets in determining or agreeing on the relevant Performance Targets for calculating the 70 % threshold referred to in the preceding sentence.

In November 2023, **Dr. Ulrich Thomé** (Managing Director Ambulatory Information Systems DACH) was awarded 250,000 share options. The waiting period ends in accordance with the general option conditions four years after the issue date (end of day). The amount applies both to the entire term of the employment contract (three years) to any potential renewal thereof. Dr. Ulrich Thomé is allocated 50,000 share options each over five years for the purposes of these being allocated to remuneration for a given financial year (in particular for the purposes of determining the maximum remuneration, assessing potential forfeiture, calculating the waiting period or calculating the number of share options that vest in the event of termination for change of control). In addition to the general terms and conditions of the share option program set out above, the share options will be forfeited without replacement if the short-term variable remuneration for the respective prior financial year did not reach at least 70 % of the target amount. If individual Performance Targets were decisive for calculating the short-term variable remuneration of the respective prior year and the Managing Director had little or no influence on achieving them, the Administrative Board may disregard such Performance Targets when determining or agreeing on the relevant Performance et for calculating the 70 % threshold.

Consolidated income statement

The equity-settled share option programs of the individual Managing Directors are recognized over the remaining term in profit or loss up to the fixed fair value on a straight-line basis by offsetting against the capital reserve. The volatility used in the calculation was determined retrospectively over the last seven years since the issue date.

For share-based remuneration components that are cash settled, on the other hand, the fair value is recalculated at each reporting date based on current market parameters and recognized in profit or loss as an expense. In financial year 2023, the corresponding provision for Hannes Reichl was reversed and mEUR 4.3 was recognized through profit or loss (prior year: expense of mEUR 1.2).

a) Managing Directors

Share Option Program Michael Rauch	Dec 31, 2023	Dec 31, 2022
Total number of outstanding share options	400,000	400,000
of which vested	0	0
of which exercisable	0	0
Exercise price (EUR)	42.77	42.77
Weighted average remaining term of outstanding rights in years	2.5	3.5
Weighted average fair value of an option (EUR)	8.24	8.24
Share price volatility applied (in %)	31.21%	31.21%
risk-free interest rate (in %)	-0.58%	-0.58%

Share Option Program Hannes Reichl	Dec 31, 2023	Dec 31, 2022
Total number of outstanding share options	80,000	250,000
of which vested	0	0
of which exercisable	0	0
Exercise price (EUR)	46.18	65.53
Weighted average remaining term of outstanding rights in years	5	0.5
Weighted average fair value of an option (EUR)	11.89	16.85
Share price volatility applied (in %)	31.87%	29.65%
risk-free interest rate (in %)	3.40%	-0.45%

Share Option Program Dr. Eckart Pech	Dec 31, 2023	Dec 31, 2022
Total number of outstanding share options	0	250,000
of which vested	0	0
of which exercisable	0	0
Exercise price (EUR)	0	56.93
Weighted average remaining term of outstanding rights in years	0	0.83
Weighted average fair value of an option (EUR)	0	12.91
Share price volatility applied (in %)	0.00%	30.00%
risk-free interest rate (in %)	0.00%	-0.55%

Share Option Program Emanuele Mugnani	Dec 31, 2023	Dec 31, 2022
Total number of outstanding share options	250,000	250,000
of which vested	0	0
of which exercisable	0	0
Exercise price (EUR)	42.77	42.77
Weighted average remaining term of outstanding rights in years	2.5	3.5
Weighted average fair value of an option (EUR)	8.36	8.36
Share price volatility applied (in %)	31.21%	31.21%
risk-free interest rate (in %)	-0.58%	-0.58%

Share Option Program Dr. Ulrich Thomé	Dec 31, 2023
Total number of outstanding share options	250,000
of which vested	0
of which exercisable	0
Exercise price (EUR)	35.77
Weighted average remaining term of outstanding rights in years	3.86
Weighted average fair value of an option (EUR)	8.99
Share price volatility applied (in %)	32.02%
risk-free interest rate (in %)	3.90%

b) Former Managing Directors

Share Option Program Angela Mazza Teufer	Dec 31, 2023	Dec 31, 2022
Total number of outstanding share options	0	250,000
of which vested	0	0
of which exercisable	0	0
Exercise price (EUR)	0	42.77
Weighted average remaining term of outstanding rights in years	0	3.5
Weighted average fair value of an option (EUR)	0	8.36
Share price volatility applied (in %)	0.00%	31.21%
risk-free interest rate (in %)	0.00%	-0.58%

c) Senior Management (group 2)

Overview share option program as at December 31, 2023:

Date of allocation	Jul 1, 2023	Jul 1, 2022	Jul 1, 2021
Total number of outstanding share options	55,000	30,000	92,500
of which vested	0	0	0
of which exercisable	0	0	0
Exercise price (EUR)	46.18	42.77	68.5
Weighted average remaining term of outstanding rights in years	5	2,5	3
Weighted average fair value of an option (EUR)	11.97	8.57	13.43
Share price volatility applied (in %)	31.87 %	31.21 %	30.69 %
risk-free interest rate	3.40 %	- 0.58 %	- 0.57 %

Overview share option program as at December 31, 2022:

Date of allocation	Jul 1, 2020	Dec 1, 2020	Jul 1, 2021	Sep 3, 2021	Jul 1, 2022
Total number of outstanding share options	150,000	20,000	142,500	20,000	30,000
of which vested	0	0	0	0	0
of which exercisable	0	0	0	0	0
Exercise price (EUR)	71.87	76.91	68.5	74.65	42.77
Weighted average remaining term of outstanding rights in years	1,58	1,92	4	2,68	3,5
Weighted average fair value of an option (EUR)	18.63	23.83	13.43	19.26	8.57
Share price volatility applied	31.31 %	30.23 %	30.69 %	30.59 %	31.21 %
risk-free interest rate	- 0.55 %	- 0.56 %	- 0.57 %	- 0.57 %	- 0.58 %

G.18 Remuneration for the Supervisory Board and the Administrative Board

Remuneration amounts for the members of the Supervisory Board of CompuGroup Medical SE & Co. KGaA are provided for in article 15 of the company's Articles of Association and are approved by the Annual General Meeting with the consent of the general partner pursuant to article 26 (4) of the Articles of Association of the company. Pursuant to the resolution of the (virtual) Annual General Meeting of CompuGroup Medical SE & Co. KGaA of May 13, 2020, the members of the Supervisory Board have been receiving fixed remuneration of kEUR 40 and reimbursement of expenses since the conversion into an SE & Co. KGaA was registered. The Chair of the Supervisory Board receives kEUR 80, twice the fixed remuneration, while the Vice Chair receives kEUR 60, 1.5 times the fixed remuneration. For membership in a Supervisory Board committee, a member receives an additional fixed remuneration of kEUR 10, and the chair of a committee receives twice that amount, namely kEUR 20.

The remuneration of the Administrative Board of the general partner, CompuGroup Medical Management SE, is provided for in article 13 of the Articles of Association and is approved by the Annual General Meeting of CompuGroup Management SE pursuant to article 21 (3) of the Articles of Association. The members of the Administrative Board of the general partner receive an annual fixed remuneration of kEUR 60 unrelated to performance as well as the reimbursement of expenses. The chair of the Administrative Board receives twice the amount of the fixed remuneration, namely kEUR 120. Pursuant to article 8 (3) of the Articles of Association of CompuGroup Medical SE & Co. KGaA regarding the remuneration of the Administrative Board of CompuGroup Medical Management SE, the charges have been passed on to CompuGroup Medical SE & Co. KGaA.

The total remuneration (excluding any VAT) of the Supervisory Board of CompuGroup Medical SE & Co. KGaA for the year 2023, including the charges passed on by CompuGroup Medical Management SE for the Administrative Board, amount to (in kEUR):

Remuneration for the Supervisory Board

kEUR	2023	2022
von Ilberg, Philipp, Chair	100	100
Weinmann, Stefan, Vice Chair, employee representative	60	60
Handel, Ulrike, Dr.	48	40
Köhrmann, Martin, Prof. Dr.	40	40
Lyhs, Reinhard (from March 1, 2023)	34	0
Störmer, Matthias	60	60
Volkens, Bettina, Dr.	40	40
Basal, Ayfer, employee representative	50	50
Betz, Frank, employee representative	50	50
Hegemann, Adelheid, employee representative	40	40
Johnke, Lars, IG Metall	50	50
Mole, Julia, ver.di	40	40
Total	612	570

Remuneration for former members of the Supervisory Board

kEUR	2023	2022
Fuchs, Michael, Dr. (died December 25, 2022)	0	49
Total	0	49

These overviews contain the summarized remuneration for all members of the Supervisory Board in the past two years. In addition, any remuneration for membership of the Joint Committee and Audit Committee of the Supervisory Board is also included. More detailed information on the members and organizational structure can be found in the separate report of the Supervisory Board.

The additional remuneration for the employee representatives on the Supervisory Board for activities outside of their Supervisory Board duties is customary in the market. For reasons of materiality, no individualized information is provided.

Remuneration for the Administrative Board

kEUR	2023	2022
Gotthardt, Frank	120	120
Esser, Klaus, Dr.	60	60
Gotthardt, Daniel, Prof. Dr.	60	60
Peters, Stefanie	60	60
Rauch, Michael	0	0
Total	300	300

Review of the Supervisory Board remuneration system

On the occasion of the entry into force of the law for the implementation of the Second Shareholder Rights Directive (ARUG II), the Supervisory Board remuneration system is also to be submitted to the Annual General Meeting for approval pursuant to section 113 (3) German Stock Corporation Act (AktG). This took place at the Annual General Meeting on May 19, 2021.

G.19 Risk management system

Please refer to the management report for information on the principles of the risk management system.

G.20 Release from disclosure requirement

All German corporations with profit transfer agreements or with a voluntary obligation to assume losses provided by the parent company exercise the exemption under section 264 (3) German Commercial Code (HGB) regarding the preparation and publication of a management report and annual financial statements. This concerns the following companies:

- CGM Clinical Deutschland GmbH, Koblenz
- CompuGroup Medical Deutschland AG, Koblenz
- CompuGroup Medical Software GmbH, Koblenz
- Ifap Service-Institut für Ärzte und Apotheker GmbH, Martinsried
- LAUER-FISCHER GmbH, Fürth
- CGM IT Solutions und Services GmbH, Koblenz
- CompuGroup Medical Mobile GmbH, Koblenz
- LAUER-FISCHER ApothekenService GmbH, Koblenz
- Meditec Marketingservices im Gesundheitswesen GmbH, Koblenz
- docmetric GmbH, Koblenz
- CGM Clinical Europe GmbH, Koblenz
- AESCU DATA Gesellschaft für Datenverarbeitung mbH, Hamburg
- CompuGroup Medical Dentalsysteme GmbH, Koblenz
- Intermedix Deutschland GmbH, Koblenz
- CGM Systemhaus GmbH, Koblenz
- Visus Health IT GmbH, Bochum
- Insight Health GmbH, Waldems-Esch
- KMS Vertrieb und Services GmbH, Unterhaching
- m.Doc GmbH, Cologne

G.21 Disclosures by region

	Sales to third parties		Non current assets without deferred taxes	
kEUR	2023	2022	2023	2022
Germany	664,310	626,742	843,590	798,238
Western Europe	338,252	332,727	377,702	393,891
Eastern Europe	32,554	25,877	8,888	7,939
North America	142,166	135,141	290,543	310,590
Rest of the World	10,381	9,252	6,759	10,454
Foreign countries	523,353	502,997	683,892	722,874
CGM Group	1,187,663	1,129,739	1,527,482	1,521,112

Koblenz, March 22, 2024

CompuGroup Medical SE & Co. KGaA

Represented by the Managing Directors
of CompuGroup Medical Management SE

Michael Rauch

Daniela Hommel

Emanuele Mugnani

Hannes Reichl

Dr. Ulrich Thomé

FURTHER INFORMATION

Responsibility statement

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group, and the management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Koblenz, March 22, 2024

CompuGroup Medical SE & Co. KGaA

Represented by the Managing Directors
of CompuGroup Medical Management SE

Michael Rauch

Daniela Hommel

Emanuele Mugnani

Hannes Reichl

Dr. Ulrich Thomé

Independent Auditor’s Report

To CompuGroup Medical SE & Co. KGaA, Koblenz

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of CompuGroup Medical SE & Co. KGaA, Koblenz, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of CompuGroup Medical SE & Co. KGaA and the Group (combined management report) for the financial year from January 1 to December 31, 2023.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Independent Auditor’s Report

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Please refer to Section "D.1.c) Goodwill" in the notes to the consolidated financial statements for more information on the accounting policies applied.

Information on the amount and development of goodwill can be found in the notes to the consolidated financial statements under Section "E.1 Intangible assets".

THE FINANCIAL STATEMENT RISK

As of December 31, 2023, goodwill amounted to EUR 684.1 million and, at 36.0% of total assets, accounts for a substantial share of assets.

Impairment of goodwill is tested annually at the level of business segments. For this purpose, the carrying amount of the assets is compared with their recoverable amount of the respective segment. If the carrying amount exceeds the recoverable amount, there is a need for impairment.

The Company generally takes the value in use of the respective segment as the recoverable amount. The Company calculates this using discounted cash flow models based on the present values of the expected future cash flows, which stem from the budgets prepared by management for the coming year, extrapolated using assumptions about future growth rates. The respective discount rate is derived from the return on a risk-appropriate alternative investment. The reporting date for the impairment test was November 30, 2023.

Calculation of value in use is complex and, as regards the assumptions made, based largely on estimates and assessments of the Company. This applies particularly to estimates of future cash flows and long-term growth rates as well as the determination of discount rates.

The calculated values did not provide any indications for the need to recognize an impairment. There is the risk for the consolidated financial statements that an existing impairment loss is not recognized in the amount required. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

Using the information obtained in our audit, we first assessed which goodwill showed indications of impairment. With the involvement of our valuation experts, we assessed the appropriateness of the significant assumptions and the valuation model of the Group. In addition, we discussed the expected cash flows and the assumed growth rates with those responsible for planning. Furthermore, we reconciled the budget with the budget approved by the Joint Committee for financial year 2024 and assessed whether the budget amounts and growth rates applied are in line with sector development.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and analyzed deviations.

We compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta factor, with our own assumptions and publicly available data. In order to take account of forecast uncertainty and the early closing date for the impairment test, we also investigated the impact of potential changes to the discount rate and the terminal value growth rate on the value in use by calculating alternative scenarios and comparing these with the Group's measurements (sensitivity analysis). To ensure the computational accuracy of the valuation model used, we verified the Company's calculations on the basis of selected risk-based elements.

Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill are appropriate. This also included an assessment of the appropriateness of the disclosures pursuant to IAS 36.134(f) on sensitivities in the event of a reasonably possible change in key assumptions underlying the evaluation.

Independent Auditor's Report

OUR OBSERVATIONS

The process used by the Company for impairment testing of goodwill is appropriate and in line with the accounting policies. The Company's assumptions and data are appropriate. The related disclosures in the notes are appropriate.

Impairment testing of internally generated software

Please refer to Section "D.1.b) Internally generated software" in the notes to the consolidated financial statements for more information on the accounting policies applied.

Information on the amount and development of internally generated software can be found in the notes to the consolidated financial statements under Section "E.1 Intangible assets".

THE FINANCIAL STATEMENT RISK

Capitalized development costs for internally generated software reported under intangible assets amounted to EUR 209.9 million as of December 31, 2023, and, at 11.0% of total assets, have a considerable relevance for assets and liabilities. In financial year 2023, impairment losses of EUR 11.4 million were recognized.

Assets that are not ready for use are tested annually for impairment in accordance with the requirements of IAS 36.10. In addition, capitalized development costs for internally generated software at project level are compared with the recoverable amount. A need to recognize impairment arises when the carrying amount exceeds the recoverable amount. The Company uses the value in use of the respective software project as the recoverable amount. Value in use is determined using the budget figures allocable to a development project, taking account of a company-specific discount rate.

The capitalized development costs for internally generated software are amortized over a period of two to 15 years starting from use of the assets. In accordance with the requirements of IAS 36.9, the Group also analyzed whether there is an indication of possible impairment of an asset. Pursuant to IAS 36.12, if there is an indication of impairment, an impairment test is conducted.

The determination of value in use is complex and based on a range of assumptions that require judgment. These also include the expected revenue and earnings contributions of the software projects and the discount rate used.

There is the risk for the consolidated financial statements that impairment existing as of the reporting date was not recognized or that the calculated impairment losses are not adequate.

Independent Auditor’s Report

OUR AUDIT APPROACH

On the basis of the understanding of the process activities that we obtained, we initially assessed the design and implementation of the identified internal controls regarding impairment testing of capitalized development costs for internally generated software.

We assessed the appropriateness of the significant assumptions and the valuation model for a selective sample of significant assets. In addition, we discussed the expected cash flows and the assumed growth rates with those responsible for planning. Furthermore, we assessed whether the budget amounts and growth rates applied are in line with sector development.

We also confirmed the accuracy of the Group's previous forecasts by comparing the budgets of previous financial years with actual results and by analyzing deviations.

We compared the assumptions and data underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

To ensure the computational accuracy of the valuation model used, we verified the Company's calculations on the basis of selected risk-based elements.

OUR OBSERVATIONS

The underlying approach for the impairment testing of capitalized development costs is appropriate and in line with the accounting policies to be applied. The Company’s assumptions and data are appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Company's and Group's separate combined non-financial report, which is referred to in the combined management report, and
- the combined corporate governance statement for the Company and the Group referred to in the combined management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Independent Auditor’s Report

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Independent Auditor’s Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor’s Report

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the 'ESEF documents') contained in the electronic file „compugroupmedicalsecokgaa-2023-12-31-de.zip“ (SHA256-Hash value: e8ff52b6b9c38e8e0ae1fdf7657792fbb88825a7acd3874adb686e9ce581d48a*)* made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ('ESEF format'). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2023, contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1) (09.2022).

Independent Auditor’s Report

The Company’s management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available, containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Independent Auditor's Report

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on May 17, 2023. We were engaged by the Supervisory Board on September 29, 2023. We have been the group auditor of CompuGroup Medical SE & Co. KGaA without interruption since financial year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the German company register [Unternehmensregister] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Alexander Bock.

Frankfurt am Main, March 22, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

[signature] Bock	[signature] Jennes
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

FINANCIAL CALENDAR

Date	Event
May 8, 2024	Quarterly Statement Q1 2024
May 22, 2024	Annual General Meeting
August 8, 2024	Interim Report Q2 2024
September 5, 2024	Capital Markets Day
November 7, 2024	Quarterly Statement Q3 2024

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