

GOPPINGEN, GERMANY, 3 November 2021

TeamViewer confirms preliminary Q3/9M results with healthy and profitable billings growth

- Billings growth at constant currencies of 18% in Q3 and 21% in 9M
- Adjusted EBITDA Margin of 34% in Q3 and 48% in 9M, including planned brand investments
- Growth to 628,000 subscribers, lower churn rate and higher NRR
- Enterprise business accelerated its growth sequentially, up by 75% to EUR 77.8m billings on LTM basis, now representing 15% of total billings
- Major partnerships with SAP and Google Cloud to drive Augmented Reality enterprise business
- Strong financial profile with net leverage stable at 1.5x Adjusted EBITDA
- Full-year guidance confirmed

Key Figures

EUR m, unless otherwise stated	Q3 21	Q3 20	Δ	Δ cc ¹	9M 21	9M 20	Δ	Δ cc ¹
Billings (non-IFRS)	125.8	106.4	+18%	+18%	393.9	332.1	19%	21%
Adj. EBITDA (non-IFRS)	42.3	58.2	-27%		189.3	189.3	+0%	
Adj. EBITDA Margin (%)	33.6%	54.7%	-21pp		48.1%	57.0%	-9pp	
Revenue (IFRS)	127.7	117.2	+9%		368.8	334.6	+10%	
Revenue from subscription model (non-IFRS)	127.4	108.1	+18%		366.3	294.9	+24%	
Levered Free Cash Flow	32.5	29.7	+9%		89.8	109.4	-18%	
Subscribers (thousand, 30 Sept.)	628	567	+11%					
Employees (FTE, 30 Sept.)	1,506	1,213	+24%					

1) At constant currency

«We are clearly coming out of a challenging quarter. While billings growth and profit remain very attractive, we are not satisfied with those results. We will address this by reconfiguring some of our growth initiatives and our cost structure, which we will present in more detail at our Capital Markets Day. TeamViewer is well positioned to capitalize on global megatrends with strong positions in key growth markets and a broadened solutions portfolio combined with our compelling financial profile. The entire leadership team is fully convinced of the long-term growth prospects.»

Oliver Steil, TeamViewer CEO

«We are pleased to finally see a normalization of the business activity post COVID effects. Our profitability continues to be one of the highest in the industry, our cash position is consistently strong and the leverage ratio low. The improvement of our Net Retention Rate and the increase of the average billings per customer reflect a positive momentum. This together with the steps we are taking to re-adjust TeamViewer's growth levers make us confident that we will deliver on our short- and mid-term ambitions.»

Stefan Gaiser, TeamViewer CFO

Business Update

TeamViewer has confirmed its preliminary Q3 results from the beginning of October. The company grew third quarter billings by 18% (18 cc¹) to EUR 125.8m compared to the same period last year and after 15% billings growth in Q2 2021. TeamViewer's first nine months billings in 2021 grew by 19% and 21% cc to EUR 393.9m compared to previous year's 9M period. TeamViewer thereby achieved to grow its billings by more than 75% within two years (9M 2019: EUR 224.3m). Adjusted EBITDA decreased to EUR 42.3m (Q3 2020: EUR 58.2m) due to the already communicated billings shortfall and significant planned investments in brand in Q3, ultimately resulting in an Adjusted EBITDA margin of 34% (Q3 2020: 55%).

TeamViewer increased its subscriber base by 11% year-over-year to 628,000 at quarter end. The enterprise business continued to grow very strongly by 75% on a last twelve-month (LTM) basis to EUR 77.8m, thereby

¹ At constant currencies

accelerating its growth sequentially (Q2 2021: +66% LTM). Within the enterprise business, the share of contracts with value >EUR 50k moved from 34% in Q3 2020 to 48%, reflecting successful up- and cross-selling. Total subscriber churn improved from 15.7% in Q3 2020 to 14.6% in Q3 2021.

Broadened Solutions Portfolio to Attract Customers Across All Verticals

TeamViewer successfully broadened its solutions portfolio through strategic acquisitions and R&D investments in existing and new products. These efforts enable TeamViewer to further drive digitalization along the entire value chain and continue to attract new high-profile customers across all verticals such as global leading B2B coffee machine manufacturer Gruppo Cimbali and major Nordics telecom operator Tele2. In addition, TeamViewer won the largest Augmented Reality (AR) deal in the company's history to help one of the major U.S. car manufacturers in digitalizing its after-sales workflows and field service management using TeamViewer's frontline AR solutions. With the launch of TeamViewer Classroom, the company entered the promising sector of digital education with a fully GDPR-compliant online teaching solution dedicated to the needs of educational institutions.

Strategic Industry and Tech Partnerships to Address Growing Enterprise Demand

Recently, TeamViewer entered a strategic partnership with Google Cloud to bring its AR solutions to the Google Cloud platform. The first jointly developed solution is a hands-free order picking application that leverages Google Glass Enterprise Edition 2 equipped with TeamViewer's vision picking software from the Frontline AR suite. Through this partnership, TeamViewer and Google Cloud are co-developing and co-marketing enterprise AR solutions to better meet customer needs. The partnership is aimed to be extended to improve manufacturing, logistics, and supply chain processes within other industries. Moreover, TeamViewer Frontline was successfully certified as an SAP Endorsed App and is now available on the SAP® Store. Joint sales activities have been started, too. Both partnerships prove that TeamViewer's technology is highly relevant to complex use cases in the enterprise sector and plays a major role in the global tech ecosystem.

Financial Overview

TeamViewer's billings of EUR 125.8m in the third quarter and EUR 393.9m in the first nine months represent 18% and 21% cc growth compared against the respective prior year periods, which saw significant extra demand following the outbreak of the pandemic especially in the first six months. The Net Retention Rate improved significantly to 99% in Q3 after the decline in Q2 2021 (88%) due to post-COVID lower renewal values. At the end of September 2021, NRR stood at 96% on a LTM basis (98% cc).

Revenue from the subscription business model, which is now representing 99% of total revenues, increased by 18% to EUR 127.4m in the third quarter and by 24% to EUR 366.3m in the first nine months. However, revenue from discontinued perpetual licenses decreased by EUR 8.9m compared to the prior-year period to EUR 0.2m for Q3 and by EUR 37.2m to EUR 2.5m for the nine months-period. This depressed overall

revenue growth to 9% year-over-year in Q3 2021 and 10% in the first nine months of the year. This effect will largely disappear by the end of Q4 2021.

TeamViewer's most mature market, EMEA, showed strong third quarter billings growth of 25% (24% cc), billings in the Americas grew by 17% (17% cc). APAC billings were below expectations with EUR 16.1m.

Billings and Revenue per Region

EUR m	Q3 21	Q3 20	Δ	Δ cc ¹	9M 21	9M 20	Δ	Δ cc ¹
Billings (non-IFRS)	125.8	106.4	18%	18%	393.9	332.1	19%	21%
EMEA	60.0	48.0	25%	24%	210.6	172.9	22%	22%
AMERICAS	49.6	42.3	17%	17%	133.0	113.3	17%	23%
APAC	16.1	16.1	0%	0%	50.3	46.0	9%	11%
Revenue (IFRS)	127.7	117.2	9%		368.8	334.6	10%	
EMEA	69.0	63.7	8%		197.6	183.2	8%	
AMERICAS	43.4	38.0	14%		125.6	108.5	16%	
APAC	15.2	15.5	-2%		45.6	43.0	6%	

1) At constant currency

The Adjusted EBITDA stood at EUR 42.3m in the third quarter and EUR 189.3m in the first nine months, corresponding to an Adjusted EBITDA margin of 34% and 48%, respectively. The marked decline in the third quarter (Q3 2020: Adjusted EBITDA margin of 55%) was mainly driven by brand investments compared to the same period of the previous year. This investment combined with the lower-than-expected billings growth and the effect of the discontinued perpetual licence model revenues resulted in a decrease of operating profit (IFRS) at EUR 18.3m (Q3 2020: EUR 43.8m). Net profit was at EUR 3.7m (Q3 2020: EUR 31.6m) in line with the development of the operating profit.

Levered free cash flow in Q3 2021 amounted to EUR 32.5m (Q3 2020: EUR 29.8m) and benefitted from strong cash conversion as well as significantly lower capex and interest payments. For the first nine months, levered free cash flow decreased by 18% to EUR 89.8m. Main drivers were planned payments for marketing partnerships and higher tax payments. During the third quarter 2021, cash and cash equivalents increased by EUR 36.9m to EUR 502.5m. The net leverage ratio was at 1.5x Adjusted EBITDA.

Outlook

TeamViewer confirms the outlook provided together with the pre-release of Q3 2021 financials on October 6 this year. Full year 2021 billings are expected in a range between EUR 535m to EUR 555m and revenue between EUR 495m to EUR 505m.

This assumes a US Dollar exchange rate of 1.20 per EUR and broadly stable other currencies. The adjusted EBITDA margin for the current business year is expected to be at 44% to 46%.

Additional information

This Quarterly Statement and all information therein are unaudited.

Webcast

Senior management will host an analyst and investor conference call at 9:00 CET on 3 November 2021 which will be webcast live at <https://www.webcast-eqs.com/teamviewer20211103>. A replay as well as the accompanying presentation will be available on ir.teamviewer.com.

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About TeamViewer

TeamViewer is a leading global technology company that provides a connectivity platform to remotely access, control, manage, monitor, and repair devices of any kind - from laptops and mobile phones to industrial machines and robots. Although TeamViewer is free of charge for private use, it has more than 600,000 subscribers and enables companies of all sizes and from all industries to digitalize their business-critical processes through seamless connectivity. Against the backdrop of global megatrends like device proliferation, automation and new work, TeamViewer proactively shapes digital transformation and continuously innovates in the fields of Augmented Reality, Internet of Things and Artificial Intelligence. Since the company's foundation in 2005, TeamViewer's software has been installed on more than 2.5 billion devices around the world. The company is headquartered in Goppingen, Germany, and employs around 1,500 people globally. In 2020, TeamViewer achieved billings of EUR 460 million. TeamViewer AG (TMV) is listed at Frankfurt Stock Exchange and belongs to the MDAX. Further information can be found at www.teamviewer.com.

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Financial Calendar

Capital Markets Day

10 November 2021

IMPORTANT NOTICE

Certain statements in this communication may constitute forward looking statements. These statements are based on assumptions that are believed to be reasonable at the time they are made, and are subject to significant risks and uncertainties, including, but not limited to, those risks and uncertainties described in TeamViewer's disclosures. You should not rely on these forward-looking statements as predictions of future events and we undertake no obligation to update or revise these statements. Our actual results may differ materially and adversely from any forward-looking statements discussed in these statements due to several factors, including without limitation, risks from macroeconomic developments, external fraud, lack of innovation capabilities, inadequate data security and changes in competition levels. The Company undertakes no obligation, and does not expect to publicly update, or publicly revise, any forward-looking statement, whether as a result of new information, future events or otherwise. All stated figures are unaudited.

Alternative performance measures (APMs)

This document contains certain alternative performance measures (collectively, "APMs") including billings and Adjusted EBITDA that are not required by, or presented in accordance with, IFRS, German GAAP or any other generally accepted accounting principles. TeamViewer presents APMs because they are used by management in monitoring, evaluating and managing its business and management believes these measures provide an enhanced understanding of TeamViewer's underlying results and related trends. The definitions of the APMs may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should, therefore, not be considered in isolation or as a substitute for analysis of TeamViewer's operating results as reported under IFRS or German GAAP. APMs such as billings and Adjusted EBITDA are not measurements of TeamViewer's performance or liquidity under IFRS or German GAAP and should not be considered as alternatives to results for the period or any other performance measures derived in accordance with IFRS, German GAAP or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

TeamViewer has defined each of the following APMs as follows:

“Billings” represent the (net) value of invoiced goods and services charged to customers within a period and constitute a contract as defined by IFRS 15.

“Adjusted EBITDA” is defined as operating income (EBIT) as per IFRS plus depreciation and amortisation of tangible and intangible fixed assets (EBITDA), adjusted for change in deferred revenue recognised in profit or loss during the period under consideration and for certain transactions that have been defined by the Management Board in agreement with the Supervisory Board (income and expenses). Business events to be adjusted relate to share-based compensation models and other material special items of the business which are presented separately to show the underlying operating performance of the business.

“Adjusted EBITDA margin” means Adjusted EBITDA as a percentage of billings.

Operational metrics and other financial measures for information purposes

This document also includes further certain operational metrics, such as Net Retention Rate, and additional financial measures that are not required by, or presented in accordance with IFRS, German GAAP or any other generally accepted accounting principles (collectively, “other financial measures”). TeamViewer presents these operational metrics and other financial measures for information purposes and because they are used by the management for monitoring, evaluating and managing its business. The definitions of these operational metrics and other financial metrics may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should, therefore, not be considered in isolation or as a substitute for analysis of TeamViewer’s operating results, performance or liquidity as reported under IFRS or German GAAP.

TeamViewer has defined these operational metrics and other financial measures for information purposes as follows:

“Levered free cash flow” (FCFE) means net cash from operating activities less capital expenditure for property, plant and equipment and intangible assets (excl. M&A), payments for the capital element of lease liabilities and interest paid for borrowings and lease liabilities.

„Net leverage ratio“ means the ratio of net financial liabilities (sum of interest-bearing loans and borrowings, current and non-current, less cash and cash equivalents) to Adjusted EBITDA (LTM).

“Net retention rate” or “NRR” is calculated as recurring billings (subscription renewals, up-selling and cross-selling activities) over the last twelve months attributable to retained subscribers (subscribers who were subscribers in the previous twelve-month period) divided by the total recurring billings from the previous twelve-month period.

“Retained Billings” means recurring billings (renewals, up- and cross sell) attributable to retained subscribers who were subscribers in the previous twelve-month period.

“New Billings” means recurring billings attributable to new subscribers.

“Non-recurring Billings” means all billings that do not recur such as professional services and hardware reselling.

Consolidated Profit & Loss Statement

€ thousand	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue	127,684	117,197	368,845	334,644
Cost of sales	(16,702)	(16,352)	(53,656)	(46,637)
Gross profit	110,982	100,845	315,189	288,006
Other income	127	1,504	2,187	2,025
Research and development	(14,873)	(12,067)	(44,870)	(31,188)
Sales	(24,570)	(19,145)	(75,372)	(52,612)
Marketing	(36,287)	(9,484)	(67,589)	(27,218)
General and administrative	(11,932)	(15,735)	(38,478)	(42,335)
Other expenses	(764)	62	(2,627)	(230)
Bad debt expenses	(4,354)	(2,228)	(12,306)	(10,751)
Operating profit	18,328	43,752	76,135	125,699
Finance income	(134)	2,752	399	2,902
Finance costs	(4,117)	(4,820)	(13,972)	(18,326)
Foreign currency income	5,109	18,859	12,366	28,208
Foreign currency costs	(8,160)	(6,106)	(24,367)	(14,353)
Profit before taxation	11,026	54,437	50,562	124,130
Income taxes	(7,340)	(22,812)	(28,952)	(50,042)
Profit/(loss) for the period	3,685	31,625	21,610	74,088
Basic number of shares issued and outstanding	200,159,088	200,000,000	200,053,612	200,000,000
Earnings per share (in € per share)	0.02	0.16	0.11	0.37
Diluted number of shares issued and outstanding	200,476,623	200,017,907	200,588,744	200,006,018
Diluted earnings per share (in € per share)	0.02	0.16	0.11	0.37

Consolidated Balance Sheet

€ thousand

30 September 2021

31 December 2020

	30 September 2021	31 December 2020
<i>Non-current assets</i>		
Goodwill	667,073	646,793
Intangible assets	256,839	255,330
Property, plant and equipment	44,225	40,469
Financial assets	4,480	4,516
Other assets	1,135	857
Deferred tax assets	276	159
Total non-current assets	974,029	948,124
<i>Current assets</i>		
Trade receivables	11,245	19,667
Other assets	31,880	7,594
Tax assets	3,890	52
Financial assets	189	4,456
Cash and cash equivalents	502,491	83,531
Total current assets	549,694	115,301
Total assets	1,523,723	1,063,425

Consolidated Balance Sheet (continued)

€ thousand	30 September 2021	31 December 2020
Equity		
Issued capital	201,071	201,071
Capital reserve	407,362	366,898
(Accumulated losses)/retained earnings	(305,244)	(326,854)
Hedge reserve	(58)	(61)
Foreign currency translation reserve	693	(343)
Total equity attributable to shareholders of TeamViewer AG	303,824	240,711
Non-current liabilities		
Provisions	378	433
Financial liabilities	858,825	440,153
Deferred revenue	1,921	361
Deferred and other liabilities	3,010	1,614
Other financial liabilities	14,734	0
Deferred tax liabilities	29,671	29,186
Total non-current liabilities	908,539	471,747
Current liabilities		
Provisions	2,146	2,225
Financial liabilities	33,764	82,099
Trade payables	8,519	8,304
Deferred revenue	233,454	214,811
Deferred and other liabilities	30,678	39,120
Other financial liabilities	2,557	29
Tax liabilities	241	4,378
Total current liabilities	311,360	350,966
Total liabilities	1,219,899	822,714
Total equity and liabilities	1,523,723	1,063,425

Consolidated Cash Flow Statement

€ thousand	9M 2021	9M 2020
<i>Cash flows from operating activities</i>		
Profit before taxation	50,562	124,130
Depreciation, amortisation and impairment of non-current assets	37,661	29,641
Increase/(decrease) in provisions	(134)	(137)
Non-operational foreign exchange (gains)/losses	13,739	(17,342)
Expenses for equity-settled share-based compensation	40,464	33,193
Net financial costs	13,573	15,424
Change in deferred revenue	20,203	(5,116)
Changes in other net working capital and other	(18,632)	5,271
Income taxes paid	(39,879)	(24,707)
Cash flows from operating activities	117,558	160,357
<i>Cash flows from investing activities</i>		
Capital expenditure for property, plant and equipment and intangible assets	(12,098)	(22,808)
Payments for acquisitions	(23,383)	(84,053)
Cash flows from investing activities	(35,481)	(106,862)

Consolidated Cash Flow Statement (continued)

€ thousand	9M 2021	9M 2020
<i>Cash flows from financing activities</i>		
Repayments of borrowings	(52,730)	(38,987)
Proceeds from borrowings	400,000	0
Payments for the capital element of lease liabilities	(4,647)	(3,358)
Interest paid for borrowings and lease liabilities	(11,054)	(24,837)
Cash flows from financing activities	331,569	(67,182)
Net change in cash and cash equivalents	413,647	(13,687)
Net foreign exchange rate difference	6,021	(4,614)
Net change from cash risk provisioning	(707)	117
Cash and cash equivalents at beginning of period	83,531	71,153
Cash and cash equivalents at end of period	502,491	52,969