HALF-YEAR FINANCIAL REPORT TEAMVIEWER AG

for the first six months of the fiscal year 2020

TeamViewer AG at a glance

	Jan. 1 – June 30, 2020	Jan. 1 – June 30, 2019
Key performance indicators of the Group		
Billings (m)	225.7	141.6
Number of subscribers (LTM)	534,363	368,166
Annual recurring billings of existing subscription customers/net retention rate	105.4%	n.d.
Financial performance of the Group		
Revenue (EUR m)	217.4	181.2
EBIT (EUR m)	81.9	90.2
EBIT (as a % of revenue)	37.7 %	49.8 %
EBITDA (EUR m)	101.2	108.1
EBITDA margin (as a % of revenue)	46.5 %	59.7 %
Adjusted EBITDA (EUR m)	131.1	73.5
Adjusted EBITDA margin (as a % of billings)	58.1 %	51.9 %
Financial position and cash flows of the Group		
Equity ratio (as a percentage of total assets)	15.0 %	(17.2) %
Net cash from operating activities (EUR m)	110.0	52.7
Net cash used in investing activities (EUR m)	(15.0)	(7.7)
Cash and cash equivalents (EUR m)	149.8	48.8
Other key figures		
R&D expenses (EUR m)	(19.1)	(16.5)
Full-time equivalents (at the reporting date 30.06.2020/ 31.12.2019)	1,051	841
Basic earnings per share (EUR)	0.21	0.23[1]
Diluted earnings per share (EUR)	0.21	0.23[1]

1 Earnings per share as of June 30, 2019 were determined based on the hypothetical assumption that TeamViewer AG had already issued 200 million shares in the first half of 2019.

INHALT

2020 Interim Group management report

1 Fundamental information about the Group

The TeamViewer Group operates a global cloud-based connectivity platform that enables users and customers in all industries to connect a wide variety of different devices in order to control, manage, monitor and repair these devices, to assist other users with problems or to interact digitally with other people.

The information provided in the 2019 Annual Report on the business model, the Group structure, the strategy and objectives of the Group, the management system, research and development activities, and sustainability in the TeamViewer Group was still relevant at the time this interim report was being prepared.

2 Report on economic position

2.1 Macroeconomic[2] and sector-specific environment

2.1.(a) Macroeconomic environment

In June 2020, the Kiel Institute for the World Economy (IfW) recorded a historic slump in the global economy of almost 10% for the first half of 2020 as a result of the COVID-19 pandemic. Overall, the decline in economic output will probably be reduced to an average of 3.8 percentage points in the current fiscal year thanks to massive monetary and fiscal policy support. In 2021, output will rise sharply by 6.2% yet remain below the level expected by the IfW at the beginning of the year for quite some time. Trading volumes, which had already fallen slightly in the final quarter of 2019, declined by 2.6% in the first quarter of 2020. In addition to relatively trade-intensive industrial production, large sections of the services industry are also affected by the slump in demand and restrictions on production as a result of the measures taken to contain the pandemic, in particular exchanges of services across borders, aviation and tourism.

2.1.(b) Sector-specific environment

The market research institute Garner expects global IT spending to decline 8% in 2020 due to the impact of COVID-19[3]. By contrast, the markets with relevance for TeamViewer – digital transformation, Internet of Things (IoT), and remote working – continued growing in the first half of 2020, clearly indicating the continuation of the digitalization megatrend. Another market research institute, IDC, forecasts that global corporate spending on digital transformation technologies and services will grow by 10.4% year-on-year in 2020 to USD 1.3 trillion. However, this is slower than the 17.9% growth in 2019[4]. Global IoT spending is now also expected to grow modestly by 8.2% in 2020. Nevertheless, this is estimated to rise to 11.3% in 2021[5]. At the same time, the measures being taken to combat COVID-19 have accelerated demand for remote working solutions, also a subsegment of the digitalization megatrend. Gartner says that nearly three in four CFOs plan to shift at least 5% of previously on-site employees to permanently remote positions[6]. This area is part of the public cloud services subsegment, which Gartner forecasts

2 Kiel economic reports of the Kiel Institute for the World Economy (IfW): Global economy in summer 2020

3 https://www.gartner.com/en/newsroom/press-releases/2020-05-13-gartner-says-global-it-spending-to-decline-8-percent-in-2020-due-to-impact-of-covid19

4 https://www.idc.com/getdoc.jsp?containerId=prUS46377220

5 https://www.businesswire.com/news/home/20200618005125/en/Worldwide-Spending-Internet-Things-Slow-2020-Return

6 https://www.gartner.com/en/newsroom/press-releases/2020-04-03-gartner-cfo-survey-reveals-74-percent-of-orgs-to-shift-some-employees-to-remote-work-permanently

will grow by 19% in 2020 and peak as early as 2022, something that before the COVID-19 pandemic Gartner only expected to happen in 2023/2024[7]. Based on the favorable developments in the individual segments of the digitalization megatrend and overall, the sector-specific environment can therefore be considered positive.

2.2 Course of business

TeamViewer continued its robust growth in the opening half of 2020, buoyed by strong business performance in the first two months of the year and a surge in demand for remote access and home office solutions in March, when the COVID-19 crisis turned into a pandemic. Billings continued to grow apace in the second quarter of 2020, despite the normalization of additional demand.

The global quarantine measures implemented to combat the COVID-19 pandemic accelerated TeamViewer's fundamental growth drivers. The home office as a working model became a necessity, requiring reliable solutions for remote management of infrastructure and devices across the board. Restrictions on mobility have made remote access and collaboration functions increasingly critical to business success. This has prompted companies in the public and private sectors to catch up on investments in digitalization that had been postponed or foregone.

In anticipation of increased connection activity, partly due to the extension of free usage options, router capacity was expanded further to ensure platform stability and thus faultless functioning of the TeamViewer applications.

In spite of the global lockdown aimed at curbing the spread of COVID-19, operations at TeamViewer largely continued without restriction, mainly thanks to efficient contingency planning, virtual sales processes, and the opportunity to install products remotely at customers quickly and efficiently over the Internet. This enabled the Company to move ahead seamlessly with its three strategic growth initiatives: greater coverage of customer segments, identification of innovative use cases, and geographical expansion.

In light of this situation, the forecast for the fiscal year 2020 was revised upwards at the time the results for the first quarter of 2020 were being published on May 12, 2020. Under the assumption that the general business environment will return to normal, the targets have been adjusted as follows:

- Billings of approximately EUR 450 million (previously: EUR 430–440 million)
- Revenue of at least EUR 450 million (previously: EUR 420–430 million) based on significantly higher billings in the first quarter of 2020 and deferred revenues decreasing as the year goes on.
- Adjusted EBITDA margin of approximately 56% (previously: adjusted EBITDA of EUR 240–250 million)
- Slightly higher capital expenditure of EUR 25–30 million due to delays in the new ERP rollout owing to the COVID-19 pandemic and the refurbishment of the new company headquarters.

7 https://www.gartner.com/en/newsroom/press-releases/2020-05-13-gartner-says-global-it-spending-to-decline-8-percent-in-2020-due-to-impact-of-covid19

2.3 Financial performance of the Group

The condensed statement of profit and loss for the first six months of 2020 shows continued strong revenue growth driven by robust business performance in the first half of the year and by a surge in demand for remote access and home office solutions.

In condensed form, the TeamViewer Group's financial key performance indicators are as follows:[8]

In millions of euro	Jan. 1 – June 30, 2020			Jan. 1 – June 30, 2019		
	IFRS	Reconciliation	Management view	IFRS	Reconciliation	Management view
Revenue/ billings	**217.4**	8.3	225.7	**181.2**	(39.6)	141.6
EBITDA[9]/ Adjusted EBITDA	**101.2**	29.9	131.1	**108.1**	(34.6)	73.5
EBITDA as a % of revenue/Adjusted EBITDA as a % of billings	**46.5%**	11.6 pp[10]	58.1%	**59.7%**	(7.8) pp	51.9%
EBIT	**81.9**			**90.2**		
Profit/(loss) for the period	**42.5**			**45.7**		

2.3.(a) Development of billings and revenue

Since 2019, TeamViewer has been selling all its products using a subscription model. While under the perpetual license model revenue was deferred over three years (up to TeamViewer version 11: four years), under the subscription model revenue is deferred over the subscription period (generally twelve months). The revenue development in the first six months of 2020 and 2019 includes revenue from the release of deferred revenue from perpetual licenses totaling EUR 30.6 million (H1 2020) and EUR 65.6 million (H1 2019).

Billings

Billings represent the (net) value of goods and services that are invoiced to the customer within a specific period and whose realization is probable. They result directly from customer contracts and are not affected by the deferral of revenue. They can be calculated from revenue as per IFRS, adjusted for the change in deferred revenue recognized in profit or loss.

The management team of the TeamViewer Group therefore uses billings as a key indicator to observe, measure, and assess the Company's development.

8 Negative figures in the tables are shown in parentheses.
9 Although EBITDA does not constitute an IFRS key performance indicator, it has been included in the table in the interests of transparency.
10 pp = percentage points

Broken down by region, billings in the first half of 2020 and the prior-year period are as follows:

In millions of euro	Jan. 1 – June 30, 2020 (share of total billings)		Jan. 1 – June 30, 2019 (share of total billings)	
EMEA	124.9	55.3%	79.9	56.4%
AMERICAS	71.0	31.5%	41.1	29.0%
APAC	29.8	13.2 %	20.6	14.6%
Total billings	**225.7**	**100.0%**	**141.6**	**100.0%**

TeamViewer's billings in the first half of 2020 rose by 59.4% over the prior-year period to EUR 225.7 million (H1 2019: EUR 141.6 million). The increase in billings is attributable to strong business performance in the first two months of the year and to a significant increase in demand for remote access and home office solutions in March, when the COVID-19 crisis turned into a pandemic. As a consequence of the measures implemented to contain the pandemic, the additional demand for remote access and home office solutions normalized again at the end of the first half. On the whole, all regions contributed to this positive development with substantial double-digit percentage growth rates.

Accounting for 55.3% of total billings (H1 2019: 56.4%), the EMEA region remained the Group's largest region in the first six months of the fiscal year 2020. Billings in this region increased by 56.3% in the reporting period. Growth was generated with both existing and new customers, particularly in the enterprise segment.

The AMERICAS region accounted for the second-largest share of total billings in the first six months of 2020, at 31.5% (H1 2019: 29.0%). With billings rising by 72.7% in the first half of the fiscal year 2020, AMERICAS was the fastest growing region. Here, too, both the existing customer business and the expansion of the new customer business, particularly in North America, contributed to growth.

The Group generated 13.2% of total billings in the first half of the fiscal year 2020 in the APAC region (H1 2019: 14.6%), which represents an increase of 44.7% compared with the previous year. This growth is attributable to higher new subscriber figures due to the successful establishment and expansion of the sales and marketing structure in India, China, Japan, and Singapore and the sale of the new Remote Access product, which primarily targets small businesses and individual commercial users.

Overall, the systematic pursuit and implementation of the above-mentioned growth initiatives underpinned these positive developments.

Revenue

Revenue of the Group broken down by region in the first six months of the fiscal year 2020 and the prior-year period developed as follows:

In millions of euro	Jan. 1 – June 30, 2020 (share of total revenue)		Jan. 1 – June 30, 2019 (share of total revenue)	
EMEA	119.5	55.0 %	103.1	56.9%
AMERICAS	70.4	32.4%	56.2	31.0 %
APAC	27.5	12.6 %	21.9	12.1 %
Total revenue	**217.4**	**100.0%**	**181.2**	**100.0%**

TeamViewer generated revenue of EUR 217.4 million in the first six months of 2020. This represents growth of 20.0% over the previous year (H1 2019: EUR 181.2 million). In the first half of 2020, the Company thus sustained the strong revenue growth seen in previous years. Revenue development in the first six months of 2020 was positively influenced in all regions by the change in deferred revenue recognized in profit or loss totaling EUR 30.6 million (H1 2019: EUR 65.6 million). A key driver was the release of deferred revenue from old, perpetual licenses that are gradually expiring following the completion of the switch to a subscription model in 2018. This had a positive impact on the revenue development in the EMEA and APAC regions in particular.

The EMEA region generated the highest absolute revenue growth of EUR 16.4 million, an increase of 15.9%. With revenue of EUR 119.5 million in the first half of 2020, the EMEA region remains the Group's region with the highest revenue, accounting for 55.0% of total revenue (H1 2019: 56.9%).

The AMERICAS region achieved revenue growth of 25.3% to EUR 70.4 million (an increase of EUR 14.2 million), equivalent to 32.4% (H1 2019: 31.0%) of total revenue.

In the first half of the fiscal year 2020, the APAC region achieved the highest percentage growth rate at 25.6% (an increase of EUR 5.6 million), thereby raising its share of total revenue to 12.6%, up from 12.1% in the previous year.

2.3.(b) Earnings development

Total costs and other income

The development of total costs and other income at TeamViewer was related to a substantial degree to the Group's dynamic development in the past six months.

The Group's cost of sales increased by 27.4%, from EUR 23.8 million in the same period in 2019 to EUR 30.3 million in the reporting period. The cost of sales as a percentage of revenue rose from 13.1% to 13.9% in the reporting period. The absolute increase in the cost of sales was driven by use-related higher spending on payment and Internet service providers, increased personnel costs and a rise in infrastructure costs, such as expenditure on routers.

Gross profit, defined as revenue less cost of sales, grew by 18.9%, from EUR 157.5 million to EUR 187.2 million in the first six months of the fiscal year 2020.

The development of selling expenses was marked by the pronounced expansion of the distribution structure. The increase of 63.4% to EUR 33.5 million in the first half of 2020 (H1 2019: EUR 20.5 million) reflects the expansion of the sales organization, for example the establishment of sales offices in India, China, Japan, and Singapore, as well as the further expansion of the US sales team and the sales organization for the enterprise segment. Expenses from share-based remuneration and bonus payments to employees constituted a further material driver of the increase.

Operating profit (EBIT) and adjusted EBITDA

Operating profit (EBIT) pursuant to IFRS amounted to EUR 81.9 million in the first six months of the fiscal year 2020 (H1 2019: EUR 90.2 million), a decrease of 9.2% year-on-year. EBIT as a percentage of revenue declined slightly, from 49.8% to 37.7%, due to higher expenses from share-based compensation and a decrease in perpetual license revenue.

EBITDA of the Company, defined as EBIT pursuant to IFRS plus depreciation and amortization, declined from EUR 108.1 million in the first half of 2019 to EUR 101.2 million in the reporting period, a decrease of 6.3%. EBITDA as a percentage of revenue fell from 59.7% in the first half of 2019 to 46.5% in 2020.

Adjusted EBITDA, adjusted for the change in deferred revenue recognized in profit or loss and for certain transactions defined by the Management Board in agreement with the Supervisory Board, increased by 78.4% to EUR 131.1 million in the first six months of 2020 (H1 2019: EUR 73.5 million). The table below shows the reconciliation from EBITDA to adjusted EBITDA for the first half of 2020 and 2019:

In millions of euro	Jan. 1 – June 30, 2020	Jan. 1 – June 30, 2019
EBITDA	**101.3**	**108.1**
Change in deferred revenue recognized in profit or loss	8.2	(39.6)
Expenses for share-based compensation	20.4	0.9
Expenses (and income) in connection with the IPO	0.0	0.1
Other special items to be adjusted	1.2	4.0
Adjusted EBITDA	**131.1**	**73.5**

In addition to the change in deferred revenue recognized in profit or loss of EUR 8.2 million (H1 2019: EUR –39.6 million), expenses (less corresponding income) totaling EUR 21.6 million were eliminated in the first half of 2020 (H1 2019: EUR 5.0 million). These eliminations related primarily to expenses in connection with share-based compensation programs issued by TLO of EUR 20.1 million (H1 2019: EUR 0.9 million), which will be paid for in full by TLO and will not have an effect on the liquidity of the TeamViewer Group.

Adjusted EBITDA as a percentage of billings increased to 58.1% in the first six months of 2020 (H1 2019: 51.9%). The main reason for this increase was economies of scale due to the pronounced growth in billings.

Profit/(loss) for the period

Profit for the period deteriorated to EUR 42.5 million in the first six months of 2020 compared with EUR 45.7 million in the same period in 2019. This gave positive earnings per share of EUR 0.21 (H1 2019: EUR 0.23[11]).

11 Earnings per share in the first half of 2019 were determined based on the hypothetical assumption that TeamViewer AG had already issued 200 million shares by 6/30/2019.

2.4 Assets and financial position of the Group

2.4.(a) Asset position of the Group

The structure of TeamViewer's assets is presented in the following condensed excerpt from the statement of financial position (assets) as of the relevant closing dates for 2020 and 2019:

In millions of euro	June 30, 2020 (share of total assets)		December 31, 2019 (share of total assets)	
Non-current assets	855.1	82.9 %	865.2	90.2%
Current assets	176.7	17.1%	93.7	9.8%
Total assets	**1,031.8**	**100.0 %**	**958.9**	**100.0%**

Total assets of the Group amounted to EUR 1,031.8 million as of June 30, 2020 (December 31, 2019: EUR 958.9 million). As in the previous year, at EUR 855.1 million as of June 30, 2020 (December 31, 2019: EUR 865.2 million), non-current assets accounted for most of the asset side of the statement of financial position. Current assets totaled EUR 176.7 million (December 31, 2019: EUR 93.7 million).

The Company's non-current assets as of June 30, 2020 comprised goodwill, intangible assets, property, plant and equipment, financial assets and other assets.

Goodwill represented the largest item within non-current assets, amounting to EUR 590.4 million as of June 30, 2020 (December 31, 2019: EUR 590.4 million). The EUR 9.9 million decrease in non-current assets in the first half of 2020 resulted from the amortization of intangible assets (EUR 6.5 million) and the write-down of deferred tax assets (EUR 6.3 million).

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the taxation authority permits the entity to make or receive a single net payment.

For Germany, there is a net deferred tax liability for the first time as of June 30, 2020. The changeover to a net tax liability from the previous disclosure of a deferred tax asset is due to the decline in tax assets for the interest carryforward and the utilization of tax assets for deferred revenues.

TeamViewer's current assets as of June 30, 2020 comprised trade receivables, other assets, tax assets, financial assets, and cash and cash equivalents.

At EUR 149.8 million (December 31, 2019: EUR 71.2 million), cash and cash equivalents constituted the largest item under current assets, followed by trade receivables, which amounted to EUR 17.1 million as of June 30, 2020 (December 31, 2019: EUR 11.8 million). The increase in current assets of EUR 82.9 million in the first six months of the fiscal year 2020 was mainly attributable to the increase in cash and cash equivalents of EUR 78.7 million.

2.4.(b) Financial position of the Group

Basic principles of financial management

TeamViewer's financial management is geared to safeguarding the financial stability, flexibility and liquidity of the Group. It comprises the capital structure management and financing of the Company, cash and liquidity management and the monitoring and managing of market price risk, such as exchange rate and interest rate risk. The financing structure of TeamViewer is geared to preserving the company's financial scope so it is able to take advantage of business and investment opportunities, which is achieved through a balanced equity/debt ratio. Pursuant to the terms of the loan agreements dating from 2019, the Group must comply with certain covenants (leverage ratio covenant[12]).

Capital structure of the Group

The condensed capital structure (equity and liabilities) as of the end of the first half of 2020 and 2019 is as follows:

In millions of euro	June 30, 2020 (share of total assets)		December 31, 2019 (share of total assets)	
Equity	154.3	15.0%	91.9	9.6%
Non-current liabilities	582.7	56.4%	585.6	61.1%
Current liabilities	294.8	28.6%	281.4	29.3%
Total equity and liabilities	**1,031.8**	**100.0 %**	**958.9**	**100.0%**

Equity

Equity amounted to EUR 154.3 million as of June 30, 2020, substantially exceeding the figure for December 31, 2019 of EUR 91.9 million. The Group's issued capital was unchanged at EUR 200.0 million as of June 30, 2020 and was divided into 200 million ordinary bearer shares (no-par value shares).

The increase in the capital reserve in the first six months of the fiscal year 2020 exclusively relates to expenses from share-based compensation by TLO in accordance with IFRS 2 in the amount of EUR 20.1 million.

The equity ratio therefore amounted to 15.0% as of June 30, 2020, up from 9.6% at the end of the same period in 2019.

Non-current and current liabilities

The Group's non-current liabilities as of June 30, 2020 amounted to EUR 582.7 million and thus fell short of the figure of EUR 585.6 million recorded as of December 31, 2019. Non-current liabilities as a percentage of total equity and liabilities therefore fell to 56.4% (December 31, 2019: 61.1%). Within this item, financial liabilities in particular showed a decline to EUR 579.0 million (December 31, 2019: EUR 582.5 million).

TeamViewer's current liabilities as of June 30, 2020 amounted to EUR 294.8 million, which represents an increase of EUR 13.4 million compared with the figure as of December 31, 2019 (EUR 281.4 million). This was largely due to the EUR 8.5 million increase in deferred revenue to EUR 218.8 million (December 31, 2019: EUR 210.3 million). Deferred revenue will be released in profit or loss in subsequent years, making a positive contribution to future earnings.

12 Leverage ratio covenant = net financial debt/pro forma EBITDA, as defined by the loan agreement.

As of June 30, 2020, the financial liabilities of the TeamViewer Group were as follows:

	June 30, 2020				
In millions of euro	**Currency**	**Nominal interest rate**	**Year of maturity**	**Principal amount (EUR)**	**Carrying amount (EUR)**
2019 syndicated loan USD	USD	3.57 %	2024	401.8	397.3
2019 syndicated loan EUR	EUR	2.25%	2024	125.0	123.6
2019 syndicated loan GBP	GBP	3.20%	2024	73.0	72.1
2019 syndicated loan Revolving credit facility[13]	Various	Various	2024	-	-0.4
Total interest-bearing liabilities				**599.8**	**592.6**

	December 31, 2019				
In millions of euro	**Currency**	**Nominal interest rate**	**Year of maturity**	**Principal amount (EUR)**	**Carrying amount (EUR)**
2019 syndicated loan USD	USD	4.81%	2024	400.6	395.4
2019 syndicated loan EUR	EUR	2.50%	2024	125.0	123.4
2019 syndicated loan GBP	GBP	3.58%	2024	78.2	77.3
Syndicate loan 2019 Revolving credit facility[14]	Various	Various	2024	-	(0.4)
Total interest-bearing liabilities				**603.8**	**595.7**

The financial liabilities mature in 2024. However, starting from the end of 2020 the Group is required to make a mandatory repayment of at least 5% of the principal amount every year. The first repayment of EUR 30.2 million is due on December 31, 2020.

TeamViewer's net financial debt, defined as the sum of interest-bearing financial liabilities, current and non-current, less cash and cash equivalents, amounted to EUR 462.6 million as of June 30, 2020 (December 31, 2019: EUR 545.6 million).

The leverage ratio, i.e., the Group's net financial debt divided by adjusted EBITDA for the last 12 months, improved in the first half of the fiscal year 2020 from 3.0x at the end of 2019 to 1.9x as of June 30, 2020. The decrease is attributable to the interplay of high net cash from operating activities and thus lower net financial debt, as well as higher adjusted EBITDA.

13 As of June 30, 2020, TeamViewer had an undrawn credit facility of up to EUR 35 million.

14 As of December 31, 2019, TeamViewer had an undrawn credit facility of up to EUR 35 million.

2.4.(c) Investment and liquidity analysis

TeamViewer's condensed statements of cash flows for the first half of 2020 and the prior-year period are as follows:

In millions of euro	Jan. 1 – June 30, 2020	Jan. 1 – June 30, 2019
Cash and cash equivalents at beginning of period	**71.2**	**79.9**
Net cash from operating activities	110.0	52.7
Net cash used in investing activities	(15.0)	(7.7)
Net cash used in financing activities	(15.4)	(81.2)
Net foreign exchange rate differences	(0.5)	0.4
Net change from cash risk provisioning	(0.5)	0.9
Internal combinations and transfers	0.0	3.8
Cash and cash equivalents at end of period	**149.8**	**48.8**

TeamViewer's net cash from operating activities amounted to EUR 110.0 million in the first half of the fiscal year 2020 (H1 2019: EUR 52.7 million), an increase of 108.7% year-on-year. This growth is accompanied by the positive development of billings at TeamViewer.

Net cash used in investing activities came to EUR –15.0 million in the first six months of the fiscal year 2020 (H1 2019: EUR –7.7 million). Capital expenditure for property, plant and equipment and intangible assets amounted to EUR 15.1 million in the reporting period (H1 2019: EUR 7.9 million) and related to capital expenditure for infrastructure, particularly the introduction of a new ERP, CRM, and e-commerce system, but also replacement and expansion investments in the security architecture and TeamViewer's global network and IT infrastructure.

Net cash used in financing activities amounted to EUR –15.4 million in the first six months of the fiscal year 2020 (H1 2019: EUR –81.2 million). These include cash outflows for interest payments which amounted to EUR 13.6 million in the reporting period, down from EUR 26.3 million in the prior-year period.

TeamViewer reported cash and cash equivalents of EUR 149,8 million as of June 30, 2020, up from EUR 71.2 million at the prior-year reporting date. In the reporting period, the Group was able to meet its payment obligations at all times.

2.5 Employees

In the first six months of 2020, the TeamViewer Group had an average of 990 employees, compared with 729 in the first half of 2019.

The headcount therefore increased over the course of the year from 879 employees as of December 31, 2019 to 1,088 employees as of June 30, 2020. This corresponds to 1,051 FTEs as of June 30, 2020 compared with 841 FTEs as of December 31, 2019.

2.6 Summary of economic position

The Management Board of TeamViewer AG considers business development in the first half of 2020 and the Group's economic position to be very positive overall. Based on the additional demand for remote access and home office solutions as a result of the measures taken in the first quarter to contain the COVID-19 pandemic, the forecast for the fiscal year 2020 was updated on May 12, 2020. In spite of a normalization of demand in the second quarter, the Company emphatically continued its growth trajectory. This was accompanied by an improvement in profitability and a 78.4% increase in adjusted EBITDA compared with the same period in 2019. On the whole, TeamViewer can look back on a very successful first six months of 2020.

3 Events after the reporting period

No significant events occurred after the end of the reporting period that could have a material impact on the presentation of the Group's assets and liabilities, financial position and financial performance, with the exception of those set out below.

Acquisition of Ubimax GmbH

On July 15, 2020, TeamViewer AG signed a definitive contract to acquire Ubimax, a provider of wearable computing technologies and augmented reality (AR) solutions for the frontline workforce. Though the acquisition TeamViewer will expand its Industry 4.0 and Internet of Things (IoT) offering for enterprise customers.

TeamViewer will acquire 100% of Ubimax for total consideration of EUR 136.5 million on a cash- and debt-free basis, partially paid in cash and partially in shares. The cash component amounts to EUR 85.8 million and will be fully financed from TeamViewer's cash funds. In addition, the founders of Ubimax will receive 1,070,931 new TeamViewer shares to be issued from the existing authorized capital in a capital increase against contributions in kind. Shareholders' subscription rights are excluded. The newly issued shares are subject to a three-year lock-up agreement with yearly partial vesting, which underlines the founders' long-term commitment. Subject to fulfillment of certain conditions, the closing of the transaction is expected to occur in the third quarter of 2020.

Update on 2016 Cyber Attack

As previously disclosed, TeamViewer was in the fall of 2016 target of a cyber-attack. In relation to this, TeamViewer, as a potential victim, cooperated globally with law enforcement agencies. TeamViewer's lawyers were contacted by one of those agencies providing a brief factual update on the status of their investigations. In this update, the agency mentioned evidence for data losses derived from the events around 2016, which might lead to notice requirements vis-à-vis data protection authorities and customers - pending detailed analysis. However, they did mention as well that there is no evidence of data misuse following a series of remediation measures and infrastructure hardening undertaken by TeamViewer ending in mid 2018. Numerous independent certifications, security code reviews and penetration tests over the last years together with a 24/7 Security Operations Center ensure TeamViewer's leading cyber defence posture.

4 Report on opportunities and risks

Compared with the report on opportunities and risks contained in the 2019 Annual Report, the half-yearly risk assessment has resulted in the following significant changes within the risks classified as high or major in the overall assessment:

The Company now categorizes the risk of potential negative effects of the coronavirus pandemic as high, which means that a risk remains even when internal control measures are taken into account. The COVID-19 pandemic poses significant general, health-related and economic challenges for companies in general, as well as for TeamViewer. Through a range of measures such as remote working regulations and the introduction of a shift system on site, we have been able to reduce health risks for our employees as far as possible until now, but we cannot rule out the possibility of absences due to illness, with the related economic repercussions this could have moving forward. The Company also considers the medium- to long-term macroeconomic effects on customer behavior to be difficult to estimate.

On the other hand, the legal and regulatory risks, particularly those related to the General Data Protection Regulation, are increasingly seen by the Company as an opportunity to position the Company positively in the market, which reduces the risk to a medium level in gross terms.

The Company has continuously expanded its corporate governance structure and control mechanisms, which in the Company's view has also further reduced the risk of possible infringements and means that this can also be classified as merely a medium-level gross exposure.

The Company also considers the personnel risk of not being able to find enough sufficiently qualified employees in the foreseeable future to be reduced to a medium level in gross terms based on the current number of applicants and in view of the general labor market.

Overall analysis of risks

The Management Board firmly believes that the risks identified currently do not, either individually or in the aggregate, jeopardize the continued existence of the Group as a going concern or that of one of its major subsidiaries.

5 Report on expected developments

5.1 Expected macroeconomic and sector-specific situation

After a stabilization of the global economy in 2020 was still expected at the end of the fiscal year 2019, the Kiel Institute for the World Economy (IfW) reported a slump of 10% in the first half of the year due to the COVID-19 pandemic. Assuming that global output had already reached a low point in April, an average decline of 3.8% (measured on the basis of purchasing power parities) is forecast for the current year, 2020. This assumes that the development of the pandemic will allow for a sustained and extensive relaxation of containment policies and that monetary and fiscal policy measures will continue to have a positive effect on the economy[15].

On the other hand, in the markets with relevance for TeamViewer – digital transformation, Internet of Things (IoT) and remote working – a continuation of the positive trend seen in 2019 is expected for 2020, as explained in section 2.1(b) Sector-specific environment above. Global quarantine measures to combat the COVID-19 pandemic have led to rapid growth in demand for remote working solutions in particular. The market for connectivity platforms is also expected to continue to show strong double-digit growth in the coming years. McKinsey & Company, for example, is forecasting annual growth (CAGR) of 24% up to a market volume of EUR 30.2 billion in 2023.[16] Nucleus Research is likewise forecasting annual growth (CAGR) of 21% for the market that is relevant to TeamViewer, with a market volume of USD 16.95 billion in 2022[17].

15 Kiel economic reports of the Kiel Institute for the World Economy (IfW): Global economy in summer 2020
16 Growing Opportunities in the Internet of Things, McKinsey & Company, 2019
17 Guidebook TeamViewer, Nucleus Research, 2019

5.2 Future development of the Group

Excluding any contribution from the Ubimax transaction and despite the weakening of the U.S. Dollar TeamViewer confirms its full year guidance with the following targets:

- billings of around EUR 450m,
- revenue of at least EUR 450m due to significant first quarter 2020 billings and therefore higher deferred revenue releases before year end,
- an Adjusted EBITDA margin of around 56%, and
- capital expenditure of EUR 25-30m.

5.3 Overall assessment of future development

The Management Board is confident that the TeamViewer Group will be able to build on the strong fiscal year 2019 and expects robust business performance once again for the fiscal year 2020.

Göppingen, July 29, 2020

The Management Board

Oliver Steil Stefan Gaiser

Consolidated statement of profit or loss and other comprehensive income

from January 1 to June 30, 2020

	Quarterly report		Half-yearly report		
In thousands of euro	**Apr. 1 – June 30, 2020**	**Apr. 1 – June 30, 2019**	**Jan. 1 – June 30, 2020**	**Jan. 1 – June 30, 2019**	**Note**
Revenue	114,729	94,523	217,446	181,236	*(4.1)*
Cost of sales	(16,218)	(11,919)	(30,285)	(23,771)	
Gross profit	**98,511**	**82,603**	**187,161**	**157,465**	
Other income	68	7,813	521	8,012	
Research and development	(9,648)	(8,892)	(19,121)	(16,509)	
Sales	(17,762)	(11,275)	(33,467)	(20,534)	
Marketing	(9,043)	(5,905)	(17,733)	(11,158)	
General and administrative	(13,771)	(12,823)	(26,600)	(20,308)	
Other expenses	(154)	(47)	(291)	(47)	
Impairment losses on trade receivables	(3,366)	(4,707)	(8,523)	(6,679)	
Operating profit	**44,836**	**46,769**	**81,947**	**90,242**	
Unrealized foreign exchange gains/(losses)	10,380	3,927	2,824	(4,683)	
Realized foreign exchange gains/(losses)	(1,723)	921	(1,723)	1,266	
Finance income	111	878	151	22,281	
Finance costs	(5,376)	(22,427)	(13,507)	(39,354)	
Profit before taxation	**48,227**	**30,067**	**69,692**	**69,752**	
Tax income/(expense)	(17,890)	(10,885)	(27,229)	(24,030)	
Profit/(loss) for the period	**30,337**	**19,183**	**42,463**	**45,722**	
Other comprehensive income for the period					
Items that may be reclassified to profit or loss in subsequent periods	(21)	7	(95)	12	
Hedge reserve, gross	5	6	(62)	1	
Exchange differences on translation of foreign operations	(26)	1	(33)	10	
Total comprehensive income for the period	**30,317**	**19,190**	**42,368**	**45,734**	

Earnings per share				
In euro	Apr. 1 – June 30, 2020	Apr. 1 – June 30, 2019	Jan. 1 – June 30, 2020	Jan. 1 – June 30, 2019
Profit/(loss) for the period	**30,337,159**	**19,183,867**	**42,463,083**	**45,722,390**
Shares issued and outstanding	200,000,000	200,000,000[18]	200,000,000	200,000,000[18]
Earnings per share (profit/(loss) for the period/no. of shares)	0.15	0.10	0.21	0.23

Earnings per share are calculated by dividing the earnings attributable to holders of the parent company's ordinary shares by the weighted average number of ordinary shares outstanding during the period. There were no conversion or option rights outstanding in the period under review or in the prior-year period. Therefore, diluted earnings per share is identical to basic earnings per share.

There were no further transactions involving ordinary shares or potential ordinary shares in the period between the reporting date and the approval of the consolidated financial statements for publication.

18 Earnings per share as of June 30, 2019 were determined based on the hypothetical assumption that TeamViewer AG had already issued 200 million shares in the first half of 2019.

Consolidated statement of financial position

as of June 30, 2020

In thousands of euro	June 30, 2020	Dec. 31, 2019	Note
Non-current assets			
Goodwill	590,437	590,445	
Intangible assets	229,318	235,831	
Property, plant and equipment	28,898	26,480	
Financial assets	5,402	4,424	
Other assets	1,106	1,740	
Deferred tax assets	0	6,266	
Total non-current assets	**855,160**	**865,187**	
Current assets			
Trade receivables	17,127	11,756	*(4.2)*
Other assets	5,367	5,856	
Tax assets	3,497	4,972	
Financial assets	918	-	
Cash and cash equivalents	149,755	71,153	
Total current assets	**176,664**	**93,737**	
Total assets	**1,031,824**	**958,924**	
Equity			
Issued capital	200,000	200,000	*(4.3)*
Capital reserve	340,716	320,661	*(4.3)*
(Accumulated losses)/retained earnings	(387,418)	(429,881)	*(4.3)*
Hedge reserve	(62)	-	*(4.3)*
Foreign currency translation reserve	1,048	1,081	*(4.3)*
Total equity attributable to owners of the parent	**154,284**	**91,861**	
Non-current liabilities			
Provisions	281	235	
Financial liabilities	579,017	582,538	*(4.4)*
Deferred revenue	855	2,572	
Other financial liabilities	357	-	
Deferred tax liabilities	2,196	308	
Total non-current liabilities	**582,706**	**585,652**	
Current liabilities			
Provisions	2,259	3,284	
Financial liabilities	33,356	34,260	*(4.4)*
Trade payables	10,928	9,069	
Deferred revenue	218,766	210,250	
Deferred and other liabilities	24,222	17,793	
Other financial liabilities	5,250	6,642	
Tax liabilities	52	114	
Total current liabilities	**294,834**	**281,411**	
Total liabilities	**877,540**	**867,063**	
Total equity and liabilities	**1,031,824**	**958,924**	

Consolidated statement of cash flows

from January 1 to June 30, 2020

In thousands of euro	Jan. 1 – June 30, 2020	Jan. 1 – June 30, 2019	Note
Cash flows from operating activities			
Profit before taxation[19]	69,692	69,752	
Depreciation, amortization and impairment of non-current assets[19]	19,322	17,906	
(Gain)/loss from the sale of property, plant and equipment	3	-	
Increase/(decrease) in provisions	(978)	(137)	
Non-operating foreign exchange (gains)/losses	(3,301)	2,897	
Expenses for share-based compensation	20,412	900	
Net finance costs[19]	13,356	17,073	
Change in deferred revenue	6,800	(41,529)	
Changes in other net working capital[19]	2,386	(3,888)	
Income taxes paid	(17,666)	(10,262)	
Interest received/(paid)	(34)	(18)	
Net cash from operating activities	**109,990**	**52,694**	
Cash flows from investing activities			
Capital expenditure for property, plant and equipment and intangible assets	(15,095)	(7,926)	
Payments for the acquisition of non-current financial assets	(51)	-	
Interest received	151	251	
Net cash used in investing activities	**(14,995)**	**(7,675)**	
Cash flows from financing activities			
Repayments of borrowings	0	(52,461)	
Payments for the capital element of lease liabilities	(1,757)	(2,370)	
Interest paid for borrowings and lease liabilities	(13,636)	(26,280)	*(4.4)*
Proceeds/(payments) from the settlement of derivatives	0	(64)	
Net cash used in financing activities	**(15,393)**	**(81,175)**	
Net change in cash and cash equivalents	**79,603**	**(36,156)**	
Net foreign exchange rate difference	(531)	388	
Net change from cash risk provisioning	(471)	844	
Internal combinations and transfers	0	3,768	
Cash and cash equivalents at beginning of period	71,153	79,939	
Cash and cash equivalents at end of period	**149,755**	**48,783**	

19 Presentation changed compared with prior year. See note 2d in the consolidated financial statements of TeamViewer AG for the fiscal year 2019.

Consolidated statement of changes in equity

from January 1 to June 30, 2020

In thousands of euro	Issued capital	Capital reserve	(Accumulated losses)/retained earnings	Hedge reserve	Foreign currency translation reserve	Total equity	Note
Balance at January 1, 2020	**200,000**[20]	**320,661**[20]	**(429,881)**	**-**	**1,081**	**91,861**	
Profit/(loss) for the period	-	-	42,463	-	-	42,463	
Other comprehensive income for the period	-	-	-	(62)	(33)	(95)	
Share-based compensation	-	20,055	-	-	-	20,055	*(5.1)*
Balance at June 30, 2020	**200,000**	**340,716**	**(387,418)**	**(62)**	**1,048**	**154,284**	

In thousands of euro	Issued capital	Capital reserve	(Accumulated losses)/retained earnings	Hedge reserve	Foreign currency translation reserve	Total equity	Note
Balance at January 1, 2019	**25**	**116,312**	**(332,876)**	**(14)**	**4**	**(216,548)**	
Profit/(loss) for the period	-	-	45,722	-	-	45,722	
Other comprehensive income for the period	-	-	-	2	11	13	
Share-based compensation	-	900	-	-	-	900	
Shareholder contribution	-	8,678	(889)	-	889	8,678	
Balance at June 30, 2019	**25**	**125,890**	**(288,043)**	**(12)**	**903**	**(161,237)**	

20 For more information on the changes in issued capital and the capital reserve in the second half of 2019, please refer to the corresponding disclosures in the consolidated financial statements of TeamViewer AG for the fiscal year 2019.

Notes to the condensed consolidated interim financial statements

1 General information

TeamViewer AG is a listed stock corporation headquartered in Göppingen, Germany. The Company is entered in the commercial register of the Ulm Local Court under the number HRB 738852. TeamViewer AG, Göppingen, is the parent company of the TeamViewer Group (hereinafter also referred to as "TeamViewer AG" or the "Group").

The condensed and unaudited consolidated interim financial statements of TeamViewer AG as of June 30, 2020 are in conformity with the International Financial Reporting Standards (IFRSs) as adopted by the EU. These condensed consolidated interim financial statements have been reviewed by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, taking account of IAS 34 "Interim Financial Reporting" in conjunction with IAS 1 "Presentation of Financial Statements". For more information, please refer to page 38 (REVIEW Report). The condensed consolidated interim financial statements do not contain all of the information and disclosures required for a set of consolidated financial statements prepared as of the end of a fiscal year and must therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

Estimates and judgments in response to the COVID-19 pandemic

Estimates and judgments may have an impact on the amounts recognized for assets and liabilities at the reporting date and on the income and expenses recorded for the reporting period. Since the global consequences of the COVID-19 pandemic are unpredictable at present, these estimates and judgments are subject to increased uncertainty. The actual amounts realized may differ from the estimates and judgments; variances may have a material impact on the interim financial statements.

Any updates to the estimates and judgments took into account the information available on expected economic developments, in particular with regard to the valuation of the receivables and the assessment of the existence of a contract within the meaning of IFRS 15 when the contract is concluded.

2 Accounting policies

The same accounting principles and accounting policies were applied as in the consolidated financial statements for the year ended December 31, 2019.

As of June 30, 2020, income tax expense was determined by applying the effective tax rate expected for the full year.

Accounting standards applied for the first time in the current fiscal year

- Amendments and References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 Business Combinations
- Amendments to IAS 1 and IAS 8 – Definition of Material
- IBOR reform phase 1 amendments to IFRS 9, IAS 39, and IFRS 7

The first-time application of the accounting standards listed in the table had no, or no material, effect on the presentation of the assets and liabilities, financial position and financial performance.

IFRSs published but not yet endorsed by the EU and not yet adopted by the Group

In the second quarter of 2020, the International Accounting Standards Board published an amendment to IFRS 16 ("Covid-19-Related Rent Concessions"), which is intended to grant lessees a practical expedient in the accounting treatment of rent concessions resulting from the COVID-19 pandemic. At present, this amendment is not yet applicable in the European Union.

The condensed consolidated interim financial statements are prepared in euro.

The following significant exchange rates changed as follows:

Spot exchange rate			
Currency	**ISO Code**	**June 30, 2020**	**Dec. 31, 2019**
U.S. dollar	USD	1.12	1.12
Pound sterling	GBP	0.91	0.85
Australian dollar	AUD	1.63	1.60
Armenian dram	AMD	540.44	537.26
Japanese yen	JPY	120.66	121.94
Indian rupee	INR	84.62	80.19
Singapore dollar	SGD	1.56	1.51
Chinese yuan	CNY	7.92	7.82

The following table shows the half-yearly average exchange rates for the most significant currencies, which are used for the translation of cash receipts and cash payments as well as income and expenses of foreign operations into the reporting currency:

Average exchange rates		**Average rate**	**Average rate**
Currency	**ISO Code**	**Jan. 1 – June 30, 2020**	**Jan. 1 – June 30, 2019**
U.S. dollar	USD	1.10	1.13
Pound sterling	GBP	0.87	0.87
Australian dollar	AUD	1.68	1.60
Armenian dram	AMD	532.61	547.07
Japanese yen	JPY	119.21	124.29
Indian rupee	INR	81.68	79.12
Singapore dollar	SGD	1.54	1.54
Chinese yuan	CNY	7.75	7.67

Due to rounding, numbers may not add up precisely to the totals provided and percentages presented may not precisely reflect the figures to which they relate.

3 Basis of consolidation

There were no changes in the basis of consolidation compared with December 31, 2019.

4 Selected notes to the consolidated statement of profit or loss and other comprehensive income

4.1 Revenue

Revenue in the second quarter was generated in the regions listed below:

Revenue by region		
In thousands of euro	Apr. 1 – June 30, 2020	Apr. 1 – June 30, 2019
EMEA	63,088	53,832
AMERICAS	37,171	29,115
APAC	14,471	11,576
Total revenue	**114,729**	**94,523**

Revenue by license type based on the development of deferred revenue				
In thousands of euro	April 1 – June 30, 2020			
	As of April 1	Additions/billings	Release/ revenue	As of June 30
Perpetual licenses	31,445	-	(13,103)	18,342
Subscription licenses	185,499	105,949	(90,169)	201,279
Development of item from the statement of financial position	**216,944**	**105,949**	**(103,272)**	**219,621**
Other	n/a	-	(11,457)	n/a
Effect on profit or loss	**n/a**	**105,949**	**(114,729)**	**n/a**

In thousands of euro	April 1 – June 30, 2019			
	As of April 1	Additions/billings	Release/ revenue	As of June 30
Perpetual licenses	140,923	560	(32,651)	108,831
Subscription licenses	121,234	7,576	(63,707)	131,104
Development of item from the statement of financial position	**262,158**	**74,136**	**(96,358)**	**239,936**
Other	n/a	(1,053)	1,835	n/a
Effect on profit or loss	**n/a**	**73,083**	**(94,523)**	**n/a**

Revenue in the first half of the year was generated in the regions listed below:

Revenue by region		
In thousands of euro	**Jan. 1 – June 30, 2020**	**Jan. 1 – June 30, 2019**
EMEA	119,475	103,092
AMERICAS	70,446	56,183
APAC	27,526	21,961
Total revenue	**217,446**	**181,236**

The Group lifted its revenue from EUR 181.2 million to EUR 217.4 million. This increase is mainly attributable to billings growth, which is recognized in revenue over the underlying period in which the service is rendered.

Revenue by license type based on the development of deferred revenue				
In thousands of euro	**Jan. 1 – June 30, 2020**			
	As of Jan. 1	**Additions/billings**	**Release/revenue**	**As of June 30**
Perpetual licenses	48,863	99	(30,619)	18,342
Subscription licenses	163,959	225,594	(188,274)	201,279
Development of item from the statement of financial position	**212,822**	**225,693**	**(218,893)**	**219,621**
Other	n/a	-	1,447	n/a
Effect on profit or loss	**n/a**	**225,693**	**(217,446)**	**n/a**

In thousands of euro	**Jan. 1 – June 30, 2019**			
	As of Jan. 1	**Additions/billings**	**Release/ revenue**	**As of June 30**
Perpetual licenses	173,390	1,024	(65,582)	108,831
Subscription licenses	107,246	141,846	(117,988)	131,104
Development of item from the statement of financial position	**280,636**	**142,870**	**(183,570)**	**239,936**
Other	n/a	(1,230)	2,334	n/a
Effect on profit or loss	**n/a**	**141,640**	**(181,236)**	**n/a**

In general, the Group grants its customers a payment term of 14 days after the purchase date. The purchase date is usually also the invoice date. The sales representatives are allowed to extend the payment term within a set framework.

4.2 Trade receivables

The Group only has current trade receivables. Current trade receivables presented on a gross basis including receivables older than 120 days are as follows:

Trade receivables aging		
In thousands of euro	**June 30, 2020**	**Dec. 31, 2019**
Neither past due nor impaired	346	450
Past due and impaired		
1-30 days past due	12,384	11,389
31-60 days past due	4,304	2,852
61-90 days past due	3,397	2,554
91-120 days past due	3,091	1,708
More than 120 days past due	13,327	11,238
Total trade receivables, gross	**36,849**	**30,194**

Total trade receivables included receivables from related parties in the amount of EUR 31 thousand as of June 30, 2020 (December 31, 2019: EUR 301 thousand).

The loss allowance on the Company's current trade receivables developed as follows as of June 30, 2020:

Development of loss allowance on trade receivables		
In thousands of euro	**June 30, 2020**	**Dec. 31, 2019**
Loss allowance as of beginning of fiscal year	(18,438)	(9,560)
Release/(addition)	(8,495)	(15,489)
Utilization	7,211	6,162
Contribution of foreign entities	-	472
Other	-	(24)
Total loss allowance as of half year end	**(19,722)**	**(18,438)**

The loss allowance for trade receivables rose to EUR 19,722 thousand as of June 30, 2020 (December 31, 2019: EUR 18,438 thousand) mainly due to the increase in trade receivables and higher expected credit losses. Overdue trade receivables are subject to enforcement activities. Trade receivables are derecognized if they are overdue for more than one year and the receivable is not expected to be recovered.

Information about the Group's exposure to credit and market risks for trade receivables is included in Note 4.5 Financial instruments – Fair values and risk management.

4.3 Equity

Equity		
In thousands of euro	**June 30, 2020**	**Dec. 31, 2019**
Issued capital	200,000	200,000
Capital reserve	340,716	320,661
(Accumulated losses)/retained earnings	(387,418)	(429,881)
Cash flow hedges	(62)	-
Foreign currency translation reserve	1,048	1,081
Total equity	**154,284**	**91,861**

Equity rose from EUR 91.9 million in the first half of 2020 to EUR 154.3 million. The increase of EUR 62.4 million is largely attributable to the net profit for the period and the increase in the capital reserve of EUR 20.1 million arising from the recognition of share-based compensation in the statement of profit or loss.

4.4 Financial liabilities

Terms and repayment structure of the syndicated loans

The following table shows the terms, conditions and carrying amounts of the Group's interest-bearing liabilities for the syndicated loans:

Interest-bearing liabilities					
				June 30, 2020	
In thousands of euro	**Currency**	**Nominal interest rate**	**Year of maturity**	**Principal amount (EUR)**	**Carrying amount (EUR)**
Syndicated loan USD	USD	3.57%	2024	401,857	397,258
Syndicated loan EUR	EUR	2.25%	2024	125,000	123,580
Syndicated loan GBP	GBP	3.20%	2024	72,967	72,136
Syndicated loan – revolving credit facility	Various	Various	2024	-	(371)
Total interest-bearing liabilities				**599,825**	**592,603**

Interest-bearing liabilities					
				Dec. 31, 2019	
In thousands of euro	**Currency**	**Nominal interest rate**	**Year of maturity**	**Principal amount (EUR)**	**Carrying amount (EUR)**
Syndicated loan USD	USD	4.81%	2024	400,570	395,442
Syndicated loan EUR	EUR	2.50%	2024	125,000	123,404
Syndicated loan GBP	GBP	3.58%	2024	78,253	77,252
Syndicated loan – revolving credit facility	Various	Various	2024	-	(415)
Total interest-bearing liabilities				**603,823**	**595,683**

4.5 Financial instruments – Fair values and risk management

4.5.(a) Accounting classifications and fair values

All assets and liabilities for which a fair value is calculated or presented are categorized as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Carrying amount and fair value level					
June 30, 2020					
In thousands of euro	**Carrying amount**			**Fair value level**	
Classification in accordance with IFRS 9	**Fair value through profit or loss**	**Amortized cost**	**Total**	**Fair value**	**Level**
Financial assets	1,559*	-	1,559	1,559	2
Total financial assets measu-red at fair value	**1,559***		**1,559**		
Trade receivables	-	17,127	17,127	17,127	2
Cash and cash equivalents	-	149,755	149,755	149,755	2
Other financial assets	-	4,760	4,760	4,760	2
Total financial assets not measured at fair value		**171,642**	**171,642**		
Trade payables	-	10,928	10,928	10,928	2
Lease liabilities	-	19,771	19,771	19,771	2
Bank loans	-	592,603	592,603	592,603	2
Other financial liabilities	-	5,607	5,607	5,607	2
Total financial liabilities not measured at fair value		**628,909**	**628,909**		

**Of this amount, EUR 65 thousand is designated as a cash flow hedge. Changes in value are recognized in other comprehensive income.*

Carrying amount and fair value level					
Dec. 31, 2019					
In thousands of euro	**Carrying amount**			**Fair value level**	
Classification in accordance with IFRS 9	**Fair value through profit or loss**	**Amortized cost**	**Total**	**Fair value**	**Level**
Financial assets	-	-	-	-	
Total financial assets measu-red at fair value	**-**	**-**	**-**	**-**	
Trade receivables	-	11,756	11,756	11,756	2
Cash and cash equivalents	-	71,153	71,153	71,153	2
Loan receivables	-	-	-	-	
Other financial assets	-	4,424	4,424	4,424	2
Total financial assets not measured at fair value		**87,333**	**87,333**		
Trade payables	-	9,069	9,069	9,069	2
Lease liabilities	-	21,114	21,114	21,114	2
Bank loans	-	595,683	595,683	595,683	2
Other financial liabilities	-	6,642	6,642	6,642	2
Total financial liabilities not measured at fair value		**632,508**	**632,508**		

Other financial assets include rent deposits for office space, in particular for the Group's new headquarters in Göppingen (EUR 4,200 thousand; H1 2019 EUR 4,200 thousand.

4.5.(b) Measurement of fair values

Valuation techniques – The fair values are calculated using standard financial valuation models, based entirely on observable inputs.

The fair values for the derivatives are calculated with an option pricing model in which the most relevant factors are yield curves and, in the case of foreign currency derivatives, realized and expected exchange rate movements.

The fair values of the debt instruments assigned to Level 2 are calculated as the present values of the payments associated with the debts.

Trade receivables, receivables from affiliates, associates and other investments as well as loan receivables, other assets and cash and cash equivalents generally all have current maturities. Therefore, their carrying amounts approximate their fair values on the reporting date.

Trade payables, liabilities due and other non-financial liabilities also generally have current maturities. Therefore, their carrying amounts approximate their fair values on the reporting date.

There were no transfers between fair value levels in the first half of 2020.

4.5.(c) Derivatives

Cash flows in USD are hedged in some cases using foreign exchange caps that will hedge USD 3.35 million per month in 2020 and USD 6.25 million per month in 2021 at a strike price of USD/EUR 1.15. The caps are not designated as hedges.

The Group has entered into an interest rate cap agreement for partial hedging of the USD syndicated loan. This agreement is designated as a cash flow hedge reserve. There is an economic relationship between the hedged item (USD syndicated loan principal of USD 450 million as of June 30, 2020) and the hedging instrument (cap of USD 315 million as of June 30, 2020) since both are inversely related to the 3M USD LIBOR rate with a 0.70 hedge ratio at the reporting date.

5 Other disclosures

5.1 Related party disclosures

TeamViewer identifies the related parties of TeamViewer AG in accordance with IAS 24.

TigerLuxOne S.à.r.l. (TLO) reduced its interest in TeamViewer AG in the first half of 2020 in two steps from 62.5% to a total of 39.0%, selling 11% in March and subsequently a further 12.5% in June. The remaining 61.0% of the shares are therefore in free float.

There were no significant related party transactions in the first half of 2020.

Transactions involving key management personnel

Remuneration of the Management Board – IFRS figures		
In thousands of euro	**June 30, 2020**	**June 30, 2019**
Short-term employee benefits	1,843	888
Share-based compensation	9,900	900
Total	**11,742**	**1,788**

Share-based compensation includes expenses for IPO bonuses of EUR 9.5 million (H1 2019: EUR 0.9 million) and expenses for the Long Term Incentive Program (LTIP) of EUR 0.4 million (H1 2019: EUR 0.0 million).

There were no other transactions with key management personnel during the reporting period (as in the comparative period in 2019), nor were there any balances outstanding as of June 30, 2020 or December 31, 2019.

Moreover, under the above-mentioned programs, expenses for share-based compensation of EUR 10.5 million (H1 2019: EUR 0.0 million) from the Employee Participation Program (EPP) for employees outside of the Management Board were recognized in the first half of 2020.

Business partner	At year-end and for the half-year period1[21]	Sales to related parties	Purchases from related parties	Interest expenses to related parties	Interest income from related parties	Trade receivables from related parties	Liabilities to related parties	Loans and borrowings from related parties	Loans and borrowings granted to related parties
In thousands of euro									
TigerLux One HoldCo S.C.A.	June 30, 2020	-	-	-	-	-	-	-	-
	Dec. 31, 2019	-	-	-	265	-	-	-	-
TLO	June 30, 2020	4	-	-	-	31	-	-	-
	Dec. 31, 2019	130	-	7,781	35	301	-	-	-
TeamViewer Pty Ltd	June 30, 2020	-	-	-	-	-	-	-	-
	Dec. 31, 2019	-	1,545	1	-	-	-	-	-
TeamViewer US, LLC	June 30, 2020	-	-	-	-	-	-	-	-
	Dec. 31, 2019	-	11,944	11	-	-	-	-	-
TeamViewer UK, Ltd	June 30, 2020	-	-	-	-	-	-	-	-
	Dec. 31, 2019	33	266	-	45	-	-	-	-
Monitis US, LLC	June 30, 2020	-	-	-	-	-	-	-	-
	Dec. 31, 2019	528	2	-	1	-	-	-	-
Monitis CJSC	June 30, 2020	-	-	-	-	-	-	-	-
	Dec. 31, 2019	-	1,995	-	10	-	-	-	-
GFKL	June 30, 2020	-	-	-	-	-	-	-	-
	Dec. 31, 2019	-	2	-	-	-	-	-	-
Tricor	June 30, 2020	-	104	-	-	-	10	-	-
	Dec. 31, 2019	-	226	-	-	-	22	-	-
Bryant Stibel	June 30, 2020	-	-	-	-	-	-	-	-
	Dec. 31, 2019	-	436	-	-	-	-	-	-

21 The effects on the statement of profit or loss include the first half of 2020 and full-year 2019.

5.2 Operating segments

The Group is managed on a single segment base, with the TeamViewer connectivity platform as the basis for the segmentation. The decision for the segmentation was based on the internal organization, which is based on the platform as the single line of reporting. Reporting of the platform is based on the different geographical regions as reporting units, namely Europe, Middle East and Africa (EMEA), North, Central and South America (AMERICAS), and Asia-Pacific (APAC).

As there are no other segments, the consolidated statement of comprehensive income already shows the revenues and expenses of the segment and the consolidated statement of financial position already shows the segment assets and segment liabilities. Therefore, no further breakdown is prepared. All revenues shown in the consolidated statement of comprehensive income are generated with external customers. The segment generates revenue from the following brands: TeamViewer®, ITBrain®, Monitis® and BLIZZ®.

The most significant success indicators on the basis of which the management steers the Group are billings per region and adjusted EBITDA.

Billings by region

In thousands of euro	Jan. 1 – June 30, 2020	Jan. 1 – June 30, 2019
EMEA	124,873	79,896
AMERICAS	70,984	41,118
APAC	29,836	20,627
Billings	**225,693**	**141,640**
Changes in deferred revenue recognized in profit or loss	(8,247)	39,596
Total revenue	**217,446**	**181,236**

Adjusted EBITDA is calculated as follows:

In thousands of euro	Jan. 1 – June 30, 2020	Jan. 1 – June 30, 2019
Operating profit/(loss)	**81,947**	**90,242**
Amortization and depreciation	19,322	17,906
EBITDA	**101,269**	**108,148**
Changes in deferred revenue recognized in profit or loss	8,247	(39,596)
Further items to be adjusted	21,600	4,991
Adjusted EBITDA	**131,116**	**73,543**

Further items to be adjusted comprise:

In thousands of euro	Jan. 1 – June 30, 2020	Jan. 1 – June 30, 2019
Expenses for share-based compensation programs	(20,412)	(900)
Expenses and income in connection with the IPO	(0)	(1,497)
Other special items to be adjusted	(1,188)	(2,594)
Total	**(21,600)**	**(4,991)**

Expenses in connection with the share-based compensation established by TLO amounting to EUR 20.0 million (2019: EUR 0.9 million) constitute the largest item to be adjusted. Furthermore, the Group granted share-based compensation to its own staff in the amount of EUR 0.4 million (2019: EUR 0 million).

The other special items to be adjusted primarily include expenses from the implementation of requirements of the General Data Protection Regulation and special IT projects in the amount of EUR 0.3 million (2019: EUR 2.6 million), expenses from reorganizations in the amount of EUR 0.2 million (2019: EUR 1.4 million), expenses for special one-time legal disputes in the amount of EUR 0.3 million (2019: EUR 0 million), and measurement effects for derivatives for hedging exchange rate fluctuations in the amount of EUR 0.2 million (2019: EUR 0 million).

For the split of revenue by geographical regions within the segment, please refer to our disclosures: 4.1 Revenue.

The non-current assets, excluding financial instruments and deferred tax assets, are mainly related to Germany.

The Group has a very diversified customer base. Therefore, no single customer has a share in revenue of more than 10%.

5.3 Events after the reporting period

No significant events occurred after the end of the reporting period that could have a material impact on the presentation of the Group's assets and liabilities, financial position and financial performance, with the exception of those set out below.

Ubimax Acquisition

On July 15, 2020, TeamViewer AG signed a definitive contract to acquire Ubimax, a provider of wearable computing technologies and augmented reality (AR) solutions for the frontline workforce. Though the acquisition TeamViewer will expand its Industry 4.0 and Internet of Things (IoT) offering for enterprise customers.

TeamViewer will acquire 100% of Ubimax for total consideration of EUR 136.5 million on a cash- and debt-free basis, partially paid in cash and partially in shares. The cash component amounts to EUR 85.8 million and will be fully financed from TeamViewer's cash funds. In addition, the founders of Ubimax will receive 1,070,931 new TeamViewer shares to be issued from the existing authorized capital in a capital increase against contributions in kind. Shareholders' subscription rights are excluded. The newly issued shares are subject to a three-year lock-up agreement with yearly partial vesting, which underlines the founders' long-term commitment. Subject to fulfillment of certain conditions, the closing of the transaction is expected to occur in the third quarter of 2020.

Update on 2016 Cyber Attack

As previously disclosed, TeamViewer was in the fall of 2016 target of a cyber-attack. In relation to this, TeamViewer, as a potential victim, cooperated globally with law enforcement agencies. TeamViewer's lawyers were contacted by one of those agencies providing a brief factual update on the status of their investigations. In this update, the agency mentioned evidence for data losses derived from the events around 2016, which might lead to notice requirements vis-à-vis data protection authorities and customers - pending detailed analysis. However, they did mention as well that there is no evidence of data misuse following a series of remediation measures and infrastructure hardening undertaken by TeamViewer ending in mid 2018. Numerous independent certifications, security code reviews and penetration tests over the last years together with a 24/7 Security Operations Center ensure TeamViewer's leading cyber defence posture.

Göppingen, July 29, 2020

The Management Board

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Göppingen, July 29, 2020

The Management Board

Oliver Steil　　　　Stefan Gaiser

Review Report

To TeamViewer AG

We have reviewed the interim condensed consolidated financial statements of TeamViewer AG, Göppingen, which comprise the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the condensed consolidated interim financial statements, and the interim group management report for the period from 1 January 2020 to 30 June 2020, which are part of the half-year financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The executive directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Stuttgart, 29. July 2020
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Koch	Maurer
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial calendar

QUARTERLY STATEMENT AS OF SEPTEMBER 30/Q3 2020

Tuesday, November 10, 2020

Further dates and schedule updates available at ir.teamviewer.com