

ANNUAL REPORT 2020



TeamViewer

“Using technology in a smart way, digitalising processes, working remotely, sharing knowledge worldwide – all of these are the building blocks of digital progress.”

Oliver Steil
Chairman of the Management Board

Smart technology for digital progress

As a leading technology company, TeamViewer provides software to connect people and devices worldwide. Our solutions transcend geographical distance and allow problems to be identified, examined, and solved immediately and remotely – along the entire value chain in industry, as well as in private life. It allows digital progress to be realised on a broad front in business and society. And incidentally, the environment also benefits from the saved travels and the CO₂e emissions avoided as a result.

There are many ways to use the TeamViewer software: from helping friends to overcome IT problems to solving complex industrial machinery and equipment disruptions in a business context. All those fields of application have a common factor: TeamViewer enables processes to be faster, of better quality, and smarter, thus providing immediate substantial added value for its users and costumers through the delivered solutions.

Over its successful 15-year history, TeamViewer has developed into an innovation driver for the major issues of our time: flexible working from anywhere, digital transformation

of business processes, enabling people through technology, and enhancing global collaboration in a connected world. TeamViewer offers a variety of necessary tools to effectively address these issues by usage of simple, fast, and inexpensive software solutions, while holding on to the highest industry security standards and the possibility to additionally benefit from forward-looking technologies like augmented reality, artificial intelligence, and the Internet of Things.

Success in figures

2020 billings EUR

460.3

million (+42 %)

Adjusted EBITDA EUR

261.4

million (+44 %)

Employees

1,256

(+49 %)

Adjusted EBITDA margin

56.8 %

(+80 bps)



TeamViewer at-a-glance

	2020	2019	+/- in %
Group performance indicators			
Billings (in EUR million)	460.3	324.9	+42 % ¹
Adjusted EBITDA (in EUR million)	261.4	182.1	+44 %
Number of subscribers (LTM)	584,000	464,000	+26 %
Annually recurring billings of existing subscription customers/net retention rate	103 %	102 %	
Group earnings position			
Revenue (in EUR million)	455.6	390.2	+17 %
EBIT (in EUR million)	164.1	153.1	+7 %
EBIT (in % of revenue)	36 %	39 %	
EBITDA (in EUR million)	205.1	189.5	+8 %
EBITDA margin (in % of revenue)	45 %	49 %	
Adjusted EBITDA (in EUR million)	261.4	182.1	+44 %
Adjusted EBITDA margin (in % of billings)	57 %	56 %	
Assets and financial position of the Group			
Equity ratio (in % of total assets)	23 %	10 %	
Cash flows from operating activities (in EUR million)	224.5	143.6	+56 %
Cash flows from investing activities (in EUR million)	(110.2)	(20.9)	> 100.0 %
Cash and cash equivalents (in EUR million)	83.5	71.2	+17 %
Other key figures			
R&D expenses (in EUR million)	(46.6)	(37.9)	+23 %
Employees full-time equivalents (as at the reporting date)	1,256	841	+49 %
Basic earnings per share (in EUR)	0.52	0.52	
Diluted earnings per share (in EUR)	0.51	0.52	

¹ At constant currency: +44 %

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A_ TO OUR SHAREHOLDERS

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01 Letter from the Management Board



Stefan Gaiser,
Chief Financial Officer

Oliver Steil,
Chairman of the Management Board

Dear Shareholders,

Looking back over the year 2020, we can certainly all agree that it was extraordinary in many respects. From the end of January onwards, the trend of the TeamViewer software usage almost mapped the spread of the COVID-19 pandemic from Asia through Europe to the Americas in real time. Global demand for our products surged, and we were able to provide remote support to many businesses with our solutions for the operation of business-critical processes. Our support went beyond the often-referenced WFH (working from home) and video conferencing. It became, in fact,

vital to access back-end systems remotely, to digitalise business processes and to enable experts to tackle complex problems regarding industrial equipment or machinery from a distance. In this context, we took the decision not to review the commercial use of our software for a while. This meant that anyone around the world who wanted to access TeamViewer for flexible working from anywhere could do so during the intense phase of the crisis. We also made our online meeting solution available for online teaching to schools and other educational establishments free of charge.

At the same time, we enabled our entire workforce to work from home – an experience which was also new to us, but which TeamViewer mastered with ease thanks to the impressive efforts and strong dedication of our employees. We would like to express our heartfelt thanks to our team for their fantastic commitment. It is impressive to see how our colleagues continue living the truly unique TeamViewer culture day by day, no matter the limited opportunity for personal meetings and physical interaction at the office.

Many conversations with our customers during this intense year convinced us that the pandemic has brought a fundamental rise in awareness leading to a fundamental shift of paradigm. COVID-19 became a wake-up call for digitalisation, accelerating many of the global megatrends already in place. Automation, robotics, Industry 4.0, and digital transformation are more relevant than before. The digital momentum goes far beyond the positive experience of WFH, it has extended to the industrial value chain and from there to the interface of Information Technology (IT) and Operational Technology (OT). This is precisely where TeamViewer's strengths lie.

AUGMENTED REALITY SUPPORT FOR THE FRONTLINE WORKER

It is in this context that the first acquisition in our company history should be seen. We acquired Bremen-based Ubimax, the leading provider of augmented reality (AR)-based software for wearables and smart glasses for the frontline worker. The innovative solutions under the new TeamViewer Frontline

brand support workers outside the office environment at many points of industrial value creation. For example, in production and logistics through step-by-step instructions on smart glasses and mobile devices such as tablets. During the Ubimax integration, which we completed in record time, it had already become clear how well the Frontline solutions complement our applications in the augmented reality and Internet of Things (IoT) areas. Integrated sales among our major customers are off to a remarkable start. Many sector-specific solutions for Industry 4.0 are already at the development stage.

HIGH INNOVATION SPEED

Beyond this, we also set a high pace of innovation in 2020. We realised important developments across the entire solutions portfolio, all the while remaining in constant dialogue with our customers. We added a mobile SDK (software development kit) and a co-browsing functionality to our TeamViewer Tensor enterprise suite and thus, entered the fast-growing market for digital customer interactions. Both expansions offer remote customer support in line with data protection regulations which have the capacity to supplement or even replace sales or service conversations on site.

Important partnerships underline our importance in the global technology ecosystem.

In the IoT segment, we are working on implementing self-learning algorithms which use artificial intelligence (AI) as part of predictive maintenance and alert the customer if machinery is at risk of failing. Our online meeting and video

conferencing solution blizz was renamed TeamViewer Meeting and, as such, it is now a core functionality of the TeamViewer platform. Several new, deepened integration partnerships, including with Apple, Google and Microsoft, underscore our steadily growing importance in the technology ecosystem and provide us with additional fields of application as well as growing brand recognition. Our latest acquisitions at the beginning of 2021 also strengthen our portfolio: With the Austrian startup Xaleon, we will further develop the customer engagement offering with co-browsing from a single source. And US-based AR pioneer Upskill complements our Frontline product with complementary use cases in additional industries.

To maintain our high pace of innovation, we have invested significantly in our development team. In Ioannina, described as "Greece's Silicon Valley", we opened a new development hub in January 2020, which now hosts more than 40 committed software engineers.

NEARLY 500 NEW EMPLOYEES

We also welcomed many new colleagues in other departments. As a result, our team grew to more than 1,200 employees worldwide at the end of 2020. We expanded our senior leadership team to include Ubimax founder Dr Hendrik Witt for Augmented Reality and Jan Junker for Solution Delivery. Our IoT expert Lukas Baur has taken on the Solution Sales division at management level. We also recruited experienced specialists to strengthen the IT Security and Legal & Compliance divisions. The onboarding of the vast majority of our almost 500 new colleagues was virtual on account of the coronavirus pandemic. We are therefore very much looking forward to getting to know them in person at our new headquarters. To be able to host the growing number of new col-

leagues, after a modern extension, we moved into a new building in late summer provided by the city of Goppingen, despite the ongoing pandemic. We would like to take this opportunity once again to express our sincere gratitude to all involved, especially to the city of Goppingen for creating space for TeamViewer to ensure its further development in the city.

By consequently driving forward our strategic growth initiatives, we have delivered on our promises.

2020 was TeamViewer's first full year as a listed company following our successful IPO in the fall of 2019. We delivered what we promised at the time of the IPO by consistently driving our strategic growth initiatives. Now we can look back on a successful year:

In 2020, the number of our contract customers rose by 26% to 584,000, we almost tripled the units of contracts from 698 to 1,885, with the annual volume of more than EUR 10,000 included in this figure. Our unique profile of strong growth, high profitability and strong cash flow is also reflected in the financials for the fiscal year. The billings of EUR 460.3 million exceeded our forecast, which we had increased in spring in the wake of the exceptional coronavirus-related demand and once again in autumn, rising by 42% compared to the previous year. Our attractive business model is exemplified by an adjusted margin of 57% and an adjusted EBITDA of EUR 261.4 million.

AMBITIOUS GOALS

On this outstanding basis, we have set ourselves ambitious targets for 2021 once again. In the current year, we aim to increase billings to a range of EUR 585 to 605 million and in the mid-term, we are aiming to reach a volume of around EUR 1 billion by 2023. To achieve this, we want to expand our solutions portfolio both horizontally and vertically. A particular focus here will be on AR technology as we seek to exploit its immense potential across the entire range of customers from private use to industrial use in large corporations. We see the intelligent integration of these AR innovations with IoT and AI applications as the strategic key for our claim to leadership in Industry 4.0. The aim here is to support the entire value chain through technology and to make meaningful use of machinery and process data to increase productivity and effectiveness. In all mentioned fields of the future, we are on the look-out for suitable acquisitions which supplement our solutions portfolio and thereby increase our target market. We are deeply confident that TeamViewer will be able to make another great leap forward in 2021 thanks to its organic growth and strategic add-ons. On this basis, we aim to push forward along our sustainable long-term growth path as the megatrends of digitalisation remain as relevant as ever in the much-talked-about "new normal".

Our strong growth, particularly in the key account segment, and the IPO led to a significant increase in TeamViewer's global brand awareness. Over the coming months, we will expand this position by stepping up with intensified marketing activities. Our message here is clear: We translate technological innovation into concrete, simple and cost-effective solutions. Our software connects devices worldwide and allows rapid remote problem-solving and support by experts. TeamViewer overcomes geographical distance across borders and dismantles technological barriers to ensure that genuine progress is made for the benefit of all – whether in

the digitalisation of businesses or when it comes to the increasing technologisation and digitalisation of private life. Last, but not least, the environment also benefits from this, due to working productively from a distance and not travelling can avoid CO₂e emissions to a considerable extent. TeamViewer is thus in an excellent position to play a decisive role in shaping the ongoing digitalisation of business and society worldwide.

**Working productively remotely and
not travelling can avoid significant amounts
of greenhouse gas emissions.**

One highlight at the end of the year was our company's 15th anniversary. We are extremely proud of what TeamViewer has achieved since its foundation. Conscious of this, we seek to shape the future in a likewise manner. We hope that the coronavirus pandemic will soon be overcome and look forward to an exciting and successful 2021 – with our employees, our customers as well as partners and, of course, with you, dear shareholders.

Best wishes, stay safe!



Oliver Steil
*Chairman of the
Management Board*



Stefan Gaiser
Chief Financial Officer

02 Report by the Supervisory Board

Dear Shareholders,

TeamViewer is ready to look back to an eventful and successful 2020 – the first full fiscal year since the Company's IPO in September 2019 and, at the same time, the 15th year of TeamViewer's existence.

The year 2020 was marked by the outbreak of the COVID-19 pandemic and the challenges it entailed. TeamViewer took responsibility to help to tackle this situation by providing its meeting and video conferencing solution for free to schools and universities to enable online classes. Additionally, the Company refrained from checking commercial use of its software and thus allowed people around the globe to use TeamViewer during the crisis for remote working and accessing remote devices and machines without a subscription. Thanks to the special and exceptional commitment shown by all employees, our company was able to generate persistently strong growth across all business areas over the past fiscal year, coupled with the systematic development of the corporate strategy and further expansion of our product portfolio in the area of augmented reality solutions. With the acquisition and full integration of Ubimax GmbH within a few months, the Company laid further foundation for its leading market position in digitalisation for Industry 4.0 and created the basis for continued long-term growth. The Supervisory Board would like to thank all employees and the Management Board for their personal commitment and outstanding performance.

In the following report, we would like to inform you about the work undertaken by the Supervisory Board and its commitments during the 2020 fiscal year.

COLLABORATION BETWEEN THE MANAGEMENT AND SUPERVISORY BOARDS

The Company's Supervisory Board fulfilled the tasks and responsibilities assigned to it in the 2020 fiscal year and, in particular, focused on TeamViewer AG's and the Group's position and performance.

In doing so, the Supervisory Board always had a constructive, open and trust-based working relationship with the Management Board. The Supervisory Board gave advice to the management of the Company and monitored the Management Board as part of its regular, in-depth dialogue.

Inside and outside of meetings, the Management Board regularly, promptly, and comprehensively briefed the Supervisory Board about strategy development and implementation, planning and business performance, the Company's risk position and risk management, as well as about compliance, HR planning and investor communication matters and any additional ongoing events. In particular, the Management Board engaged in aligning and steering the Company's strategic direction together with the Supervisory Board.

A particular highlight was the meeting of 13 July 2020 during which the Supervisory Board approved the acquisition of Ubimax GmbH by TeamViewer and, the decision for co-financing of this transaction with the partial utilisation of the Company's authorised capital. At this meeting, the Supervisory Board also approved an adjustment of an existing syndicated loan. Beyond that, no business that required Supervisory Board approval in accordance with legal requirements or those of the Articles of Association was transacted.

During the reporting period, there were no conflicts of interest involving members of the Management and Supervisory Boards, which are required to be disclosed to the Supervisory Board without delay and of which the Annual General Meeting must be informed.

SUPERVISORY BOARD MEETINGS AND PRIORITIES

The Supervisory Board met a total of nine times during the reporting period. Regular topics at meetings of the board included business performance, the strategic direction as well as the financial performance of TeamViewer AG and the Group. The Management Board discussed the relevant detailed reports in-depth with the Supervisory Board. They complied with legal requirements, the principles of good corporate governance and Supervisory Board guidelines both in terms of the topics addressed and their scope. The Supervisory Board also ensured that regular meetings were held without the Management Board.

In addition, in the fiscal year 2020, the Supervisory Board discussed the following topics in particular:

At its meeting on 11 March 2020 the Supervisory Board discussed the audit of the annual and consolidated financial statements, employment contracts, the remuneration of the Management Board, the Company's operational effectiveness and the outlook for the business performance. Other focal points of the meeting were the product offering, product development and the structure of potential strategic partnerships.

In contrast, the meeting on 7 May 2020 mostly focused on the Company's capital market communication, the M&A strategy, and the preparations for the virtual Annual General Meeting. The latter was also the reason for the meeting of the Supervisory Board on 27 May 2020 since it was going to be the Company's first Annual General Meeting since the IPO.

The meeting on 30 June 2020 was once again focused on the Company's M&A strategy and the possibility of an ensuing financing requirement.

The meeting on 13 July 2020 focused primarily on the extensive discussion and approval by the Supervisory Board of the Ubimax GmbH acquisition by TeamViewer. Additionally, the participants talked about the partial financing of the transaction through the issue of 1,070,931 new shares as part of a non-cash capital increase from the authorised capital of TeamViewer AG and the associated exclusion of shareholders' subscription rights. The Supervisory Board also approved adjustments to the Group's loan agreements (2019 syndicated loan).

On 29 July 2020 the focus was on the half-year report, the Company's investor relations activities and the integration of Ubimax GmbH into the TeamViewer Group.

At its strategy meeting on 14 October 2020, the Supervisory Board also dealt extensively with the multi-year strategy, technological developments, competitive environment, and growth areas together with the measures to be taken in this regard.

This was followed by a meeting on 5 November 2020, in which the agenda included the review of quarterly figures and a follow-up discussion on the Company's strategic planning as well as corporate governance issues, including deliberations and measures to ensure comprehensive compliance with the recommendations of the German Corporate Governance Code and the continuous improvement of the Company's corporate governance.

On 16 December 2020 the Supervisory Board reviewed the Company's business performance during the 2020 fiscal year. Based on October's and November's strategy discussions, a detailed explanation took place on the 2021 budget as well as on strategic investment priorities for 2021 by the department. Other focus areas were potential strategic partnerships or acquisitions and the submission of the declaration of conformity in accordance with section 161 of the German Stock Corporation Act (Aktiengesetz, AktG).

In addition to the nine meetings, two resolutions were passed by means of a circulated document prior to the virtual Annual General Meeting.

All members of the Supervisory Board took part in all physical meetings either on site or via video conferencing.

	Full Supervisory Board (11 March, 7 May, 27 May, 30 June, 13 July, 29 July, 14 October, 5 November, 16 December)	Audit Committee (3 February, 11 March, 29 July, 5 November)	Nomination and Remuneration Committee (19 February, 4 March, 11 March, 5 November)
Dr Abraham Peled	9 (9)	4 (4)	4 (4)
Jacob Fønnesbech Aqraou	9 (9)	4 (4)	4 (4)
Stefan Dziarski	9 (9)	4 (4)	–
Holger Felgner	9 (9)	–	–
Dr Jörg Rockenhäuser	9 (9)	–	4 (4)
Axel Salzmann	9 (9)	4 (4)	4 (4)

Number of meetings attended by Supervisory Board members in 2020 (in brackets: total number of meetings held during the member's period of office)

COMMITTEES

To enable the efficient performance of its tasks, the Supervisory Board has formed the following committees:

The **Audit Committee** monitors accounting processes, risk management, the effectiveness of the internal control system and the internal audit system and focuses on compliance issues. Furthermore, it verifies the independence of the external auditor and deals with any other deliverables to be provided by the external auditor, awarding the audit engagement, specifying audit priorities and agreeing the auditor's fees. The Audit Committee discusses the half-year financial reports and quarterly statements with the Management Board. Furthermore, it drafts the resolutions for the full Supervisory Board and prepares the preceding discussion about adopting the financial statements, profit appropriation and appointing the external auditor.

During the reporting period, the Audit Committee convened four meetings. In particular, the Audit Committee dealt with the following issues:

- ↳ Discussion of business performance and results, including the reporting on the annual report, the intra-year report and the preliminary results
- ↳ Discussion and preparations for adopting the financial statements, profit appropriation and appointing the external auditor
- ↳ Verification of the independence of the external auditor and of other services provided by them
- ↳ Determination and discussion of the audit priorities and the result of the audit with the auditor, discussion and agreement of the auditor's fees, issue of the audit mandate

- ↳ Discussion and monitoring of auditing processes
- ↳ Discussion and monitoring of risk management, the internal control system, the internal audit system and compliance, including a regular focus on compliance with data protection regulations
- ↳ Meeting focusing on corporate governance issues
- ↳ Determining the audit areas of Internal Audit

The **Nominations and Remuneration Committee** is tasked with putting forward suitable candidates to the Supervisory Board for its Annual General Meeting nominations for the election of new Supervisory Board members, if required. It also examines all aspects of remuneration and terms of employment for the Management Board and makes relevant recommendations to the Supervisory Board. Furthermore, it submits an assessment of how the Management Board has performed.

During the reporting period, the Nominations and Remuneration Committee came together for four meetings. The committee primarily dealt with the remuneration of the Management Board, the setting of targets for the variable remuneration components and the long-term succession planning for the Management Board and Supervisory Board. Another focus of its work extended to the remuneration-related new requirements and obligations of the Company resulting from the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrichtlinie, ARUG II) and the German Corporate Governance Code, in particular the drafting of an adapted remuneration system for the Management Board.

EDUCATION AND DEVELOPMENT

The members of the Supervisory Board take responsibility for the education and development measures required for the performance of their tasks and were once again appropriately supported by the Company in this respect in the 2020 fiscal year. Following the induction of the members of the Supervisory Board in August 2019, the initial focus here was on measures dealing with the duties of Supervisory Board members of a company listed in Germany. Further focal points of the ongoing education and training measures in 2020 lay in the corporate governance and compliance areas as well as in strategy-relevant business fields.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

TeamViewer AG's annual financial statements, which were compiled by the Management Board in accordance with German accounting regulations (German Commercial Code, Handelsgesetzbuch, HGB); the consolidated financial statements, prepared in accordance with section 315e (1) HGB on the basis of the International Financial Reporting Standards (IFRSs); the combined management report of TeamViewer AG and the Group for the 2020 fiscal year and the dependency report prepared by the Management Board in accordance with section 312 AktG; were audited and each given an unrestricted audit opinion by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), Stuttgart.

EY has acted as the Company's auditor since 2019. The audit partner responsible within the meaning of section 319a (1) sentence 4 HGB was Mr Steffen Maurer.

The audit reports, the above-mentioned financial statement documents, the Management Board's profit appropriation proposal, as well as the Management Board's dependency report in accordance with section 312 AktG, were submitted to the Supervisory Board well in advance of the meeting to approve the financial statements on 17 March 2021, thus providing sufficient opportunity for scrutiny. The audit reports were explained in person by the auditor in charge of the audit to both the Audit Committee and the full Supervisory Board as well as to the Management Board. In this process, the auditor reported the key findings of the audit and provided the full Supervisory Board with additional information. Following its own examination, the Supervisory Board concluded that no objections needed to be raised and concurred with the auditor's audit findings. Accordingly, at its meeting on 17 March 2021, the Supervisory Board adopted the TeamViewer AG annual financial statements and approved the consolidated financial statements along with the combined management report.

Furthermore, the Supervisory Board examined the contents of the nonfinancial report in accordance with section 171 (1) AktG. No objections needed to be raised following the output of this scrutiny, and the Supervisory Board adopted the contents of this nonfinancial report.

The Management Board prepared a report on relations with affiliated companies in the 2020 fiscal year in accordance with section 312 AktG. The report includes the following closing statement: "In summary, we hereby declare that TeamViewer AG, Goppingen, and its subsidiaries received appropriate consideration in every legal transaction and were not disadvantaged in any legal transaction in the legal

transactions listed in the report on relations with affiliated companies according to the circumstances that were known to us at the date on which the legal transactions were concluded." The Supervisory Board subjected the dependency report to scrutiny of its own and concurred with the findings of the auditor's audit at the meeting on 17 March 2021. No objections to the Management Board's statement at the end of the dependency report needed to be raised following the output of the Supervisory Board's scrutiny.

CORPORATE GOVERNANCE

The Supervisory Board attaches foremost importance to ensuring good corporate governance and is guided by the recommendations detailed in the German Corporate Governance Code (GCGC). In December 2020, the Supervisory Board together with the Management Board issued a declaration of conformity covering the reporting period in accordance with section 161 AktG, and this declaration can be permanently accessed in the Investors/Corporate Governance section of the Company's website. TeamViewer AG complies with the recommendations of the GCGC Commission without exception. Further information including the declaration of conformity can be found in the corporate governance statement.

The Supervisory Board would like to thank the Management Board and all employees of TeamViewer AG and the Group for their strong personal commitment and outstanding achievements during the 2020 fiscal year.

Goppingen, 17 March 2021



On behalf of the Supervisory Board
Dr Abraham Peled

03 TeamViewer on the capital market

___ TeamViewer share price up 37 % in 2020 ___ Analyst coverage extended ___ Free float increased to 72 % ___ Annual General Meeting 2020 in virtual format

TEAMVIEWER SHARE DEMONSTRATING A STRONG PRICE PERFORMANCE DESPITE THE COVID-19 PANDEMIC

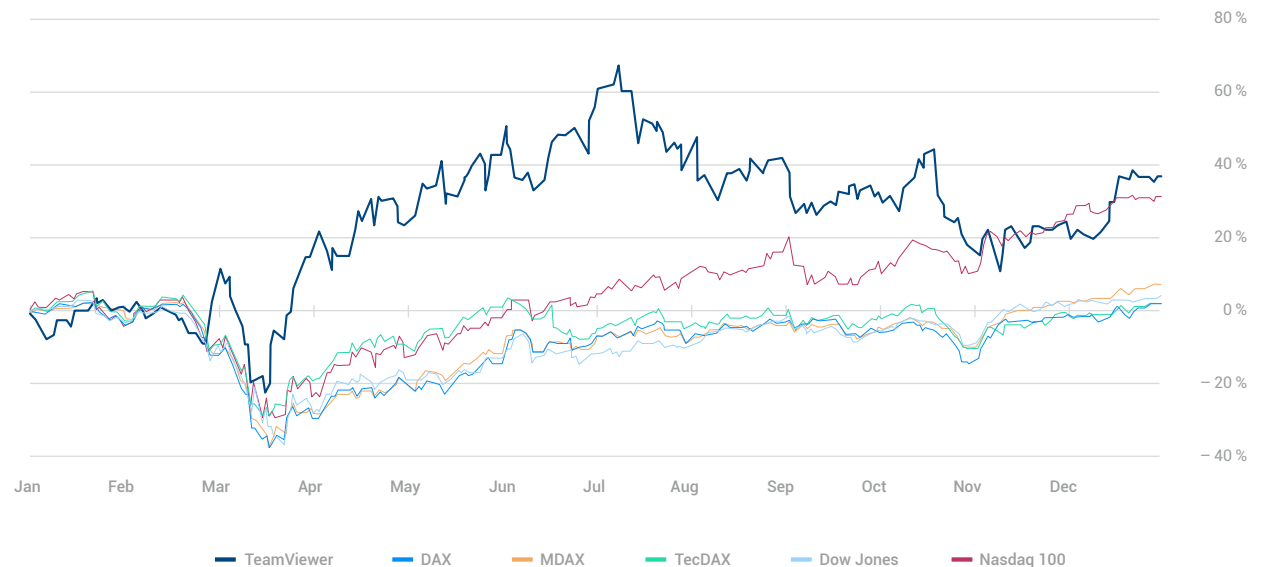
The TeamViewer share started the year 2020 with a price of EUR 31.90 and recorded a stable performance in the first few weeks of the year. The price performance was supported by the publication of expectation-exceeding preliminary results for the fourth quarter of the year 2019, and for the forecast for the 2020 fiscal year.

From March onwards, the coronavirus outbreak increasingly developed into a global pandemic. The healthcare emergency required social and economic life to be powered down in many countries, resulting in a global economic slump. At the same time, global stock market prices declined sharply, such that the DAX and Dow Jones in March 2020 recorded annual lows of 8,255.65 (-38% compared to year-end 2019) and 18,213.65 (-36%), respectively. The TeamViewer share was also affected by the huge selling pressure on the stock markets, with its share price falling to an all-year low of EUR 22.30 (-30%) on 16 March. While the market itself remained volatile for a time, the TeamViewer share recovered quickly. Due to the global self-isolation measures, remote access and working from home solutions were in high demand to maintain vital business processes which in its turn led to an acceleration of the Company's growth drivers. In an ad-hoc release, dated 23 March, TeamViewer reported an extremely strong business performance in the first few

months of the year. Supported by a recovering overall market and the upwards revision of the full-year forecast in May 2020 as part of the publication of the first quarter results, TeamViewer's share price rose steadily until the end of the first half, reaching an all-year high of EUR 54.86 (+72%) on 9 July. Further positive company news such as the acquisition of Ubimax, the leading supplier of augmented reality (AR) solutions for specialist providers in the industry, and the strong second-quarter growth both failed to make any major difference, however, as the first-half results fell short of the market's very high expectations.

Hopes for a vaccine being available earlier than expected provided the stock markets with a boost in the second half of the year. At the same time, this led investors to rotate from technology stocks to cyclical sectors that would benefit from a rapid recovery in the global economy. Despite the further increase in the full-year forecast in November, the TeamViewer share therefore traded sideways until the year-end. With a closing price of EUR 43.83, the TeamViewer share nevertheless generated a gain of 37% over the year. This means that the TeamViewer share substantially outperformed its reference indices MDAX and TecDAX, which recorded increases of 7% and 2%, respectively, and it can look back on a very successful 2020 stock market year.

TeamViewer share price performance in an index comparison from 31 December 2019 to 31 December 2020



COMMUNICATION WITH THE CAPITAL MARKET

TeamViewer is in permanent contact with investors, analysts and financial journalists to ensure transparent and timely communication with the capital market. During the reporting year, the members of the Management Board and the investor relations team explained the Company's business performance and strategic goals in individual conversations at a total of twelve conferences and 14 roadshow days during which they responded to questions raised by investors and stakeholders. The focus was on gaining contact with investors in the international financial market centres, increasingly supplemented with activities outside the already familiar hubs. Due to the COVID-19 travel restrictions, as of February 2020, these contacts largely transformed into virtual formats, which proved to be highly efficient. In many cases the team used the TeamViewer Meeting solution. Going forward, the Company intends to continue its use of virtual solutions in capital market communications, in part also because of its CO₂e emissions reduction effect.

A wide range of information on the shares is available on the [investor relations website](#) of TeamViewer to enable all investors to receive prompt information. The investor relations team can be contacted directly on a telephone hotline or via email at ir@teamviewer.com.

ANALYST COVERAGE EXTENDED

At the end of 2020, the following eleven domestic and international banks observed the TeamViewer share:

Bank of America Securities	Goldman Sachs
Barclays	JP Morgan
Berenberg	M.M. Warburg & CO
Commerzbank	Morgan Stanley
DZ Bank	Royal Bank of Canada
Exane BNP Paribas	

Of these, Berenberg, DZ Bank, Exane BNP Paribas and M.M. Warburg & CO initiated coverage in the fiscal year. At year-end 2020, ten analysts assigned the TeamViewer share a "Buy" rating. One analyst rated the share with "Hold". The analysts' average target price is EUR 54.27 and implies further upside potential for the TeamViewer share. The analysts have a positive outlook for the fiscal year 2021 on account of the favourable impact a normalisation of the underlying economic conditions will have on the enterprise segment. The TeamViewer management expects further analysts to initiate coverage in 2021.

The analysts' consensus, which is collected in collaboration with VARA Research, includes the average estimation of billings and revenue together with adjusted EBITDA and adjusted EBIT figures. It is updated on a regular basis and can be retrieved from the [investor relations website](#) of TeamViewer.

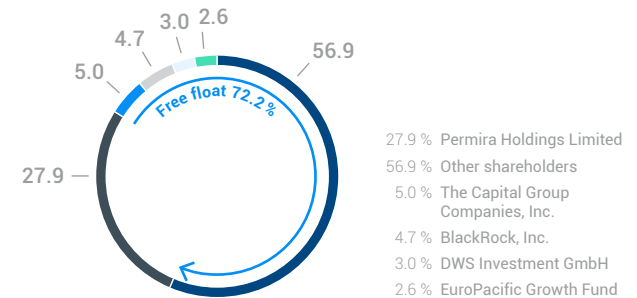
After the 2020 fiscal year-end, on 29 January 2021, Deutsche Bank published its research with a "Buy" recommendation.

BREAKDOWN OF SHAREHOLDERS – FREE FLOAT INCREASED TO OVER 70 %

According to Deutsche Börse's definition, the Company's free float as of 31 December 2020 was 72.15 %. The figure for the year-end 2019 was 37.50 %. The increase in the free float is attributable to the sale of shares by majority shareholder TigerLuxOne S.à r.l. (TLO), which is controlled by Permira Holdings Limited via various companies.

All the divestments took place as part of an accelerated book building process. In connection with the transactions, TLO agreed to a so-called lock-up period of 90 days in each case. At year-end 2020, TLO remained the biggest shareholder of TeamViewer AG with a stake of 27.85 %.

TeamViewer shareholder structure



As at 31 Dec 2020 (in %), stake held by shareholders according to the most recent voting rights notification

On 18 February 2021, TeamViewer AG was notified by voting rights notification that on 16 February 2021 the majority shareholder Permira Holdings Limited, via TLO, reduced its investment by 15.9 million shares to 40.1 million shares. TLO remains the largest shareholder of TeamViewer AG with a share of 19.97%. The free float has increased to 80.03%.

FIRST ANNUAL GENERAL MEETING IN A VIRTUAL FORMAT

On 29 May 2020, TeamViewer held its first Annual General Meeting at its head office in Goppingen. The meeting took place in a virtual format as this was allowed by the legislator for the first time in 2020 on account of the restrictions on gatherings imposed in order to combat the COVID-19 pandemic.

The live event was broadcasted online, and all interested members of the public were able to follow it up to the voting on the agenda items. Registered shareholders were able to take part in the voting through a dedicated portal. The Management Board and Supervisory Board replied in full to the large number of questions submitted in advance of the meeting. Resolutions were reached on all agenda items with a large majority while complying with the conditions governing the exercise of voting rights. All resolutions were made available on the [investor relations website](#). The Company intends to hold the Annual General Meeting in virtual format again, as due to the COVID-19 meeting restrictions the possibility of an unrestricted physical meeting is not foreseeable with sufficient certainty at present.

INVESTMENT OF PROFITS

TeamViewer does not intend to pay a dividend for the 2020 fiscal year; instead, it plans to invest the profit it generates in its expected future growth, with special focus on the further development of sales and marketing, product development, geographic expansion, and potential acquisitions. The Company reviews its dividend policy at regular intervals. Any future determination to pay dividends will be made in accordance with applicable laws and will depend on, among other factors, the Company's results of operations, the financial condition, contractual restrictions, and capital requirements.

INCREASE IN SHARE CAPITAL

TeamViewer AG's share capital as of 31 December 2020 was EUR 201,070,931.00 divided into 201,070,931 no-par-value shares. Compared with the 31 December 2019 figure (EUR 200,000,000.00) the share capital rose by 1,070,931 shares which were issued in September 2020 to finance the Ubimax takeover as part of a capital increase against non-cash contributions from the authorised capital. Shareholder subscription rights were excluded.

Master data & key financials of the TeamViewer share as of 31 December 2020

ISIN:	DE000A2YN900
SCN:	A2YN90
Ticker symbol:	TMV
Stock market listing:	Frankfurt Stock Exchange
Stock market segment:	Regulated market (Prime Standard)
Index memberships:	MDAX, TecDAX, STOXX-Europe 600
Designated sponsors:	Goldman Sachs Int. & Morgan Stanley
Number of shares:	201,070,931
Share capital:	EUR 201,070,931
Class of shares:	no-par-value ordinary bearer shares
Earnings per share (FY ¹ 2020) in EUR	EUR 0.52 ²
Operative cash flow per share (FY 2020) in EUR:	EUR 1.12
Highest price in Xetra trading in EUR:	EUR 54.86
Lowest price in Xetra trading in EUR:	EUR 22.30
Closing price in Xetra trading (30 December 2020) in EUR:	EUR 43.83
Average daily turnover (Xetra trading):	798 thousand units
Market capitalisation (30 December 2020) in EUR:	EUR 8.8 billion
Free float:	72.15% ³

1 FY = fiscal year

2 Diluted earnings per share: EUR 0.51. Corresponding explanations can be found in the consolidated financial statements

3 Increase to 80.03% in the course of the sale of the majority shareholder

B_ COMBINED MANAGEMENT REPORT

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01 Group fundamentals

___ Business model focused on the megatrends of automation, robotics, Industry 4.0 and digital transformation ___ Further development of TeamViewer platform and integration of Ubimax solutions (Frontline) ___ Strategic growth initiatives further advanced ___ Medium-term target: EUR 1 billion billings by 2023

TeamViewer, founded in 2005, is a global technology company and provider of a cloud-based platform enabling digital connectivity between people and devices and the digital support of processes in industrial environments. In addition to a high number of private users who can use parts of the product portfolio free of charge, TeamViewer's customer base comprises companies of different sizes and from various industries. TeamViewer Group globally has 1,256 employees. TeamViewer AG is the Group's parent company and its shares are listed on the Frankfurt Stock Exchange, in various indices, including the MDAX and TecDAX.

Increase in the number of employees



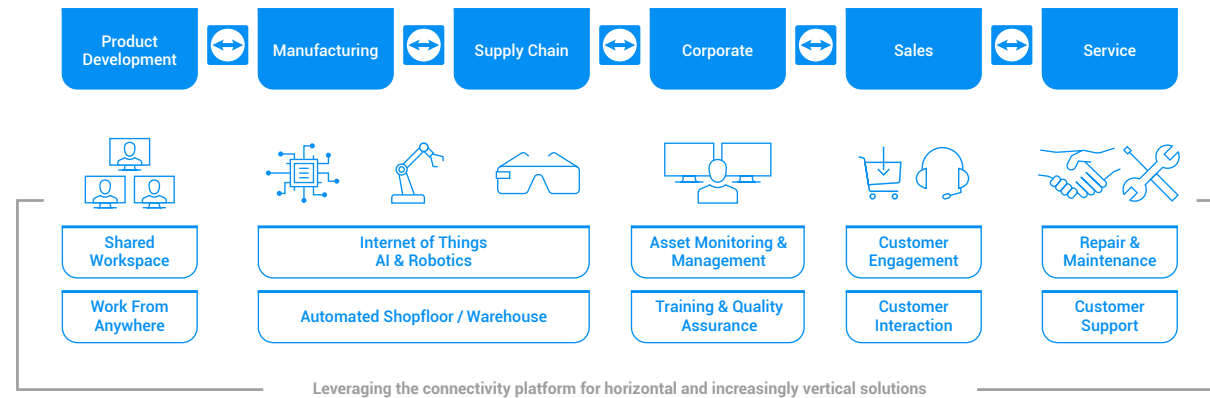
Full-time equivalents (FTEs) as per 31 December 2020

BUSINESS MODEL

As digital technologies continue to develop, the way in which people interact and work is also changing. For companies, there is a growing need to connect employees and a large number of devices and applications irrespective of time and place. Alongside the continuous increase in endpoints and

increasing sensitivity to environmental and climate issues and the growing call for a reduction in CO₂e emissions and flexible working concepts (e.g. working from home). The global COVID-19 pandemic in 2020 led to a substantial acceleration of these trends, particularly in respect of flexible working concepts.

TeamViewer solutions for the entire value chain



devices, this strong need for connectivity solutions is influenced by global megatrends. These include digital transformation, further developments in the Internet of Things (IoT) segment, advancing automation, robotics and the deployment of artificial intelligence (AI). Added to this is society's

These megatrends and requirements are served by TeamViewer's product and solutions portfolio. The software allows remote access to devices of all types and enables them to be controlled, managed and monitored – ranging from laptops and mobile phones to industrial machinery and

robots. The TeamViewer products, moreover, allow interaction with other people through digital tools and the digitalisation of industrial processes along the entire value chain, enriching them with augmented reality (AR) elements. TeamViewer supports all common operating systems to grant its customers the greatest possible freedom in the design of individual application scenarios.

Most of TeamViewer's revenue is generated from sales of its own software products and solutions. Since 2018, they have been sold exclusively through a subscription model, where the subscription period is usually twelve months. TeamViewer also provides services to implement more complex solutions, for example in enterprise, IoT or AR settings.

Strategy

TeamViewer's strategic orientation pursues the overarching goal of generating long-term growth and steadily increasing the value of the Company. The Company's strategy is based on three growth dimensions which are to be advanced and further deepened by a number of strategic initiatives: First, TeamViewer will develop new use cases. Secondly, TeamViewer is steadily expanding its portfolio for all customer segments, building on its product offerings which already cover the full range of customers, from private users to global corporations. Thirdly, TeamViewer always has geographic expansion in its sights and is working towards further penetration of its international markets. As part of these three dimensions, TeamViewer is seeking to generate organic growth while at the same time looking out for suitable strategic acquisition targets that complement the solutions portfolio and technological knowledge of the TeamViewer Group in a meaningful way.

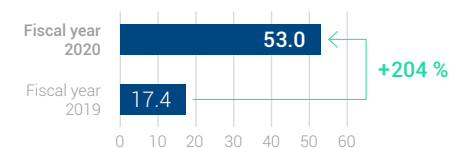
Increase in use cases

TeamViewer allows devices of all kinds to be connected across all relevant operating systems. This alone means that the opportunities for using the software are basically unlimited. Customers use the solutions to access devices and machinery remotely, to monitor, control, maintain or repair them. Beyond merely connecting devices, TeamViewer seeks to create added value by utilising new technologies such as AR, IoT and AI. The digital transformation offers a considerable scope for additional use cases, especially in the industrial area. The main focus is on accessing machinery data and using it intelligently while at the same time providing specialists and maintenance engineers on site with digital support in their activities outside an office setting. TeamViewer's large user and customer base and its continuous input are an important source of new use cases. They are addressed via new functionalities in existing solutions or selectively, through new applications. In general terms, TeamViewer is working both on solutions that can be deployed horizontally but also on new, tailored solutions for individual industries or parts of the value chain to support digital transformation.

Coverage of customer segments

Through its product portfolio, TeamViewer covers a broad range: Private individuals can use the software free of charge for non-commercial purposes (Free User Community), and there are a variety of solutions and subscription models for commercial use. TeamViewer has a strong customer base in the SME segment for historical reasons, although in recent years the Company has invested more in the major customer segment and secured a large number of enterprise customers¹.

Billings performance in the enterprise business



In EUR million, enterprise billings (min. EUR 10,000 volume) in the past 12 months

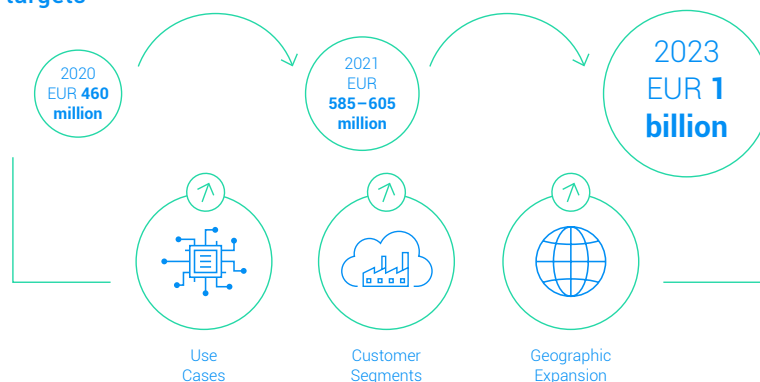
TeamViewer is increasingly seeking to expand its presence in the enterprise segment, especially in the area of Industry 4.0. In this regard, TeamViewer has reached an important milestone with the takeover of Ubimax and the intelligent integration of its AR and IoT solutions. Another growth driver in the enterprise customer segment is the digitalisation of sales and customer service interactions. In this context, TeamViewer has supplemented its Tensor enterprise suite with major functionalities including co-browsing, a GDPR-compliant version of screen sharing. At the other end of the customer range, TeamViewer also increasingly meets the needs of non-commercial individual users through the free-of-charge integration of TeamViewer Meeting and other new developments.

Geographic expansion

TeamViewer is a company with global operations and users and customers all over the world. In recent years, its long-standing central sales offices in Germany, the United States and Australia have been joined by additional sales offices in the APAC region. The Company also opened a new

¹ Customers with invoiced billings across all products and services of at least EUR 10,000 within the last 12 months

Medium-term growth targets



software development site in Greece. In 2020, the sales and marketing activities were further expanded in strategic growth markets across all regions.

The sales and marketing activities in strategic growth markets were further expanded everywhere.

Thanks to the Ubimax acquisition, new sites in the United States and Mexico were added. Going forward, TeamViewer intends to establish and expand local sales and marketing activities and the corresponding teams. By adapting to local customs to a greater extent, TeamViewer seeks to harness the potential in these growth markets which are of distinct strategic importance to the Company.

Medium-term growth targets

Driven by strategic growth initiatives in the areas described above – increase in use cases, coverage of customer segments, and geographic expansion – TeamViewer has set itself ambitious targets. Thus, billings are to be increased to EUR 585 to 605 million in the year 2021 and reach the EUR 1 billion mark in 2023 in the medium term.

GROUP STRUCTURE AND ORGANISATION

Legal structure

The TeamViewer Group consists of TeamViewer AG, based in Goppingen, and its total of twelve subsidiaries. TeamViewer AG acts solely as a holding company for the TeamViewer Group with responsibility for the uniform management and steering of the Group while operations are managed by TeamViewer Germany GmbH, an indirect and wholly owned subsidiary of TeamViewer AG, and its subsidiaries.

The scope of consolidation of the Group changed in fiscal year 2020 due to the acquisition of Ubimax GmbH, including its subsidiaries Ubimax Inc. and Ubimax SA de CV, by TeamViewer AG and TeamViewer Germany GmbH in August 2020. The Ubimax GmbH, a wholly owned subsidiary of the TeamViewer Germany GmbH as of 31 December 2020, was merged with the TeamViewer Germany GmbH by entry in the commercial register on 7 January 2021. The merger was given retroactive effect as of 1 January 2020 in accounting terms.

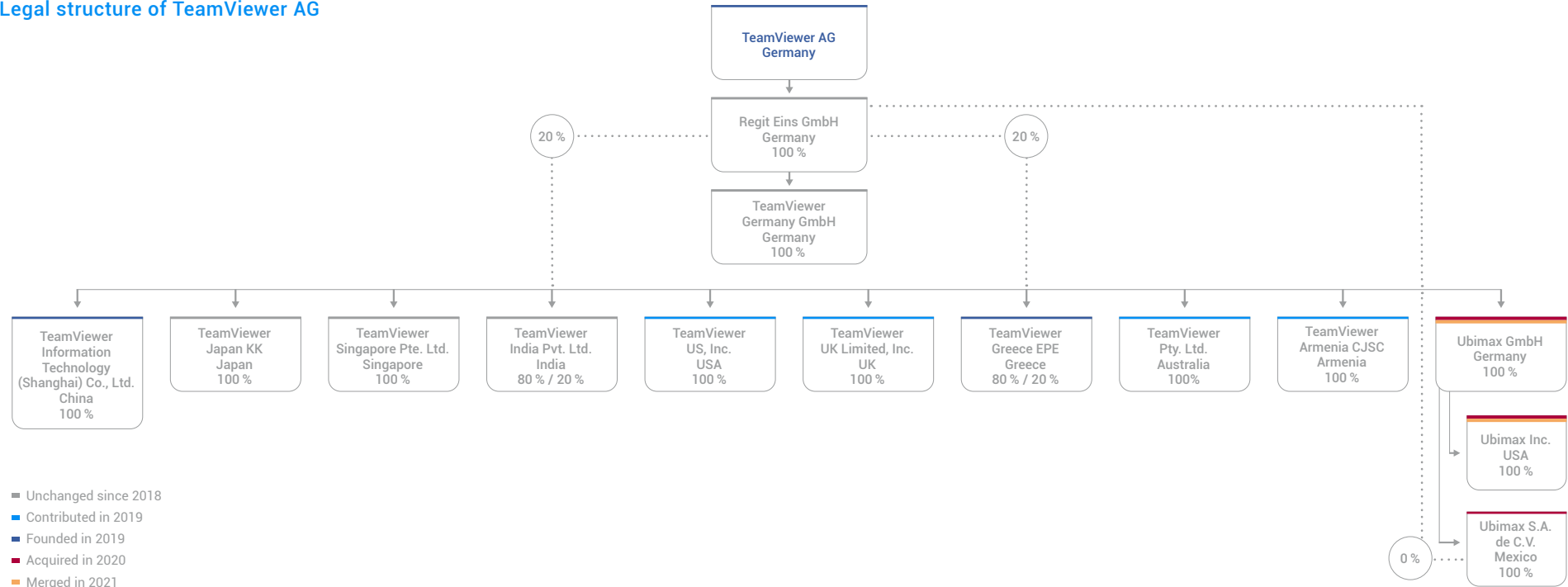
Locations

TeamViewer maintains a total of 17 locations in ten countries. The Group's head office is in Goppingen (Germany) which is also the central development location and sales centre for the EMEA region. Other central sales offices include Largo, Florida (USA), for the Americas region and Adelaide (Australia) for the APAC region. TeamViewer also has local sales offices in Tokyo (Japan), Mumbai (India), Shanghai (China) and Singapore as well as development locations in Yerevan (Armenia) and Ioannina (Greece). Through the Ubimax GmbH acquisition, five further locations were added compared with the previous year, including Bremen and Bruchsal in Germany, Atlanta and Palo Alto in the USA and Guadalajara in Mexico.

Segments

The TeamViewer Group is managed on a single-segment basis with the TeamViewer platform serving as the foundation. Reporting on the platform is based on the EMEA, Americas and APAC geographic regions as reporting units.

Legal structure of TeamViewer AG



MANAGEMENT SYSTEM

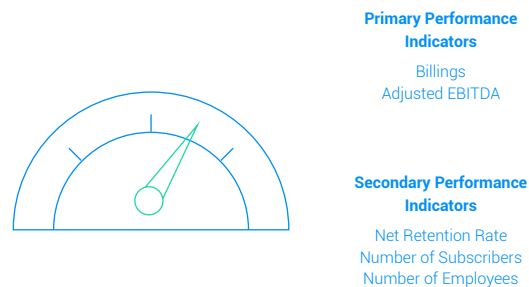
Description of the management system

To manage and monitor the Group's development, TeamViewer uses an internal corporate management system based on financial performance indicators complemented by nonfinancial performance indicators.

These performance indicators involve TeamViewer-specific definitions which are not defined or explained in applicable accounting frameworks. However, the relevant financial performance indicators can be bridged to indicators included in the IFRS consolidated financial statements. All performance indicators reflect the management team's view of the Company. Performance indicator levels are defined during the annual planning process and monitored on a monthly basis around the year. Thereby, actual values are compared with budgeted and prior-year values, and corrective action is

taken where necessary. The performance indicators are, to some extent, measured on a regional basis and serve to manage various regional initiatives. TeamViewer distinguishes between primary performance indicators with high internal management priority and secondary performance indicators, which have subordinate internal management priority but still represent important informational metrics.

Performance indicators



Primary performance indicators

In the 2020 fiscal year, TeamViewer mainly used the following primary performance indicators for Group management purposes:

- ↳ Billings
- ↳ Adjusted EBITDA

Billings

Billings represent the value (net) of goods and services invoiced to customers within a period and constitute a contract within the meaning of IFRS 15.

Adjusted EBITDA

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 compensa-

tion models and other material special items of the business which are presented separately to show the underlying operating performance of the business. These include, among others, expenses from special IT projects of EUR 1.9 million (2019: EUR 3.5 million), expenses from financing and M&A of EUR 1.8 million (2019: EUR 0.6 million), expenses for special legal matters of EUR 0.4 million (2019: EUR 2.5 million), and income from the valuation of financial instruments of EUR 3.0 million (2019: EUR 0 million).

Secondary performance indicators

In addition to the primary performance indicators, the following secondary performance indicators represent important informational metrics:

- ↳ Net retention rate
- ↳ Number of subscribers
- ↳ Number of employees

The net retention rate as a performance indicator to measure customer retention is defined as annual recurring billings of existing subscription customers during the period under consideration less gross-value churn plus billings from upselling and cross-selling activities, including foreign exchange effects and expiring discounts, as a percentage of annual recurring billings in the previous period. The number of subscribers and employees also represents important informational metrics for measuring TeamViewer Group's business performance.

MARKETS AND SALES MODEL

TeamViewer sells its products and solutions in almost all countries around the world. In geographical terms, TeamViewer subdivides its markets into the EMEA (Europe, Middle East, and Africa), Americas (North, Central and South America) and APAC (Asia, Australia, and Oceania) regions. In the 2020 fiscal year, the EMEA region was once again the biggest sales area, followed by Americas and APAC. At country level, the USA remained the biggest sales market, followed by the domestic German market. As TeamViewer's products and solutions can be used in nearly all sectors, consequently, the sales markets are not subdivided further. More information on the regional breakdown of revenue can be found on [Page 37 in the economic report](#).

Since the Company's establishment, the free-of-charge provision of a large number of TeamViewer products for private use – especially the "TeamViewer" product – has been a material element in the TeamViewer sales strategy. Free private use in combination with barrier-free installation and the product's strong degree of performance capability both ensured TeamViewer's high brand awareness and a large user base. This benefits the entire sales model, particularly when it comes to selling commercial licences.

The sales model consists of several sales channels with a focus on different customer groups and licences.

TeamViewer uses its own web shop and phone lines to sell primarily standardised licences of its products. This includes TeamViewer Business, Premium and Corporate licences, and the licences of the augmented reality (AR) product, TeamViewer Pilot as well as TeamViewer Remote Management. These products work on a plug & play basis and can be used by customers immediately without requiring any major installation efforts. TeamViewer has opted to apply low entry-level pricing for small and medium-sized businesses.

Moreover, TeamViewer deploys algorithms to detect unlicensed commercial use.

To create tailored solutions for major customers from its product portfolio, TeamViewer operates its own dedicated solution sales organisation. In addition to the TeamViewer Tensor product which is tailored to the needs of major customers and focuses on remote access and remote support, the Company's solutions for application in the IoT and AR segments also play a key role. Particularly, TeamViewer's sales competence in AR solutions was strengthened further in the fiscal year through the acquisition of Ubimax GmbH. To provide technical support to the Solution Sales Organisation and to realise more complex opportunities for its customers, particularly in the IoT and AR segments, TeamViewer additionally created its own Solution Delivery Organisation in the 2020 fiscal year.

Besides the described sales channels, TeamViewer is also collaborating with various sales partners who are active in selling standardised licences and/or in the development as well as in the implementation of complex solutions, depending on the partner.

PRODUCTS, RESEARCH & DEVELOPMENT AND INNOVATION

All products – one platform

TeamViewer offers a cloud-based platform to digitalise entire businesses, individual divisions or standalone processes. Through its products, TeamViewer is working on solutions for the megatrends of the future: ubiquitous connectivity, the Internet of Things (IoT), augmented reality (AR) and artificial intelligence (AI). Thanks to the product's joint IT architecture, they are mutually compatible to a high degree, as well as being safe, easy to implement and scalable. TeamViewer

develops solutions which allow businesses to implement their digitalisation projects step by step or as a whole, regardless of the industry or size. TeamViewer technology connects nearly any device, from laptops and mobile phones to industrial machinery and robots. To this end, the products use the global TeamViewer router network and are encrypted end-to-end on the basis of 256-bit AES and 4096-bit RSA keys. The TeamViewer products are deployed in an industrial setting (IoT, Pilot & Frontline), in IT departments (Remote Management, Web Monitoring) and in the remote working context (Remote Access, Meeting). This approach constitutes seamless human-machine communication with additional human-human interaction using AR. The Company's development activities in the 2020 fiscal year had a special focus on all-in solutions rather than individual products. The Group aims to develop the portfolio so that individual challenges can be resolved in a targeted manner through a combination of different TeamViewer products. In this sense, the platform approach to product development was gained while addressing the requirements of major customers and their digitalisation strategies.

TeamViewer's proprietary protocol for the creation of connections to virtually any end device through existing firewalls is a major competitive advantage. In addition, TeamViewer supports all common operating systems and software architectures, and its integration partners include global players such as Microsoft, Apple, Salesforce and ServiceNow. TeamViewer was one of the first companies in 2020 to provide native support to the new Apple Silicon architecture, as well as to Apple's LiDAR Scanner and the Google Depth API in the AR segment.

TeamViewer makes all necessary tools and the requisite knowledge available to its customers to enable them to digitalise multi-part processes using TeamViewer products. The takeover of the Ubimax GmbH resulted in the creation of the

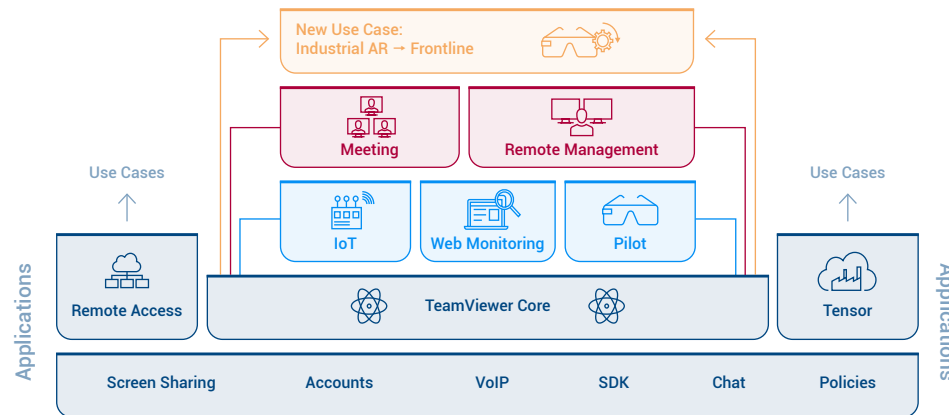
new TeamViewer Frontline solution which allows the digitalisation of work processes, usually with the help of a head mounted device, smart glasses or other wearables. This includes, for example, the support of skilled workers in production and maintenance or the employees in logistics.

The integration of the Ubimax products into the TeamViewer platform has already led to initial successes.

The integration of the products developed by Ubimax into the TeamViewer platform was one of the focal points of the Company's development activities in 2020 and has already resulted in initial product successes. Used in combination with the TeamViewer IoT product, the entire process chain of customers can now be digitalised: from the creation, monitoring, updating and remote control of production machinery to on-site maintenance and repair by means of the worker's AR support.

The product portfolio includes TeamViewer, TeamViewer Tensor, TeamViewer Remote Access, TeamViewer IoT, TeamViewer Remote Management, TeamViewer Pilot, TeamViewer Meeting (formerly Blizz), TeamViewer Web Monitoring (formerly Monitis) and the newly created TeamViewer Frontline, consisting of Ubimax-developed products xAssist, xPick, xMake and xInspect.

TeamViewer technology platform



Overview of current TeamViewer products

TeamViewer

The TeamViewer core product offers consistently secure connectivity across a wide range of different operating systems and device types with the aid of end-to-end encryption, two-factor authentication and the “Trusted Devices” function. TeamViewer’s features enable, for example, remote access and control of devices, a security screen feature, screen sharing, fast data transfer and the reintegrated TeamViewer Meeting functionality. The product is available in the form of three licences – Business, Premium and Corporate. As the most used and most known product, it vitally contributes to the popularity of the TeamViewer brand. TeamViewer’s various features, its fast connectivity and compatibility with basi-

cally any devices and operating systems all enable customers and users worldwide to implement their own use cases. An important development in 2020 was the manufacturer-independent support of all Android devices from version 7 upwards.

TeamViewer Tensor

TeamViewer Tensor is TeamViewer’s enterprise solution. In addition to the functionality of the regular TeamViewer solution, it includes a large number of functionalities which large companies require, e.g. multi-tenancy support, conditional access, granular role and access management, and deeper integration into companies’ IT landscapes through features like Mass Deployment, Managed Devices 2.0 and Single

Sign-on. In 2020, TeamViewer Tensor was expanded to include a dedicated remote access solution for working from home, the integration of TeamViewer IoT, TeamViewer Pilot or Frontline, mobile SDK and co-browsing. This means that it comprehensively maps the TeamViewer platform with all associated products.

TeamViewer Remote Management (RMM) and TeamViewer Web Monitoring (formerly Monitis)

TeamViewer Remote Management automates back-end IT processes and centralises the management of all IT devices owned by a company, including malware protection, data back-up and patch management. TeamViewer Remote Management is aimed mainly at two large customer groups: IT administrators and IT managers in small, medium and large businesses as well as managed service providers.

TeamViewer Web Monitoring is TeamViewer’s solution for the continuous monitoring of websites, servers, and applications. Unlike Monitis, it runs on the TeamViewer IT platform. TeamViewer Web Monitoring allows the monitoring of websites and focuses on access time optimisation, page load time speed, function monitoring for online shops and website stress tests. The newly launched TeamViewer Web Monitoring is about to replace Monitis in the course of 2021.

TeamViewer Meeting (formerly Blizz)

TeamViewer Meeting is the meeting function which is available both in the TeamViewer client and as a standalone solution. The formerly independent Blizz programme has been integrated with all its functionality into the TeamViewer platform so that meetings both from TeamViewer and using the standalone solution are fully compatible. TeamViewer Meeting offers audio and video conferences, screen sharing, a chat function, granular role attributions for presentations, instant messaging, and a phone dial-in option.

TeamViewer Remote Access

TeamViewer Remote Access is the entry-level version of TeamViewer and facilitates remote access to specific devices that are defined in advance. The solution has been designed as purely remote access and does not therefore offer any meeting or support solutions, instead it provides data transfer and a security screen feature.

TeamViewer IoT

TeamViewer IoT is the dedicated TeamViewer solution for devices outside the traditional office environment. The software can be used on smart devices without a display, keyboard or mouse and is therefore particularly suitable for Industry 4.0 scenarios. These include, for example, remote control of robots, monitoring of industrial machinery and disruption management. During the fiscal year 2020, multi-tenancy support, a rules engine with Waylay integration, a predictive maintenance module and the support of edge modules were added.

TeamViewer Pilot

Alongside TeamViewer Frontline, TeamViewer Pilot is one of TeamViewer's AR solutions which enables the user on site to be provided with live support by technical experts (for example, engineers or mechanics) via shared smartphone or smart glasses camera streaming. Possible applications include scenarios in which a field service is involved, e.g. telecom providers, or repairs. Since 2020, the Frontline workflows can also be used in combination with TeamViewer Pilot.

TeamViewer Frontline

TeamViewer Frontline is the product that emerged because of the Ubimax GmbH acquisition. The Ubimax subproducts – xAssist, xMake, xInspect and xPick – were incorporated

into the TeamViewer portfolio and are being gradually transferred to the TeamViewer IT infrastructure. The xAssist product, like TeamViewer Pilot, is a remote assistance solution that deploys AR but is specifically geared to industrial use involving smart glasses and other wearables. xPick, xMake and xInspect are workflow-based solutions. This means that step-by-step instructions are displayed on smart glasses, head mounted displays or mixed reality glasses for pre-defined work processes which can be worked through interactively. The Frontline workflows open up a new target group in the industry segment. Possible applications include manual picking processes in logistics, standardised repairs or maintenance and production processes.

**Frontline products open up a
new target group in the industrial segment.**

Frontline workflows are always designed in consultation with the customer and tailored to their specific requirements. To this end, TeamViewer supports its customers with a Solution Delivery Team.

Focus on research & development activities in 2020

The ability to bring innovative solutions that meet the steadily rising demands of customers to the market is a critical success factor in the dynamically evolving software industry. In the Management Board's view, the R&D (research and development) activities are thus of key importance for the future success of the TeamViewer Group and are, accordingly, assigned a high priority. During the fiscal year 2020, the focus was on the following areas:

Further development of the platform

The further development of the platform and interoperability of products was a focus of R&D activities in 2020. Major milestones included the reintegration of the TeamViewer Meeting solution (formerly Blizz) and of TeamViewer Web Monitoring (formerly Monitis). The integration of acquired Ubimax GmbH's products under the name TeamViewer Frontline commenced shortly after completion of the takeover, and initial milestones, such as the combination with the TeamViewer Pilot app, have been reached.

TeamViewer is also cooperating closely with partners when it comes to creating a comprehensive ecosystem to tackle various digitalisation challenges. As a result of such cooperation, the Group is developing joint products while at the same time providing the APIs to its partners. The fiscal year also saw the implementation of the remote access solution and AR integration into Microsoft Teams, Salesforce and ServiceNow and the IoT integration in collaboration with Waylay.

Digitalisation of industrial facilities

TeamViewer is offering its IoT customers a range of solutions, from digitalisation of individual processes to a fully connected factory. The approach of maximum connectivity while ensuring security and stability is implemented as a horizontal addition for OEMs because TeamViewer's work is manufacturer independent. For existing facilities, in the past fiscal year the Group increasingly collaborated with partners who integrate the IoT solution directly into their products, such as SPS monitoring devices or starter kits, for monitoring and maintenance purposes and for remote access. This allows even facilities that were not designed for the IoT to be integrated into the connected factory and mapped using their digital twin.

The Group sees itself as the digitalisation partner of the full value chain and, using combinations of various other TeamViewer solutions, it helps ensure continuous monitoring and maintenance, also in tandem with the TeamViewer Frontline solution. The core focus of innovation is the analysis of data for visualisation and evaluation by means of AI. The newly developed predictive maintenance module analyses this data using machine learning algorithms and is thus able to minimise the risk of failure.

AR for industry and service providers

Thanks to TeamViewer's AR products, customers are equipped to conduct remote support and digitalised work processes both more efficiently and securely. By placing 3D elements in the picture of the smartphone or tablet camera, technicians can support on-site experts remotely in an equally effective manner as if they were present themselves. Elsewhere, production employees can import work instructions directly into their field of vision through the use of smart glasses. To this end, TeamViewer is updating its products on a continuous basis to make the latest technologies accessible to customers as fast as possible. This includes the support of the Apple LiDAR scanner and Google Depth API as a component of the AR CORE kit, which in its turn improves the accuracy of locating AR elements on screen and enables a concealed object to be annotated.

TeamViewer makes the latest technologies available to customers.

The acquisition of Ubimax GmbH and implementation of the Frontline products into the TeamViewer solution was another

focus area for the Company's AR development department. The newly created TeamViewer Frontline products underwent a complete UX and UI redesign in the current fiscal year to ensure more intuitive operability. TeamViewer Pilot and TeamViewer Frontline are already compatible in technological terms and supplement each other as Pilot customers are now also able to use Frontline workflows. The platform idea seeks to ensure that every customer can be flexible and use other TeamViewer products if required. TeamViewer supports the latest devices in the head-mounted display, smart glasses and mixed reality fields, such as Microsoft HoloLens 2.

Enabler for remote workers

The strategic focus in the 2020 fiscal year was on the development of IoT and AR solutions. But the year 2020 and the start of the global COVID-19 pandemic shifted the focus of customers to the main product, the TeamViewer client, and the products TeamViewer Meeting, Remote Monitoring and Management (RMM) and the Group solution TeamViewer Tensor. Thanks to the good scalability of the Company's offerings, customers were able to expand their capacity rapidly. In a difficult and uncertain time, new customers benefited from the fact that the solutions can be rolled out very quickly, easy, yet securely. Here too, the TeamViewer platform played a key role. Features such as a security screen, which ensures data protection in the wake of remote access, improved patch management and a remote scripting feature to execute scripts on servers were implemented rapidly and reliably. The coordination of the IT infrastructure using the TeamViewer Remote Monitoring and Management solution was marked, by the integration of the TeamViewer Web Monitoring solution. It will replace the Monitis product in the course of 2021 and thus, allow constant monitoring of the availability and functionality of websites and web shops.

Next step for customer support

With the TeamViewer Tensor licence the Group also laid the foundations for fully digitalised customer support, including a specially developed mobile software development kit (SDK). Applications, developed directly with the TeamViewer Mobile SDK, allow remote support within the app without displaying other smartphone information. Together with the GDPR-aligned co-browsing plug-in for remote support within a browser tab, which was introduced in 2020, TeamViewer provides its customers with an additional layer of privacy insurance in respect to their own client base.

This solution, like an integrated chat function, allows companies to provide their website visitors rapid and uncomplicated support through browser-based screen sharing. The TeamViewer Tensor licence has moreover been given a licence management update through the newly developed multi-tenancy support which enables major groups to manage the licences of individual subsidiaries.

Improvement of collaboration solution

As a result of growing demand for digital meeting solutions, TeamViewer in 2020 stepped up the reintegration of online collaboration tool Blizz and its rebranding as TeamViewer Meeting. The meeting solution fulfils the following requirements: security, stability, scalability, ease of use and integration capability. To improve stability for participants in highly remote areas, TeamViewer enabled upscaling by switching to distributed meetings. This involves the nearest TeamViewer router being used to establish a connection for every single participant. It reduces latencies and improves the failure safety of the entire meeting.

Further improvement of the development process

TeamViewer sees itself as the backbone of its customers' digitalisation and must, therefore, fulfil a variety of differentiated requirements. Consequently, the Company maintains a constant focus on the optimisation of its own R&D activities. In the attempts to combine all functionalities on one platform, TeamViewer also advanced the development process itself and implemented a security software development cycle (S-SDLC).

By advancing the product development, TeamViewer replaced some of the traditional SCRUM processes and roadmaps, thereby accelerating and creating greater transparency. In 2021, the Company will use the experience acquired from the transformations and the knowledge gained from the previous structures to improve the development process further.

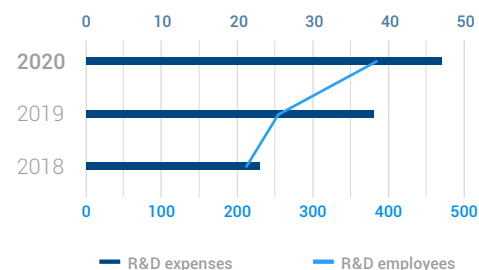
Further research projects

TeamViewer is working with universities and research institutions. In total, it is involved in eleven research projects, two of them European-led, eight as part of nationwide German projects and one in a regional setting. Ubimax research projects were continued following the takeover by TeamViewer AG and will be advanced further under the scope of the existing projects.

R&D organisation

At the end of the fiscal year, 384 full-time equivalents (FTE) were employed in the R&D department throughout the Group: an increase of +51 % compared to the previous year's 254 FTEs. Most of these employees work in Germany, mainly in Goppingen and Bremen (former Ubimax R&D location) but also in Stuttgart and Karlsruhe – in close vicinity of local universities. TeamViewer also has R&D facilities in Armenia and Greece. These international locations enable the Group to gain access to qualified local talent.

R&D: Expenses and employees



Expenses in EUR million, employees in FTEs as at 31 Dec 2020

R&D expenditure

In the 2020 fiscal year, expenses for R&D amounted to EUR 46.6 million (2019: EUR 37.9 million). This includes personnel costs, costs of work performed, and services provided by service providers and cooperation partners as well as depreciation and amortisation. TeamViewer's expenses for R&D, excluding depreciation and amortisation and considering the adjustments corresponding to the definition of adjusted EBITDA, amounted to EUR 34.8 million (2019: EUR 28.0 million). This amount corresponds to 7.6% of billings (2019: 8.6%).

SECURITY AND DATA PROTECTION

Millions of businesses and people worldwide rely on TeamViewer products every day for critical business processes and private use. This translates to very high requirements in respect to the privacy and cyber security of TeamViewer users. It is therefore of key importance for TeamViewer's corporate action to ensure the highest possible data protection, IT and product security standards are met. To ensure fulfilment of the intentions, the Group during the recent years has made significant investments to establish the necessary organisational and structural action.

Infrastructure and product security

TeamViewer attaches great importance to ensure full employee awareness in respect to the maintenance of the highest possible level of IT security and cyber hygiene. For example, the Company offers mandatory training and regular courses in which advanced knowledge of the patterns of possible attacks and necessary responses are taught. The content of various internal policies and manuals is checked on a regular basis, providing both permanent and freelance employees with a practical guide to an effective security culture.

TeamViewer's security strategy pursues a best-of-breed approach. Accordingly, the best solution is to be deployed for each security application. In this way, world-leading resources can be integrated into a comprehensive security concept that also includes physical security. Two dedicated teams for IT security and for product security are responsible for the best possible protection of the global IT infrastructure and all the Group's products. The teams are supported by additional internal resources and external advisors, as well as by recognised security solutions. An external 24/7 Security Operations Centre (SOC) monitors the TeamViewer system landscape around the clock. The Group's security architecture is certified in accordance with HIPAA/SOC2 and

TISAX. It is also to be mentioned that TeamViewer has been placed in the highest category of the BitSight Cyber Security Rating.

TeamViewer has a Computer Security Incident Response Team (CSIRT) and a Product Security Incident Response Team (PSIRT), whose permanent availability is based on a regularly updated Security Incident Response Plan and further Security Playbooks. TeamViewer regularly commissions detailed security reviews of the relevant systems and product portfolio through Red Teaming exercises and penetration tests of leading security researchers. The Company supports the responsible disclosure principle and collaborates closely with third parties to uncover potential software vulnerabilities in its software. Throughout all phases of software development, TeamViewer seeks to ensure the highest level of product security through a Secure Software Development Life Cycle (S-SDLC). TeamViewer software is signed with DigiCert code signing certificates.

In early 2020, TeamViewer discontinued the functionality of legacy versions 4, 5, 6 and 7. Moreover, at the end of 2020, TeamViewer announced that it would support additional legacy versions with security updates until mid-2021 before discontinuing them. This has allowed the Company to ensure that all users benefit from up-to-date software and security architecture. For the same reason, free use of the software is only possible with the latest TeamViewer version.

TeamViewer's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are kept informed of recent developments regarding IT and product security related matters, as well as actively involved in all relevant discussions. The Senior Leadership Team (SLT) regularly deals with detailed reports on strategic and operational cyber security

issues. The security organisation is headed by the Security Steering Board, which is composed of the Chief Operations Officer (COO), Chief Technology Officer (CTO), Chief Information Security Officer (CISO) and the Director of Product Security.

Data protection

TeamViewer attaches great importance to the protection of personal data. The Group's compliance policy grants particular importance to compliance with the principles related to the processing of personal data pursuant to Article 5 of the General Data Protection Regulation (GDPR). TeamViewer and all its associated companies fully recognise the resultant obligations as data controller and processor. Having said that, TeamViewer only collaborates with processors who also meet these requirements.

The TeamViewer Privacy Management Framework, a data protection management system, defines all data protection-related provisions, policies, and procedures to this end. To operationalise them, significant investments have been made since 2017 to develop a Data Protection Organisation and data protection culture within the Company. In accordance with Art. 5 GDPR, TeamViewer publishes an accountability report at regular intervals, at least annually, to implement the TeamViewer Privacy Management Framework. The most recent report is dated April 2020 and has not identified any relevant violations or shortcomings in the Data Protection Organisation.

Within the TeamViewer Privacy Management Framework, the TeamViewer Privacy Handbook is the lead document for TeamViewer's data protection. It includes comprehensive rules on fulfilling regulatory requirements, including the maintenance of a full list of processing activities, of checking and

concluding order processing agreements with contractors and the implementation of data protection impact assessments. In addition, the implementation of appropriate technical and organisational measures to ensure the security of all personal data entrusted to TeamViewer is addressed.

In its privacy policy, TeamViewer defines the rights of data subjects in terms of information, correction and deletion on the basis of the GDPR, among other things. These are procedurally acknowledged in the TeamViewer Privacy Handbook, as are possible notification obligations in the event of a personal data breach. Accordingly, TeamViewer undertakes to notify the relevant supervisory authority pursuant to Art. 33 GDPR and, subject to the provisions of Art. 34 GDPR, also the data subjects without undue delay.

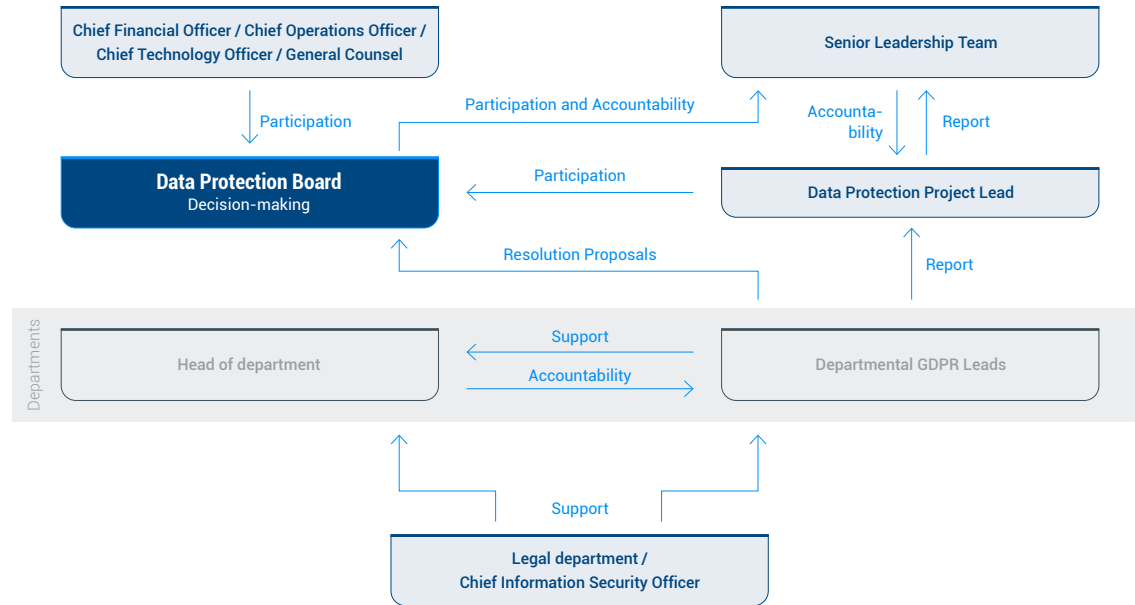
Data protection is the responsibility of all TeamViewer employees. Following this approach, the content of the TeamViewer Privacy Handbook is communicated and reviewed in annual mandatory training events run equally for permanent but also freelance employees and as part of further training and qualification measures for the affected persons responsible and function holders. The employees have access to the Company's internal network where a large amount of up-to-date information and templates on the fields of action defined in the TeamViewer Privacy Handbook are available.

To ensure effective implementation of the TeamViewer Privacy Management Framework, clear reporting lines have been defined in the corporate organisation and in corporate governance. At the top of the Data Protection Organisation is the Data Protection Board, which must include, as a minimum, the Chief Financial Officer (CFO) as member of the Management Board and the Chief Operations Officer (COO), General Counsel and Data Protection Project Lead. The Data Protection Board convenes regularly, at least once a quarter, to deliberate issues of strategic importance and to manage the Data Protection Organisation.

It is important for TeamViewer to ensure the best possible precautions for data protection and IT and product security at all times.

TeamViewer creates a strong interlocking of data protection and GDPR compliance and operational responsibility with a decentralised principle which is based on the departmental structure. The responsibility for implementation of and compliance with the Data Protection Organisation thus lies with the relevant heads of department in the Senior Leadership Team (SLT) who submit an annual letter-confirmation of personal accountability statement. The heads of department are supported in the exercise of their function in the Data Protection Organisation by GDPR Leads in the divisions, of which there are 15 at present, nine of them on a full-time basis. The GDPR Leads meet regularly, usually monthly, in a working group, to coordinate the operations of the Data Protection Organisation under the leadership of the Head of the Data Protection Project.

TeamViewer's data protection organisation



Experts from TeamViewer's Legal department and the Chief Information Security Officer (CISO) form an integral part of this process and support the Data Protection Organisation on an ongoing basis. In addition, TeamViewer has appointed an external independent Data Protection Officer pursuant to Art. 37 GDPR who assists TeamViewer in an advisory and auditing capacity and represents the Company in its dealings with the supervisory authorities.

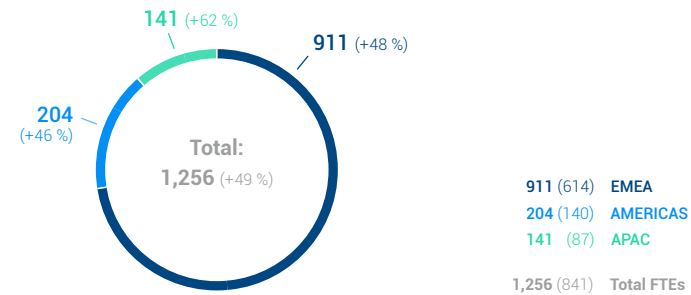
02 Employees

___ Increase of employees (FTEs) by almost 50 % ___ Focus on sales expansion ___ 110 additional software developers hired

As of 31 December 2020, the Group had 1,256¹ employees worldwide (31 December 2019: 841). This corresponds to an increase of 49.3% compared to 2019, which is consistent with the growth of business. Out of these, 78 employees resulted from the Ubimax GmbH acquisition.

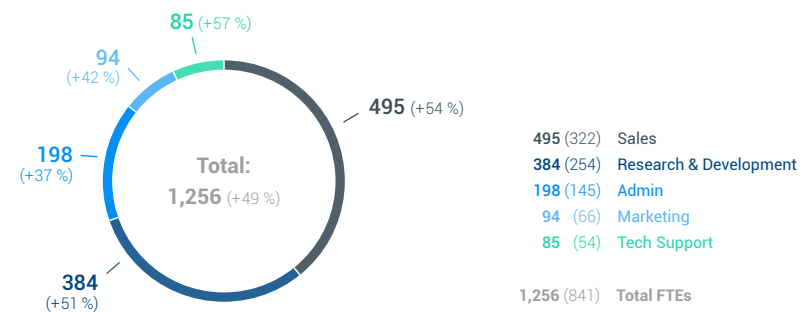
For further information on employee matters, please see [page 160](#) in the Nonfinancial Report.

Breakdown of employees by regions



As at 31 Dec 2020 (2019) in FTEs; change vs. previous year in percent

Breakdown of employees by function



As at 31 Dec 2020 (2019) in FTEs; change vs. previous year in percent

¹ Number of employees refer to full-time equivalents (FTEs) at year-end

03 Corporate responsibility

___ Climate neutrality targets and measures defined ___
 Business model takes social concerns into account by making products available to private individuals free of charge
 ___ Commitment to UN Global Compact

By using TeamViewer solutions, millions of people get remote access, remote control and support capabilities for free. TeamViewer products enable people to help others while reducing the need to travel and the associated CO₂e emissions.

TeamViewer seeks to harness the innovative strength of the Company to change the world for the better and to be a role model in terms of a good local, regional, domestic, and international partner.

TeamViewer divides its corporate responsibility into the three elements of the ESG concept:

- ↳ E – Environment,
- ↳ S – Social and
- ↳ G – Governance



A detailed description of the TeamViewer management approach to social responsibility and the corresponding projects is found in [Social responsibility](#) in the Nonfinancial report.

Governance

TeamViewer is committed to global standards of sustainable corporate governance, such as the UN Global Compact, which we joined in 2020. A detailed presentation of the governance issues can be found in the Chapter [Corporate governance statement](#) also by following the sections on [security and data protection](#) (on page 28) and on [employees](#) (on page 31).

In 2020, TeamViewer was evaluated by various rating agencies with regard to its ESG performance: among others, TeamViewer AG received an “AA” rating (on a scale of AAA–CCC) in the MSCI ESG ratings assessment (more information on [page 156](#) in the Nonfinancial report).

Environment

In 2020, TeamViewer focused heavily on the detailed elaboration of its climate strategy. In addition to our key goal of climate neutrality, we added specific climate targets in terms of content and time commitment. A detailed description of TeamViewer’s climate strategy, targets and measures can be found on [page 165](#) in the Nonfinancial report.

Social

TeamViewer continues to view its business model and the possibility for private individuals using TeamViewer products free of charge as the biggest social impact. It allows millions of people worldwide to help others and access digital infrastructure.

04 Economic report

___ Relevant market environment with sustainable growth
 ___ Guidance for fiscal year 2020 raised multiple times ___
 Billings growth of 42 % ___ Adjusted EBITDA up 44 % ___
 Net gearing ratio decreases from 3.0 x to 1.7x

ECONOMIC CONDITIONS

Macroeconomic conditions

According to the Kiel Institute for the World Economy (IfW)¹, since mid-2020 the global gross domestic product (GDP) has recouped a substantial portion of the decline it suffered as a result of the COVID-19 pandemic. Nevertheless, the IfW projects a further 3.8% decline in the global economy for 2020. The extent of the economic recovery varied considerably from region to region. The economic output in the Asian emerging markets – where the pandemic was contained early on and effectively – in some cases exceeded pre-crisis level at the end of 2020. By contrast, in Europe the recovery in the fourth quarter was curbed by a second wave of infections and repeated lockdowns in many countries. Moreover, the uncertainty surrounding Brexit, completed at year-end 2020, exerted strain. For the European Union, the IfW forecasts a decline in GDP of 7.7%. For the United States, where the government launched extensive programmes to support the economy, the forecast says a decline of 3.6%.

Industry-related conditions

Based on an assessment of market research firm Gartner, global IT spending in 2020 decreased by 5.4% in most economies as a result of the recession². At the same time, the COVID-19 pandemic showed that businesses have a substantial need to catch up when it comes to digitalising their processes. A survey conducted by Gartner among CFOs showed that many businesses are dissatisfied with the status of their digital transformation and are therefore planning a sharp rise in digitalisation investments.³

Spend for digital transformation increased to

10.4%

in 2020

According to the research institute IDC, in 2020 spendings of businesses on digital transformation grew by 10.4%, despite the COVID-19 pandemic⁴. Projections have global spending on the Internet of Things (IoT) growing by 8.2%⁵. The market conditions in the segments of relevance to TeamViewer – digital transformation, IoT and connectivity solutions – during the reporting year remain characterised by persistent growth.

BUSINESS DEVELOPMENT

Impact of the COVID-19 pandemic

Despite the global lockdown to combat the COVID-19 pandemic, the TeamViewer Group was able to maintain its business operations during the reporting year free of any noteworthy restrictions. Here, TeamViewer benefited from early contingency planning. The Company has virtual selling processes in place and can install products remotely, quickly, and efficiently for its customers over the Internet. At the start of the crisis, in particular, many TeamViewer employees worked from home. In the further course of the year, hybrid working models were increasingly established, with employees combining office work with remote work. Expecting increased activity on its connectivity platform, the Group expanded its existing router capacity to ensure the stability of its platform and thus disruption-free use of TeamViewer applications. In addition, TeamViewer continued to expand the number of its employees during 2020. Out of a total of 415¹ new employees, 130 are software developers, while 173 work in sales. A total of 78 employees were added as a result of the Ubimax acquisition.

The restrictions imposed on public life and economic activity to combat the pandemic led to an acceleration in the fundamental growth drivers of the TeamViewer Group. Working from home (WFH) became a necessity, and reliable solutions for the remote management and control of infrastructure and devices were needed across all industries. Accordingly, remote access and collaboration functions increasingly became success-critical factors for businesses and organisations alike. As a result, companies made investments in

1 Kiel Institute Economic Outlook of the Kiel Institute for the World Economy (IfW): The global economy in winter 2020
 2 Gartner: <https://www.gartner.com/en/newsroom/press-releases/2020-10-20-gartner-says-worldwide-it-spending-to-grow-4-percent-in-2021>

3 Gartner: <https://www.gartner.com/en/newsroom/press-releases/2020-11-12-gartner-cfo-survey-reveals-a-dramatic-digital-acceleration-since-covid19>
 4 IDC: <https://www.idc.com/getdoc.jsp?containerId=prUS46377220>
 5 IDC: <https://www.idc.com/getdoc.jsp?containerId=prUS46609320>

6 Net increase in FTEs at year-end

digitalisation that had either been put off or not made, particularly during the first few months of the crisis. By mid-2020 the demand situation mostly returned to normal.

Geographic expansion

One of the key goals of the TeamViewer Group is to expand its geographic presence. It focuses on the expansion of the sites established in 2018 in India, China, Japan, and Singapore in the APAC region and on intensifying its sales and marketing activities in the AMERICAS region. In the fiscal year 2020, the number of FTEs was increased by 54 or 62 % in the APAC region and by 64 or 46 % in the AMERICAS region. During the reporting year, the TeamViewer Group achieved strong billings growth in both regions of 36.3 % (APAC region) and 43.7 % (AMERICAS region), which underscores the success of the measures implemented so far.

Ubimax acquisition

In July 2020, TeamViewer AG signed a binding agreement to take over Ubimax, a provider of wearable computing technologies and augmented reality (AR) solutions to improve manual work processes. The Ubimax technology is employed in the work environment of the Frontline workforce and used on wearables such as smart glasses. The Company's product portfolio also includes the AR software platform Frontline. The more than 200 Ubimax customers include various international groups. Ubimax has more than 80¹ employees who operate at sites in Germany, the United States and Mexico. The acquisition helped TeamViewer to expand its offerings for major corporate customers in the areas of Industry 4.0 and the Internet of Things (IoT) to a considerable extent. In addition, the takeover enables TeamViewer to push ahead with the development of new use cases with a focus on data analysis and artificial intelligence. The expanded offerings build on TeamViewer Pilot, an easy-to-use AR application for mobile phones and tablets.

62.44 % of the shares in Ubimax GmbH were acquired by TeamViewer Germany GmbH. The purchase price of EUR 86.2 million was fully paid in cash with cash and cash equivalents of the Group. In addition, 37.56 % of the shares in Ubimax GmbH were acquired in return for the issue of shares in TeamViewer AG. For this purpose, 1,070,931 new shares in TeamViewer AG were issued from authorised capital in the course of a capital increase against contribution in kind.

Ubimax expands TeamViewer offering for large enterprise customers in Industry 4.0 and IoT.

As the transfer of the shares is linked to the future performance of work by the founders of Ubimax for TeamViewer AG, this contribution in kind is accounted for as an equity-settled share-based payment and not as consideration as part of the acquisition of Ubimax. The new shares are pledged to TeamViewer AG and are subject to a vesting period of three years, with release in annual tranches. The closing of the transaction took place in August 2020.

Comparison between actual and forecast business development

For 2020, the 2019 management report projected billings ranging between EUR 430 million and EUR 440 million (increase of 32 % to 35 % compared with 2019) and revenue ranging between EUR 420 million and EUR 430 million (increase of 8 % to 10 % compared with 2019). The adjusted EBITDA forecast ranged between EUR 240 million and EUR 250 million.

The rapid spread of the COVID-19 pandemic led to a significant increase in demand for remote access and WFH solutions, particularly during the first half of 2020. As a result, the TeamViewer Group recorded an additional acceleration of demand from March onwards after an already good business performance in the first two months of the year 2020. Given that business performance in the first quarter outstripped expectations and demand remained persistently strong in April, in May 2020 the Group raised its forecast for billings to around EUR 450 million and for revenue to a minimum of EUR 450 million. At the same time, TeamViewer raised its outlook for the adjusted EBITDA margin to around 56 %, equivalent to an absolute figure of around EUR 256 million. In addition, it forecasts a slightly higher investment spending of between EUR 25 million and EUR 30 million (previously approx. EUR 25 million), due to the pandemic-related delays in the introduction of the new enterprise resource planning (ERP) system and costs incurred in connection with the move to the new head office.

Guidance adjustment in 2020

In EUR million	Fiscal year 2019	Forecast (2019 management report)	Forecast (May 2020)	Forecast (November 2020)	Fiscal year 2020 (incl. Ubimax)
Billings	324.9	430 to 440	approx. 450	450 to 455	460.3
Growth YoY (in %)	–	+32 % to +35 %	approx. 39 %	+39 % to +40 %	+41.7 %
Revenue	390.2	420 to 430	minimum 450	minimum 450	455.6
Adjusted EBITDA	182.1	240 to 250	252	252 to 255	261.4

¹ Headcount at year-end

In the wake of persistently strong growth in the second and third quarters and at the beginning of the fourth quarter, largely supported by the key account business among other factors, the TeamViewer Group raised its forecast again in November 2020. It now projects billings ranging between EUR 450 million and EUR 455 million, equivalent to an increase of 39% to 40% (currency-adjusted: 41% to 42%). The higher billings forecast did not include the contribution from the Ubimax takeover. The outlook for revenue (minimum EUR 450 million) and the adjusted EBITDA margin (56%) was confirmed. In view of the higher billings, the target figure for the adjusted EBITDA margin corresponded to a slightly higher absolute amount of between EUR 252 million and EUR 255 million.

The business performance in the fourth quarter also exceeded expectations, thanks to strong new business and the persistently high number of contract renewals from existing subscribers. Accordingly, billings in the fiscal year 2020 came to EUR 456.8 million in organic terms, which means that the upper end of the forecast range adjusted in November was slightly exceeded. Including the contribution from Ubimax, billings came to EUR 460.3 million and increased by 41.7% over the previous year. At EUR 455.6 million, revenue during the 2020 reporting year also exceeded the most recent forecast. Adjusted EBITDA of EUR 261.4 million exceeded the forecast range that had been raised in November, too.

EARNINGS POSITION OF THE GROUP

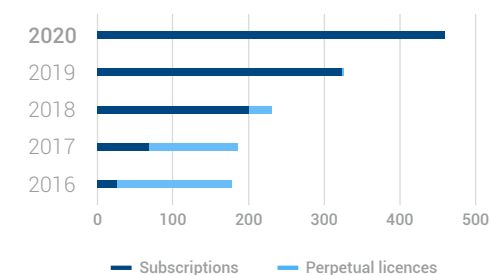
The following overview describes the development of the key earnings figures of the TeamViewer Group in fiscal year 2020 compared to the prior year. In addition to the most important items of the income statement according to IFRS, the overview also shows the reconciliation to the management view, in which the change in deferred revenues recognised in profit or loss and certain items defined by the Management Board in consultation with the Supervisory Board are adjusted. The individual items to be adjusted are explained in the section Operating profit (EBIT) and adjusted EBITDA on [page 38](#). TeamViewer's management uses billings and adjusted EBITDA as primary financial performance indicators to manage the Group.

Development of billings and revenue

In 2018, the TeamViewer Group completed the switch of its business model from a perpetual licence model to a subscription model. Since 2019, all products sold have used the

subscription model. Under the perpetual licence model, revenue was deferred over three years (up to TeamViewer version 11: four years); by contrast, in the subscription model revenue is deferred over the subscription period, which is usually twelve months.

Switch of business model completed



Billings in EUR million

Key figures of the TeamViewer Group's operating results¹

In EUR million	2020			2019		
	IFRS	Reconciliation	Management view	IFRS	Reconciliation	Management view
Revenue/ billings	455.6	4.7	460.3	390.2	(65.2)	324.9
EBITDA²/ Adjusted EBITDA	205.1	56.3	261.4	189.5	(7.4)	182.1
EBITDA in % of revenue / Adjusted EBITDA in % of billings	45.0%	11.8 pp ³	56.8%	48.6%	7.4 pp	56.0%
EBIT	164.0			153.0		
Profit/(loss) for the year	103.0			103.9		

¹ Negative values are shown in brackets in tabular overviews

² EBITDA does not constitute an IFRS performance indicator but has been included in the table for ease of understanding

³ pp = percentage points

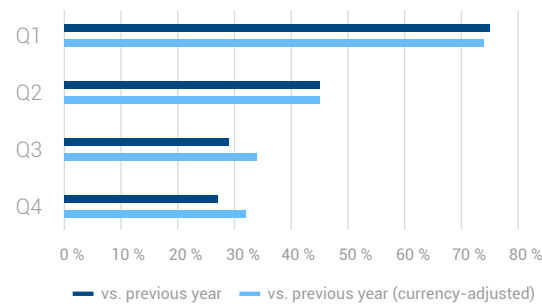
Billings

Billings represent the (net) value of goods and services invoiced to the customer within a specific period constitutes a contract within the meaning of IFRS 15. Billings result directly from customer contracts and are not affected by the deferral of revenue. Revenue in the fiscal years 2019 and 2020 still includes revenue from perpetual licences even though the business model has already been converted for years. In the management's view, billings therefore reflect the underlying business performance of the TeamViewer Group better than revenue as they are no longer impacted by perpetual licences. Therefore, the TeamViewer Group uses billings as a primary performance indicator to measure and assess the performance of the Company. Billings can be calculated from IFRS revenue, adjusted for the change in deferred revenue recognised in profit or loss.

The Group's billings in the 2020 reporting year rose by 41.7% to EUR 460.3 million (2019: EUR 324.9 million). The currency-adjusted growth came to 44.4%.¹ The negative currency effect resulted primarily from the depreciation of the U.S. dollar against the euro. For further information on currency translation, please see the details in the notes on [page 99](#) of the consolidated financial statements.

The Ubimax GmbH and its subsidiaries, which have been included in the group of consolidated companies since 21 August 2020, contributed EUR 3.5 million to total billings. The high demand for remote access and WFH solutions due to the COVID-19 pandemic led to an exceptionally strong growth in billings totalling 74.7% in the first quarter of 2020. Although the market setting had mostly returned to normal by mid-2020, the Group nevertheless reported currency-adjusted growth rates of more than 30% in each of the following quarters.

Billings growth by quarter

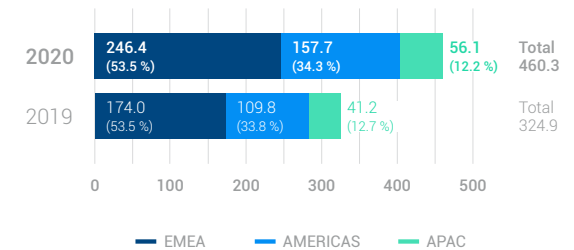


2020 growth rate in percent

Billings in the EMEA region rose by 41.6% to EUR 246.4 million in the reporting year (2019: EUR 174.0 million). The growth largely resulted from a substantial expansion of sales and a high number of enterprise customers the Company was able to attract. Accounting for an unchanged 53.5% of total billings (2019: 53.5%), the EMEA region remained the Group's most important region in the fiscal year 2020. Billings in the AMERICAS region rose by 43.7% (currency-adjusted:

49.7%) to EUR 157.7 million (2019: EUR 109.8 million). Growth in the region was driven mostly by the enterprise segment and by the availability of a wider product range. In the APAC region the Group generated an increase in billings of 36.3% (currency-adjusted: 38.7%) to EUR 56.1 million in the fiscal year 2020 (2019: EUR 41.2 million).

Breakdown of billings by regions



In EUR million

Revenue

Revenue of the TeamViewer Group pursuant to IFRS includes billings and changes in deferred revenue recognised in profit or loss. The Group usually bills its software products at the start of the contract in one amount. This amount is mostly recorded in revenue over a period of 12 months. This means that if billings rise, the revenue of a fiscal year is lower than the billings of the fiscal year. The following table shows the reconciliation of billings to revenue for the fiscal year 2020 and the prior-year period:

¹ To determine the currency-adjusted billings for the fiscal year, the exchange rates used for the billings of the previous year are applied to the billings of the fiscal year. To determine the currency-adjusted growth the currency-adjusted billings of the fiscal year are set in relation to the billings of the previous year.

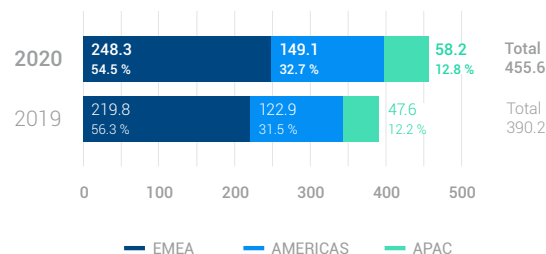
Reconciliation of billings to revenue

In EUR million	2020	2019	Change	In %
Billings	460.3	324.9	135.4	42
Change in deferred revenue recognised in profit or loss	(4.7)	65.2	(69.9)	107
of which from the subscription business	(48.6)	(56.7)	8.1	14
of which from perpetual licences	46.2	124.5	(78.3)	63
of which from non-allocated business	(2.3)	(2.6)	0.3	12
Revenue	455.6	390.2	65.4	17

Following the switch of the business model to a subscription model in the fiscal year 2018, the Group no longer sells perpetual licences. The revenue deferred under the old licence model is released over a three-year period (until TeamViewer version 11: four years) and will therefore expire gradually. The release of deferred revenue from perpetual licences during the 2020 reporting year resulted in revenue of EUR 46.3 million (2019: EUR 125.5 million).

In the subscription business, the revenue is deferred over the term of the subscription (usually on a monthly or yearly basis). The balance from the release or addition of deferred revenue from the subscription business during the 2020 reporting year resulted in an effect on revenue of EUR –48.6 million (2019: EUR –56.7 million).

Overall, Group revenue in the fiscal year 2020 increased by 16.8% to EUR 455.6 million (2019: EUR 390.2 million). The lower percentage increase compared to billings results from the effect of deferred revenue explained above, **especially from the perpetual licences**. The Ubimax acquisition contributed EUR 2.9 million to the Group's revenue.

Breakdown of sales revenue by region

In EUR million

In the EMEA region, the TeamViewer Group generated revenue of EUR 248.3 million in 2020 (2019: EUR 219.8 million), equivalent to a growth rate of 13.0%. Despite slower revenue momentum when compared with the other regions, EMEA remained the Group's region with the highest revenue. Revenue in the AMERICAS region rose by 21.3% to EUR 149.1 million (2019: EUR 122.9 million) while the APAC region reported an increase of 22.4% to EUR 58.2 million (2019: EUR 47.6 million).

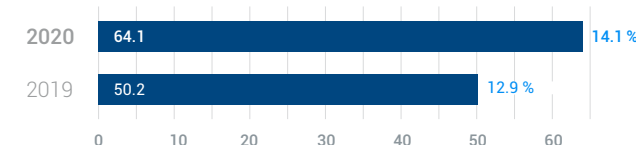
Earnings development

Looking at the earnings development compared to the prior year, it must be taken into account that the prior year's net profit/loss for the year included a positive effect of EUR 65.2 million from the changes in deferred revenue recognised in profit or loss. In the fiscal year 2020 this resulted in a negative

effect of EUR 4.7 million. The EUR 69.9 million decline in changes of deferred revenue recognised in profit or loss is mainly attributed to the fall in perpetual licences of EUR 78.3 million. This decrease results from the change of the business model from a perpetual licence model to a subscription model.

Total costs and other income

The Group's **cost of sales** increased by 27.6% to EUR 64.1 million in the fiscal year 2020 (2019: EUR 50.2 million). The increase in the cost of sales was largely driven by usage-related higher spending on payment and Internet service providers, increased personnel costs, and a rise in infrastructure costs, such as expenses for servers and routers. The cost of sales as a percentage of revenue increased to 14.1% (2019: 12.9%).

Cost of sales trend

In EUR million, in percent of revenue

Gross profit, defined as revenue less cost of sales, increased accordingly by 15.2% to EUR 391.5 million (2019: EUR 340.0 million).

Other income amounted to EUR 5.3 million in the fiscal year 2020 (2019: EUR 7.7 million). The item mainly consisted of price gains from the currency cap amounting to EUR 3.4 million (2019: EUR 0). The previous year's figure also included income from the charging on of expenses to the selling shareholder TigerLuxOne S.à r.l. (TLO) in connection with the IPO.

The acquisition of Ubimax resulted in a further strengthening of the development team.

R&D costs in 2020 increased by 22.9% to EUR 46.6 million (2019: EUR 37.9 million). The higher costs were attributable, especially, to the recruitment of more software developers in connection with the further development of products such as Tensor, IoT and Pilot and the expansion of the IT infrastructure and of IT security. The acquisition of Ubimax, which led to further additions to the development team, also contributed to higher R&D costs. In addition, R&D costs rose due to increased expenses for share-based compensation and higher bonus payments.

The 47.4% rise in **sales expenses** during the reporting year to EUR 77.7 million (2019: EUR 52.7 million) resulted from the further expansion of TeamViewer's sales structure, particularly the sales subsidiaries in Germany, the United States and Japan. At the same time, the sales organisation for enterprise customers was expanded at all key locations. Other reasons for the rise in sales expenses include the acquisition of Ubimax, which strengthened the sales force, and increased expenses from share-based compensation due to significantly higher billings.

The 30.1% growth in **marketing costs** to EUR 38.5 million (2019: EUR 29.6 million) was largely owed to higher personnel expenses. In addition, marketing costs rose due to increased search engine marketing.

The decline in **general and administrative (G&A) expenses** of 6.0% in the fiscal year 2020 to EUR 54.9 million (2019: EUR 58.4 million) resulted primarily from the absence of advisory costs in the previous year incurred, in connection with preparations for the IPO. Higher personnel expenses had the opposite effect.

Other expenses were almost unchanged in the fiscal year 2020 at EUR 0.4 million, after EUR 0.5 million in the previous year.

Bad debt expenses declined by 5.9% to EUR 14.6 million in the fiscal year 2020 (2019: EUR 15.5 million).

Operating profit (EBIT) and adjusted EBITDA

The Group's **operating profit (EBIT)** increased by 7.2% to EUR 164.0 million in the fiscal year 2020 (2019: EUR 153.0 million). The EBITDA margin in relation to revenue fell from 39.2% to 36.0%, mostly due to lower revenue from the release of deferred revenue from perpetual licences and higher expenses from share-based compensation.

Depreciation, amortisation, and impairment losses on tangible and intangible assets, which are included in total costs, came to EUR 41.1 million in the reporting year (2019: EUR 36.4 million). This increase resulted from higher investments made in the current year. Moreover, the purchase price allocation in the context of the Ubimax acquisition led to additional depreciation and amortisation of EUR 1.3 million. Amortisation of acquired customer relationships was almost unchanged at EUR 24.2 million (2019: EUR 23.6 million).

EBITDA, defined as EBIT plus depreciation and amortisation, increased by 8.3% to EUR 205.1 million (2019: EUR 189.5 million). The EBITDA margin in relation to revenue contracted from 48.6% in the fiscal year 2019 to 45.0%. In line with the development of the EBIT margin, this decline was largely attributable to lower revenue from the release of deferred revenue from perpetual licences and higher expenses from share-based compensation.

Reconciliation of operating profit to adjusted EBITDA

In EUR million	2020	2019
Operating profit (EBIT)	164.0	153.0
Amortisation and depreciation	41.1	36.4
EBITDA	205.1	189.5
Change in deferred revenue recognised in profit or loss	4.7	(65.2)
Expenses for share-based compensation	48.9	36.8
Expenses (and income) in connection with the IPO	–	10.8
Other items to be adjusted	2.7	10.2
Adjusted EBITDA	261.4	182.1

The table above illustrates the reconciliation from operating profit to adjusted EBITDA, the Group's primary performance indicator for the development of operating profit, for the fiscal years 2020 and 2019. The calculation of adjusted EBITDA adjusts the change in deferred revenue recognised in profit or loss and specific items defined by the Management Board in consultation with the Supervisory Board.

In addition to the change in deferred revenue recognised in profit or loss, totalling EUR 4.7 million (2019: EUR –65.2 million), expenses (less corresponding income) amounting to EUR 51.6 million (2019: EUR 57.9 million) were adjusted in

2020. These adjustments were related primarily to expenses for share-based compensation amounting to EUR 48.9 million (2019: EUR 36.8 million). Most of these expenses (EUR 36.8 million) resulted from compensation programmes issued by and payable by TLO. Although the TeamViewer Group does not make these share-based payments itself, it is obliged to account for them because it formed part of the superordinate TLO Group, and hence, constituted share-based compensation transactions between group companies. The liquidity of the TeamViewer Group is not affected by these transactions. In addition, share-based compensation of EUR 12.1 million (2019: EUR 0.0 million) resulted from compensation programmes of the TeamViewer Group and Ubimax GmbH.

Other special items in the fiscal year 2020 came to EUR 2.7 million and mostly concerned transaction-related expenses in connection with the Ubimax takeover, expenses resulting from special IT projects, reorganisation expenses and measurement effects. In the previous year, IPO costs and bonus payments to employees in connection with the IPO totalling EUR 10.8 million and expenses resulting from the implementation of GDPR requirements and from projects designed to improve IT security, reorganisation expenses and expenses for specific legal disputes amounting to EUR 10.2 million were adjusted.

Adjusted EBITDA in the fiscal year 2020 rose by 43.5 % to EUR 261.4 million (2019: EUR 182.1 million). The main reason for this increase was economies of scale due to the pronounced growth in billings. The **adjusted EBITDA margin** as a percentage of billings improved to 56.8 % in the fiscal year 2020 (2019: 56.0 %).

Earnings before taxes (EBT)

Foreign currency gains amounted to EUR 43.9 million in the fiscal year 2020 (2019: EUR 28.4 million). They largely resulted from the impact of the exchange rate trend on the tranches of financial liabilities denominated in U.S. dollars and pound sterling. By contrast, **foreign currency losses** fell to EUR 17.6 million (2019: EUR 41.3 million). While losses in the 2020 fiscal year were mainly composed of losses on cash and cash equivalents held in foreign currencies and foreign exchange losses from operating activities, losses from foreign currency translation in the previous year were related to the development of the USD/EUR exchange rate and the corresponding impact on the measurement of financial liabilities.

Net finance costs improved to EUR 19.9 million.

Finance income decreased from EUR 38.9 million to EUR 3.0 million in the fiscal year 2020 and mainly consisted of the income from refinancing. The prior-year figure additionally included income from the measurement of derivatives embedded in the 2017 syndicated loan. **Finance costs** decreased to EUR 22.9 million (2019: EUR 83.9 million). During the reporting year, the Company primarily incurred interest payments on financial liabilities and expenses resulting from the amortisation of capitalised transaction costs. Furthermore, the previous year included losses from the measurement of derivative financial instruments. In the previous year, expenses were included in connection with the refinancing as well as with the then existing loan from TLO. All told, **net finance costs** in the reporting year improved to EUR 19.9 million (2019: EUR 45.0 million). Based on these developments, **earnings before taxes (EBT)** in the fiscal year 2020 grew to EUR 170.4 million (2019: EUR 95.1 million).

Profit / (loss) for the year

In the fiscal year 2020, the net tax expense amounted to EUR 67.4 million (2019: net tax income of EUR 8.7 million). This was equivalent to a tax rate of 39.5 % (2019: -9.2 %). The increase in current tax expense to EUR 42.6 million (2019: EUR 12.6 million) is mainly due to the increase in profit before tax to EUR 170.4 million (2019: EUR 95.1 million) and the utilisation of a loss carryforward in the previous year in the amount of EUR 9.0 million.

The tax rate in the fiscal year in the amount of 39.5 % (2019: -9.2 %) exceeded the Group tax rate of 28.8 % on account of additional income tax expenses largely from non-deductible expenses from share-based compensation of EUR 13.8 million, from the non-recognition of loss carryforwards of EUR 2.0 million and other non-deductible expenses amounting to EUR 1.6 million.

In the prior year, these items resulted in additional tax expense totalling EUR 13.7 million. This additional tax expense contrasted with additional tax income of EUR 49.3 million from the first-time recognition of a deferred tax asset related to the interest carryforward. This led to a net tax income of EUR 8.7 million in the previous year.

Income taxes during the reporting year were composed of EUR 42.6 million (2019: EUR 12.6 million) in current tax expense and EUR 24.8 million in deferred tax expense (2019: tax income of EUR 21.3 million). The deferred tax income in the fiscal year 2019 resulted primarily from the first-time recognition of deferred tax assets related to the interest carryforward.

Profit/loss for the year amounted to EUR 103.0 million in the fiscal year 2020 (2019: EUR 103.9 million). This resulted in unchanged **earnings per share** of EUR 0.52 (2019: EUR 0.52).

ASSETS AND FINANCIAL POSITION OF THE GROUP

Asset position of the Group

The following overview shows the structure of the **asset side** of the balance sheet of the TeamViewer Group at the end of the fiscal years 2020 and 2019:

Asset side of the balance sheet

In EUR million	31/12/2020 (share of total assets)		31/12/2019 (share of total assets)	
Non-current assets	948.1	89.2 %	865.2	90.2 %
Current assets	115.3	10.8 %	93.7	9.8 %
Total assets	1,063.4	100.0 %	958.9	100.0 %

Total assets of the TeamViewer Group increased by 10.9 % to EUR 1,063.4 million as at the reporting date of 31 December 2020 (31 December 2019: EUR 958.9 million). Like in the previous year, at EUR 948.1 million (31 December 2019: 865.2 million), most of the asset's side of the balance sheet consisted of non-current assets. Current assets totalled EUR 115.3 million (31 December 2019: EUR 93.7 million).

The Group's **non-current assets**, as of 31 December 2020, comprised goodwill, intangible assets, property, plant and equipment, financial assets, other assets, and deferred tax assets. All told, non-current assets rose by **EUR 82.9 million** or **9.6 %** during the reporting year.

The increase in non-current assets, as of 31 December 2020, was primarily due to the takeover of the Ubimax GmbH. The purchase price allocation resulted in the addition of goodwill totalling EUR 56.9 million and intangible assets of

EUR 37.6 million. For further information on the impact of the Ubimax GmbH takeover, we refer to [page 103](#) of the notes to the consolidated financial statements.

Accordingly, goodwill, as of 31 December 2020, came to EUR 646.8 million (31 December 2019: EUR 590.4 million) and thus remained the largest item on the asset's side of the balance sheet of the TeamViewer Group. The increase in intangible assets to EUR 255.3 million as at the reference date (31 December 2019: EUR 235.8 million) resulted largely from the purchase price allocation of the Ubimax GmbH. The rise in property, plant, and equipment to EUR 40.5 million (31 December 2019: EUR 26.5 million) was due to investments of EUR 26.2 million (2019: EUR 16.6 million) during the reporting year, which were predominantly spent on the expansion of the IT infrastructure and the construction of a new Group head office. It contrasted with depreciation and amortisation of non-current assets totalling EUR 41.1 million (2019: EUR 36.4 million).

The offsetting of deferred tax assets and deferred tax liabilities led to the reporting of deferred tax liabilities, as of 31 December 2020, amounting to EUR 29.0 million (2019: EUR 6.0 million deferred tax asset). The net disclosure of deferred tax liabilities was mainly the result of the utilisation of deferred tax assets from the interest carryforward in the amount of EUR 10.0 million, the decrease in deferred tax assets for deferred revenues in the amount of EUR 13.6 million, the initial recognition of deferred tax liabilities from the first-time consolidation of Ubimax in the amount of EUR 10.2 million, the reversal of deferred tax liabilities from the first-time consolidation of TeamViewer in the amount of EUR 6.0 million, as well as the increase in deferred tax liabilities on bank loans in foreign currencies by EUR 9.6 million. As a result, deferred tax assets were EUR 0.2 million only as at 31 December 2020 (31 December 2019: EUR 6.3 million).

The Group's **current assets**, as of 31 December 2020, comprised trade receivables, other assets, tax assets, financial assets and cash and cash equivalents.

The growth in current assets, as of 31 December 2020, resulted, greatly from the increase in cash and cash equivalents. At EUR 83.5 million (31 December 2019: EUR 71.2 million) they remained the largest item within current assets. Secondly, trade receivables rose to EUR 19.7 million (31 December 2019: EUR 11.8 million) in the wake of the Company's business expansion. The reporting of financial assets of EUR 4.5 million (31 December 2019: EUR 0.0 million) relates to the measurement of foreign currency derivatives at fair value.

The following overview shows the structure of the **liability side** of the balance sheet of the TeamViewer Group at the end of the fiscal years 2020 and 2019:

Liability side of the balance sheet

In EUR million	31/12/2020 (share of total equity and liabilities)		31/12/2019 (share of total equity and liabilities)	
Equity	240.7	22.6 %	91.9	9.6 %
Non-current liabilities	471.7	44.4 %	585.7	61.1 %
Current liabilities	351.0	33.0 %	281.4	29.3 %
Total equity and liabilities	1,063.4	100.0 %	958.9	100.0 %

Total equity and liabilities of the TeamViewer Group increased by EUR 148.9 million to EUR 240.7 million as of 31 December 2020 (31 December 2019: EUR 91.9 million). The increase resulted principally from the net profit for the year of EUR 103.0 million generated during the reporting year. In addition, the expenses for TLO's share-based compensation pursuant to IFRS 2 prompted a EUR 36.8 million increase in the capital reserve and the share-based payment of Ubimax in the amount of EUR 10.5 million. The shares granted, which do not form part of the purchase price pursuant to IFRS, are recognised as share-based compensation over a period of three years as expense against the capital reserve. Issued capital increased by EUR 1.1 million to EUR 201.1 million (31 December 2019: EUR 200.0 million) as part of a capital increase against non-cash contributions that were used to part finance the purchase price of the Ubimax acquisition. It is divided into 201,070,931 ordinary bearer shares with no-par value. The granting of shares to the former Ubimax owners, which is not considered part of the purchase price under IFRS, is instead recognised as share-based compensation over a period of three years as an expense against additional paid-in capital. As a result, the equity ratio at the end of the fiscal year 2020 improved to 22.6 %, up from 9.6 % at the end of 2019.

Non-current liabilities of the Group decreased to EUR 471.7 million as of 31 December 2020 (31 December 2019: EUR 585.7 million). Their share of total equity and liabilities accordingly declined to 44.4 % (31 December 2019: 61.1 %). Within this item, financial liabilities recorded a drop to EUR 440.2 million (31 December 2019: EUR 582.5 million). Alongside the partial repayment of the USD loan, financial liabilities also decreased due to the translation of loans denominated in U.S. dollars and pound sterling. For the increase in deferred tax liabilities, please refer to our comments on deferred tax assets under non-current assets.

Current liabilities came to EUR 351.0 million as of 31 December 2020 (31 December 2019: EUR 281.4 million). Deferred revenue, the largest item within current liabilities, rose by EUR 4.6 million to EUR 214.8 million (31 December 2019: EUR 210.3 million). In the context of the adjustment of the Group's loan and credit facilities in August 2020 and the

associated drawdown of a portion of the revolving credit line, current financial liabilities as of 31 December 2020 rose to EUR 82.1 million, up from EUR 34.3 million as of 31 December 2019. The rise in deferred and other liabilities to EUR 39.1 million (31 December 2019: EUR 17.8 million) was greatly attributable to higher employee-related accruals and VAT.

Financial liabilities

2020					
In EUR million	Currency	Nominal interest rate	Year of maturity	Principal amount (EUR)	Carrying amount (EUR)
Syndicated loan 2019 USD	USD	2.24 %	2024	263.2	257.9
Syndicated loan 2019 EUR	EUR	1.75 %	2024	118.8	116.3
Syndicated loan 2019 GBP	GBP	2.03 %	2024	70.4	68.9
Syndicated loan 2019 – Revolving credit facility ¹	USD	1.89 %	2024	52.2	52.0
Total interest-bearing liabilities				504.5	495.1
2019					
In EUR million	Currency	Nominal interest rate	Year of maturity	Principal amount (EUR)	Carrying amount (EUR)
Syndicated loan 2019 USD	USD	4.81 %	2024	400.6	395.4
Syndicated loan 2019 EUR	EUR	2.50 %	2024	125.0	123.4
Syndicated loan 2019 GBP	GBP	3.58 %	2024	78.3	77.3
Syndicated loan 2019 – Revolving credit facility ²	Various	Various	2024	–	(0.4)
Total interest-bearing liabilities				603.8	595.7

¹ As at 31 December 2020, TeamViewer had a credit facility of up to EUR 150.0 million, of which EUR 86.0 million were undrawn as at the reference date

² As at 31 December 2019, TeamViewer had an undrawn credit facility of up to EUR 35 million

In August 2020, the TeamViewer Group amended the revolving credit and loan facilities maturing in 2024. While the syndicated loans denominated in euros and pound sterling remained unchanged, the volume of the syndicated loan denominated in U.S. dollars was reduced from USD 450 million to USD 340 million. By way of partial bridge financing the Group used USD 75 million of the revolving credit facility that had been increased from EUR 35 million to EUR 150 million for the early repayment of the USD loan. The interest margin was reduced by 25 basis points for all loans and by 50 basis points in the case of the revolving credit facility. In addition, the USD Libor floor was lowered from 1% to 0%. TeamViewer expects these measures to result in annual interest savings of around EUR 5.0 million starting in the fiscal year 2021. In addition, due to the measures the credit facilities are now unsecured. For the existing financial liabilities, starting from the end of 2020, the Group is obliged to make a mandatory repayment totalling at least 5% of the nominal value every year. The first repayment of EUR 23.8 million is due on 31 December 2020.

TeamViewer's **net financial debt**, defined as the sum of interest-bearing financial liabilities, current and non-current, less cash and cash equivalents, decreased to EUR 438.7 million as of 31 December 2020 (31 December 2019: EUR 545.6 million). Due to the leveraged free cash flow (FCFE) generated in the fiscal year under review and positive currency effects, the Group's debt was further reduced despite the acquisition of Ubimax GmbH.

The **leverage ratio** which puts the Group's net financial liabilities in relation to the adjusted EBITDA of the past twelve months, improved to 1.7x at the end of 2020, after 3.0x at the end of 2019. The decrease is attributable to the interplay of high net cash from operating activities and thus, a lower net financial debt, as well as a higher adjusted EBITDA.

Development of net financial debt

In EUR million	2020	2019
Current financial liabilities	82.1	34.3
Non-current financial liabilities	440.2	582.5
Cash and cash equivalents	(83.5)	(71.2)
Net financial liabilities	438.7	545.6
Adjusted EBITDA	261.4	182.1
Leverage ratio	1.7x	3.0x

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 management of market price risks, such as exchange rate and interest rate risks. The financing structure of TeamViewer is designed to preserve the Company's financial room for manoeuvre to enable it to take advantage of business and investment opportunities. This 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 leverage ratio covenants which are defined in the relevant loan agreements and are based on the ratio of net financial liabilities to pro forma EBITDA. (also see the explanatory notes on financial liabilities [page 129](#) of the consolidated financial statements).

Financial position of the Group

The following overview shows the key performance indicators of the financial position of the TeamViewer Group:

Development of financial position

In EUR million	2020	2019
Cash funds at the beginning of the period	71.2	79.9
Net cash from operating activities	224.5	143.6
Net cash used in investing activities	(110.2)	(20.9)
Net cash used in financing activities	(95.8)	(136.1)
Other changes	(6.2)	4.6
Cash funds at the end of period	83.5	71.2

Net cash from operating activities in the fiscal year 2020 amounted to EUR 224.5 million (2019: EUR 143.6 million), and thus increased by 56.4% over the previous year. This development results from a 41.7% increase in billings to EUR 460.3 million and a disproportionately small rise in operating expenses accounted for on a cash basis.

Net cash used in investing activities was EUR –110.2 million in the fiscal year 2020 (2019: EUR –20.9 million). Investments in property, plant and equipment and intangible assets rose to EUR 26.2 million (2019: EUR 16.6 million) and related primarily to the launch of a new ERP system (EUR 12.3 million) and the construction of the new head office (EUR 6.6 million). The takeover of Ubimax led to a net cash outflow of EUR 84.1 million during the fiscal year.

Net cash from operating activities (before income taxes) improved to EUR 258.0 million during the reporting year 2020 (2019: EUR 161.5 million) and the **levered free cash flow (FCFE)** to EUR 165.4 million (2019: EUR 77.1 million).

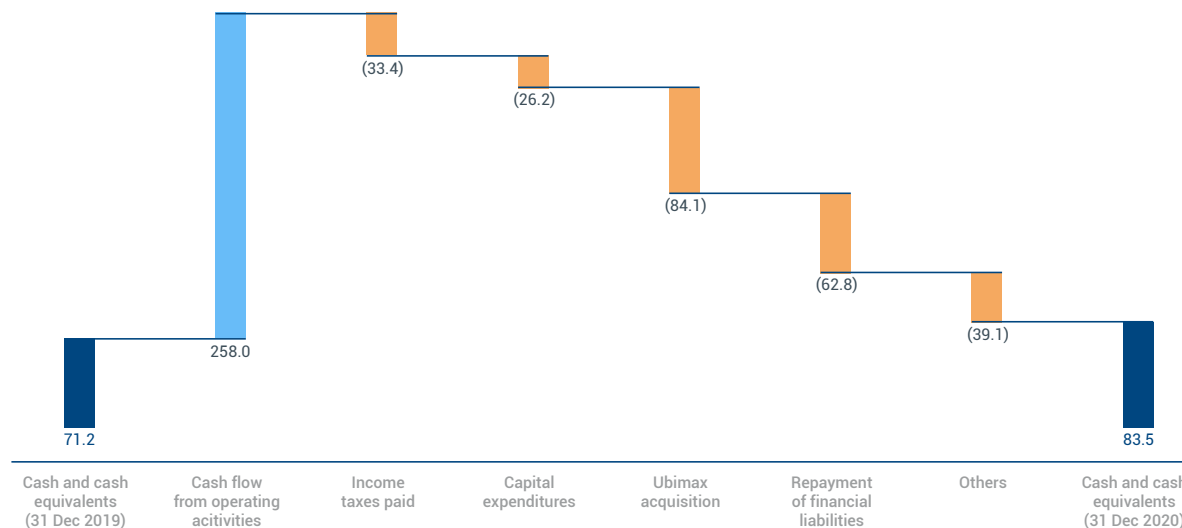
Cashflow development

In EUR million	2020	2019
Net cash from operating activities (before income taxes)	258.0	161.5
Income taxes paid	(33.4)	(17.9)
Investments in property, plant and equipment and intangible assets	(26.2)	(16.6)
Payments for the capital element of lease liabilities	(4.9)	(3.8)
Interest paid for borrowings and lease liabilities	(28.1)	(46.1)
Levered free cash flow (FCFE)	165.4	77.1
In % of adjusted EBITDA	63%	42%
In % of EBITDA	81%	41%

Net cash used in financing activities was EUR –95.8 million in the fiscal year 2020 (2019: EUR 136.1 million). The repayments of and proceeds from borrowings led to a net cash outflow of EUR 62.8 million (2019: EUR 86.1 million). In addition, interest payments in the fiscal year 2020 led to cash outflows of EUR 28.1 million compared to EUR 46.1 million in the previous year.

TeamViewer's **cash and cash equivalents** rose to EUR 83.5 million, as of 31 December 2020, after EUR 71.2 million at year-end 2019. The Group was able to continuously meet its payment obligations in the complete course of the fiscal year 2020.

Key financial performance indicators of the TeamViewer Group



In EUR million

General statement on the economic situation

The Management Board of TeamViewer AG evaluates business development and the Group's economic situation in the reporting year 2020 to be overall very positive. The forecasts for billings, revenue and adjusted EBITDA which had been raised during the year were all exceeded. Moreover, thanks to the remarkably high cash conversion rate, net debt was reduced despite the Ubimax acquisition.

At the same time, the Group continued to invest heavily in its growth initiatives in the fiscal year 2020. The number of employees rose by more than 400 over the year, while keeping a special focus on new hires in sales and research & development areas. In addition, with the takeover of Ubimax, TeamViewer has substantially expanded its portfolio of solu-

tions, particularly in the areas of the Internet of Things (IoT) and augmented reality (AR).

The Group will continue to move forward with its strategic growth initiatives in the current fiscal year. The first step in this regard was announced at the beginning of the year with the acquisition of Xaleon, a provider of customer engagement software solutions.

The COVID-19 pandemic has led to a further acceleration of global megatrends such as digital transformation, increasing process automation, IoT and working from anywhere. In the Management Board's view, TeamViewer is in an exceptionally favourable position to continue to benefit from these trends going forward.

05 Events after the reporting period

___ TigerLuxOne S.à r.l. reduces stake in TeamViewer under 20 % ___ Acquisition of Chatvisor GmbH ___ Issue of new promissory note loan to diversify debt capital financing

On 17 March 2021, the Management Board of TeamViewer AG approved the forwarding of these consolidated financial statements to the Supervisory Board. The Supervisory Board is responsible for reviewing and approving the consolidated financial statements at its meeting on 17 March 2021.

Permira Holdings Limited notified on 18 February 2021 that TLO's shareholding in TeamViewer AG had decreased to 19.97 % of the voting rights on 16 February 2021. TLO had sold 15.9 million shares in the Company to institutional investors and, in this context, subjected itself to a lock-up period of 90 days. As a result, no shareholder holds 20 % or more of the voting rights of the Company.

ACQUISITION OF CHATVISOR GMBH

On 18 January 2021, TeamViewer Germany GmbH acquired Chatvisor GmbH, Linz, Austria (hereinafter: Xaleon). With the acquisition of Xaleon, a leading provider of customer engagement software, TeamViewer expands its existing portfolio in the area of customer engagement. Xaleon's core product is a co-browsing technology that enables a special form of screen sharing in web sessions. This works without installation and without transferring user data, making the software fully GDPR-compliant. With its Engagement Suite, Xaleon offers a holistic solution for digital sales and customer service processes.

The acquisition of 100 % of the shares in Chatvisor was made by TeamViewer Germany GmbH, Goppingen. Please refer to our comments in the notes under ☐ 05_04 c) Company acquisitions in 2021.

TeamViewer acquires 100% of the shares in Xaleon. The purchase price will be paid partly in cash and partly via an earn-out clause. The cash portion in the lower double-digit million range will be financed entirely from TeamViewer's liquid assets.

ACQUISITION OF UPSKILL, INC.

The Group acquired 100 % of the voting shares of Upskill Inc. based in Newark (Delaware, USA) effective 26 February 2021.

Upskill is a provider of augmented reality (AR) solutions in the industry. Upskill's mission is to improve the way we work and has been pioneering the use of wearable technology in the workplace since 2010. Through its AR platform, Upskill connects professionals in many industries in real time with the critical information, data and tools they need to do their jobs more efficiently and effectively.

The acquisition of Upskill, Inc. was made by TeamViewer US, Inc. Please refer to our comments in the notes under ☐ 05_04 c) Company acquisitions in 2021.

TEAMVIEWER PLACES ESG-LINKED PROMISSORY NOTE LOAN

TeamViewer has issued promissory note loans in the total amount of EUR 300 million and with maturities between 3 and 10 years. With this transaction, the Company has broadened its maturity profile and diversified its debt financing. Attractive market conditions were used to further reduce TeamViewer's average interest costs. In addition, the interest margin of the promissory note loan is linked to Sustainalytics' ESG Management Score. This underlines TeamViewer's commitment to sustainability and creates a new incentive to further promote and embed sustainability in all business areas. An improved ESG rating reduces the interest burden and TeamViewer will use the money thus saved to further promote sustainable causes.

There were no further transactions of material significance after 31 December 2020.

06 Opportunity and risk report

___ Risk and control system as a key element of good corporate governance ___ No risks identified that could jeopardise the Group's continued existence ___ Growth opportunities for the Group are based on numerous technological and social trends

MATERIAL OPPORTUNITIES

Various technological and societal trends provide growth opportunities for the TeamViewer Group. The Management Board of TeamViewer AG has identified the following opportunities in particular:

Opportunities through omnipresent connectivity

TeamViewer sees the global expansion of broadband internet (5G) as an opportunity to connect more devices through its products. The increasing proliferation of mobile endpoints such as smartphones and tablets in conjunction with the progressive introduction of IoT technology in commercial and industrial applications is leading to a sharp increase in devices and endpoints. The market research institute IDC estimates the number of connected Internet of Things endpoints will grow to more than 40 billion by 2025.

In addition, businesses are increasingly making it possible for their employees to use private devices for business purposes. The growth of a heterogeneous device landscape leads to a corresponding need for connectivity solutions to connect, operate and manage these devices.

Robotics and automation

The Management Board of TeamViewer AG sees opportunities in the expansion of the IoT product portfolio, particularly in the areas of robotics and the automation of industrial work steps. The Ubimax acquisition significantly expands the product portfolio for companies in the areas of Industry 4.0 and IoT and provides a platform for other industrial solutions. In the future, the integration of any devices into an IoT platform, its connection to production and customer inventory software together with the analytical conclusions that can be drawn, will play a key role both in production-related areas but also in other branches of industry.

The TeamViewer Group sees digitisation and the associated increase in productivity within the entire value chain – from logistics and manufacturing to maintenance and repair – as a great opportunity. TeamViewer's Frontline product can increase the speed and efficiency of processes while reducing the frequency of errors.

Environmental matters

Environmental concerns and the need to reduce greenhouse gases are becoming increasingly important for companies and state organisations. This is illustrated, for example, by the commitment made by the EU as part of the Paris Climate Agreement to achieve a 40% reduction in CO₂e emissions compared to 1990 by the year 2030.¹ TeamViewer's connectivity solutions can contribute to reducing emissions by facilitating interactions between people and by controlling and managing devices remotely, thereby reducing travel activity. From the Management Board's point of view, this product characteristic results in further growth opportunities for the TeamViewer Group.

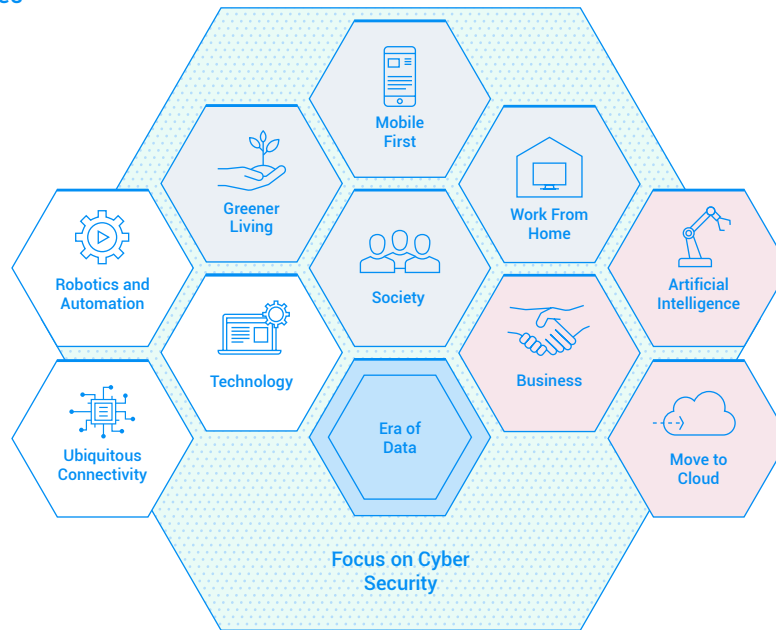
¹ European Commission: https://ec.europa.eu/clima/policies/strategies/2030_en

Mobile first

With the widespread use of smartphones, access to company software via mobile end devices is steadily increasing. The trend towards a mobile software solution is intensified by factors such as the integration of the young, digitally native generation in the world of work, the continuing spread of smartphones worldwide, the improvements in connectivity, for example through the 5G network, and the focus of many development teams on mobile applications.

TeamViewer considers itself to be ideally positioned in this respect and will continue to expand its offerings for mobile end users. One example here is the systematic further development of the TeamViewer Pilot solution which supports, especially, technical experts in the field of mobile endpoints by connecting them with specialists through virtual enhancements. Equally, Ubimax relies to a great extent on digitally supported glasses for its solutions to enable the user in the field to keep both hands free.

Material opportunities



Working from home

Changes driving the modern way of working, characterised by a workforce that is increasingly diverse in geography yet flexible, are seen as a further opportunity for

the Group. According to a study by the International Workplace Group¹, 50% of employees worldwide work outside of their office location two-and-a-half days a week. This means that companies are increasingly enabling their employees to

access company data and devices remotely and to connect with colleagues, teams and third parties. This creates room for TeamViewer to offer its connectivity solutions. The support and management of devices also constitute a growing challenge for the IT departments of companies. Here, too, there are opportunities for TeamViewer's connectivity solutions to enable the central support and management of a device landscape that is spread across the world, thereby saving costs while gaining additional efficiency.

In the wake of the pandemic, companies have had to adapt to new challenges and increasingly shift to a digital workplace to ensure business continuity. The "new normal" is also shaping the world of work and is increasingly confirming the trend towards more flexible workplaces. With its product offering, TeamViewer sees itself well positioned to benefit sustainably from this trend.

Artificial intelligence

The Management Board of TeamViewer AG sees an opportunity in the development of data collection and structuring as artificial intelligence has become a standard requirement for successful businesses. With its product portfolio, TeamViewer sees itself as facing the challenge to establish innovative processes.

¹ IWG: <https://www.iwgplc.com/global-workspace-survey-2019>

RISK MANAGEMENT, INTERNAL AUDIT AND INTERNAL CONTROL SYSTEM

Risk management

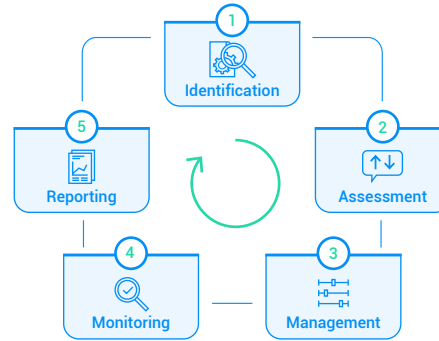
The TeamViewer Group seeks to continuously develop its products and adapt them to market and customer requirements, thereby facilitating a continuous improvement of its market position. Both the systematic identification and taking advantage of opportunities and the targeted controlling of risks are fundamental to TeamViewer's success. The Company has implemented a risk management and control system to ensure the early detection, assessment, and controlled handling of potential risks. The risk and control system is considered one of the key elements of good corporate governance.

Risk management system

The further development of the risk management system has been ensured.

Implementation of the TeamViewer risk management system has been based on the Enterprise Risk Management Standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on audit standards PS 340 and PS 981 of the Institute of Public Auditors in Germany (IDW). It solely covers Group risks. The risk management system comprises the following elements:

Risk management system



Aim of the risk management system

The risk management system seeks to provide the Management Board with an overview of risks and to support the decision-making process at a strategic and operational level. The risk management system has been designed to

identify potential risks early on, to evaluate and mitigate them comprehensively through thoroughly designed controls and measures.

Identification and monitoring of risks

Risks are identified in a semi-annual cycle by the risk manager working in collaboration with the respective risk officers. In addition to providing regular reporting, the risk officers must examine the risks on an ongoing basis. Additional ad-hoc reporting has been implemented so that the Management Board and risk manager are informed of current risk events in a timely manner.

Assessment of risks

All identified risks are assessed semi-annually, dependant on the probability of their occurrence and the potential impact on the Company's reputation and compliance while achieving its financial and nonfinancial corporate goals. The individual risks are assessed and classified using the following matrix:

Risk assessment matrix

Probability of occurrence		Impact				
Description	Scale	1 Marginal	2 Minor	3 Moderate	4 Significant	5 Major
Certain	5	Medium	High	High	Major	Major
Probable	4	Medium	Medium	High	High	Major
Likely	3	Low	Medium	Medium	High	High
Possible	2	Low	Low	Medium	Medium	High
Unlikely	1	Low	Low	Low	Medium	Medium

For financial impacts, the following value limits apply for classification into the five levels:

Risk value limits

Scale	1	2	3	4	5
Category	Marginal	Minor	Moderate	Significant	Major
Financial (in EUR million)	< 0.5 Adjusted EBITDA	0.5 – 3 Adjusted EBITDA	3 – 5 Adjusted EBITDA	5 – 20 Adjusted EBITDA	> 20 Adjusted EBITDA

The assessment takes place on both a gross and a net basis. The gross basis shows the risks before considering all mitigating measures and controls. The net risk refers to the remaining risk after evaluating all risk-mitigating measures

and controls. In the past fiscal year, the TeamViewer Group decided to reduce the effectiveness categorisation of controls and measures from five to three levels. The resultant changes are outlined in the following sketch.

Risk control stages

Effectiveness of measures/controls	Risk			
	Low	Medium	High	Major
Inexistent	Low	Medium	High	Major
Partially effective	Low	Medium	High	Major
Effective	Low	Low	Medium	High

The following risk report explains the risks which, on a gross basis, may have a major or high impact on the Group.

Management

The Risk Officer is responsible for ensuring that suitable risk-mitigating measures and controls are developed and implemented within their area of responsibility. The Risk Officer analyses the responses in relation to their impact on the risk consequences and probabilities, conducts a cost-benefit analysis, evaluates the available resources, existing controls and measures in comparison to potential opportunities. Depending on the type of risk, different strategies such as risk acceptance, avoidance, mitigation, or transfer of risk to third parties are applied.

Reporting

The Management Board and the Senior Leadership Team are informed of the Group-wide risk situation, especially of the major risks and changes in the risk evaluation, on a semi-annual basis. Ad-hoc reports are presented to the Risk Steering Group, which consists of the Management Board, the Risk Manager, and the Risk Officer of the division in question.

Together with the Management Board, the Risk Manager informs the Audit Committee about risk management and existing risks at regular intervals.

Accounting-related Internal Control System

The accounting-related Internal Control System seeks to identify, assess and control all risks which may have a material impact on the due and proper preparation of the annual and consolidated financial statements. The following elements are covered with the control system:

- ↳ Functions which are material for the accounting process are separate and responsibilities are clearly assigned
- ↳ Statutory amendments and new accounting standards are analysed at regular intervals
- ↳ Financial statements across the Group are prepared using standard accounting policies and the principle of dual control is observed in all relevant processes
- ↳ Material assets are subjected to regular impairment tests
- ↳ The administration of accounts receivable and accounts payable, as well as internal recharging within the Group are managed centrally
- ↳ The individual companies are consolidated centrally using standard consolidation software; the data received is subject to random checks
- ↳ The reporting figures are reviewed every month as part of monthly reporting
- ↳ As a rule, the IT systems used in the accounting process are protected against unauthorised access through the issue of corresponding authorisations
- ↳ Invoice-relevant measures are covered in the risk management system and in the Internal Control System

- ↳ The Code of Conduct moreover describes the principles of correct and responsible action with respect to financial reporting; a corresponding set of policies has been implemented

The Internal Control System is a crucial element of corporate governance within the TeamViewer Group and seeks to ensure full and correct financial and other reporting. Based on the risks outlined in the Risk Management System, the Internal Control System ensures that the financial risks are mitigated by means of relevant controls.

Internal Audit

Internal Audit is an active part of TeamViewer Group's corporate governance. It ensures that internal processes and organisational structures are audited and legally compliant, appropriate and economically efficient. It also seeks to create added value for the TeamViewer Group by assessing the effectiveness and efficiency of business processes.

Internal Audit reports directly to the Management Board and the Audit Committee and operates worldwide. Together with the Management Board, the divisions and issues to be analysed for a fiscal year are defined and submitted to the Audit Committee, which approves the annual audit programme. The Audit Committee is kept regularly informed of the projects.

MATERIAL RISKS

The TeamViewer Group subdivides its risks into strategic, operational, compliance-related, and financial risks. An overview of these risk categories follows below, including a detailed description of the risks deemed significant or high by the Company. The other risks are summarised in an overview. Risks classified as at least significant or high in the previous year and which were given a lower classification during the reporting year are shown in the following overview for illustrative purposes.

In the fiscal year 2020, the Group further expanded the risk analysis and risk classification, resulting in changes compared to the prior year. Risks have been reclassified, summarised, and subdivided into four main headings: strategic, operational, compliance-related, and financial. This is designed to allow a simplified presentation and better categorisation of risks.

The risks were aggregated in the following overview which lists the highest assessed risk within a risk group.

Risk assessment

	Group risk assessment (gross risk)	Group risk assessment (net risk)	Trend ¹
Strategic risks			
Macroeconomic risks			
General macroeconomic environment	High	High	→
Coronavirus pandemic	High	High	↗
Geopolitical environment	Significant	Significant	→
Competitive environment	High	Significant	→
Operational risks			
Product risks	Significant	Significant	↗
Product and IT security	High	High	↗
Distribution risks	Significant	Significant	↗
Migration of the heterogeneous IT system landscape	Significant	Significant	↗
Personnel risks	Medium	Medium	↘
Compliance-related risks			
General legal and regulatory risks	Significant	Significant	↗
Data protection	Significant	Significant	↗
Corporate governance risks	Medium	Medium	↘
Financial risks			
Foreign currency risk	High	Significant	→

¹ Trend: Net risk level compared to the prior year

Legend:

Lower net risk ↘

Unchanged net risk →

Higher net risk ↗

Strategic risks

TeamViewer interprets strategic risks as all risks resulting from following the strategic direction of its business model. This may include risks which result from the market setting or the Group's internal strategic direction.

Internal strategic risks²

In terms of the internal strategic risks, TeamViewer differentiates between those produced by the structure and decisions of management and the ones entailed by the strategic direction and development of the business model. This includes risks from planning and resource allocation, as well as communication and investor relations risks. The Group's internal strategic risks overlap extensively with other risk categories due to the fact that fundamental decisions or assessments of business policy can have a major effect on the Group's overall risk situation and impact TeamViewer's exposure to external influences.

External strategic risks

TeamViewer interprets external strategic risks as the risks resulting from the market and competitive environment in which the Group operates. The following risks are worth highlighting.

² Supplementary to the presentation of significant/high risks, for the sake of completeness

Macroeconomic risks*General macroeconomic environment*

The development of TeamViewer is influenced by macroeconomic developments and the general business climate. An economic downturn might result in a decline in product subscriptions, longer sales cycles, increased price competition and problems recruiting new customers, which could lead to a drop in revenue volume and profitability for TeamViewer. Small and medium-sized businesses, which account for most of TeamViewer's customers and customers in emerging markets in the Latin American and Asia/Pacific region with fluctuating economies, are especially susceptible to macroeconomic changes. To counter this risk, TeamViewer closely monitors the different regional markets and offers market-specific solution portfolios meeting the requirements of the respective markets.

Coronavirus pandemic

TeamViewer considers the risk of potentially negative effects of the coronavirus pandemic to be high. The coronavirus pandemic poses considerable general, health and macroeconomic challenges for businesses as a whole and the TeamViewer Group in particular. Although TeamViewer has so far largely been able to minimise the health risks to its employees, thanks to working from home options and the introduction of on-site shift work, the Group cannot rule out the possibility of health-related employees absences and the associated consequential economic damage in the future. The medium- to long-term macroeconomic effects on customer behaviour are also challenging to assess precisely.

Geopolitical environment

As part of its growth strategy, TeamViewer intends to continue expanding its geographical presence, including its sales and marketing activities. Business activities are influenced not just by external market factors such as economic trends but also by political and fiscal changes. In particular, the expansion of business activities in emerging markets such as China may entail increased political risks for TeamViewer.

In terms of billings, the United States was TeamViewer's largest single geographical market in the past fiscal year in terms of billings. The TeamViewer Group has its own sales and marketing organisation in the United States which generates a significant portion of consolidated earnings. Political and macroeconomic developments in the United States may trigger uncertainty to a particular extent and have a negative impact on the investment decisions of TeamViewer's customers.

Competitive environment

The Group sees a particular risk in the competitive environment. Increasing competition from existing competitors and/or the emergence of new competitors could lead to increased price pressure, reduced margins, and the loss of market share. A high risk arises particularly when one of the major international software providers decides to expand its own products and solutions offering in such a way that it increasingly overlaps with TeamViewer's solutions portfolio. In addition, there is a risk of increased price pressure due to the emergence of new competitors, especially in the low-price segment. TeamViewer is closely monitoring the current market developments, at the same time maintaining close rela-

tions with the leading software firms. The Group is also making substantial investments in the continuous deepening and broadening of its solutions portfolio to set itself apart from competitors on a long-term basis.

Operational risks

TeamViewer defines operational risks as all risks associated with business operations such as product, product safety, distribution, and infrastructure.

Product risks

Damages and interruptions may occur in the infrastructure used by TeamViewer and in the infrastructure made available by third-party providers. The damage or failure of the infrastructure could lead to data losses and disruptions or delays in the services provided by the Group. Internal processes have been established by TeamViewer to avoid such failures and disruptions, and remedy them as quickly as possible.

TeamViewer's software enables endpoint connectivity across a wide range of different operating systems. Updates and further developments of these operating systems as well as the introduction of new operating systems may result in the full or partial malfunction of TeamViewer's software solutions. This could have a negative impact on customer relationships and lead to a loss of TeamViewer's reputation. To counter this risk, the Group's R&D department is constantly monitoring updates to operating systems and is also in close contact with TeamViewer's customer support service to remedy any software malfunctions immediately.

Due to the rapidly changing markets for IT, the IoT and software, a general risk exists that TeamViewer's innovative advantage in comparison with its competitors is lost. If the Group's product development fails to meet market expectations with regard to new trends and innovations and that, as a result, the Group's products lose their appeal, the loss of customers to competitors is possible. To understand market expectations and respond promptly to them, TeamViewer constantly incorporates customer feedback in the product development. Moreover, TeamViewer uses agile software development methods to allow it to respond more quickly to changes.

The software which underpins TeamViewer's products is complex and may include material faults or shortcomings, especially when new products are launched or new functions or options are unlocked. The costs incurred during the analysis, correction or remedy of material software faults or shortcomings may be applicable. Although TeamViewer frequently issues software updates, it may not be able to remedy vulnerabilities or errors promptly or in full, which could harm the Company's competitive position to a certain degree. Actual, potential, or perceived shortcomings may lead to disruptions in the availability of the software and result in lost or delayed market acceptance and sales, forcing TeamViewer to reimburse customers, or lead to liability claims in another way. Liability may also result from the continuing use of older versions of the TeamViewer software by customers.

The assessment of product risks has increased over the past fiscal year on account of changes made to the assessment matrix of controls. This is solely attributable to the changes made to the assessment process and does not entail any substantial changes for the Group.

Product and IT security

The TeamViewer business model comprises the provision of solutions that offer end users secure remote access to devices and networks (remote connectivity) and enable them to process customer data or information. Any unauthorised access, network disruptions, denial of service (an attack designed to prevent legitimate users from accessing the services) or similar malicious third-party influences have the potential to adversely affect the integrity, continuity, security and trust in the software, services or systems of TeamViewer or its customers. This may result in cost-intensive legal disputes, significant financial liabilities, increased regulatory controls, financial sanctions, and a loss of trust in TeamViewer's products. Existing or potential customers may, thus, opt for other IT solutions instead. Cyberattacks are becoming ever sophisticated and increasingly originate from highly professional parties. Cloud-based platform providers of products and services and product offerings in remote connectivity are rapidly becoming attractive targets for such cyberattacks. Alongside traditional cyberattacks such as computer hacking, malicious code (e.g. viruses or worms), theft or misuse by employees and denial-of-service attacks, TeamViewer is also seeing cyberattacks by highly professional and financially well-endowed players, often state-affiliated or politically motivated. Attacks may aim to damage TeamViewer and its

users or they may form part of external or internal spying activities or acts of sabotage. Already the rumour of unauthorised access or supposed security vulnerabilities may have a significant impact on TeamViewer's reputation and the future development of its business. TeamViewer's security team focuses on steadily improving the protection of its products and the underlying infrastructure. To this end, various measures have been taken to identify and prevent cyberattacks and attempts at unauthorised access to TeamViewer's networks and servers at an early stage. Potential risks are regularly assessed through threat modelling, penetration tests, risk classifications, testing and threat profiles. A security operations centre (SOC) monitors the IT and product infrastructure 24/7 to identify potential attacks immediately. In addition, the internal security structures are regularly reviewed and, where necessary, adjusted by internal and external parties. Switching off older product versions which no longer comply with current security standards is another security measure.

There is also the risk that TeamViewer's products will be misused for unauthorised purposes such as employment of the product in connection with malware or for fraudulent business models. This may lead to reputational damage for TeamViewer or, for example, result in the product being barred from specific distribution channels. The product security measures described above also constitute risk-mitigating measures for these events. TeamViewer is, furthermore, working together with external specialist bodies to identify suspected cases early on and to take adequate security measures.

The risk assessment of the product and IT security areas increased over the past fiscal year due to the changes in the assessment matrix of controls. This is solely attributable to the modifications made to the assessment process and do not entail any substantial changes for the Group.

Sales risks

To a considerable extent, TeamViewer's success is dependent on its ability to gain new customers and to maintain and expand its business relationships with existing customers. There is a risk that customers will not renew their licence at the end of their subscription period, that they will cancel it or reduce its extent. TeamViewer seeks to counter this risk through various measures, especially through specific regional sales strategies and the targeted use of sales partners. However, it is not possible to ensure an ongoing customer relationship and continuous expansion of the use of TeamViewer's product by existing customers in every case. A net retention rate of nearly 100% in each of the past few years is proof of a prominent level of customer retention and thus of the success of the Group's sales measures.

The Group's sales risks vary by region and are very high in regions with unstable underlying economic and political conditions such as Asia and Latin America, in particular. As well as other factors, TeamViewer's growth strategy is based on the expansion of customer relationships in such regions. In these countries, TeamViewer is thus exposed to risks associated especially with business operations in emerging markets. The Group counteracts these risks through the continu-

ous expansion of its regional sales structures in order to meet each market's specific requirements.

Migration of the heterogeneous IT system landscape

Many of TeamViewer's operational processes, including administration, personnel, and accounting which depend to a particular extent on the due and proper functioning of its IT infrastructure and other related systems, are currently in the process of being switched to a new application landscape which most importantly includes a new enterprise resource planning (ERP), customer relationship management (CRM) and e-commerce system. TeamViewer is switching from a fragmented ERP landscape to a more integrated version on the basis of Microsoft Dynamics 365 together with specific additional modules and applications. Problems during migration might have a significant effect on TeamViewer's operations, especially in respect of the placing of orders and invoicing. TeamViewer is countering this risk through intensive test phases prior to every roll-out and by training the users affected and supporting them with the help of global key users.

The assessment of sales risks has increased due to the change in the assessment matrix of controls in the past fiscal year.

Compliance-related risks

TeamViewer understands compliance-related risks to mean all legal and regulatory risks together with corporate governance risks.

General legal and regulatory risks

TeamViewer defines general legal and regulatory risks as those resulting from infringements of the legal basis and from contractual obligations. TeamViewer is exposed to a large number of different laws and underlying legal conditions in different jurisdictions, including those which regulate Internet use, privacy, data protection, IT security, consumer protection and conditions underlying the labour market. These underlying legal provisions are subject to change and may have a substantial impact on TeamViewer's business activities or their expansion into new areas of business.

Due to the continuous widening of its customer base and sales models, TeamViewer is exposed to contractual liability risks and production requirements of enterprise customers to an increasing extent. This may lead to deviations from the standard end user licence agreement, the negotiation and ongoing checking of which may tie up significant resources at TeamViewer and delay the sales cycle. Furthermore, their technical integration into the operational requirements of major customers is often complex and necessitates individually agreed development work which must be able to function in customers' operating systems. Breaches of contractual obligations may lead to liability claims by customers in respect of damages suffered and reputational damage. To minimise such risks where possible, TeamViewer's legal department releases enterprise agreements and service level agreements to in-depth scrutiny prior to their conclusion.

TeamViewer offers its products to many customers all over the world, often without personal contact and via the Internet. This entails the risk of a breach of sanctions or export control restrictions. Such breaches may result in the payment of penalties, legal consequences, and reputational damage. TeamViewer has established comprehensive compliance mechanisms to counteract this risk.

The assessment of general legal and regulatory risks increased in the past fiscal year due to the change in the controls assessment matrix. This is solely attributable to the changes made to the assessment process and does not entail any substantial changes for the Group.

Data protection

Awareness of the need to protect personal data has grown steadily in recent years. Although the EU General Data Protection Regulation (GDPR) now provides a solid legal basis, to date no fully uniform legal interpretation and application by the competent authorities has been established. Alongside the GDPR, various national laws in countries outside Europe must be observed and harmonised with German and European requirements. The violation of these national provisions may entail the imposition of fines and conditions and lead to reputational damage. Due to the comprehensive territorial reach of the GDPR, extraterritorial application of obligations and thus tighter regulation may result as would be the case for businesses based outside the EU (for example, the United States). This may lead to competitive disadvantages for TeamViewer.

TeamViewer considers the protection of personal data to be a key factor in ensuring the trust and satisfaction of its customers. For this reason, the Group attaches the greatest importance to data protection, data minimisation, privacy, and transparency, and it protects its infrastructure, the accessibility of accounts and its products and data with suitable solutions. TeamViewer has also established a comprehensive internal infrastructure together with a corresponding organisation, responsibilities, and processes to ensure compliance with data protection legislation.

The assessment of data protection risks increased in the past fiscal year due to the change in the controls assessment matrix. This is solely attributable to the changes made to the assessment process and does not entail any substantial changes for the Group.

Financial risks

TeamViewer defines financial risks as all risks resulting in connection with financing, accounting, reporting and taxes.

Foreign currency risk

TeamViewer transacts business in around 180 countries and more than 40 currencies. In particular, the billings denominated in U.S. dollars contributed a considerable share to Group billings and revenue in the 2020 fiscal year. Any changes in the exchange rate of these currencies against the euro thus harbour a currency risk for the Group. TeamViewer used derivative financial instruments to hedge the USD currency risk. The valuation of USD and GBP bank loans at the current exchange rates constitutes a foreign currency risk which runs counter to billings in these currencies.

The reporting currency of the TeamViewer Group is the euro. The TeamViewer subsidiaries report in different currencies, including the U.S. dollar, pound sterling, Australian dollar, Japanese yen, Indian rupee, Singapore dollar and Armenian dram. The income and expenses of the foreign subsidiaries are converted into euros at the average exchange rate applicable during the period.

Overall analysis of risks

The Management Board is convinced that the identified risks do not currently, individually or taken together, threaten the existence of the Group or one of its material subsidiaries.

07 Outlook

___ Billings growth in a range of 29 % to 33 % ___ Adjusted EBITDA margin in a range of 55 % to 57 % ___ Continued significant investments in sales, marketing and R&D


EXPECTED MACROECONOMIC AND INDUSTRY-SPECIFIC SITUATION

For 2021, the IfW projects a sharp rise in global output of 6.1% following a slump of 3.8% recorded in 2020 (2019: +3.0%). This forecast relies on the assumption that the vaccination programmes will be implemented speedily and across the whole society, as expected, and that as the wave of infection subsides and the measures taken to curtail the pandemic are scaled back, this will lead to a revival of economic activity. For the European Union, the IfW expects an increase in GDP of just under 5% in 2021, followed by growth of around 4% in 2022. In the United States, where the government has launched comprehensive programmes to support the economy, GDP is expected to grow at a rate of 3.7% and 3.5%, respectively, over the next two years.

In the markets for digital transformation and SaaS which are relevant for TeamViewer, there are signs that the positive developments seen in 2020 will continue in 2021. Thus, the market research institute IDC projects a compound annual growth rate (CAGR) of +17.1% to a market volume of USD 2.3 trillion for the digital transformation market by 2023.¹ A similar trend is also emerging on the SaaS market, where market research institute Gartner projects a year-on-year

growth rate of +14.7% for 2021.² The market for connectivity platforms is also expected to generate substantial double-digit growth over the coming years. Hence, McKinsey and Company forecasts annual growth (CAGR) of +24% to a market volume of EUR 30.2 billion in 2023.³

FUTURE DEVELOPMENT OF THE GROUP

In the fiscal year 2021, TeamViewer plans to further pursue the strategic direction it has taken and continue its profitable growth along three strategic dimensions (see also chapter on strategy  on page 20); namely, an expansion of use cases, an expansion of customer segments and geographic expansion. It is thus projecting a further substantial increase in billings and adjusted EBITDA for the fiscal year 2021. This assessment relies on the assumption of a persistently solid economic setting and stable exchange rates between the euro and the most important foreign currencies for the Group, particularly the USD. The COVID-19 pandemic influenced earnings planning positively in that the existing trends toward digitalisation were accelerated. However, the further course of the pandemic and its impact on future earnings targets cannot be forecasted accurately.

Building on a very strong development in 2020, TeamViewer expects to keep its growth momentum in 2021 supported by global megatrends around digitalisation, connectivity and sustainability.

The Company expects constant currency billings growth of 29% to 33% in 2021, including the contributions from recent acquisitions. Due to exchange rate headwinds, primarily related to the weaker US dollar, reported billings are expected in a range between EUR 585 million and EUR 605 million (2020: 460.3 million) with quarterly growth rates between 20% and 40% (yoy). This assumes a US dollar exchange rate of 1.20 per EUR and broadly stable other currencies. Full-year revenue is expected to be in a range between EUR 525 million and EUR 540 million (2020: EUR 455.6 million). From 2022, revenue growth is projected to be in line with billings growth. In terms of operating profitability, the Company expects an adjusted EBITDA margin of 55% to 57%.

OVERALL ASSESSMENT OF FUTURE DEVELOPMENT

The Management Board is confident that the TeamViewer Group will be able to build on the strong fiscal year 2020 and expects another positive business performance for the fiscal year 2021.

¹ IDC: <https://www.idc.com/getdoc.jsp?containerId=prUS45612419>

² Gartner: <https://www.gartner.com/en/newsroom/press-releases/2019-11-13-gartner-forecasts-worldwide-public-cloud-revenue-to-grow-17-percent-in-2020>

³ Growing Opportunities in the Internet of Things, McKinsey & Company, 2019

08 Remuneration report

___ Remuneration structure aligned to sustainable business development ___ Remuneration includes fixed annual base salary and two variable compensation components ___ Malus and clawback conditions anchored

The remuneration report describes the basic principles of the remuneration system for members of the Management Board and Supervisory Board and the amount of the individual remuneration the members of TeamViewer's corporate bodies received or were granted in the 2020 reporting year. The report complies with statutory requirements and the recommendations of the GCGC as amended on 16 December 2019.

PRINCIPLES OF MANAGEMENT BOARD REMUNERATION

The structure and size of TeamViewer AG's Management Board remuneration decided on by the Supervisory Board meets the requirements of the German Stock Corporation Act (AktG). In particular, the remuneration structure is geared to sustainable corporate development and considers the tasks and performance of the members of the Management Board as well as the Company's economic situation, its success, and prospects. Prior to determining the amount of remuneration, an independent external remuneration advisor assessed whether the remuneration was appropriate and in line with market practice, while considering the peer environment. In order to assess the appropriateness of the remuneration within the Company, the Supervisory Board has in particular considered the ratio of the remuneration of the Management Board to the remuneration of the senior management and the workforce as a whole and the development of this comparison over time. For the purpose of this comparison, the

Supervisory Board has determined how the upper management circle and the relevant workforce are to be delimited.

OVERVIEW OF THE REMUNERATION SYSTEM

In addition to a fixed basic annual salary, the remuneration of Management Board members includes two variable components, the STI bonus and LTI (according to the conditions of the applicable long-term incentive plan for Management Board members of the Company (LTIP)), and additional fringe benefits. The long-term variable remuneration component (LTI) seeks to adjust the remuneration of the Management Board members to the Company's long-term developments and successes. The approval of the remuneration system for Management Board members to be submitted by the Supervisory Board ("say on pay") which is required by the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrichtlinie – ARUG II) is planned for the Annual General Meeting 2021.

Fixed remuneration

The members of the Management Board receive a fixed basic annual salary in cash, payable in equal monthly instalments, which for Mr Steil came to EUR 900,000 (gross) p. a. during the reporting year, and for Mr Gaiser to EUR 550,000 (gross) p. a. during the reporting year.

Performance-based variable remuneration

In addition to their fixed annual salary, the Management Board members are entitled to the opportunity to receive an STI bonus which is dependent on the Company's annual success and an additional LTI according to the applicable LTIP.

Short-term variable remuneration/STI bonus

Starting with the fiscal year 2020, the Management Board members can receive a variable annual bonus payable in cash that is subject to the achievement of specific financial (using billings-based performance targets and/or adjusted EBITDA targets) and nonfinancial corporate goals, which are set prior to the start of the fiscal year by the Supervisory Board following a previous discussion with the respective Management Board member. The calculation of the STI bonus is additionally based on specific penalty and clawback criteria which may result in the reduction or complete loss of the STI bonus.

If the target achievement is 100% (and no penalty or clawback criteria apply) the STI bonus (target STI) for Mr Steil is EUR 900,000 (gross) and for Mr Gaiser EUR 500,000 (gross). The STI bonus is limited to a maximum of 200% of the target STI bonus. If the employment contract starts or ends during a year, the STI bonus is calculated on a pro rata temporis basis for the period of the employment relationship in the fiscal year in question, whereby the target achievement is determined based on the originally set parameters and the bonus is paid out at the regular due date. The STI bonus, if a claim to such a bonus exists, will be due for payment six weeks after the adoption of the annual financial statements.

In 2020, the performance targets for billings were EUR 434 million and for adjusted EBITDA EUR 245 million, which were exceeded by 180% and 200%, respectively. The other targets set by the Supervisory Board were also almost completely exceeded by the two members of the Management Board, so that the Supervisory Board decided to pay out the STI for the 2020 fiscal year at the maximum amount of 200% of the target value. This is in line with the exceptional performance of the two Management Board members and the excellent business performance in 2020.

On 3 February 2021, the Supervisory Board has set the target values for the STI bonus 2021. In addition to the targets for billings and adjusted EBITDA in the 2021 fiscal year, it set six individual targets for each Executive Board member, which explicitly include ESG criteria (such as the improvement of the Company's ESG scores and the hiring and development of a top-class female leadership group).

Long-term variable remuneration (long-term incentive/LTI)

The Management Board members participated in the applicable LTIP beginning with the fiscal year 2020 for the first time. A new assessment period (performance period) begins with every fiscal year pursuant to the terms of the applicable LTIP, following the expiry of which the target achievement of specific pre-defined targets is measured. The first and current LTIP applies to the fiscal year 2020 with the performance period 2020–2023.

The Supervisory Board determines the terms of the LTIP for every performance period at its discretion. If the Supervisory Board decides not to review the LTIP terms, the terms of the current LTIP continue to apply during the next performance period.

The terms of the current LTIP provide for the allocation of a tranche of virtual shares (performance shares) at the start of the first fiscal year of the performance period 2020–2023. The initially allocated tranche of performance shares serves as a basis for the subsequent calculation of a potential LTIP payout, considering the performance measurement/target achievement following the expiry of the four-year assessment period. The initial number of allocated performance shares in a tranche generally follows from a grant value that has been confirmed to the Management Board member, divided by the average closing price of the Company's shares over the 60 trading days preceding the performance period (commercially rounded to full performance shares). By contrast, for the first performance period 2020–2023, the initial number of

performance shares corresponds to the grant value (which has been confirmed to the Management Board member in question) divided by the placement price of the shares in connection with the Company's IPO (commercially rounded to full performance shares).

The grant value is EUR 1,000,000 for Mr Steil and EUR 550,000 for Mr Gaiser.

Upon the expiry of a performance period, a degree of overall target achievement is established for the performance targets that were determined by the Supervisory Board before the start of the performance period.

Based on the currently applicable LTIP, the final number of performance shares is calculated at the end of the performance period by multiplying the initial number of performance shares by the degree of overall target achievement. The degree of target achievement is calculated using the degree of target achievement of the individual targets which the Supervisory Board has set for the relevant performance period. In the context of the initially applicable LTIP for the performance period 2020–2023, the targets should comprise at least (i) one long-term financial target, (ii) one nonfinancial strategic target and (iii) one target which is based on the share price/the stock yield.

For the fiscal year 2020, the Supervisory Board set the following remuneration target components:

Remuneration components for the Management Board

	Weighting	Conditions
1. Long-term financial target	30 %	50 %: Average billings growth 2020–2023 ¹ 50 %: Average EBITDA growth 2020–2023 ¹
2. Nonfinancial strategic target	20 %	100 %: Net promoter score (surveyed externally)
3. Target based on share price/stock yield	50 %	50 %: Stock yield relative to STOXX® 600 Technology 50 %: Stock yield relative to MDAX®

¹ Average of four annual growth rates 2020 to 2023

For the fiscal year 2021, the Supervisory Board has supplemented 50 % of the nonfinancial strategic target to include an ESG-based remuneration component.

At the start of every performance period, the Supervisory Board sets a requirement for each of the at least three performance targets. If they are fulfilled, the target achievement is 100 %. The Supervisory Board moreover determines for every performance target – where possible – a minimum value as the lower end of the target corridor which, if reached, results in a target achievement of 50 % (minimum value) and a maximum value which, if reached or exceeded, results in a target achievement of 200 % (maximum value). If the figure which has been achieved with respect to a performance target falls below the minimum value, the target achievement for this performance target is 0 %. If the figure achieved matched against a performance target reaches or exceeds the maximum value, the target achievement is 200 %.

The payout amount is calculated by multiplying the final number of performance shares for the performance period by the average closing prices of the Company's shares on the last 60 trading days before the end of the performance period. If the share price remains unchanged and the target achievement totals 100% (without penalty or clawback criteria applying), the payout amount of the LTI would thus correspond to the original grant value. The maximum payout of an LTI tranche (before considering penalty or clawback criteria), in principle, cannot exceed 200% of the original grant value.

The total expense arising from the LTIP amounts to EUR 345,900 for Mr Steil and EUR 190,200 for Mr Gaiser 2020. Further information on share-based remuneration by means of performance shares can be found in note 05_07 to the consolidated financial statements (see [page 112](#)). We also consider these to be components of this remuneration report.

Penalties and clawbacks

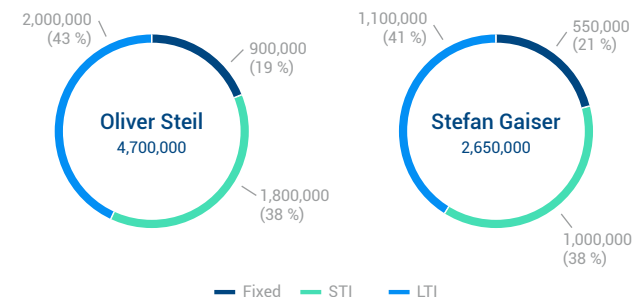
The STI and LTI are subject to penalties and clawback criteria (since the Company's IPO). This means that the Supervisory Board, prior to determining the payout amount of an STI or LTI, checks whether penalty criteria justify a reduction or even omission of the variable remuneration amount calculated based on the target achievement and the LTI conditions.

A repayment of variable remuneration amounts already paid out may be requested within a clawback period if a clawback criterion emerges during the period for which the variable remuneration component was paid. The clawback period starts for every variable remuneration on expiry of the underlying performance period and ends two years after this date.

Fringe benefits

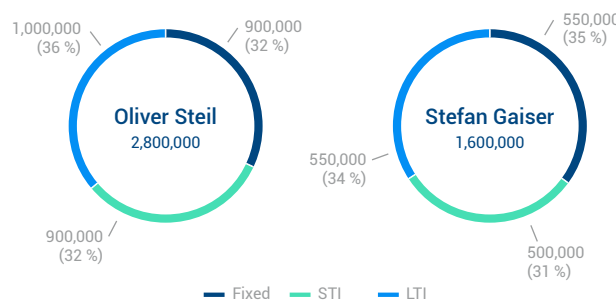
Members of the Management Board are also granted fringe benefits. These essentially consist of flat-rate compensation totalling EUR 2,000 per month for the use of a private car for business travel, contributions to (private or statutory) health and nursing care insurance (totalling the statutory employer contributions to statutory health and nursing care insurance and/or no more than half of the actual amount spent), continued payment of wages in the event of incapacity for work due to illness or death and accident insurance in the event of death or disability. In addition, all members of the Management Board are insured against third-party liability claims through a D&O insurance policy taken out at the Company's expense with a deductible in accordance with the provisions under the German Stock Corporations Act totalling 10% of the loss or damage but no more than 150% of the basic annual salary. The Company furthermore provides Mr Gaiser with his own driver for specific trips.

Maximum remuneration structure overview for fiscal year 2020



In EUR (fixed remuneration, STI bonus and LTI at 200% target achievement, excl. fringe benefits)

Target remuneration structure overview for fiscal year 2020



In EUR (fixed remuneration, STI bonus and LTI at 100% target achievement, excl. fringe benefits)

The remuneration of the two Management Board members consisting of a fixed salary, STI and LTI is thus a maximum of EUR 7,350,000 p. a. based on a target achievement of 200% (or more) and EUR 4,400,000 p. a. if the target achievement is 100%.

Obligation to hold shares

The Management Board members are obliged for the duration of their appointment to hold TeamViewer AG shares. This obligation must be fulfilled for the first time no later than two years after they are first appointed as members of the Management Board. The number of shares in the Company to be held (restricted shares) results from (i) the fixed remuneration divided by (ii) the value of the shares in the Company at the time of the IPO. The shares which were granted by TeamViewer's main shareholder²⁸ to redeem earlier rights to participate in the Company's share appreciation (see third-party services below) can be used to this end. As of 31 December 2020, Oliver Steil held 706,389 shares and Stefan Gaiser 353,911 shares.

Benefits in case of the premature termination of employment

When the appointment is revoked prematurely, the Management Board members are entitled to a severance payment subject to certain conditions. If the appointment of a member of the Management Board is revoked due to an inability to manage the Company properly, pursuant to section 84 (3) AktG, due to a gross breach of duties, or any other good cause which is the responsibility of the Management Board member, pursuant to section 84 AktG, or if a good cause which is the responsibility of the Management Board member according to section 626 of the German Civil Code (BGB) applies which would have entitled the Company to terminate the service contract by extraordinary notice, the Management Board member does not receive a severance payment.

If the Management Board activity ends prematurely due to the death of a member of the Management Board, the Company will pay the pro rata amount of the STI bonus, if applicable, for the month in which the death occurred as well as for the three following months to the spouse or registered partner or, if the Management Board member is not married or does not have a partner, to heirs of the first order, if any.

The members of the Management Board are subject to a post-contractual restraint on competition lasting twelve months. During this period, the Management Board member in question is entitled to receive compensation for non-competition amounting to 50% of the last contractual benefits received. The compensation is paid in monthly instalments. Any severance payments received must be offset against compensation for non-competition.

Third-party benefits resulting from the sale of an indirect participation in TeamViewer AG and from rights to participate in the Company's share appreciation

The members of the Management Board (as managing directors of TeamViewer GmbH and of Regit Eins GmbH) agreed rights with the Company's main shareholder to participate in the Company's share appreciation. Furthermore, at that time, they acquired indirect participation in the Company (so-called Management Equity Participation, MEP). Prior to the Company's IPO in 2019, the rights to participate in share appreciation were modified. The rights were partially paid out after the IPO based on the increase in value

which was achieved, and the indirect participation was sold. This resulted in an inflow of funds for the two members of the Management Board and in claims for future benefits. These benefits have all been paid by the main shareholder or by companies affiliated with the main shareholder, not by the Company itself. In the case of Oliver Steil, the said inflows amounted to EUR 39,734,344.93 and, in the case of Stefan Gaiser, they amounted to EUR 19,907,507.22 in 2019. As outlined in the Company's securities prospectus dated 11 September 2019, two share allocations are added to this which are tied to specific conditions. For the tranche maturing in 2020, these conditions occurred with final effect as of 1 October 2020. Consequently, on 1 December 2020, Mr Steil was allocated 1,765,971 shares and Mr Gaiser 884,778 shares from the main shareholder's holdings. The second outstanding share allocation of an identical amount is expected to be made in the fourth quarter of 2021 unless specific contractually defined exclusion reasons prevent this.

²⁸ TLO; where the main shareholder is named below, it refers to TLO

Benefits granted for the reporting year (1 January 2020–31 December 2020)

	Oliver Steil Chairman of the Management Board (CEO)				Stefan Gaiser Chief Financial Officer (CFO)			
	2019	2020	2020 min.	2020 max.	2019	2020	2020 min.	2020 max.
Benefits granted in EUR								
Fixed remuneration	787,500	900,000	900,000	900,000	452,500	550,000	550,000	550,000
Fringe benefits	21,732	21,912	21,912	21,912	56,142	55,153	55,153	55,153
Total	809,232	921,912	921,912	921,912	508,642	605,152	605,152	605,152
Third-party benefits ¹	24,128,000	n/a	–	n/a	12,064,000	n/a	–	n/a
One-year variable remuneration	601,500	1,800,000	–	1,800,000	298,244	1,000,000	–	1,000,000
Multi-year variable remuneration	n/a	983,000	–	2,000,000	n/a	540,700	–	1,100,000
Total	24,729,500	2,783,000	–	3,800,000	12,362,244	1,540,700	–	2,100,000
Pension expense	–	–	–	–	–	–	–	–
Total remuneration	25,538,732	3,704,912	921,912	4,721,912	12,870,886	2,145,852	605,152	2,705,152

1 The benefits refer to share appreciation rights and the MEP and are granted by the main shareholder or its own majority shareholder

Benefits received for the reporting year (1 January 2020–31 December 2020)

	Oliver Steil Chairman of the Management Board (CEO)		Stefan Gaiser Chief Financial Officer (CFO)	
	2019	2020	2019	2020
In EUR				
Fixed remuneration	787,500	900,000	452,500	550,000
Fringe benefits	22,232	22,217	58,767	54,203
Total	809,732	922,217	511,267	604,203
Third-party benefits ²	39,734,345 ³	70,162,028 ⁴	19,907,507 ⁵	35,152,230 ⁶
One-year variable remuneration ⁷	748,214	601,500	425,625	298,244
Multi-year variable remuneration	n/a	–	n/a	–
Total	40,482,559	70,763,528	20,333,132	35,450,474
Pension expense	–	–	–	–
Total remuneration	41,292,291	71,685,745	20,844,399	36,054,676

2 Paid by the main shareholder or its majority shareholder; in 2020, this payment was made in the form of share transfers

3 Resulting from the sale of an indirect shareholding (MEP) in TeamViewer AG (EUR 7,597,201) and from participation commitments for sharing in the appreciation of the Company (EUR 32,137,144)

4 1,765,971 shares at the weighted average price on 1 December 2020 of EUR 39.73 per share; after deduction of all taxes and other costs, the shares are essentially still held

5 Resulting from the sale of an indirect investment (MEP) in TeamViewer AG (EUR 3,933,049) and from participation commitments to share in the appreciation of the Company (EUR 15,974,458)

6 884,778 shares at the weighted average price on 1 December 2020 of EUR 39.73 per share; after deduction of all taxes and other costs, the shares are essentially still held

7 Granted in the 2019 fiscal year by Regit Eins GmbH under managing director employment contract

Total remuneration according to GAS 17 (1 January 2020–31 December 2020)

	Oliver Steil		Stefan Gaiser		Total	
	2019	2020	2019	2020	2019	2020
In EUR						
Fixed remuneration	787,500	900,000	452,500	550,000	1,240,000	1,450,000
Fringe benefits	21,732	21,912	56,142	55,153	77,874	77,065
Total	809,232	921,912	508,642	605,152	1,317,874	1,527,064
Third-party benefits	24,128,000	n/a	12,064,000	n/a	36,192,000	n/a
One-year variable remuneration	601,500	1,800,000	298,244	1,000,000	899,744	2,800,000
Multi-year variable remuneration ¹	n/a	983,000	n/a	540,700	–	1,523,700
Subtotal variable remuneration	24,729,500	2,783,000	12,362,244	1,540,700	37,091,744	4,323,700
Pension expense	–	–	–	–	–	–
Total remuneration	25,538,732	3,704,912	12,870,886	2,145,852	38,409,618	5,850,764

1 Share-based remuneration components

Benefits granted for the previous year – TeamViewer AG, previously Regit Beteiligungs-GmbH (1 August 2019–31 December 2019)

	Oliver Steil Chairman of the Management Board (CEO) Member since 19 August 2019				Stefan Gaiser Chief Financial Officer (CFO) Member since 19 August 2019			
	2018	2019	2019 min.	2019 max.	2018	2019	2019 min.	2019 max.
Benefits granted in EUR								
Fixed remuneration	n/a	350,000	350,000	350,000	n/a	207,500	207,500	207,500
Fringe benefits	n/a	9,055	9,055	9,055	n/a	23,206	23,206	23,206
Total	n/a	359,055	359,055	359,055	n/a	230,706	230,706	230,706
Third-party benefits ²	n/a	24,128,000	–	n/a	n/a	12,064,000	–	n/a
One-year variable remuneration	n/a	309,104	–	n/a	n/a	163,742	–	n/a
Multi-year variable remuneration	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	n/a	24,437,104	–	n/a	n/a	12,227,742	–	n/a
Pension expense	n/a	–	–	–	n/a	–	–	–
Total remuneration	n/a	24,796,159	359,055	n/a	n/a	12,458,447	230,706	n/a

2 The benefits refer to share appreciation rights and the MEP and are granted by the main shareholder or its own majority shareholder

Benefits received for the previous year – TeamViewer AG, previously Regit Beteiligungs-GmbH (1 August 2019–31 December 2019)

In EUR	Oliver Steil Chairman of the Management Board (CEO) Member since 19 August 2019		Stefan Gaiser Chief Financial Officer (CFO) Member since 19 August 2019	
	2018	2019	2018	2019
Fixed remuneration	n/a	350,000	n/a	207,500
Fringe benefits	n/a	9,055	n/a	25,806
Total	n/a	359,055	n/a	233,306
Third-party benefits ¹	n/a	39,734,345 ²	n/a	19,907,507 ³
One-year variable remuneration	n/a	–	n/a	–
Multi-year variable remuneration	n/a	n/a	n/a	n/a
Total	n/a	39,734,345	n/a	19,907,507
Pension expense	n/a	–	n/a	–
Total remuneration	n/a	40,093,400	n/a	20,140,813

1 Paid by the main shareholder or their own majority shareholder

2 Resulting from the sale of an indirect participation (MEP) in TeamViewer AG (EUR 7,597,201) and rights to participate in the Company's share appreciation (EUR 32,137,144)

3 Resulting from the sale of an indirect participation (MEP) in TeamViewer AG (EUR 3,933,049) and rights to participate in the Company's share appreciation (EUR 15,974,458)

Total remuneration according to GAS 17 – TeamViewer AG, previously Regit Beteiligungs-GmbH (1 August 2019–31 December 2019)

In EUR	Oliver Steil		Stefan Gaiser		Total	
	2018	2019	2018	2019	2018	2019
Fixed remuneration	n/a	350,000	n/a	207,500	n/a	557,500
Fringe benefits	n/a	9,055	n/a	23,206	n/a	32,260
Total	n/a	359,055	n/a	230,706	n/a	589,760
Third-party benefits	n/a	24,128,000	n/a	12,064,000	n/a	36,192,000
One-year variable remuneration	n/a	309,104	n/a	163,742	n/a	472,846
Multi-year variable remuneration	n/a	n/a	n/a	n/a	n/a	n/a
Subtotal variable remuneration	n/a	24,437,104	n/a	12,227,742	n/a	36,664,846
Pension expense	n/a	–	n/a	–	n/a	–
Total remuneration	n/a	24,796,159	n/a	12,458,447	n/a	37,254,606

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board members is determined in alignment with the Company's Articles of Association. The members of the Supervisory Board receive a fixed salary of EUR 75,000. The chairman of the Supervisory Board receives a fixed salary of EUR 187,500 and his deputy a fixed salary of EUR 165,000. Furthermore, the Supervisory Board members who are also members of the Audit Committee receive an additional fixed salary of EUR 30,000. The Supervisory Board members receive an additional fixed annual salary of EUR 25,000 for their activities in the other committees of the Supervisory Board, per committee, provided that the committee in question meets at least once annually to perform its tasks. The chairmen of the committees receive twice the amount of the committee remuneration mentioned above. Activities in a maximum of two committees are considered for remuneration purposes. If this number is exceeded, the two functions with the highest remuneration are relevant. The above-mentioned remuneration is due and payable in four equal instalments at the end of the quarter for which the remuneration is paid. Supervisory Board members who exercise their mandate on the Supervisory Board, or as chairman or deputy chairman, for only part of the fiscal year receive their remuneration on a pro rata basis. In addition, the Company reimburses members of the Supervisory Board for appropriate expenses incurred in the exercise of their activities as Supervisory Board member and for the VAT on their remuneration and expenses.

The members of the Supervisory Board are covered by the Company's D&O insurance with competitive cover.

Permira partners and employees who serve as members of the Company's Supervisory Board do not receive any additional remuneration for their services as these are deemed to be covered by their contractual remuneration with Permira. They are generally obliged to waive any compensation due to them in connection with such positions.

Remuneration of members of the Supervisory Board

In EUR	Fixed remuneration		Activity in committees		Other		Total	
	2019	2020	2019	2020	2019	2020	2019	2020
Dr Abraham Peled	46,875	187,500	13,750	55,000	11,254	–	71,879	242,500
Jacob Fannesbech Aqraou	60,766	165,000	20,255	55,000	399	–	81,420	220,000
Stefan Dziarski ¹	–	–	–	–	–	–	–	–
Holger Felgner	27,261	75,000	–	–	5,248	–	32,869	75,000
Dr Jörg Rockenhäuser ¹	–	–	–	–	–	–	–	–
Axel Salzmänn	27,621	75,000	40,511	110,000	14,672	–	82,804	185,000

¹ Stefan Dziarski and Dr Jörg Rockenhäuser did not receive any remuneration in the fiscal year 2020 due to their association with Permira

09 Takeover-related disclosures

___ Share capital increased to EUR 201.1 million in 2020 ___ Permira Holdings Limited holds 28 % stake in TeamViewer AG ___ Authorised capital in the amount of EUR 98.3 million

COMPOSITION OF THE SUBSCRIBED CAPITAL

TeamViewer AG's share capital as of 31 December 2020 was EUR 201,070,931.00, divided into 201,070,931 ordinary bearer shares with no par value. It was provided in the amount of EUR 200,000,000 by the change in legal form of Regit Beteiligungs-GmbH into a stock corporation (AG) on 3 September 2019 (date of entry in the commercial register) pursuant to §§ 190 et seqq. of the German Transformation Act (UmwG) and increased by EUR 1,070,931.00 to EUR 201,070,931.00 as part of a capital increase against non-cash contributions, effective 16 September 2020. The subscription rights of the existing shareholders were excluded. All shares have equal rights, and each share has a pro rata interest of EUR 1.00 in the Company's share capital. Each no-par value share grants one vote at the Company's Annual General Meeting. As of 31 December 2020, the Company held no treasury shares.

VOTING RIGHT AND TRANSFER-RELATED RESTRICTIONS

No restrictions exist in relation to voting rights or the transfer of shares. To the best of the Management Board's knowledge, only the following contractual agreement existed in the

2020 fiscal year: Majority shareholder TigerLuxOne S.à r.l. (TLO) subjected itself to a lock-up for a period 90 days starting on the date of the transaction as part of the sale of 22 million shares on 20 October 2020.

Addendum:

Permira Holdings Limited informed TeamViewer AG on 18 February 2021 that on 16 February 2021, TLO reduced its shareholding in the capital of TeamViewer AG to 19.97%. TLO agreed to a lock-up period of 90 days in the course of the share placement.

MATERIAL HOLDINGS OF SHAREHOLDERS

As of 31 December 2020, Permira Holdings Limited held a 27.9%¹ share in the capital of TeamViewer AG through TLO.

The Management Board is not aware of any further direct or indirect capital interests exceeding 10% of voting rights.

Addendum:

Permira Holdings Limited informed TeamViewer AG on 18 February 2021 that on 16 February 2021, TLO reduced its shareholding in the capital of TeamViewer AG to 19.97%.

HOLDERS OF SHARES WITH SPECIAL RIGHTS AS WELL AS TYPE OF VOTING RIGHT CONTROL OF EMPLOYEE SHARES

The Company has not issued any shares with special rights which would grant an authority to control pursuant to § 315a (4) and § 289 (4) HGB. No capital interests are held by employees pursuant to § 315 (5) and § 289 (5) HGB.

PROVISIONS GOVERNING THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND CHANGES TO THE ARTICLES OF ASSOCIATION

The appointment and dismissal of members of the Management Board are governed by §§ 84 and 85 AktG in conjunction with § 6 of the Articles of Association of TeamViewer AG. The Supervisory Board determines the actual number of members of the Management Board. Pursuant to § 179 AktG, amendments to the Articles of Association require at least three quarters of the share capital represented at the time of the resolution by the Annual General Meeting. However, according to § 10 of the Articles of Association of TeamViewer AG, the Supervisory Board is authorised to adopt amendments to the Articles of Association that only affect their wording.

¹ Share of Permira Holdings Limited refers to last voting rights notification

AUTHORITY OF THE MANAGEMENT BOARD TO ISSUE OR BUY BACK SHARES

With a resolution passed by the Annual General Meeting on 3 September 2019, the Management Board was authorised to increase the Company's share capital, subject to the consent of the Supervisory Board, by issuing up to 100,000,000 ordinary bearer shares with no-par value against cash and/or non-cash contributions in one or several tranches for a total maximum of EUR 100,000,000 during the period up to 2 September 2024 (Authorised Capital 2019). The dividend entitlement of new shares may be determined by deviation from § 60 (2) AktG. Existing shareholders must, as a general rule, be granted their subscription rights. However, subject to the consent of the Supervisory Board, the Management Board is authorised to exclude shareholder subscription rights on one or several occasions in the following cases:

- ↳ To balance fractional amounts.
- ↳ To grant holders or creditors of convertible or warrant-linked bonds issued by the Company and/or its direct or indirect majority holding companies and convertible profit participation rights an option to subscribe to new shares to which they would be entitled upon exercise of the conversion or warrant rights, or performance of the warrant or conversion obligations.

↳ In the event of the issue of new shares in exchange for cash contributions if the issue amount of the new shares is not significantly lower than the stock market price of the listed shares of the Company, at the time the issue amount is determined with final effect, which should take place promptly after placement of the shares. This authorisation to exclude subscription rights only applies to the extent that the notional percentage of shares issued under exclusion of the shareholders' subscription rights pursuant to § 186 (3) sentence 4 AktG in the share capital does not exceed 10%, i.e., neither the share capital in existence at the time this authorisation takes effect nor the share capital existing at the time this authorisation is exercised.

↳ If new shares are issued in exchange for non-cash contributions, especially in the form of companies, parts of companies, participations in companies, receivables, or other assets.

Furthermore, the Management Board was authorised by a resolution of the Annual General Meeting, dated 3 September 2019, to issue bearer or registered convertible and/or warrant-linked bonds or a combination of these instruments with a total nominal amount of up to EUR 1,400,000,000, with or without fixed maturity, until 2 September 2024 with the Supervisory Board's approval, once or multiple times in partial

amounts, and to grant the holders of these bonds conversion or option rights to subscribe to up to 60,000,000 ordinary bearer shares with no-par value of the Company with a pro rata amount of the share capital totalling up to EUR 60,000,000 in accordance with the offering terms of these bonds. The bonds may provide for a conversion or performance obligation in respect of the warrant by the end of the term or at an earlier date. The issue of bonds may take place in exchange for cash or non-cash contributions. The bonds may also be issued by companies in which the Company holds an indirect or direct majority stake. For this event, the Management Board is authorised with the approval of the Supervisory Board to assume the required guarantees for the obligations resulting from the bonds and to grant to or impose on the holders or creditors of these bonds conversion or warrant rights or conversion or warrant obligations on shares of the Company.

The Management Board was furthermore authorised to exclude the shareholders' subscription rights for issues of bonds under certain circumstances with the Supervisory Board's consent, including issues in exchange for non-cash contributions, particularly for the purpose of acquiring companies, parts of companies or participations in companies.

The Company's share capital has been increased by up to EUR 60,000,000 through the issue of up to 60,000,000 new ordinary bearer shares with no-par value (Contingent Capital 2019). The Contingent Capital 2019 solely serves the purpose to grant new shares to the owners or holders of bonds, which according to the authorising solution adopted by the general meeting on 3 September 2019 are issued until 2 September 2024 by the Company or affiliated companies in which the Company directly or indirectly holds a majority interest, in the event that conversion and/or option rights are exercised or that conversion and/or option right obligations are met or that the Company exercises its right to grant shares of the Company instead of pay the amount due in full or in part.

As of 31 December 2020, the Company utilised the Authorised Capital 2019 of EUR 1,070,931.00 as part of a capital increase against a non-cash contribution. The Contingent Capital 2019 has so far not been utilised. Accordingly, as of

31 December 2020 the Authorised Capital 2019 was EUR 98,929,069.00 and the Contingent Capital 2019 was EUR 60,000,000.00.

The Management Board was moreover authorised to acquire, until 2 September 2024, own shares for any permitted purpose up to a total of 10% of the share capital as of the date the resolution is passed or – if this figure is lower – as of the time the authority is exercised. The shares acquired based on this authorisation together with other shares of the Company owned by the Company or attributable to it pursuant to §§ 71a et seqq. AktG must at no time exceed 10% of the share capital. The acquisition takes place at the Management Board's choice via the stock exchange, a public offering addressed to all shareholders, a public call to issue an offer (acquisition offer) or through the utilisation of derivatives (put or call options or a combination thereof).

FUNDAMENTAL AGREEMENTS IN THE EVENT OF A CHANGE OF CONTROL DUE TO A TAKEOVER BID

The senior facilities agreement concluded between TeamViewer AG and its lenders is a material agreement which contains provisions applicable in the event of a change of control. These provisions grant the lenders the right to termination and early settlement of the repayment in the event of a change of control.

COMPENSATION AGREEMENT WITH THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

No compensation agreements exist between the Company and the Management Board or employees in the event of a takeover bid.

10 Corporate governance statement

___ Corporate governance practices based on the standards of the German Corporate Governance Code ___ All recommendations of the German Corporate Governance Code 2020 are complied with ___ Composition of the Supervisory Board takes particular account of the aspect of independence ___ No changes in the composition of the Management Board and Supervisory Board

BASIC APPROACH

As a globally operating Group, TeamViewer attaches great importance to good corporate governance. Transparent and responsible corporate governance, a collaboration between the Management Board and Supervisory Board in a spirit of trust and open capital market communications form its key elements. TeamViewer AG is guided by the standards of the German Corporate Governance Code (GCGC), as last updated on 16 December 2019.

The Management Board and Supervisory Board of the TeamViewer AG submit the following corporate governance statement pursuant to § 315 d and § 289 et seq. HGB, which is part of the combined management report. In it, they report jointly on TeamViewer's corporate governance in accordance with Principle 22 of the GCGC. This statement and the documents mentioned in § 289 et seq. (2) (1a) HGB are also available to the public on the [investor relations website](#) of TeamViewer.

MANAGEMENT BOARD

Composition

The Management Board of the TeamViewer AG consisted of two members as of 31 December 2020. According to the Articles of Association of the TeamViewer AG, the Management Board is appointed and dismissed by the Supervisory Board.

As of 31 December 2020, the Company's Management Board consisted of the following two members:

- ☞ Oliver Steil is appointed member of the Management Board of the TeamViewer AG until 2022 and designated chairman of the Management Board.
- ☞ Stefan Gaiser is appointed member of the Management Board of the TeamViewer AG until 2022 and, since November 2017, as Managing Director of the TeamViewer Germany GmbH and CFO of the Group.

Profile of requirements and diversity concept

The Supervisory Board is of the opinion that diversity aspects also play a significant role in the successful development of the Company, in addition to the professional skills and experience of the members of the Management Board. In line with its diversity concept, the Supervisory Board is therefore seeking to ensure that the Management Board consists of members who reflect the diversity concept and complement each other in terms of their personal and professional background. All of which will enable the Management Board, in its entirety, to call on as wide as possible a range of experience, knowledge and abilities.

Diversity within the Management Board is reflected in the members' individual educational and professional careers and the broad spectrum of experience each possesses. Each Management Board member must, however, be able to perform the tasks associated with this office in a listed software company with international operations and to preserve the Company's public reputation. In addition, they are expected to have an in-depth understanding of the Company's business and market environment and to possess several years of management experience. In view of the Company's business model, at least one member of the Management Board should have knowledge of the following areas:

- ☞ Strategy and strategic management
- ☞ Technology and software-as-a-service (SaaS) companies, including the relevant markets and customer needs
- ☞ Operations and technology, including IT and digitalisation
- ☞ Corporate governance
- ☞ Human resources management and development
- ☞ Finance, including financing, accounting, controlling, risk management and internal control procedures

Given the international focus of the Company's activities, at least some members of the Management Board should possess noteworthy international experience.

The target figures for female representation on the Management Board and the status of their implementation are discussed in the Chapter Target figures for female representation in executive positions on [page 72](#). To achieve the defined target figures and to promote diversity in general, the Supervisory Board has elaborated a comprehensive and detailed diversity concept which it uses as a guideline for appointments and long-term succession planning.

Appointments for members of the Management Board generally end once they reach the age of 65. An extension for a maximum of three further years is possible. A heterogeneous age structure is aimed for, subordinate to the other criteria mentioned.

Tasks

The Management Board has sole responsibility for managing the Company's operations. The Management Board is guided by the Company's interests and committed to ensuring the growth of its sustained enterprise value. The Management Board develops the Company's strategic direction, coordinates it with the Supervisory Board at regular intervals and ensures its implementation.

The rules of procedure regulate the management principles, the cooperation of the Management Board and the information of the Supervisory Board.

The basic principles guiding business management, the collaboration between the Management Board members and the supply of information to the Supervisory Board are set out in the rules of procedure for the Management Board. The Management Board manages the Company's operations

with the standard of care of a prudent and diligent manager in accordance with the law, the Articles of Association, and the rules of procedure. The Management Board cooperates with the Company's other bodies in a spirit of collegiality and trust, for the benefit of the Company.

The members of the Management Board are jointly responsible for the management of the Company. The members of the Management Board direct the business area assigned to them by the schedule of responsibilities independently and on their own account. The members of the Management Board work together as colleagues and advise and brief each other on a continual basis. The Management Board meets regularly, in general, every two weeks. Management Board resolutions must be unanimous.

The Management Board collaborates closely with the Supervisory Board. It is their joint task to ensure an adequate supply of information to the Supervisory Board. The Management Board notifies the Supervisory Board in a regular, timely and comprehensive manner of all issues of relevance to the Company and the Group as part of its reporting obligations pursuant to § 90 AktG. This includes strategy, planning, business performance, the risk situation, risk management and compliance. The Management Board addresses deviations of business performance from the plans and targets set and stipulates the reasons for them. Documents of relevance for the decision-making process are made available to the Supervisory Board members well ahead of a meeting. The Management Board requires the Supervisory Board's approval for specific transactions set out in the rules of procedure.

Conflicts of interest

Members of the Management Board are committed to the interests of the Company. Their decision-making must not be guided by their own personal interests. While working for the Company, they are subject to a comprehensive non-competition clause and must not use business opportunities available to the Company or one of its subsidiaries for their personal gain. The members of the Management Board must not demand remuneration or other benefits for themselves or other persons from third parties or grant unjustifiable benefits to third parties. Every member of the Management Board must disclose conflicts of interest immediately to the chairman of the Supervisory Board and the chairman of the Management Board and inform the other members of the Management Board accordingly. All transactions between the Company or its subsidiaries, on the one hand, and the Management Board members as well as any persons related to them or undertakings personally related to them, on the other, must conform to the standards applicable to transactions with non-related third parties. Any secondary gainful activities, especially Supervisory Board mandates outside the Company, by members of the Management Board require the Supervisory Board's approval.

Long-term succession planning

The Supervisory Board, together with the Management Board, ensures long-term succession planning. To this end, the Supervisory Board has drawn up the above-mentioned profile of requirements for members of the Management Board and the diversity concept based on which the Supervisory Board, together with the Management Board, regularly analyses the Company's needs and considers long-term succession planning. In addition to contingency planning, this is designed to ensure that the Company can approach suitable candidates early on.

SUPERVISORY BOARD

Composition

In accordance with the Articles of Association, the Supervisory Board of the TeamViewer AG consists of six members elected by the Annual General Meeting. The current Supervisory Board members were appointed as part of the Company's transformation and change in legal form for the period ending with the Annual General Meeting in 2023.

As of 31 December 2020, the Supervisory Board of the Company was composed of the following members:

- ↳ Dr Abraham Peled, chairman of the Supervisory Board
- ↳ Jacob Fønnesbech Aqraou, deputy chairman of the Supervisory Board
- ↳ Stefan Dziarski, Supervisory Board member
- ↳ Holger Felgner, Supervisory Board member
- ↳ Dr Jörg Rockenhäuser, Supervisory Board member
- ↳ Axel Salzmann, Supervisory Board member

The current Supervisory Board members are appointed until the Annual General Meeting in 2023.

The Supervisory Board of the TeamViewer AG has set its targets regarding its composition and has drafted a profile of skills and expertise and a diversity concept for the entire board. The members of the Supervisory Board must be able to fulfil their tasks as Supervisory Board members of a software company with international operations based on their knowledge, competencies and experience. They ensure that they have sufficient time available to perform their tasks carefully and that they comply with the maximum number of permitted mandates pursuant to recommendations C.4 and C.5 of the GCGC. A Supervisory Board member should not have passed the age of 75 at the time of election and should not be part of the Supervisory Board for more than ten years.

Regarding the composition of the full body, the Supervisory Board attaches particular attention to diversity. The members must complement each other in terms of their personal and professional background, their experience and expertise so that the board as a whole can draw on the widest possible range of different experiences and specialised knowledge. The Supervisory Board must, at all times, be composed in such way that its members combined possess the knowledge, abilities and professional experience required to properly perform the duties of the supervisory board body. Moreover, in accordance with § 100 (5) AktG, the members of the Supervisory Board combined must be familiar with the sector in which TeamViewer AG operates, with at least one member possessing expertise in accounting or the audit of financial statements.

The Supervisory Board selects from among its members a chairman who coordinates the work in the Supervisory Board and represents the affairs of the Supervisory Board to the outside. In this process, they hold discussions with investors about supervisory board-specific issues to an appropriate extent. The Supervisory Board chairman is in regular contact with the chairman of the Management Board in between meetings and discusses the strategy, business development, risk position, risk management and compliance of the Company.

Profile of skills and expertise

The Supervisory Board members combined must cover all the areas of expertise it requires to perform its tasks effectively. This includes particularly in-depth knowledge of, and experience in the following:

- ↳ Management of a company with international operations (ideally in the areas of software, SaaS or technology)
- ↳ Supervisory positions in Germany and/or abroad
- ↳ Areas of strategy and innovation
- ↳ Corporate development of a company with an international footprint
- ↳ Accounting, financial reporting, controlling/risk management, and internal control procedures
- ↳ Corporate governance and compliance

The Supervisory Board considers that the profile of skills and expertise is implemented in full in its current composition.

Independence

The Supervisory Board attaches particular importance to the independence of its members and to full compliance with the relevant recommendations of the GCGC on the independence of Supervisory Board members. The Supervisory Board shall take due account of the ownership structure and is of the opinion that the Supervisory Board should include at least two shareholder representatives who are independent of the Company, of its Management Board and of a controlling shareholder within the meaning of recommendation C.6 of the GCGC. In the opinion of the Supervisory Board, Mr Salzmann, Mr Aqraou and Mr Felgner are independent members within the meaning of this recommendation. All members are considered independent of the Company and of the Management Board within the meaning of recommendation C.7 GCGC.

Diversity

The Company attaches particular importance to the diversity of its workforce at all levels. The Supervisory Board should also reflect a balanced degree of diversity, especially with consideration of the international background of its members, their professional experience, expertise and female representation. To take into account the Company's international character, the Supervisory Board should, as a general rule, include at least two non-German nationals with global management or entrepreneurial experience. The target figures for female representation on the Supervisory Board and the status of their implementation is discussed in the chapter Target figures for female representation in executive positions on [page 72](#).

The Supervisory Board is convinced that this kind of composition ensures independent and efficient advice, monitoring and supervision of the Management Board. Future nomination proposals by the Supervisory Board to the Annual General Meeting should therefore consider the stated goals about its composition while at the same time contributing to the fulfilment of the profile of skills and expertise and to the achievement of the targets of the diversity concept.

Tasks

The Supervisory Board regularly advises the Management Board on the management of the Company and monitors its activities. The Board must be involved in decisions which are of fundamental importance to the Company.

In a decision dated 19 August 2019, the Supervisory Board in accordance with § 11 (1) of the Company's Articles of Association adopted its own rules of procedure and made them available on the [investor relations website](#) of TeamViewer. The Supervisory Board conducts its business pursuant to statutory provisions, the Articles of Association and the rules of procedure. It collaborates closely and in a spirit of trust with the Company's other bodies, especially the Management Board,

for the benefit of the Company. In the rules of procedure for the Management Board, the Supervisory Board has defined the transactions requiring the Supervisory Board's approval.

In accordance with its rules of procedure, the Supervisory Board must hold at least two meetings every calendar year. Further meetings are to be called if such are required in the Company's interest or if a Supervisory Board or Management Board member applies for a meeting to be convened, stating the purpose and reasons for such a meeting. The Supervisory Board meets on a regular basis, also without the Management Board. Further information on the meetings of the Supervisory Board during the reporting year can be found under [page 12](#) in the Report of the Supervisory Board.

Conflicts of interest

The Supervisory Board members are solely committed to the best interests of the Company. They must not pursue personal interests in their decision-making, nor must they use business opportunities which are offered to the Company or one of its subsidiaries for themselves or third parties. Every Supervisory Board member must disclose conflicts of interest to the chairman of the Supervisory Board. In its report to the Annual General Meeting, the Supervisory Board provides information on conflicts of interest that have arisen and how they were addressed. Material conflicts of interest involving a Supervisory Board member that are not merely temporary should result in the termination of that member's mandate. Supervisory Board members shall not be members of bodies of, or perform advisory tasks at, material competitors of the Company. Advisory agreements and other contracts for services and work concluded by a Supervisory Board member with the Company require the Supervisory Board's approval.

Committees

To enable the Supervisory Board to perform its tasks efficiently, it has formed an Audit Committee and a Nomination

and Remuneration Committee from among its members. Each of these committees has at least three members. The Supervisory Board must be informed regularly of the work and outcomes of discussions on the committees.

Audit Committee

The Audit Committee is tasked, especially, with the following matters: It prepares the Supervisory Board's decision on the approval of the annual financial statements and consolidated financial statements and monitors the financial reporting, the financial reporting process and the effectiveness of the internal control system, the risk management system and the internal audit system and deals with compliance issues. Accounting includes the consolidated financial statements and the Group management report (including ESG reporting), financial information published during the year and the financial statements pursuant to HGB.

The Audit Committee regularly assesses the quality of the audit of the financial statements

The Audit Committee furthermore prepares the Supervisory Board's decision regarding the recommendation for the selection of the independent auditors and monitors the independence of the auditors of the financial statements. It also reviews the additional services provided by the independent auditors, determines the focus of audits, agrees to the auditor's fees, and issues the audit mandate to the independent auditors. It assesses the quality of the audit of the financial statements on a regular basis. The Audit Committee moreover discusses the half-year and quarterly statements with the Management Board prior to their publication. The chairman of the Audit Committee, Axel Salzmann, is independent within the meaning of recommendation C.10 GCGC, has special knowledge and experience in applying accounting

principles and internal control procedures as well as audits of financial statements.

As of 31 December 2020, the Audit Committee had the following members: Axel Salzmann (chairman), Jacob Fønnesbech Aqraou, Stefan Dziarski and Dr Abraham (Abe) Peled. Please see the explanations on [page 12](#) in the Report of the Supervisory Board for information on the meetings of the Audit Committee during the reporting year.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee prepares the proposals of the Supervisory Board to the Annual General Meeting regarding the election of Supervisory Board members, examines all aspects relating to remuneration and the terms of employment for the Management Board and issues recommendations to the Supervisory Board in relation to the signing of amendments to and termination of employment contracts for this group of employees. If required, it will commission its own independent review of the remuneration principles and of the remuneration packages paid to the Management Board members. It presents an assessment of the Management Board's performance and issues a recommendation to the Supervisory Board for the terms of employment and remuneration of the Management Board.

As of 31 December 2020, the Nomination and Remuneration Committee had the following members: Axel Salzmann (chairman), Jacob Fønnesbech Aqraou, Dr Abraham (Abe) Peled and Dr Jörg Rockenhäuser. The chairman of the Nomination and Remuneration Committee, Axel Salzmann, is independent within the meaning of recommendation C.10 GCGC. Please see the explanations on [page 12](#) in the Report of the Supervisory Board for information on the meetings of the Nomination and Remuneration Committee during the reporting year.

Self-assessment

In accordance with recommendation D.13 of the GCGC, the Supervisory Board assesses at regular intervals, at least every two years, how effectively the Supervisory Board as a whole and its committees fulfil their tasks. In addition to qualitative criteria – to be determined by the Supervisory Board – the self-assessment looks particularly at the procedures used within the Supervisory Board and its committees, the flow of information between the committees and the full Board and the timely and the content-wise adequate supply of information to the Supervisory Board and its committees. Most recently, the Supervisory Board, at its meeting on 5 November 2020, has determined areas for the self-assessment and carried out a detailed evaluation of the different areas.

Additional supervisory board mandates of members of the Supervisory Board

The table below sets out the additional mandates on supervisory boards and comparable supervisory bodies currently held by the Supervisory Board members of TeamViewer AG.

Supervisory Board member	Mandates in accordance with § 125 (1) fifth sentence AktG
Dr Abraham Peled	<ul style="list-style-type: none"> → Chairman of the board of directors of CyberArmor Ltd. → Chairman of the board of directors of Synamedia Ltd.
Jacob Fønnesbech Aqraou	<ul style="list-style-type: none"> → Member of the board of directors of Telenor ASA → Chairman of the board of directors of Loopia Group → Member of the board of directors of Wallapop SL → Member of the board of directors of Denmark Bridge → Chairman of the board of directors of Aqraou Invest ApS → Chairman of the board of directors of PhaseOne ApS
Stefan Dziarski	<ul style="list-style-type: none"> → Member of the supervisory board of P&I Personal & Informatik AG → Member of the advisory board of FlixMobility GmbH
Holger Felgner	<ul style="list-style-type: none"> → Member of the advisory board of MPN Marketplace Networks GmbH
Dr Jörg Rockenhäuser	<ul style="list-style-type: none"> → Member of the advisory board of Schustermann & Borenstein GmbH
Axel Salzmann	<ul style="list-style-type: none"> → None

TARGET FIGURES FOR FEMALE REPRESENTATION IN EXECUTIVE POSITIONS

The Company's Supervisory Board and Management Board are conscious of the particular importance of diversity in general, and more notably of ensuring appropriate female representation in monitoring and executive positions. Accordingly, the Supervisory Board and the Management Board attach particular importance to diversity when filling executive positions. Over the medium term, they plan to increase the percentage of women on the Supervisory Board, the Management Board and the two executive levels below the Management Board¹. The following table contains an overview of the targets set for female representation on the Supervisory Board, Management Board and the two executive levels below the Management Board together with details on the status of implementation.

	Target figure (as a percentage of the total number of members at the respective reporting date)	Target period	Status of implementation as of 31 December 2020
Supervisory Board	33%	Until 31 December 2023	0%
Management Board	25%	Until 31 December 2023	0%
First executive level below the Management Board	33%	Until 31 December 2023	43%

¹ A second management level below the Management Board does not exist at TeamViewer AG

STATEMENT BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF THE TEAMVIEWER AG ON THE RECOMMENDATIONS OF THE "GOVERNMENT COMMISSION GERMAN CORPORATE GOVERNANCE CODE" PURSUANT TO § 161 AKTG

The Management Board and Supervisory Board of the TeamViewer AG declare that the TeamViewer AG has complied with all recommendations of the German Corporate Governance Code as amended on 16 December 2019, published by the German Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette (Bundesanzeiger) on 20 March 2020 (the "2020 Code") since its publication without exception and intends to continue to comply with the recommendations of the 2020 Code in the future without exception.

The Management Board and Supervisory Board of TeamViewer AG also declare that the TeamViewer AG has complied with the recommendations of the German Corporate Governance Code applicable prior to the Code 2020 coming into force, as amended on 7 February 2017, published by the Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette (Bundesanzeiger) on 24 April 2017 (the "Code 2017") since issuing its last declaration of compliance in December 2019, with the exception of the following deviation:

Section 3.8 para.3 of the Code 2017 recommended that a D&O insurance policy for the members of the Supervisory Board should include a deductible in the amount of 10% of the damage up to at least 150% of the fixed annual compensation of the respective Supervisory Board member. The current D&O insurance policy of the TeamViewer AG for the members of the Supervisory Board does not provide a deductible. The Management Board and Supervisory Board are of the opinion that a deductible would have no influence on the sense of responsibility and loyalty of the members of the Supervisory Board regarding their duties and functions. Moreover, this would impair the TeamViewer AG's competitiveness for competent and qualified members of the Supervisory Board.

Goppingen, December 2020

The Management Board



Oliver Steil

Stefan Gaiser

For the Supervisory Board



Dr Abraham Peled

FINANCIAL REPORTING AND AUDIT OF FINANCIAL STATEMENTS

The TeamViewer AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretation Committee (IFRS IC) as applicable in the EU, and additionally the applicable commercial and stock corporation regulations pursuant to § 315e HGB. The annual financial statements of the TeamViewer AG are prepared in accordance with the principles of the HGB. The annual financial statements of the TeamViewer AG, the consolidated financial statements and the Group management report, which is combined with the Company's management report, are drawn up by the Management Board and audited by the independent auditors and the Supervisory Board. The independent auditors take part in the deliberations of the Audit Committee and the Supervisory Board about the annual financial statements and consolidated financial statements, report on the audit process and its results and are at hand to answer questions and provide additional information. The independent auditors for the fiscal year 2020 are Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), Stuttgart.

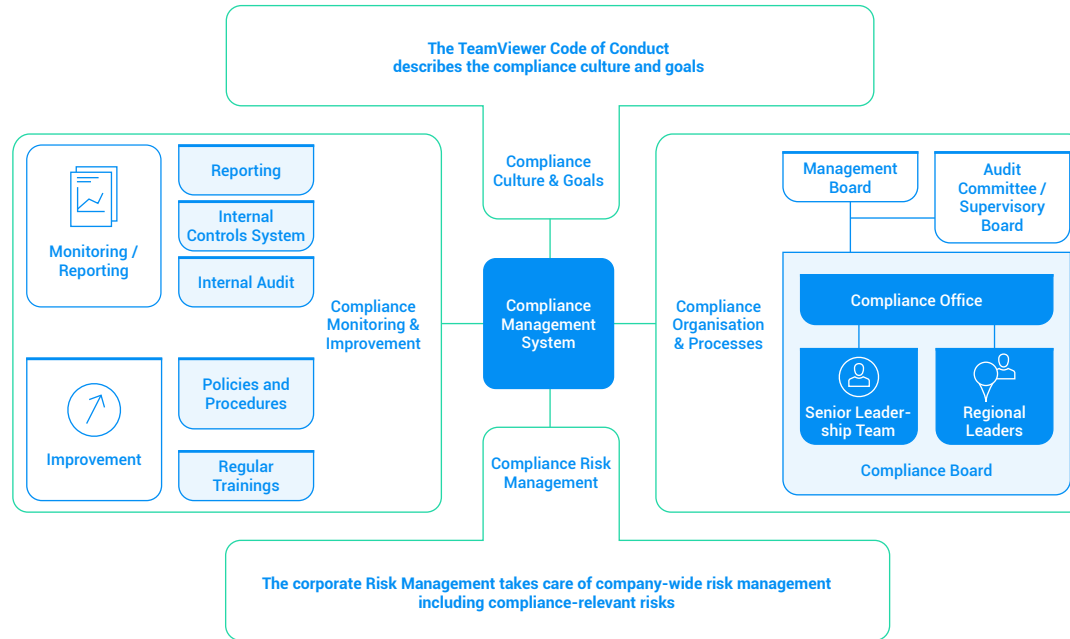
COMPLIANCE

Compliance means that all business processes comply with all applicable laws and the Company's internal rules and regulations. Trust, integrity and the fair and open dealings with employees, customers, business partners and shareholders make a crucial contribution to the corporate success of the TeamViewer Group.

Compliance culture

Compliance is firmly embedded in TeamViewer's corporate culture and is further deepened by an internal training pro-

Compliance Organisation



gramme. The Company seeks to create awareness throughout the organisation to ensure that all actions are based on the relevant laws, domestic and international standards and internal policies.

Compliance Management System

To ensure that all applicable laws and internal rules and regulations are complied with, the TeamViewer Group has established a Compliance Management System. The Compliance Management System (CMS) forms a central part of the Group and is geared to its risk situation. The CMS includes all necessary measures and processes to ensure that laws and internal rules and regulations are observed. It is based on the Code of Conduct of the TeamViewer Group.

Compliance Organisation

The group-wide Compliance Organisation is responsible for the review of and adherence to compliance processes together with any improvements, if applicable, as well as for evaluating and mitigating compliance risks. The Compliance Board, headed by the Compliance Office, is the key body of the Compliance Organisation which reports to the Management Board and the Audit Committee of the Supervisory Board.

Code of Conduct

TeamViewer is aware of the economic and social responsibility it has towards its business partners, investors and employees. Accordingly, the Code of Conduct was established as a

binding framework for ethical conduct in a business setting. The document describes the goal communicated by the Management Board that all decision-making processes should be guided by integrity, transparency and compliance with applicable laws and provisions.

Accordingly, the Code of Conduct is based on these applicable international standards and provisions. It includes rules mainly on internal dealings with each other, dealings with business partners, the fight against corruption and the responsibilities tightly linked to security, confidentiality, and the environment.

The Code of Conduct also serves as a framework for further important internal policies and procedural guidelines, including in the areas of the fight against corruption, of data security and IT security.

TeamViewer is very proud of the diversity of its own employees. People of different ages and genders work at the Company. They differ in terms of their nationality, family status, social and ethnic background, sexual orientation, and physical and mental state. The opportunity for all employees to express themselves freely is just as important as the acceptance of all political and religious convictions. At the same time, TeamViewer does not in any way tolerate extremist thinking, offensive behaviour, or propaganda. In this context, TeamViewer does not support or favour any political organisations.

Working together with the Compliance Board, the Compliance Office verifies that the provisions of the Code of Conduct are up to date and applicable, as well as acting as the central contact for all compliance-related matters.

The Code of Conduct is published on the [investor relations website](#) of TeamViewer.

Further compliance documents and policies

TeamViewer also expects its business partners to act in accordance with ethical laws and standards and ensure compliance with these throughout the entire value chain.

Following the Code of Conduct, therefore, TeamViewer has established a code for suppliers and business partners called the Business Partner & Supplier Code of Conduct.

Subordinate policies supplement the internal set of compliance rules, which include:

- ↳ Anti-Bribery & Corruption Policy
- ↳ Anti-Money Laundering Policy
- ↳ Antitrust and Fair Competition Policy
- ↳ Data Protection – Privacy Handbook
- ↳ Group Security Dealings Code
- ↳ Health & Safety Policy
- ↳ IT Security Policies
- ↳ Trade Controls and Sanctions Policy
- ↳ Travel Policy

All policies are reviewed and, where necessary, adjusted on a regular basis. Training events for all employees, information emails and Group-wide meetings ensure the issues are kept up-to-date and the policies complied with. Function-specific policies and procedural guidelines supplement the sets of rules.

Another important issue in the TeamViewer Group is the health of employees. In order to promote employee health, health and safety policies and the associated training have been implemented.

TeamViewer also supports standards designed to protect human rights. Together with the Code of Conduct, all recent provisions of the following standards have been included. More details can be found on [page 157](#) in the Nonfinancial Report.

Compliance reporting channels

Employees have various channels at their disposal to report compliance violations or anomalies. The first contact partner is the line manager. In addition, employees can notify the Compliance Office via a separate, dedicated email account. Employees can also use the whistle-blower channel to report suspected violations of the law or compliance concerns anonymously and with protection. The Company also maintains an extensive dialogue with external stakeholders to promote comprehensive compliance through open dialogue.

All reports are investigated and assessed in a timely manner. Suitable measures and sanctions are decided where applicable.

DIRECTORS' DEALINGS

The TeamViewer AG provides information on the managers' transactions of the Management Board and Supervisory Board and natural and legal persons strongly associated with them in accordance with Art. 19 of the EU Market Abuse Regulation (MAR). These transactions can be viewed on the Company's website within the periods stipulated by law.

In the 2020 fiscal year, five transactions were reported to TeamViewer AG pursuant to Art. 19 MAR. They are listed on the [investor relations website](#) of TeamViewer.

11 Nonfinancial statement

The nonfinancial matters relevant to TeamViewer that are not part of the management report are presented in detail in [Nonfinancial report](#).

12 Closing statement on the dependency report

The Management Board of the TeamViewer AG has created a dependency report pursuant to § 312 (1) AktG which contains the following concluding statement: "In summary, we hereby declare that TeamViewer AG, Goppingen, and its subsidiaries received appropriate consideration for the legal transactions listed in the report on relationships with affiliated companies according to the circumstances known to us at the time the legal transactions were carried out and were not disadvantaged in any way."

13 Management report of TeamViewer AG (Condensed, in accordance with the German Commercial Code)

In addition to reporting on the TeamViewer Group, the development of TeamViewer AG in the fiscal year 2020 is set out below.

TeamViewer AG is the parent company of the TeamViewer Group and based in Goppingen. The Company has been registered with the district court (Amtsgericht) of Ulm under register number HRB 738852.

The annual financial statements of TeamViewer AG are prepared in accordance with the provisions of the HGB. The consolidated financial statements of TeamViewer are prepared in accordance with the IFRS applicable on the reporting date and the interpretations of the IFRS Interpretations Committee (IFRS IC), the application of which is mandatory in the EU. This results in differences in accounting and valuation methods.

1. EARNINGS POSITION OF THE TEAMVIEWER AG

The fiscal year of TeamViewer AG is the calendar year 2020. The fiscal year 2019 was a short fiscal year comprising the period from the Company's establishment on 3 July 2019 up to 31 December 2019. This means that the figures for the reporting year can be compared with the prior-year figures to only a limited extent. By contrast, both the fiscal year 2020 and the previous fiscal year of the TeamViewer Group run from 1 January to 31 December because TeamViewer AG continues the group of Regit Eins GmbH as a new parent company.

The profit or loss statement of TeamViewer AG for the fiscal year 2020 is as follows:

Profit or loss statement

In EUR million	Fiscal year from 1 January to 31 December 2020	Short fiscal year from 3 July to 31 December 2019
Revenue	11.8	2.9
Other operating income	–	0.4
Personnel expense	(14.3)	(3.2)
Other operating expense	(4.1)	(1.8)
Interest and similar expenses	(0.2)	(0.1)
Net loss for the year	(6.8)	(1.8)

Revenue of TeamViewer AG resulted primarily from the provision of management services to affiliated companies and amounted to EUR 11.8 million in the fiscal year 2020 (2019: EUR 2.9 million).

The Company's personnel expenses in the fiscal year were EUR 14.3 million (2019: EUR 3.2 million). The main reasons for the increase are that, in the previous year, due to the short fiscal year, employees were only employed from August 1, the performance-related multi-year variable compensation of executives granted for the first time in fiscal 2020, and the increase in short-term variable compensation for all employees. During the fiscal year, TeamViewer AG employed an average of 64 employees (2019: 67).

Other operating expenses of EUR 4.1 million (2019: EUR 1.8 million) comprise primarily legal and advisory charges, closing and audit costs and the expense incurred for the Supervisory Board's remuneration.

Interest expenses amounted to EUR 0.2 million in the fiscal year 2020 (2019: EUR 0.1 million). TeamViewer AG's net loss for the year was EUR 6.8 million (2019: EUR 1.8 million).

2. ASSETS AND FINANCIAL POSITION OF TEAMVIEWER AG

The assets and financial position of TeamViewer AG as of 31 December 2020 and at the prior-year's reference date were as follows:

Assets and financial position

In EUR million	31/12/2020	31/12/2019
Financial assets	4,048.7	3,999.7
Non-current assets	4,048.7	3,999.7
Receivables and other assets	0.1	0.5
Cash at banks	1.3	5.7
Current assets	1.4	6.2
Prepaid expenses	0.2	–
Total assets	4,050.3	4,005.9
Equity	4,038.5	3,997.9
Provisions	7.2	2.0
Trade payables, amounts payable to affiliated companies and other payables	4.6	5.9
Total equity and liabilities	4,050.3	4,005.9

Total assets of the TeamViewer AG as of 31 December 2020 amounted to EUR 4,050.3 million (31 December 2019: EUR 4,005.9 million).

As of 31 December 2020, EUR 4,048.7 million (31 December 2019: 3,999.7 million) were accounted for by investments in non-current assets. The increase resulted from the acquisition of part of the shares in the Ubimax GmbH.

Current assets as of 31 December 2020 primarily comprised EUR 1.3 million in bank balances (31 December 2019: EUR 5.7 million).

With the purchase of 37.56% of shares in Ubimax GmbH, 1,070,931 new shares were issued to the founders of Ubimax GmbH that were issued from authorised capital as part of a capital increase against non-cash contributions. Shareholder subscription rights were excluded. The new shares are subject to a lock-up period of three years and will be released in annual tranches which underscores the long-term commitment of the Ubimax founders. The transaction was completed in August 2020. At the same time, the capital reserve was increased by EUR 46.3 million. In 2020, the shares in the Ubimax GmbH were contributed to the capital reserve of the Regit Eins GmbH, increasing the latter's investment book value.

Considering a net loss for the year of EUR 6.8 million (31 December 2019: EUR 1.8 million), TeamViewer AG's equity as of 31 December 2020 rose to EUR 4,038.5 million (31 December 2019: EUR 3,997.9 million). The provisions of EUR 7.2 million as of 31 December 2020 (31 December 2019: EUR 2.0 million) primarily included personnel-related provisions and provisions for closing and audit costs for the year 2020. The main reasons for the increase are the performance-related multi-year variable remuneration of managers and an increase in the short-term variable remuneration of all employees.

The Company's liabilities totalled EUR 4.6 million (31 December 2019: EUR 5.9 million), of which EUR 2.3 million (31 December 2019: EUR 3.1 million) was attributed to affiliated companies.

3. OPPORTUNITIES AND RISKS

As a holding company, the business development of TeamViewer AG is certainly subject to the same opportunities and risks similar to the TeamViewer Group. TeamViewer AG participates in the opportunities and risks of its indirect and direct subsidiaries in the full amount. The opportunities and risks and the Group's risk management system are presented in the [Opportunity and Risk Report](#). Adverse influences on the direct and indirect subsidiaries of TeamViewer AG may result in an impairment of participation in the Regit Eins GmbH in the annual financial statements of TeamViewer AG and reduce the Company's net result for the year.

4. OUTLOOK

TeamViewer AG's net result for the year is dependent on the profit distributions of the Regit Eins GmbH. In the fiscal year 2020 and in the short fiscal year 2019, there were no dividend payments. There are also no dividend payments planned for the fiscal year 2021.

The Company projects a modest increase in costs as well as a moderate increase in revenue for TeamViewer AG in fiscal year 2021 when compared with the previous year, together with a net loss for the year at the prior-year level. For a detailed presentation of the expected future development of the TeamViewer Group, please see the [Outlook](#).

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01 Consolidated statements of profit or loss and other comprehensive income

from 1 January to 31 December 2020

In thousands of euro	Note	2020	2019
Revenue	5	455,614	390,191
Cost of sales	6	(64,102)	(50,228)
Gross profit		391,512	339,963
Other income	6	5,256	7,723
Research and development	6	(46,627)	(37,934)
Sales	6	(77,707)	(52,731)
Marketing	6	(38,459)	(29,571)
General and administrative	6	(54,939)	(58,445)
Other expenses	6	(415)	(468)
Bad debt expenses	13	(14,576)	(15,489)
Operating profit		164,045	153,048
Finance income	8	2,953	38,936
Finance costs	8	(22,887)	(83,891)
Foreign exchange income ¹	8	43,873	28,384
Foreign exchange costs ¹	8	(17,598)	(41,335)
Profit before taxation		170,385	95,142

In thousands of euro	Note	2020	2019
Income taxes	9	(67,358)	8,717
Profit/(loss) for the year		103,027	103,859
Other comprehensive income for the year			
Items that may be reclassified to profit or loss in subsequent periods		(1,484)	202
Hedge reserve, gross	16	(61)	14
Exchange differences on translation of foreign operations		(1,424)	188
Total comprehensive income for the year		101,543	104,061
Earnings per share	27		
Undiluted, based on earnings attributable to holders of the parent company's ordinary shares		0.52	0.52
Diluted, based on earnings attributable to holders of the parent company's ordinary shares		0.51	0.52

¹ Changes in presentation compared with the previous year. See also note 05_02 c) of the consolidated financial statements

02 Consolidated statements of financial position as at 31 December 2020

In thousands of euro	Note	2020	2019	In thousands of euro	Note	2020	2019
Non-current assets				Equity			
Goodwill	10	646,793	590,445	Issued capital	16	201,071	200,000
Intangible assets	10	255,330	235,831	Capital reserve	16	366,898	320,661
Property, plant and equipment	11	40,469	26,480	(Accumulated losses)/retained earnings	16	(326,854)	(429,881)
Financial assets	22	4,516	4,424	Hedge reserve	16	(61)	–
Other assets		857	1,740	Foreign currency translation reserve	16	(343)	1,081
Deferred tax assets	9	159	6,266	Total equity attributable to owners of the parent		240,711	91,861
Total non-current assets		948,124	865,187	Non-current liabilities			
Current assets				Provisions	21	433	235
Trade receivables	13	19,667	11,756	Financial liabilities	17	440,153	582,538
Other assets	14	7,594	5,856	Deferred revenue	18	361	2,572
Tax assets	9	52	4,972	Other financial liabilities	7	1,614	–
Financial assets	22	4,456	–	Deferred tax liabilities	9	29,186	308
Cash and cash equivalents	15	83,531	71,153	Total non-current liabilities		471,747	585,652
Total current assets		115,301	93,737	Current liabilities			
				Provisions	21	2,225	3,284
				Financial liabilities	17	82,099	34,260
				Trade payables	19	8,304	9,069
				Deferred revenue	18	214,811	210,250
				Deferred and other liabilities	20	39,120	17,793
				Other financial liabilities	17	29	6,642
				Tax liabilities	9	4,378	114
				Total current liabilities		350,966	281,411
				Total liabilities		822,714	867,063
Total assets		1,063,425	958,924	Total equity and liabilities		1,063,425	958,924

03 Consolidated statements of cash flows from 1 January to 31 December 2020

In thousands of euro	Note	2020	2019	In thousands of euro	Note	2020	2019
Cash flows from operating activities				Cash flows from financing activities			
Profit before taxation		170,385	95,142	Repayments of borrowings	17	(62,832)	(696,373)
Depreciation, amortisation and impairment of non-current assets	10, 11	41,096	36,442	Proceeds from bank borrowings	17	–	610,313
(Gain)/loss from the sale of property, plant and equipment		(278)	(5)	Payments for the capital element of lease liabilities	17	(4,863)	(3,836)
Increase/(decrease) in provisions	21	753	2,170	Interest paid for borrowings and lease liabilities	8, 17	(28,071)	(46,100)
Non-operational foreign exchange (gains)/losses	8	(30,541)	10,869	Proceeds/(payments) from the settlement of derivatives		–	(131)
Expenses for equity-settled share-based compensation	7	47,308	36,830	Proceeds/(payments) in equity		–	25
Net financial costs	8	19,935	44,955	Cash flows from financing activities		(95,766)	(136,102)
Change in deferred revenue	5, 18	2,233	(67,814)	Net change in cash and cash equivalents		18,521	(13,369)
Changes in other net working capital and other		7,063	2,899	Net foreign exchange rate difference		(6,082)	–
Income taxes paid	9	(33,417)	(17,879)	Net change from cash risk provisioning		(61)	815
Cash flows from operating activities		224,536	143,610	Internal combinations and transfers		–	3,768
Cash flows from investing activities				Cash and cash equivalents at beginning of period	15	71,153	79,939
Capital expenditure for property, plant and equipment and intangible assets	10, 11	(26,168)	(16,551)	Cash and cash equivalents at end of period	15	83,531	71,153
Proceeds from the sale of property, plant and equipment		23	–				
Payments for the acquisition of non-current financial assets		(51)	(4,326)				
Payments for acquisitions	4	(84,053)	–				
Cash flows from investing activities		(110,249)	(20,877)				

04 Consolidated statements of changes in equity from 1 January to 31 December 2020

Consolidated statements of changes in equity 2020

	Note	Issued capital	Capital reserve	Accumulated losses/retained earnings	Hedge reserve	Foreign currency translation reserve	Total equity
In thousands of euro							
Balance as at 1 January 2020		200,000	320,661	(429,881)	–	1,081	91,861
Profit/(loss) for the year		–	–	103,027	–	–	103,027
Other comprehensive income for the year		–	–	–	(61)	(1,424)	(1,484)
Share-based compensation	7	1,071	46,237	–	–	–	47,308
Balance as at 31 December 2020		201,071	366,898	(326,854)	(61)	(343)	240,711

Consolidated statements of changes in equity 2019

	Note	Issued capital	Capital reserve	Accumulated losses/retained earnings	Hedge reserve	Foreign currency translation reserve	Total equity
In thousands of euro							
Balance as at 1 January 2019		25	116,312	(332,876)	(14)	4	(216,548)
Profit/(loss) for the year		–	–	103,859	–	–	103,859
Other comprehensive income		–	–	–	14	188	202
Capital reorganisation	4	199,975	–	(199,975)	–	–	–
Share-based compensation	7	–	36,830	–	–	–	36,830
Shareholder contribution	4, 16	–	167,518	(889)	–	889	167,518
Balance as at 31 December 2019		200,000	320,661	(429,881)	–	1,081	91,861

05 Notes to the consolidated financial statements

05_01 COMPANY INFORMATION

TeamViewer Aktiengesellschaft (AG) was established on 3 July 2019 as a German limited liability company (Gesellschaft mit beschränkter Haftung, GmbH) under the name Regit Beteiligungs-GmbH and was registered with the commercial register (Handelsregister) of the district court (Amtsgericht) of Ulm under HRB 738601 on 10 July 2019. TeamViewer AG was established by way of a change in the legal form of Regit Beteiligungs-GmbH, which was founded on 3 July 2019, into a stock corporation on 3 September 2019 (date of entry in the commercial register under HRB 738852).

TeamViewer AG's principal shareholder, with a shareholding of 27.9% as at 31 December 2020 (31 December 2019: 62.5%), is TigerLuxOne S.à r.l. (TLO), a company registered in Luxembourg. TeamViewer AG's registered office is in Goppingen. With effect from 9 September 2020, the Company's registered office was changed to Bahnhofstrasse 2, 73033 Goppingen, Germany (previously: Jahnstrasse 30, 73037 Goppingen, Germany). The fiscal year is the calendar year.

From a corporate law perspective, the Group was established on 1 August 2019 when TLO contributed 100% of the shares of Regit Eins GmbH into Regit Beteiligungs-GmbH (now TeamViewer AG). From an accounting perspective, this contribution represents a capital reorganisation with the consequence that these consolidated financial statements of TeamViewer AG are a continuation of the consolidated financial statements of Regit Eins GmbH with a changed capital structure and a changed name (see note [05_04 Structure of the Group – d\) Contribution into TeamViewer AG](#)).

In the following, "Company" refers to either TeamViewer AG (formerly Regit Beteiligungs-GmbH) or Regit Eins GmbH.

TeamViewer's solutions portfolio enables users to connect using a wide variety of devices and applications – anywhere, any time. It addresses global megatrends such as digital transformation, the continuing development of the Internet of Things (IoT), advancing automation, the

use of robots and artificial intelligence (AI) as well as the growing desire by the population for a reduction in carbon emissions and flexible working models (e.g. working from home).

05_02 BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) in force at the reporting date, as adopted by the European Union (EU) pursuant to EU Regulation No. 1606/2002 of the European Parliament and the Council on the application of international accounting standards, as well as the additional requirements of German commercial law pursuant to § 315e (1) of the German Commercial Code (Handelsgesetzbuch, HGB). The term IFRS also includes the International Accounting Standards (IAS) that are still in effect. All binding interpretations of the IFRS Interpretations Committee (IFRS IC) mandatory for the fiscal year 2020 were also applied.

The consolidated financial statements were approved and authorised for issue by the Company's Management Board on 17 March 2021.

b) Basis of measurement

The consolidated financial statements are based on the principle of historical cost, except for the following items measured at fair value:

- ☞ Derivative financial instruments
- ☞ Liabilities for cash-settled share-based compensation

Monetary assets and liabilities in foreign currencies are translated at the rates prevailing on the reporting date.

c) Basis of preparation of consolidated statements of profit or loss and other comprehensive income and consolidated statements of financial position

The consolidated statements of profit or loss and other comprehensive income are presented using the cost of sales method. The consolidated financial statements follow the organisational requirements of IAS 1. The presentation in the consolidated statements of financial position distinguishes between current and non-current assets and liabilities. Assets and liabilities are classified as current if they are realised or fulfilled within one year. Debts are also classified as current if there is no unrestricted right to postpone the fulfilment of the debt by at least twelve months after the balance sheet date. As an exception, deferred tax assets and liabilities are reported in the consolidated statements of financial position as non-current items.

To provide a clearer and more meaningful picture, certain items have been combined in the consolidated statements of profit or loss and other comprehensive income and the consolidated statements of financial position, while specific explanations by item are provided in the notes.

In contrast to the previous year, currency translation income and expenses are now presented on an unnetted basis in the consolidated statement of comprehensive income for the 2020 fiscal year. In the consolidated statement of comprehensive income for the 2019 fiscal year, however, these income and expenses were presented on a net basis and a distinction was made between unrealised and realised gains/losses from currency translation instead.

d) Basis of consolidated cash flow statement preparation

The Group presents cash flows from operating activities using the indirect method and uses "Profit before taxation" as the starting point.

Cash flows from financing activities include interest paid for loans, borrowings and leases. Other interest payments (other than those from financing activities) are presented in cash flows from operating activities. The cash flows from investing activities include interest received from financial assets.

e) Presentation currency

The consolidated financial statements are prepared in euro (EUR or €), which is the Company's presentation currency. Unless otherwise noted, all amounts are rounded to thousands of euro (EUR thousand), which means that rounding difference may arise when individual amounts are added. This also applies to adding up percentages.

f) Use of judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, accompanying notes and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue

The period for the recognition of revenue for perpetual licences is estimated at three years. Starting with the release of TeamViewer 12 in the fourth quarter of 2016, the Group's Management Board estimated the period for the recognition of revenue for perpetual licences to be three years, rather than four years up to TeamViewer version 11.

Recognition and measurement of assets

Particularly regarding the recognition and measurement of intangible assets/goodwill and liabilities resulting from the purchase price allocation at the time of initial consolidation. (Further information is included in note 05_10 Goodwill and intangible assets).

Other intangible assets and goodwill

Goodwill was allocated to the cash-generating units and a yearly impairment test was conducted. The key assumption for the impairment test is the determination of the recoverable amount per cash-generating unit. (See note 05_10 Goodwill and intangible assets).

Leases

Renewal or termination options are taken into account in the determination of the contractual terms. If the Company has a unilateral renewal or termination option, the probability whether the option is exercised is also taken into account in the determination of the term. The Group assumes a term that is longer than the original term only when it is reasonably certain that it will extend the contract or not terminate it. If both parties have a renewal or termination option, the term of the contract is determined taking into account the probability of the exercise of this option and the potentially incurred economic disadvantages of both parties.

Estimates and assumptions

Described below are the key assumptions concerning the future, as well as other key sources of uncertainties related to estimates, that the Group made at the reporting date and which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal years. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Share appreciation rights programme/EPP programme

The fair value of this share-based compensation on the grant date was estimated using suitable valuation models in the previous year. The vesting period must be estimated for purposes of recognising the expenses from the EPP bonus. The vesting period runs until the sale of the last TeamViewer share by TLO. (See note [05_07 Personnel expenses](#))

Phantom share scheme (Long-term Incentive Plan – LTIP)

Assumptions are applied when estimating the fair value of the LTIP that include the expected volatility of the Company's share price. The amount of the final payout amount further depends on the attainment of performance targets and the future closing share price. Changes in these assumptions and results that deviate from the assumptions could result in substantial adjustments of the carrying amounts of the related liabilities. The expected volatility is the most significant assumption for the estimated fair value of the LTIP. The most important factor for calculating the payout amount is the closing share price. (See note [05_07 Personnel expenses](#))

Recognition of deferred tax assets

The prerequisite is the availability of future taxable profits against which carried forward tax losses can be used. (See note [05_09 Income taxes](#))

Tax-related liabilities

The Group calculates and pays income taxes in accordance with applicable tax laws.

The Group measures its ongoing tax refund claims/debts for the current and prior periods at the amount expected to be paid to or recoverable from the tax authorities, which involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the global operations.

Uncertain tax positions

The application of tax rules to complex transactions is often open to interpretation by both the Group and the tax authorities. The tax authorities may challenge positions taken by the Group in determining its current income tax expense and require further payments. Those interpretations of tax law that are subject to interpretation are generally referred to as uncertain tax positions.

For the valuation of an uncertain tax position, the Group first determines if the position has to be valued separately or in connection with other uncertain tax positions. The determination is based on the estimation of whether there is such a connection between the positions that a common release of the uncertainty is expectable. Based on the assumption that the tax authorities will audit the positions with complete knowledge of the cases, the Group then determines if the tax authorities will accept the handling of the cases by the Group. If it is likely that the tax authorities will accept the handling of the case, only this will be the base of the valuation of the uncertain tax position. If not, the valuation of the uncertain tax position is based on the most likely amount or based on the expected value method. If the possible outcomes are binary or are concentrated on a certain value, the valuation of the uncertain tax position is based on the most likely amount, otherwise on the expected value method.

COVID-19 pandemic

The COVID-19 pandemic had no material impact on planning, estimates, assumptions or valuation.

g) IFRS 13 – Fair values

The Group measures financial instruments such as derivatives at fair value at each reporting date. Fair value-related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are reported are summarised in the following notes:

- 05_17 Financial liabilities
- 05_22 Financial instruments – Fair values and risk management

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to determine the fair value, while maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1:** quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e., derived from prices).
- Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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

Interest rate caps and currency options are measured using an option pricing model with current market volatilities.

The fair values of the debt instruments assigned to Level 2 are calculated as the present values of the payments associated with the debts, based on the applicable short-term yield curve and the credit spread curve for comparable companies.

Trade receivables, receivables from affiliates, other associates and investments, loan receivables, as well as 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.

05_ 03 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by Group companies throughout the periods presented in these consolidated financial statements.

a) Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method in accordance with IFRS 3 when control is transferred to the Group. The consideration transferred in the acquisition, as well as the identifiable net assets acquired, are generally measured at fair value. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are fully expensed as incurred.

Subsidiaries

In line with IFRS 10, subsidiaries are entities controlled by TeamViewer AG. The Company controls an entity when it is exposed to or has rights to variable returns from its involvement and has the ability to affect those returns through the power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control is lost.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated through consolidation

Intra-group balances, transactions and any unrealised income, expenses and cash flows arising from intra-group transactions are eliminated. Intra-group losses are eliminated like intra-group gains.

Fiscal year

The fiscal year of all consolidated companies corresponds to the fiscal year of the parent company with the exception of the first fiscal year of the TeamViewer Singapore Pte. Ltd., which comprises the period from September 2018 to December 2019, and the fiscal year of TeamViewer India Pvt. Ltd., which comprises the period from April to March. If the fiscal year differs, financial information is used for Group consolidation that refers to the same reporting date as the financial statements of the parent company.

b) Revenue

Revenue generally stems from the provision of connectivity solutions based on licences for our software products. The Group sells directly to consumers and indirectly through distribution partners as well as selling products via original equipment manufacturers (OEMs). Our contracts with customers often cover various products and services.

For connectivity solutions, on the basis of temporary licenses for our software products (subscription model), proportional recognition on a straight-line basis over the term of the contract is the most appropriate methodology for revenue recognition since the Group has to provide services over the full term of the contract. For connectivity solutions on a perpetual licence basis, the Group recognises the revenue over an estimated technological life of three years. The Group sells connectivity solutions on a perpetual licence basis only in exceptional cases. The vast majority of connectivity solution licences are sold using a subscription model, generally with a term of one year.

As a rule, connectivity solution licenses are billed at a fixed price at the start of the contract. Therefore, the deferred revenue position in the statement of financial position shows the amount of revenue not yet realised as the services were not yet provided to the customer (contractual liability towards the customer as defined in IFRS 15). The deferred revenue is recognised as revenue on a straight-line basis over the revenue recognition period.

In general, the Group offers its customers a payment term of 14 days. For larger customers, the payment term can also be agreed individually.

Revenue from contracts with customers is recognised when it is probable that the underlying contracts will actually be executed. In particular, it must be likely that the customer will pay the consideration owed. Judgment can be exercised by discretion. Criteria such as historical contract compliance and the intensity of the customer relationship are applied to make this determination. The Group arrives at this judgement based on historical information obtained for the contract portfolios. Expected future developments that deviate from past experience are also considered. For certain contract portfolios, this judgement leads to the fact that the associated revenue is only recognised when payment is made.

In the past fiscal year, we were able to refine the process for estimating the expected customer contract compliance, particularly their intention to pay, based on an expanded base of data by implementing system improvements and developing the appropriate reports. We can now distinguish more granularly between countries/regions and customer groups.

c) Employee benefits

Share-based compensation from an entity exercising control at the grant date accounted for as equity-settled share-based compensation

TLO granted share-based compensation awards to selected managers of the Group, with these awards being either settled in cash or by transferring equity instruments. The same was true for TigerLuxOne Holdco S.C.A. up to fiscal year 2019. (in the following: HoldCo) as the controlling shareholder of TLO. At the time, HoldCo provided selected managers of the Group the opportunity to participate in TLO via the limited partnerships it controls.

Even though in this case no company of the Group of TeamViewer AG is obliged towards the managers to make a share-based compensation, the Group accounts for TLO's commitments as equity-settled share-based compensation. This accounting treatment results from the fact that this structure is a share-based compensation between companies of a Group. At the time the share-based compensation was granted, the Group of TeamViewer AG was part of the superordinate Group of TLO, which is obliged to make share-based compensation. Since the companies of the TeamViewer AG Group receive the service of the managers (and not TLO), the TeamViewer AG Group accounts for these transactions as equity-settled share-based compensation transactions, regardless of the form in which the awards made by TLO to the managers are settled (cash or equity).

The same principles also applied in the case of the opportunity granted to managers by HoldCo to participate in TLO via the limited partnerships it controls. This was also deemed a share-based compensation transaction between companies of a Group. Both the limited partnerships required to make the share-based compensation and the companies of the TeamViewer AG Group that received services from the managers were all part of the superordinate HoldCo Group.

Share-based compensation accounted for as equity-settled share-based compensation

The expenses for equity-settled share-based compensation are calculated using the fair value at the grant date. No expenses were recorded for share-based compensation transactions resulting from the participation of managers in TLO via the limited partnerships controlled by HoldCo since their grant date fair value was nil. For more information, see note [05_07 Personnel expenses](#).

Service and vesting conditions that are not market conditions are not taken into account in determining the fair value of awards as at the grant date. The probability that these conditions are met is, however, taken into account in the Company's best estimate of the number of ultimately vested equity instruments. More detailed information on vesting conditions that are not market conditions can be found in note [05_07 Personnel expenses](#).

Market conditions are included in the grant date fair value. Other conditions associated with an award that are not service or vesting conditions are classified as non-vesting conditions. Non-vesting conditions are taken into account in the grant date fair value of an award and lead to a direct recognition of an award as an expense, unless there are additional service and/or performance conditions.

If the managers acquire already on the grant date an unconditional right to share-based compensation, the expenses are also recorded on the grant date. Otherwise, the expenses are recognised over the service period or the expected period in which the performance conditions are met (the vesting period) (note [05_07 Personnel expenses](#)). The accumulated expense recognised for equity-settled transactions as at each reporting date until the vesting date in this case reflects the extent to which the expected vesting period has lapsed as well as the Company's best estimate regarding the number of ultimately vested equity instruments. The expense recognised for a reporting period corresponds to the change of the accumulated expense between the beginning and the end of the respective period. The capital reserve increases in line with the expense amount recognised.

Modification of equity-settled share-based compensation

In case of a change or modification of an existing award, the fair value of the original remuneration agreement determined as at the original grant date is expensed when the services are provided, i. e., the modification in the existing contract does not have any impact on the previous accounting treatment. In addition, the effect of the modification that increased the total fair value of the share-based compensation arrangement at the date of the change are accounted for as if a new arrangement has been agreed which is then measured at the incremental fair value as at the modification date.

Share-based compensation accounted for as cash-settled share-based compensation

The Company has launched a phantom share scheme, or long-term incentive plan (LTIP). The LTIP payout amount depends on factors including the Company's share price performance. The liabilities arising from the LTIP are recognised at their fair value at each reporting date and are expensed over the vesting period. The vesting period is the period from the grant date to the vesting date. The cumulative expense recognised at each reporting date reflects the extent to which the vesting period has lapsed by the reporting date.

Service and vesting conditions that are not market conditions are not taken into account in determining the fair value of awards. The probability that these conditions are met is, however, taken into account in the Company's best estimate of the number of ultimately vested equity instruments. Market conditions are included in the fair value. Other conditions associated with an award that are not service or vesting conditions are classified as non-vesting conditions. Non-vesting conditions are taken into account in the fair value of an award and lead to a direct recognition of an award as an expense, unless there are additional service and/or performance conditions.

Calculating headcount

The average number of employees (headcount) was calculated based on the actual headcount at each quarter-end.

The number of full-time equivalents (FTEs) is determined by dividing the hours worked by an employee on a contract basis by the regular working hours of a full-time employee.

d) Finance income and finance costs

The Group's finance income and finance costs include:

- ↳ Interest income
- ↳ Interest expense
- ↳ Financing expense

Interest income and interest expenses are recognised using the effective interest method.

e) Income taxes

Income tax expense comprises current and deferred income taxes. It is recognised in accordance with IAS 12 in profit or loss unless it relates to a business acquisition or items recognised directly in equity or in other comprehensive income (OCI).

Current tax

Current income tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to this from previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred income tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following:

- ☞ Temporary differences at the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss
- ☞ Temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- ☞ Taxable temporary differences arising on the initial recognition of goodwill

On the initial recognition of leases, the Group recognises deferred tax assets related to lease liabilities and deferred tax liabilities related to right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused interest carryforwards, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred taxes arising from transactions recognised in other comprehensive income also recognised in that item.

Deferred tax positions are offset if a legally enforceable right exists to set-off current tax assets against current tax liabilities, and the deferred income taxes relate to the same taxable entity and the same tax authority.

f) Intangible assets and goodwill**Goodwill**

Goodwill arising from the acquisition of companies is measured at cost less accumulated impairment losses.

Research and development (R&D)

Expenditure on research and development activities is recognised in profit or loss in the year incurred.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses according to IAS 38. Other intangible assets that are acquired by the Group and have infinite useful lives are measured at cost and are tested for impairment at least annually according to IAS 36.

Amortisation

Amortisation is calculated based on the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives. It is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for intangible assets remain unchanged to the previous year:

	Years
Goodwill	Indefinite
Trademark "TeamViewer"	Indefinite
Customer relationships	10
Software	2–10

The useful life of the trademark "TeamViewer" is classified as indefinite because the use of the trademark does not depend on the product life cycle of the software, and it can be used independently from the technology in place as a trademark. The Group determined the indefinite useful life of the trademark based on the following significant factors in accordance with IAS 38.90:

- ☛ The Group expects to continue to use its company trademark for an indefinite time. The commercial usage of the trademark does not depend on a specific management team.
- ☛ There are no indications of any commercial obsolescence of the trademark. The brand recognition has increased permanently since the foundation of the Company.
- ☛ There are currently no indications of declining market demand in the respective industry.

Intangible assets with an indefinite useful life are tested for impairment annually in accordance with IAS 36 applying the procedure described in note ☛ 05_03 Significant accounting policies. The impairment test for the trademark is performed in connection with the goodwill impairment test, because the trademark does not generate cash inflows from continuing use on a stand-alone basis.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

g) Property, plant and equipment

In line with IAS 16, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. For property, plant and equipment acquired through a business combination, the cost is taken to be the allocated fair value as per the respective purchase price allocation.

Subsequent expenditure

Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated based on the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. It is generally recognised in profit or loss. Estate is not depreciated.

The estimated useful lives for property, plant and equipment are unchanged from the prior year and are as follows:

	Years
Office equipment	3– 15
IT equipment	3– 8
Improvements in premises	2– 10

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

h) Trade receivables

The Group does not recognise trade receivables if it has no unconditional right to consideration. Customers have the right to return purchased licences within seven days after purchase. During this period, the Group has no unconditional right to receive a consideration and only the service already delivered is presented pro rata as a contract asset.

The loss allowance on the Group's current trade receivables is recognised in line with IFRS 9 using the expected credit loss model. The simplified approach is used in calculating the life-time expected credit losses. Due to the diversified customer base, the trade receivables net of consumption tax are clustered by region and maturity of the receivable based on historical credit losses. Management evaluates on a regular basis whether reasonable and supportable information is available to adjust the historical default rates using forward-looking information. Trade receivables due more than 120 days are impaired in full. Due to the short time period and the low interest rate environment, the time value of money does not have any material effect on the allowance.

Overdue trade receivables are subject to various enforcement activities. Trade receivables are derecognised after one year if no realisation of the receivable is expected.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash in hand and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. The cash equivalents item contains receivables from payment service providers. For cash and cash equivalents, the Group recognises a risk provision for expected credit losses in line with IFRS 9 using an expected credit loss model. The Group used credit default swaps to estimate the 12-month expected credit loss. The Group also monitors the risk on a regular basis to determine if a significant deterioration of credit risk has occurred. If the credit rating of a bank is downgraded from investment grade, the Group determines a significant deterioration of credit risk. A default is assumed to have occurred if the Standard & Poor's credit rating of a bank is downgraded to below C.

j) Issued capital

The Company's issued capital is divided into ordinary bearer shares with no-par value classified as equity. Costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any tax effects.

k) Provisions

According to IAS 37, provisions are recognised if a present legal or constructive obligation to third parties has arisen as a result of a past event, if payment is probable and if the amount of the payment can be estimated reliably. They are measured using the best estimate of the expenditure required to settle the present obligation considering past experience. They are recognised at the most likely amount of the obligation. The amount of the provision is regularly adjusted if new information becomes available or if circumstances change. Non-current provisions are recognised as at the reporting date at the present value of expected settlement amounts, taking into account the development of prices and costs. Discount rates are regularly adjusted to prevailing market interest rates.

l) Financial liabilities

All financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. The amortisation of transaction costs is reflected in finance costs. Financial liabilities include both loans and lease liabilities.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

m) Financial instruments

The Group records non-derivative financial assets that are held to collect contractual cash flows that are solely payments of principal and interest at amortised cost.

The Group classifies non-derivative financial liabilities at amortised cost. This particularly includes financial liabilities, as well as other financial liabilities, including trade payables. The Group currently has no non-derivative financial liabilities measured at fair value through profit or loss.

Non-derivative financial assets and liabilities

The Group initially recognises non-derivative financial assets and financial liabilities at the point in time the Group companies become party to the contractual provisions of the instrument. Purchases or sales of financial assets are recognised using trade date accounting.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. Moreover, trade receivables are derecognised when the Group has no reasonable expectation of recovering the receivable. This is always the case for receivables from the sale of software subscriptions and perpetual licences (including updates) when the receivable is not settled 12 months after its due date.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities, trade receivables, financial liabilities and other financial liabilities are initially recognised at fair value plus or less any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost using the effective interest method.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk and forex exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Those criteria include the conditions that the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; that a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and that the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss.

Derivatives that are not designated in an effective hedging relationship are classified as measured at fair value through profit or loss.

Derivatives are initially recognised at fair value. Any directly attributable transaction costs are recognised in profit or loss as incurred. Derivatives are measured subsequently at fair value and changes in fair value are generally recognised immediately in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives may be related to expected transactions as contractual agreements may include exercise dates or similar transaction-related conditions.

Hedge accounting

The Group applies the hedge accounting requirements set out in IFRS 9. When a derivative is designated as a cash flow hedging instrument, the effective portions of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. Fair value changes regarding the time value of an option that hedges a time period-related hedged item are recognised in a separate component of OCI and amortised on a rational and systematic basis. The amount accumulated in equity in the hedging reserve is retained in OCI and is reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in the hedging reserve is reclassified to profit or loss.

n) Impairment

Non-financial assets

In accordance with IAS 36, the Group reviews assets with a finite useful life for impairment if there are indications that those assets may be impaired. Moreover, intangible assets with an indefinite useful life, intangible assets not yet ready for use and goodwill are tested for impairment at least annually.

At each reporting date, or when there are indications of potential impairment, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. Goodwill and trademarks with an indefinite useful life are tested at least annually for impairment and whenever there is an indication of impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from the acquisition of a company is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. The value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. To determine fair value less costs of disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for comparable publicly traded companies or other available fair value indicators.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. However, the carrying amount of each of the other assets in the CGU is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that cannot be allocated because of this floor is allocated to the other assets in the CGU on a pro rata basis.

An impairment loss for goodwill cannot be reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised.

Financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the cash flow the Group is contractually entitled to and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are an integral part of the contract.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For further details, please refer to note [05_22 Financial instruments – fair values and risk management](#).

For trade receivables and contract assets, included within other current assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. For further details, please see note [05_13 Trade receivables](#).

o) Rental/lease payments

The Group applies IFRS 16 to rental and lease agreements. Lease payments represent rentals payable by the Group for certain buildings, servers and motor vehicles.

Right-of-use asset

The Group recognises right-of-use assets at the commencement date. The right-of-use asset is initially measured at cost, which consists of the initial amount of the respective lease liability adjusted for any prepayment done at or before the commencement less any lease incentive received. Consequently, the right-of-use asset is adjusted for any changes in the lease contract. The recognised right-of-use assets are depreciated on a straight-line basis during the lease term and are subject to impairments.

Lease liabilities

The lease liabilities are measured initially at the present value of lease payments that are not paid at the commencement date and are expected to be made during the remaining lease term, discounted using the Company's incremental borrowing rate. The incremental borrowing rate used matches the lease term. The lease payments include the fixed payments (including in-substance payments) less any incentives receivable, variable lease payments (which depend on an index or rate) and any amount expected to be paid under residual value guarantee.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, a change in the estimate related to the amount expected to be payable under a residual value guarantee, or if the Group changes its assumption regarding its right to exercise the purchase, renewal or termination option. For any change in the value of the lease liability, the carrying amount of the respective right-of-use asset is adjusted accordingly.

At the commencement of a lease for which the Company is the lessee, it recognises

- ☞ a deferred tax asset related to the lease liability to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised; and
- ☞ a deferred tax liability related to the right-of-use asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., TeamViewer assets with a value below EUR 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal and termination options

Periods resulting from the exercise of a renewal option by the lessee are included in the term of a lease if the exercise of the renewal option by the lessee is reasonably certain. The same applies to periods by which the lease is renewed if a termination option is not exercised. They are also included in the lease term if it is reasonably certain that the lessee will not exercise the termination option. In the case of mutual termination options that can be exercised without the consent of the other contractual party, these periods are only included in the term of the lease if the termination is associated with more than only minor economic disadvantages for both contractual parties.

p) Foreign currency

Foreign currency transactions and foreign operations are recognised in accordance with IAS 21.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at exchange rates as at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency with the exchange rate as at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency with the exchange rate as at the measurement date. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on the historical exchange rate at their time of addition will not be restated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions, are translated from the functional currencies of Group companies into euro at exchange rates at the reporting date since this is the reporting currency of the parent company. Functional currencies of subsidiaries comprise euro, U.S. dollar, pound sterling, Australian dollar, Japanese yen, Indian rupee, Singapore dollar, Chinese renminbi, Mexican peso and the Armenian dram. For reasons of simplification, the income and expenses of foreign operations are translated into euro at the average exchange rate of the year in which the respective transaction occurred.

Foreign currency differences arising from the translation of a foreign operation are recognised in OCI and accumulated in the translation reserves. When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

The following significant exchange rates have been applied at year-end:

Closing rates

Currency	ISO Code	31/12/2020	31/12/2019
U.S. dollar	USD	1.23	1.12
Pound sterling	GBP	0.90	0.85
Australian dollar	AUD	1.59	1.60
Armenian dram	AMD	641.11	537.26
Japanese yen	JPY	126.49	121.94
Indian rupee	INR	89.66	80.19
Singapore dollar	SGD	1.62	1.51
Chinese yuan	CNY	8.02	7.82
Mexican peso	MXN	24.42	21.22

The following annual average exchange rates were used for the translation of income and expenses of foreign operations into euro:

Annual average rates

Currency	ISO Code	2020	2019
U.S. dollar	USD	1.14	1.12
Pound sterling	GBP	0.89	0.88
Australian dollar	AUD	1.66	1.61
Armenian dram	AMD	558.41	538.04
Japanese yen	JPY	121.78	122.10
Indian rupee	INR	84.58	78.86
Singapore dollar	SGD	1.57	1.53
Chinese yuan	CNY	7.87	7.74
Mexican peso	MXN	24.51	21.56

q) Contingent liabilities

According to IAS 37, contingent liabilities are liabilities that may be incurred by the Group depending on the outcome of an uncertain future event. A contingent liability is disclosed unless the possibility of an outflow of economic resources is unlikely.

r) Segment

Within the Group, there is only one single segment, with the TeamViewer platform as the reporting unit. The Group defined the "chief operating decision maker" as the Chief Executive Officer and the Chief Financial Officer. They allocate the resources and assess the financial performance based upon the discrete financial information at consolidated level.

s) Standards, interpretations and amendments to published standards issued and adopted

The following amendments or improvements to standards have been adopted by the Group that were mandatory for the first time for the fiscal year beginning on or after 1 January 2020, but do not have any impact or any material impact on the Group:

- ☐ Amendments to IAS 1 and IAS 8 – Definition of Material
- ☐ Amendments to IFRS 3 – Definition of a Business
- ☐ Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform – Phase 1
- ☐ Amendments to IFRS 16 – COVID-19-Related Rent Concessions (TeamViewer elected not to use the practical expedient)
- ☐ Amendments to References to the Conceptual Framework in IFRS Standards

t) Standards, interpretations and amendments to published standards issued but not yet adopted

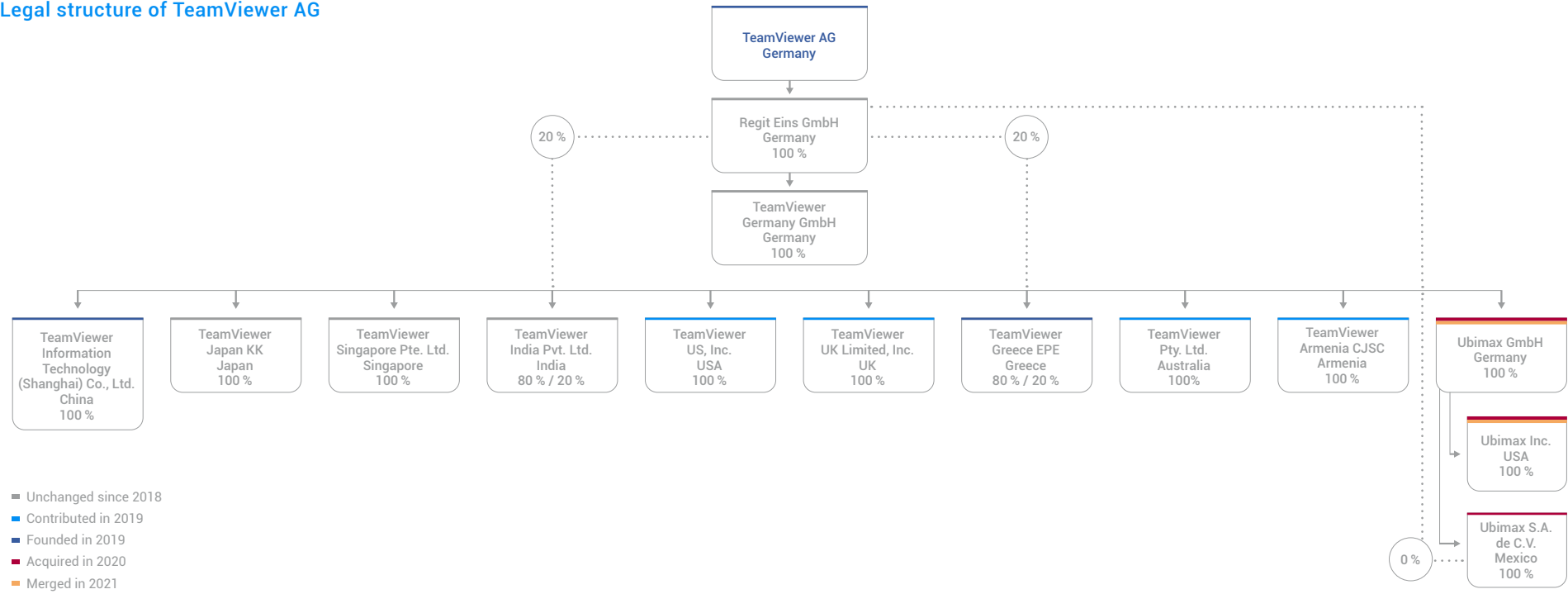
A number of new standards and amendments to standards and interpretations are effective for fiscal years beginning on or after 1 January 2021.

The following new or amended standards are not expected to have a significant impact on the consolidated financial statements:

- ↳ Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- ↳ Amendments to IAS 1 – Disclosure of Accounting Policies
- ↳ Amendments to IAS 8 – Definition of accounting estimates
- ↳ Amendments to IAS 16 – Proceeds before Intended Use
- ↳ Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- ↳ Amendments to IFRS 3 – Reference to the Conceptual Framework
- ↳ Amendments to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9
- ↳ Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2
- ↳ IFRS 17 Insurance Contracts and Amendments to IFRS 17
- ↳ Annual Improvements 2018–2020 Cycle

05_ 04 STRUCTURE OF THE GROUP

Legal structure of TeamViewer AG



In addition to the companies shown in the chart, Ubimax GmbH, Bremen, represented an affiliated company of TeamViewer AG until its merger with TeamViewer Germany GmbH on 7 January 2021. Ubimax Inc., USA was merged into TeamViewer US, Inc./USA on 29 January 2021.

a) Group structure as at 31 December 2020

As at 31 December 2020, the Group consisted of TeamViewer AG, with its registered office in Goppingen, Germany, as the parent company and 14 consolidated subsidiaries.

In the past fiscal year, the group of companies consolidated changed as follows:

b) Acquisitions in 2020

Acquisition of Ubimax GmbH

With effect from 21 August 2020, the Group acquired 100% of the voting shares of Ubimax GmbH, with registered office in Bremen, and its subsidiaries Ubimax Inc. (USA) and Ubimax S.A. de C.V. (Mexico) (all three companies hereinafter collectively referred to as "Ubimax").

Ubimax is a leading supplier of wearable computing technologies and augmented reality solutions for the Frontline workforce. Headquartered in Bremen, the company's products and services include the Frontline AR software platform, wearables such as smart glasses and consulting for around 200 corporate clients in various industries worldwide. Ubimax had more than 80 employees in Germany, the United States and Mexico at the time of the acquisition.

With this acquisition, TeamViewer will significantly expand its AR and Internet of Things (IoT) offering with industry-specific solutions for enterprise customers, thereby allowing the Company to deliver a significantly broader range of augmented reality products.

TeamViewer Germany GmbH acquired 62.44% of Ubimax GmbH. The full purchase price of EUR 86.2 million was paid in cash by the Group. In addition, 37.56% of Ubimax GmbH was acquired in return for the issue of TeamViewer AG shares. A total of 1,070,931 new shares of TeamViewer AG were issued for this purpose from authorised capital as part of a capital increase against non-cash contributions. Since the transfer of the shares depends on the future performance of services by the founders of Ubimax for TeamViewer AG, this non-cash contribution is accounted for as equity-settled share-based compensation and not as consideration for the acquisition of Ubimax. The new shares are pledged to TeamViewer AG and are subject to a lock-up period of three years to be released in annual tranches.

Assets acquired and liabilities assumed

The fair values of identifiable assets and liabilities of Ubimax companies were as follows at the acquisition date:

Fair value at acquisition date

In thousands of euro	As at 21/08/2020
Non-current assets	
Intangible assets	37,600
Property, plant and equipment	1,021
	38,621
Current assets	
Inventories	542
Trade receivables	967
Other assets	1,029
Income taxes	4
Cash and cash equivalents	2,129
	4,671
Non-current liabilities	
Financial liabilities	430
Deferred revenue	17
Deferred tax liabilities	10,231
	10,678
Current liabilities	
Trade payables	330
Deferred revenue	101
Deferred and other liabilities	2,707
Other financial liabilities	239
	3,377
Total identifiable net assets measured at fair value	
	29,237
Goodwill from the acquisition	56,946
Consideration transferred	86,183

The goodwill recognised is not tax-deductible. The fair value of the trade receivables amounts to EUR 967 thousand and the gross amount of trade receivables to EUR 1,075 thousand. The Group measured the assumed lease liabilities at the present value of the remaining lease payments at the acquisition date. The right-of-use assets were measured at the same amount as the lease liabilities.

Cash outflow from Ubimax acquisition

In thousands of euro

Analysis of cash outflow from the acquisition

Purchase price payment (included in cash flows from investing activities)	(86,183)
Transaction costs associated with the acquisition (included in cash flows from operating activities)	(525)
Cash acquired with the subsidiaries (included in cash flows from investing activities)	2,129
Actual cash outflow from the acquisition	(84,579)

The transaction costs of EUR 525 thousand were recognised as an expense.

Goodwill is the difference between the consideration transferred of EUR 86,183 thousand and the net assets measured at fair value. Goodwill was determined to total EUR 56.9 million and mainly relates to expected synergies and staff knowledge.

Since the acquisition date, Ubimax has contributed EUR 2.9 million to the Group's revenue and has contributed a net loss for the year of approximately EUR 2 million to the Group's net income. If Ubimax had been included in the Group as at 1 January 2020, it would have contributed EUR 9.1 million to the Group's revenue and a net loss of approximately EUR 5 million to the Group's net income. It was assumed that the depreciation and amortisation due to the purchase price allocation carried out would already be recognised as of 1 January.

c) Company acquisitions in 2021

The following information is based on provisional amounts. The provisional nature relates to the determination of the acquired net assets due to the as yet non-final valuation of the intangible assets identified as part of the purchase price allocation as well as the determination of the purchase price with regard to contingent purchase price components. The initial consolidation will be finalised by the end of the first half of 2021.

Acquisition of Chatvisor GmbH

With effect from 18 January 2021, the Group acquired 100% of the voting shares of Chatvisor GmbH, with its registered office in Linz (Austria) (in the following: Chatvisor).

Chatvisor's core product is a co-browsing technology that enables a particular type of screen sharing in web sessions. This works without installing separate software and without transferring user data for operations which makes the software completely GDPR compliant. In addition to the co-browsing applications, Chatvisor has developed a software suite enabling secure digital interactions throughout the entire customer journey. This includes functions such as chatbots, live and video chats and electronic signatures allowing legally valid contracts to be signed in the course of online interaction with customers. Moreover, Chatvisor's portfolio includes interfaces (APIs) to all key customer service and ticket management systems for seamless integration. Chatvisor had more than 20 employees in Austria at the time of the acquisition.

The acquisition of 100% of the shares in Chatvisor was made by TeamViewer Germany GmbH, Goppingen. In addition to a fixed purchase price payment of EUR 16,317 thousand, a variable contingent purchase price payment (contingent consideration) was agreed. The fixed purchase price payment comprises a cash component of EUR 10,317 thousand and four annual payments totalling EUR 6,000 thousand. The contingent purchase price payment depends on additional billings in the next four fiscal years compared to the fiscal year 2020. It is estimated that the contingent purchase price payments may range from EUR 6,371 thousand to EUR 10,954 thousand. At the acquisition date, the fair value of the contingent consideration was estimated at EUR 8,631 thousand. The fair value is determined using the discounted cash flow method.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities were as follows at the acquisition date:

Fair value at acquisition date

In thousands of euro	As at 18/01/2021
Non-current assets	
Intangible assets	8,990
Property, plant and equipment	14
	9,004
Current assets	
Trade receivables	141
Other assets	6
Cash and cash equivalents	431
	578
Non-current liabilities	
Financial liabilities	113
Deferred tax liabilities	2,189
	2,302
Current liabilities	
Trade payables	41
Other financial liabilities	64
	105
Total identifiable net assets measured at fair value	7,174
Goodwill from the acquisition	17,774
Consideration transferred	24,948
Thereof fixed cash component	10,317
Thereof fixed purchase price liability (discounted)	6,000
Thereof fair value contingent purchase price payment	8,631

The goodwill recognised is not tax-deductible. The fair value of the trade receivables amounts to EUR 141 thousand and the gross amount of trade receivables to EUR 141 thousand.

The goodwill is the difference between the consideration transferred of EUR 24,948 thousand and the net assets measured at fair value. Goodwill of EUR 17,774 thousand was determined. The goodwill mainly comprises expected synergies and know-how of the workforce.

Acquisition of Upskill, Inc.

The Group acquired 100% of the voting shares of Upskill Inc., based in Newark (Delaware, USA), effective 26 February 2021 (hereinafter referred to as "Upskill").

Upskill is a market leader for augmented reality (AR) solutions in the industry. Through real-time interfaces via data glasses and other mobile devices, Upskill's software enables digitised work processes, especially in industrial manufacturing, inspections and audits. Upskill employed 28 people in the US at the time of acquisition.

Prior to the acquisition of Upskill, TeamViewer US, Inc. founded TV Merger Sub, Inc. (Delaware, USA). The acquisition of 100% of the voting shares in Upskill was effected through a merger of TV Merger Sub, Inc. into Upskill, Inc. ("reverse triangular merger" under the laws of the US state of Delaware). TV Merger Sub, Inc. was merged into Upskill, Inc. in the course of the merger. Upskill, Inc. acted as the absorbing company whose shares were acquired by TeamViewer US, Inc. in the course of the merger. As a result, TeamViewer US, Inc. is the sole shareholder of Upskill, Inc.

In addition to a fixed purchase price payment of EUR 9,444 thousand, a variable contingent purchase price payment (contingent consideration) was agreed. The contingent purchase price payment depends on additionally closed orders two years after the acquisition. It is estimated that the contingent purchase price payments may range from EUR 0 thousand to EUR 9,075 thousand. At the acquisition date, the fair value of the contingent purchase price payment was estimated at EUR 3,122 thousand. The fair value is determined using the discounted cash flow method.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities at the acquisition date are as follows:

Fair value at acquisition date

In thousands of euro	As at 26/02/2021
Non-current assets	
Intangible assets	11,176
Property, plant and equipment	139
	11,315
Current assets	
Trade receivables	594
Other assets	427
Cash and cash equivalents	233
	1,254
Non-current liabilities	
Financial liabilities	168
	168
Current liabilities	
Trade accounts payable	141
Accrued liabilities and other liabilities	605
	746
Total identifiable net assets at fair value	11,655
Goodwill from business combination	911
Consideration transferred	12,566
Thereof fixed cash component	9,444
Thereof fair value contingent consideration	3,122

The goodwill recognised is not deductible for tax purposes. The fair value of trade receivables amounts to EUR 594 thousand and the gross amount of trade receivables amounts to EUR 617 thousand.

Goodwill is the difference between the consideration transferred of EUR 12,566 thousand and the net assets measured at fair value. Goodwill of EUR 911 thousand was calculated. The goodwill mainly comprises expected synergies and staff expertise.

d) Capital reorganisation (contribution into TeamViewer AG) in 2019

On 1 August 2019, TLO contributed 100% of the shares of Regit Eins GmbH into Regit Beteiligungs-GmbH (now TeamViewer AG). The contribution was made in the capital reserve of the TeamViewer AG. Since Regit Beteiligungs-GmbH (now TeamViewer AG) also did not have any own business operations in line with IFRS 3, this contribution did not lead to any material changes to the already existing Group. Therefore, it was accounted for as a capital reorganisation, taking into account the transformation of the GmbH into a stock corporation (Aktien-gesellschaft) (see note 05_16 Equity). Therefore, these statements were a continuation of the consolidated financial statements of Regit Eins GmbH for accounting purposes, with the historical carrying amounts being used for the previous years as well. Only the structure of equity was adjusted.

e) Business combinations under common control in 2019

On 12 June 2019 TLO, at that time the 100% shareholder of Regit Eins GmbH, contributed 100% of the shares of its following foreign subsidiaries to Regit Eins GmbH:

- ↳ TeamViewer US Inc. (USA)
- ↳ TeamViewer Pty. Ltd. (Australia)
- ↳ TeamViewer UK Limited (United Kingdom)

These subsidiaries are engaged in marketing and sales activities. Subsequently, these shares were contributed by Regit Eins GmbH into TeamViewer GmbH (now TeamViewer Germany GmbH).

On 27 June 2019, TLO contributed all the shares of Monitis CJSC (Armenia) into Regit Eins GmbH before they were contributed subsequently into TeamViewer GmbH (now TeamViewer Germany GmbH). In this context, the company was renamed to TeamViewer Armenia CJSC. TeamViewer Armenia CJSC operates in the area of software development.

For business combinations under common control, the Group applies an accounting policy, which is referred to as “predecessor accounting”. With regards to obtaining control of the businesses of the four contributed foreign entities the Group

- ↳ recognised the assets and liabilities of the four contributed foreign entities when control was obtained at the carrying amounts recognised by TLO as the common controlling party. This includes any goodwill recognised when the four contributed foreign entities became part of TLO;
- ↳ recognised the pre-combination foreign currency translation reserve when control was obtained and reflected it in the post-combination financial statements of the Company;

- ↳ carried over the historical carrying amounts of assets and liabilities of the four contributed foreign entities (e.g. historic cost and depreciation of items of property, plant and equipment recognised by TLO) and reflected it in the post-combination financial statements of the Company;
- ↳ recognised no additional goodwill as a result of the business combination under common control. Any difference between the consideration transferred and the net assets of the four contributed foreign entities was recognised in the capital reserve;
- ↳ eliminated the effects of transactions between the Group and the four contributed foreign entities that occurred before the Company obtained control;
- ↳ did not restate financial information for periods prior to the business combination under common control; and
- ↳ reflected the results of the four contributed foreign entities after obtaining control.

On 12 April 2019, the Group acquired the intellectual property rights of the Monitis software licence from TeamViewer UK Limited (UK) for EUR 3,610 thousand. EUR 603 thousand of the consideration was paid in cash, whereas the remaining liability of EUR 3,007 thousand was settled by offsetting loans and receivables to TeamViewer UK Limited (UK). As linked transactions, this transaction was combined for accounting purposes with the business combination under common control for TeamViewer UK Limited. Consequently, the Group recognised the intellectual property rights of the Monitis software licence at the carrying amount of EUR 883 thousand recognised by TLO. The payment in the amount of EUR 603 thousand to TeamViewer UK Limited (UK) was neither presented in the cash flows from investing activities within the consolidated statement of cash flows, nor included in the cash added to the Group's cash funds due to the contribution of the foreign entities.

As a result of the above-mentioned contribution of the foreign entities on 12 June 2019 and 27 June 2019, respectively, the following assets and liabilities were included in the consolidated financial statements:

Assets and liabilities recognised on contribution of foreign entities

In thousands of euro	As at 12/06/ & 27/06/2019
Assets	
Goodwill (see note 05_10 Goodwill and other intangible assets)	6,057
Other intangible assets (see note 05_10 Goodwill and other intangible assets) ¹	1,035
Property, plant and equipment (see note 05_11 Property, plant and equipment)	2,907
Other assets	1,700
Trade receivables	144
Cash and cash equivalents	3,768
Total assets	15,611
Liabilities	
Financial liabilities	690
Trade payables and other operating liabilities	3,403
Other liabilities	1,967
Total liabilities	6,060
Net assets stated at values in the predecessor's accounting books	9,551
Elimination of the sale of the Monitis software licences	(3,610)
Elimination of other transactions with the Group	2,737
Effect of the contribution of foreign entities on the Group's capital reserve	8,678

¹ Other intangible assets include the carrying amount of the Monitis software licences that were transferred on 12 April 2019

Together with the contribution of the shares of TV Borrower US LLC, as described in the following section, these business combinations under common control are also referred to as "contribution of foreign entities".

f) Further changes to the structure of the Group in 2019

On 12 June 2019, TLO contributed 100% of the shares of TV Borrower US LLC, Clearwater, USA, into the Group before this company was merged with TeamViewer US Inc., Clearwater, USA, on 5 December 2019.

In January 2019, Regit Zwei GmbH was merged with Regit Eins GmbH.

TeamViewer Information Technology (Shanghai) Co., Ltd., Shanghai, China, founded in January 2019, was integrated into TeamViewer GmbH (now TeamViewer Germany GmbH) on 5 June 2019.

05_ 05 REVENUE

Revenue

In thousands of euro	2020	2019
Billings	460,283	324,943
Change in deferred revenue recognised in profit or loss	(4,669)	65,248
Total revenue	455,614	390,191

Billings are the (net) amounts invoiced to customers (without value added tax, VAT), i.e., revenue less the changes of deferred revenue recognised in profit or loss.

Revenue by licence type based on the development of the deferred revenue

In thousands of euro	2020			
	As at 1 Jan	Additions/ billings	Release/ revenue	As at 31 Dec
Connectivity solutions on a basis of				
Subscription licences	163,959	460,311	(411,761)	212,509
Perpetual licences	48,862	89	(46,289)	2,663
Development of balance sheet position	212,822	460,401	(458,050)	215,172
Other	n/a	(118)	2,436	n/a
Effect on profit and loss	n/a	460,283	(455,614)	n/a

Revenue by licence type based on the development of the deferred revenue

In thousands of euro	2019			
	As at 1 Jan	Additions/ billings	Release/ revenue	As at 31 Dec
Connectivity solutions on a basis of				
Subscription licences	107,246	324,266	(267,552)	163,959
Perpetual licences	173,390	997	(125,525)	48,863
Development of balance sheet position	280,636	325,263	(393,077)	212,822
Other	n/a	(320)	2,886	n/a
Effect on profit and loss	n/a	324,943	(390,191)	n/a

On average, invoices in fiscal year 2020 were paid in 30 days (2019: 33 days) after billing.

05_06 EXPENSES BY NATURE

Expenses by nature 2020

In thousands of euro	Cost of sales	R&D expenses	Sales expenses	Marketing expenses	General and administrative (G&A) expenses	Other operating expenses	Bad debt expenses	Total expenses
Personnel expenses	(6,163)	(32,491)	(59,675)	(15,543)	(44,914)	-	-	(158,786)
Amortisation and depreciation	(27,581)	(5,206)	(4,995)	(1,315)	(2,000)	-	-	(41,096)
Other. Expenses	(1,952)	(153)	(402)	(84)	(3,680)	(415)	(14,576)	(21,261)
Marketing	-	-	-	(16,817)	(2)	-	-	(16,819)
Master server and router	(15,186)	-	-	-	-	-	-	(15,186)
Legal and consulting fees	-	(476)	(755)	(485)	(9,580)	-	-	(11,296)
Purchased services	(30)	(314)	(1,963)	(1,021)	(4,103)	-	-	(7,432)
Expenses payment service provider	(7,149)	-	-	-	-	-	-	(7,149)
License fees	(1,716)	(397)	(541)	(768)	(2,726)	-	-	(6,148)
Internet costs	(2,928)	(436)	(4)	(10)	(1,615)	-	-	(4,993)
Leasing expenses	-	-	-	-	(2,483)	-	-	(2,483)
Travel expenses	(69)	(217)	(727)	(222)	(466)	-	-	(1,701)
Communication	-	(1)	(1)	(2)	(1,394)	-	-	(1,398)
Employee recruitment	-	-	-	-	(1,077)	-	-	(1,077)
Recharges ¹	(1,327)	(6,937)	(8,645)	(2,192)	19,101	-	-	-
Total expenses	(64,102)	(46,627)	(77,707)	(38,459)	(54,939)	(415)	(14,576)	(296,826)

1 The line "Recharges" includes administrative costs which are partially charged to other functional areas. This mainly relates to personnel expenses in the IT department, rental expenses for buildings, communications expenses, and insurance costs.

Expenses by nature 2019

	Cost of sales	R&D expenses	Sales expenses	Marketing expenses	General and administrative (G&A) expenses ²	Other operating expenses	Bad debt expenses	Total expenses
In thousands of euro								
Personnel expenses	(3,434)	(22,039)	(29,713)	(10,906)	(39,053)	–	–	(105,145)
Amortisation and depreciation	(24,970)	(4,210)	(4,073)	(1,073)	(2,115)	–	–	(36,442)
Services purchased	(1,075)	(4,113)	(8,624)	(4,674)	(3,292)	–	–	(21,778)
Legal and consultancy fees	(60)	(38)	(1,693)	(207)	(18,771)	–	–	(20,769)
Other expenses	(545)	(221)	(569)	(30)	(2,029)	(468)	(15,489)	(19,351)
Master server and router	(11,271)	–	–	–	–	–	–	(11,271)
Marketing	–	–	–	(9,912)	(152)	–	–	(10,065)
Expenses for payment service provider	(4,675)	–	–	–	–	–	–	(4,675)
Travel expenses	(149)	(558)	(1,369)	(625)	(1,200)	–	–	(3,900)
License fees	(697)	(246)	(915)	(682)	(1,347)	–	–	(3,887)
Internet costs	(2,404)	(289)	–	–	(795)	–	–	(3,488)
Leasing expenses	–	–	–	–	(1,571)	–	–	(1,571)
Communication	–	–	(1)	(3)	(1,262)	–	–	(1,266)
Employee recruitment	–	–	–	–	(1,257)	–	–	(1,257)
Recharges ¹	(947)	(6,219)	(5,774)	(1,460)	14,399	–	–	–
Total expenses	(50,228)	(37,934)	(52,731)	(29,571)	(58,445)	(468)	(15,489)	(244,866)

1 Administrative costs are partly passed on to other functional areas via the line "Charges". This mainly concerns the personnel expenses of the IT department, rental expenses for buildings, communication expenses and insurance costs.

2 Cost incurred in preparing the IPO was recorded in G&A expenses. This cost was charged on to and reimbursed by the selling shareholder TLO with the reimbursements being recognised in other income.

05_ 07 PERSONNEL EXPENSES

The personnel expenses comprise:

Personnel expenses

In thousands of euro	2020	2019
Salaries and wages	95,600	57,923
Thereof for statutory pension insurance	3,677	3,157
Social contribution costs	14,265	10,392
Equity-settled share-based compensation	47,308	36,830
Thereof IPO Agreement	15,767	17,438
Thereof EPP Programme	21,024	19,392
Thereof for Ubimax	10,516	–
Cash-settled share-based compensation	1,613	–
Thereof for LTIP	1,613	–
Total personnel expenses	158,786	105,145

Employees by region

Region	2020		2019	
	Average headcount	FTEs as at 31 Dec	Average headcount	FTEs as at 31 Dec
EMEA	835	911	563	614
AMERICAS	189	204	102	140
APAC	124	141	63	87
Total	1,148	1,256	728	841

Share appreciation rights programme

On 24 January 2018, TLO established a programme to grant share appreciation rights for selected managers (in the following "Share Appreciation Agreement"), which was modified in August 2019 (in the following "IPO Agreement").

Vesting conditions

In accordance with this Share Appreciation Agreement, managers are given the opportunity to participate in the Group's future share appreciation in the case of an initial public offering (IPO) of any shares in any Group entity, which is a holding entity of all or substantially all assets of the Group.

In this case, beneficiaries are entitled to a cash settlement if they are employed at the Group company when the exit event occurs, or when they have not previously left as "bad leavers". In accordance with the terms of the Share Appreciation Agreement, beneficiaries leave as "bad leavers" when they terminate their employment without cause.

Determination of the share appreciation

The amount of the share appreciation is calculated from the inception of the contract. The appreciation is calculated as the excess value resulting by deducting the following amounts from the proceeds generated from the above-mentioned events:

- ☐ The repayment of financial debt including shareholder financing agreements, such as loans, notes, preferred equity certificates (PECs), preferred shares or similar arrangements (if any)
- ☐ The repayment of premiums and other contributions made by the shareholder
- ☐ Transaction costs
- ☐ Any bonus paid by the shareholders to the employees of the Group
- ☐ A contractually agreed base amount

If, within the framework of these events, less than 100% of the shares are disposed, the proceeds from disposal that would have resulted from the disposal of all the shares in the Group are estimated and used as the basis.

Amount of participation in appreciation

Pursuant to the Share Appreciation Agreement, the selected managers participate in this appreciation in the amount of 3.6%. In the case of disposals of shares in tranches, the managers receive proportionate pay-outs of the appreciation amount by reference to the respective disposed share.

Contribution of TeamViewer US Inc.

As a result of the contribution of TeamViewer US Inc. on 12 June 2019, together with other foreign subsidiaries contributed by TLO to the Group (see note [05_04 Structure of the Group](#)), the number of beneficiaries from the Share Appreciation Agreement increased. This led to an increase in the managers' share in the future appreciation from 3.6% to 4.1%.

Accounting

Upon the grant of the Share Appreciation Agreement on 24 January 2018, the occurrence of the above-mentioned events was not expected prior to the end of the fiscal year 2019. Accordingly, the originally estimated vesting period also was two years. It was not until the third quarter of 2019 that a successful IPO of TeamViewer AG at the end of September 2019 adequately materialised which led to a decrease of the initial vesting period to 21 months.

In the fiscal year 2020 EUR 0.0 million (2019: EUR 1.9 million) was recognised in personnel expenses as a result of the Share Appreciation Agreement.

Modification of the Share Appreciation Agreement

In August 2019, the Share Appreciation Agreement dated 24 January 2018 was modified (in the following: IPO Agreement) in order to provide for a more direct participation of certain managers in the Company and to align the interests of managers with those of new shareholders who invested within the framework of the IPO. The Share Appreciation Agreement of the management of TeamViewer US Inc. was not modified.

The changes in more detail

In the event of a successful IPO, the following changes to the Share Appreciation Agreement should apply:

- ☞ Increase of the share in the future appreciation from 3.6% to 4.5% for the managers entitled under the Share Appreciation Agreement.
- ☞ **Tranche 1** (cash-settled): The portion of the shares sold during the IPO in percentage, not more than 30%, multiplied with the appreciation and multiplied with the granted share in the appreciation, less the payments from the MEP participation (see note [05_04 Structure of the Group](#)) vests as at the IPO date and becomes due for payment 30 days later.
- ☞ **Tranche 2** (equity-settled): 50% of the difference between the granted share in the appreciation (i. e., 4.5%) and the cash settlement made pursuant to Tranche 1 is settled in the Company's equity instruments on the vesting date. The number of equity instruments is determined on the basis of the share price on the issue date. Tranche 2 vests 12 months after the IPO.
- ☞ **Tranche 3** (equity-settled): The remaining 50% of the difference between the granted share in the appreciation (i. e., 4.5%) and the cash settlement made pursuant to Tranche 1 is settled in the Company's equity instruments on the vesting date. The number of equity instruments is determined on the basis of the share price on the issue date. Tranche 3 vests 24 months after the IPO.

Accounting

Although only TLO is obliged to settle the share-based compensation, the Group of TeamViewer AG as the recipient of the managers' services must recognise an equity-settled share-based compensation transaction, because at the grant date, this constitutes a transaction between companies of the superordinate TLO Group (see note [05_03 Significant accounting policies – c\) Employee benefits](#)).

Accounting for the modification

Modification of the Share Appreciation Agreement by the IPO Agreement has no effect on the previous accounting treatment. The fair value of the original Share Appreciation Agreement (EUR 3.6 million) determined at the original grant date is recognised as an expense when services are rendered.

In addition, the effect of the modification that increased the total fair value of the share-based compensation arrangement is accounted for as if a new arrangement had been agreed that is measured at the incremental fair value as at the modification date. Hence, the increase of the granted share in the “excess value” by +0.9 percentage points was accounted for as if it were a separate new arrangement. Personnel expenses in the fiscal year 2020 include an amount from the IPO Agreement of EUR 15.8 million (2019: EUR 15.6 million).

EPP Programme

In August 2019, TLO launched a programme to grant Share Appreciation Rights (SARs) for selected managers of the Group (in the following “EPP Programme”) in order to create a long-term incentive for the managers with regard to the appreciation of the Company. In accordance with the EPP Programme, around 70 managers are entitled to participate in the future appreciation of the Company.

Vesting conditions

An IPO (in the following “IPO Event”) results in a partial cash payment at the date of the IPO (Tranche 1) and another partial payment at the date of the full sell-down, i.e., when the last share in TeamViewer AG is sold by TLO (Tranche 2). In addition, a discretionary bonus may be granted 30 days after the full sell-down by TLO (Tranche 3).

The beneficiaries are entitled to this settlement only if they are in continuing employment within the Group when the IPO occurs (Tranche 1) or when the full sell-down occurs (Tranche 2 and Tranche 3), respectively. If beneficiaries have terminated their employment relationship before these dates, the claim for the respective tranche only lapses if they are bad leavers as specified in the contract, e.g. termination of employment by the beneficiaries without cause.

Amount of the EPP bonus

The settlement amount is based on the EPP value, which represents the total settlement amount that might be paid out to managers and which is allocated to 12,000,000 EPP units, of which 10,780,000 units were granted to employees in August 2019.

The EPP value equals 1.63% of the proceeds from the sale of 100% of the shares in the Company, less

- ☐ any third-party debt, exit fees, costs, taxes or other liabilities;
- ☐ liabilities under PECs, shareholder loans and comparable shareholder instruments, including repayment of nominal amounts and accrued interest; and
- ☐ amounts contributed as equity to the Company by the shareholder.

Partial payments

In case an IPO Event occurs, the payment for each tranche is determined as follows:

Tranche 1:

30% or – if lower – the percentage share of shares issued by TLO on the listing date, of the preliminary EPP value per EPP unit, with a maximum payment amount of EUR 50 million (cap). The preliminary EPP value is determined on the IPO date based on the assumption that TLO sells all shares of TeamViewer AG at the IPO.

Tranche 2:

The final EPP Value per EPP unit based on the actual proceeds from the disposal of the shares by TLO when TLO no longer holds an interest in the Company and subject to the cap, less the payment from Tranche 1.

Tranche 3:

To the extent that the final EPP value exceeds the cap, TLO may grant a remuneration to the selected managers after the full sell-down of the investment in the Company which equals the final and unlimited EPP value per EPP unit less the cap (EUR 50 million) per EPP unit.

Since TLO already has promised the unlimited EPP value to the selected managers, this discretionary award (Tranche 3) is considered a constructive obligation.

Accounting

Although only TLO is obliged to make the share-based compensation, the Group of TeamViewer AG, as the recipient of the service of the managers, must also recognise an equity-settled share-based compensation for the EPP Bonus Agreement, because it is a transaction between companies of the superordinate TLO Group at the grant date (see note [05_03 Significant accounting policies c\) Employee benefits](#)).

The estimated vesting period for the second and third tranches is 28 months and 29 months, respectively, since an earlier full sell-down of the TeamViewer shares by TLO cannot be expected. The contribution of services by the relevant selected managers until the full sell-down of the shares represents a vesting condition. As at 31 December 2020, expectations about the estimated date of a full sell-down are unchanged as at the allocation date in August 2019.

Valuation of the (modified) Share Appreciation Agreement and EPP Programme

The fair value of the (modified) Share Appreciation Agreement was determined in each case as at the grant date using the Black-Scholes model. Vesting conditions attached to the arrangements that are no market conditions were not taken into account in measuring fair value.

The determination of the expected volatility is based on the historical volatility of benchmark companies, measured at the grant date over a period which corresponds to the expected remaining maturity at this point in time.

The fair value of the EPP Programme is determined as at the grant date based on the medium value of the price range of the issue price representing a market price.

The following table shows the value of the SAR programmes and provides information on the fair value as at the grant date:

Valuation parameters and assumptions

	Share Appreciation Agreements ¹ 24/01/2018 ²	Modified agreements ² 31/08/2019 ³	EPP programme ² 31/08/2019 ³
Valuation technique used	Black-Scholes model	Black-Scholes model	Market price
Intrinsic value (in EUR)	(0.16) ³	20.11 ⁴	23.66 ⁵
Time value (in EUR)	0.66 ¹	0.00 ²	0.00 ³
Fair value (in EUR)	0.50 ¹	20.11 ²	23.66 ³
Expected term (years)	2	2.1	2.3
Expected exit probability (in %)	100	100	100
Risk-free interest rate (in %)	0	0	0
Expected volatility (in %)	30.6	30.6	30.6
Expected dividend yield (in %)	0	0	0
Weighted average remaining maturity of awards outstanding as at 31 December 2020 (in years)	0	0.8	1

1 Because the subscribed capital of TeamViewer AG was 200 million shares at the time of the IPO, the increase in value relevant for the value increase agreement and the IPO agreement, as well as for the EPP programme, was fictitiously assumed for the purpose of comparability that this would amount to 200 million SARs is to be divided. The information on the intrinsic value, the time value and the fair value thus assume stock appreciation rights in relation to a TeamViewer share.

2 Numbers reflect the value as at the allocation date.

3 Based on the contractual agreements (4.1% of the value increase for agreements including agreements from the contribution of the TeamViewer US Inc.), the intrinsic value is EUR -1.3 million, the time value EUR 5.4 million and the fair value EUR 4.1 million.

4 Based on the contractual agreements (0.9% of the increase in value), the intrinsic value is EUR 36.2 million, the time value is EUR 0.0 million and the fair value is EUR 36.2 million.

5 Based on the contractual agreement (an EPP unit), the intrinsic value is EUR 6.43, the time value is EUR 0.00 and the fair value is EUR 6.43.

MEP programme

In the fiscal year 2014, HoldCo launched a programme that allows selected managers of the Group of TeamViewer AG to participate in TLO via the limited partnerships controlled by HoldCo (in the following “MEP programme”). The managers participate in the performance of TLO after the limited partnerships have acquired shares in TLO by way of their contributions.

The subscription price for the partnership interests subscribed by the managers in the limited partnership corresponded to their fair value at grant date.

Amount of capital payment

In accordance with the terms of the MEP programme, managers are supposed to participate in the future appreciation of TLO Group that is realised when one of the following events (exit events) occurs:

- ↳ The shares of one Group company holding all or substantially all of the Group’s assets are floated to the stock exchange (Initial Public Offering, IPO)
- ↳ The sale of shares in the Group
- ↳ The sale of all or substantially all of the Group’s assets
- ↳ A transaction which has the same economic impact as one of the transactions described above, and which the managing partners of the limited partnerships therefore consider as an exit event

Vesting conditions

The managers shall only participate in the appreciation realised upon the occurrence of one of the events mentioned above when they still hold an interest in the limited partnerships at that point in time. Pursuant to the terms of the MEP programme, this is the case when they are employed at the Group’s companies upon the occurrence of the exit event or when they retain the limited partnership interest upon their retirement. The decision about the latter is at the full discretion of HoldCo.

If HoldCo decides that the manager shall not retain its limited partnership interest upon their retirement, the manager will receive a severance payment. If the manager is a “bad leaver”, the severance payment equals the lower of the two following amounts:

- ↳ The fair value of the limited partnership interest at the date of retirement
- ↳ The consideration for the limited partnership interests plus subsequent contributions and less personal withdrawals

In accordance with the terms of the MEP Agreement, managers are considered to have left as “bad leavers” when they terminate their employment without cause.

Ubimax

As part of the acquisition of Ubimax, 1,070,931 new shares in the company were issued from authorised capital in a capital increase against contribution in kind. This transfer of shares is accounted for as a separate equity-settled share-based payment transaction.

The issued shares are pledged to the company. On 20 August 2021, 20 August 2022 and 20 August 2023 respectively, 356,977 shares will vest.

The fair value of the share-based compensation at the grant date was measured based on the Company’s share price on 21 August 2020 (EUR 44.21) and amounts to EUR 47,346 thousand. The vesting period for 356,977 shares in each case runs from the grant date of the share-based compensation to the respective vesting date. No shares expired as at the end of the fiscal year.

In the fiscal year 2020, EUR 10,516 thousand was expensed.

Long-Term Incentive Plan (LTIP)

In fiscal 2020, TeamViewer launched a Long-Term Incentive Plan (LTIP) for the performance-based compensation of managers.

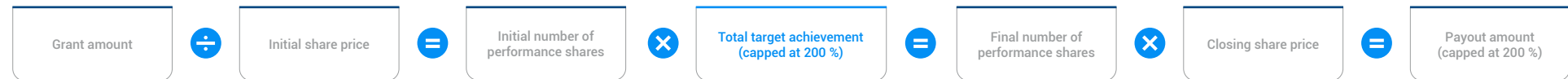
Plan description

The phantom share scheme for long-term performance-based compensation is made up of four tranches. The first tranche was granted in fiscal 2020 and the three other tranches will follow in fiscal 2021 to 2023. The LTIP serves as incentive to retain the Management Board and selected managers and aims to orient the compensation structure toward the long-term performance of the Company. The performance period for all tranches of the LTIP runs for four calendar years beginning on 1 January of the calendar year in which the respective tranche was granted.

Performance-based compensation from the LTIP is paid out in the calendar year after the performance period ends for the relevant tranche. The compensation is calculated according to the following formula:

The grant amount in euro for the respective tranche is contractually agreed with each employee and is the basis for calculating the initial number of performance shares per tranche. The grant amount is divided by the arithmetic mean of the XETRA closing prices of TeamViewer shares on the 60 trading days prior to the start of the respective tranche (initial share price), or by the issue price for the first tranche, and this produces the initial number of performance shares for the respective tranche. At the end of the performance period, this figure is then multiplied by the total target achievement to arrive at the final number of performance shares. The total target achievement is capped at 200%. The final number of performance shares is multiplied by the closing share price; this equals the payout amount. The closing share price is the arithmetic mean of the XETRA closing prices of TeamViewer shares for the 60 trading days prior to 31 December 2023. The payout amount is capped at twice the grant amount.

Long-Term Incentive Plan



Different performance targets with various weightings were specified for the performance period. These are financial targets (average billings or adjusted EBITDA growth), a non-financial target (net promoter score) and total shareholder return (TSR) targets (TSR in relation to the STOXX® 600 and MDAX).

The total target achievement is calculated using the weighted average of the individual performance targets. For each performance target, minimum and maximum values for target achievement are set at 50% and 200%. If the minimum threshold is not reached, the target achievement equals 0%. If the maximum threshold of 200% is exceeded, target achievement is capped at 200%. The following performance targets and weightings were specified:

Valuation parameters and assumptions

Target	min.	Target	max.	Weighting
Ø Billings growth p.a.	24%	27%	33%	15%
Ø Adjusted EBITDA growth p.a.	27%	30%	36%	15%
Net promoter score (NPS)	43	47	55	20%
TSR vs. STOXX® 600 Technology	+0%	+6.67%	+20%	25%
TSR vs. MDAXX®	+0%	+6.67%	+20%	25%
Overall target achievement	50%	100%	200%	

The claims from the LTIP expire if a “bad leaver event” occurs prior to the end of the vesting period. The vesting period of the first tranche for the Management Board ends on 31 December 2023 and for all other employees on 31 December 2021.

The total carrying amount of the liabilities from the LTIP as at 31 December 2020 amounted to EUR 1,613 thousand. The fair value of the LTIP was EUR 6,457 thousand as at 31 December 2020.

And the intrinsic value of the vested performance shares was EUR 0 thousand on the same date. The fair value per performance share amounted to EUR 27.30 as at 31 December 2020 and was calculated using a Monte Carlo model based on the following parameters and assumptions:

Valuation parameters and assumptions

		2020
Share price	EUR	43.83
Risk-free rate by term	%	(0.77)
Expected volatility	%	51
Expected dividend yield	%	0.0
Remaining maturity of the performance shares	years	2.9

Assumptions are applied when estimating the fair value of the LTIP that include the expected volatility of the share price. The amount of the final payout amount further depends on the attainment of performance targets and the future closing share price. Changes in these assumptions and results that deviate from the assumptions could result in substantial adjustments of the carrying amounts of the related liabilities. The most important factor for calculating the payout amount is the closing share price.

05_08 FINANCE INCOME AND FINANCE COSTS

Exchange rate fluctuations

In thousands of euro	2020	2019
From operating activities	(4,267)	(1,712)
From cash and cash equivalents	(5,566)	981
From financial liabilities	36,107	(12,220)
Total exchange rate fluctuation	26,274	(12,951)
Thereof income	43,873	28,384
Thereof expenses	(17,598)	(41,335)

Finance income and finance costs

In thousands of euro	2020	2019
Finance income	2,953	38,936
Finance costs	(22,887)	(83,891)
Interest on bank loans	(18,769)	(44,896)
Interest for loans from related companies	–	(7,781)
Other finance costs	(4,119)	(31,214)
Net finance costs	(19,935)	(44,955)

Finance income mainly comprises gains from amendments to the 2019 syndicated loan agreement (2019: mainly gains in the fair value of derivative financial instruments).

Other finance costs primarily consist of losses in the fair value of derivative financial instruments, the amortisation of transaction costs of the bank loans, the recognition of the amortised cost of loans and the impairment on cash and cash equivalents. For further details, see note

05_22 Financial instruments – fair values and risk management.

05_09 INCOME TAXES

Income tax benefit/(expense), net

In thousands of euro	2020	2019
Current tax benefit/(expense), net	(42,584)	(12,560)
Thereof current year	(41,873)	(12,815)
Thereof previous years	(711)	(255)
Deferred tax benefit/(expense), net	(24,773)	21,277
Thereof current year	(24,947)	21,187
Thereof previous years	174	90
Thereof from the recognition/derecognition of temporary differences	(14,109)	(25,245)
Thereof from interest and tax loss carryforwards	(10,664)	46,522
Income tax benefit/(expense), net	(67,358)	8,717

The Group is based in Germany, which is subject to a statutory rate of 28.8% in 2020 (2019: 28.8%). The tax rates in other countries amount to between 17% and 33% (2019: 17% and 33%).

Reconciliation of expected to actual income tax expense

In thousands of euro	2020	2019
Earnings before tax	170,385	95,142
Group tax rate (in %)	28.8	28.8
Expected income tax expense	(49,071)	(27,401)
Difference due to different tax rates	(356)	74
Differences due to change in tax rate	84	–
Tax income from the recognition of interest carryforwards	–	49,330
Tax expense from the non-recognition of tax loss carryforwards	(2,019)	(467)
Non-deductible differences regarding share-based compensation	(13,814)	(10,636)
Permanent differences (tax-exempt income and non-deductible operating expenses, trade tax add back)	(1,561)	(2,623)
Current and deferred taxes, previous years	(537)	345
Other	(84)	95
Actual income tax benefit/(expense)	(67,358)	8,717
Effective tax rate (in %)	39.6	(9.2)

The interest carryforward amounting to EUR 175,978 thousand (EUR 217,192 thousand) as at 31 December was recognised in full based on the profit estimate available; it is expected to be used in full. In the prior year, deferred taxes totalling EUR 55,506 thousand from an interest carryforward were initially recognised, because after the IPO the potential forfeiture of interest carryforwards due to ownership change no longer applied. Furthermore, based on profit estimates, sufficient future taxable profits are available and, based on the refinancing in 2019 together with the contribution of the shareholder loan, there is a significant decrease of future interest expense, the existing interest carryforward as of 31 December 2020 was fully recognised.

Deferred taxes from temporary differences

In thousands of euro	31/12/2020	31/12/2019
Deferred tax assets		
Intangible assets	1,082	185
Property, plant and equipment	569	463
Trade receivables	1,761	298
Deferred revenue	805	14,403
Provisions	900	910
Interest carryforwards for tax purposes	45,468	55,506
Deferred tax assets before netting	50,585	71,764
Netting against deferred tax liabilities	(50,426)	(65,498)
Total deferred tax assets	159	6,266

In thousands of euro	31/12/2020	31/12/2019
Deferred tax liabilities		
Intangible assets – subject to amortisation	(34,881)	(31,053)
Intangible assets – not subject to amortisation	(30,689)	(30,269)
Financial liabilities	(14,042)	(4,484)
Deferred tax liabilities before netting	(79,612)	(65,806)
Netting against deferred tax assets	50,426	65,498
Total deferred tax liabilities	(29,186)	(308)
Net deferred taxes	(29,027)	5,958

Change in net deferred taxes

In thousands of euro	2020	2019
As at 1 January	5,958	(18,614)
Deferred tax benefit/(expense), net	(24,773)	21,277
Recognised in OCI	(25)	–
From acquisitions (see 05_04 Structure of the Group)	(10,231)	–
Elimination of intra-group transactions	–	3,455
From currency translation	44	(160)
As at 31 December	(29,027)	5,958

In the prior year, EUR 3,445 thousand was recognised in equity from a tax asset of EUR 791 thousand recognised for the acquisition of intellectual property rights to the Monitis software licence and a tax benefit of EUR 2,654 thousand resulting from the reversal of a deferred tax liability in connection with the contribution of a shareholder loan.

As at 31 December, no deferred taxes were recognised on the following amounts. The tax loss refers to Germany and can be carried forward for an unlimited period within general tax loss carryforward restrictions.

Not recognised deferred tax assets

In thousands of euro	31/12/2020		31/12/2019	
	Base amount of tax loss carryforwards	Deferred tax assets not recognised for tax loss carryforwards	Base amount of tax loss carryforwards	Deferred tax assets not recognised for tax loss carryforwards
Tax loss carryforwards	8,360	2,485	1,621	467

As in the prior year, no deferred tax liabilities were recognised on retained earnings of around EUR 650 million (2019: around EUR 430 million) of subsidiaries, as the time of the release of the temporary difference is under control of the Company and a reversal of the temporary difference is assessed not to be probable over a foreseeable period of time.

Upon the acquisition of the TeamViewer business in the fiscal year 2014, the Group recognised contingent liabilities for uncertain tax positions in accordance with IFRS 3.23, which might be challenged by respective tax authorities and would have an effect on the current tax expense determined by the Group in the future.

At the date of acquisition, these contingent liabilities amounted to EUR 1,610 thousand and were not increased, used or reversed until the end of the reporting period. Expected reimbursements have been considered when determining this amount of contingent liabilities.

For periods after the acquisition date, contingent liabilities related to taxes in a mid-single-digit million range exist. In addition, the Group estimates that the possibility of an outflow of economic resources concerning these tax positions is not probable, therefore no accruals were recorded for periods after the acquisition date.

The application of IFRIC 23 led to recognition of a liability for possible tax risks of EUR 600 thousand in the current fiscal year. The liability covers possible risks associated with forming permanent establishments abroad and with adjusting the attribution of profits to existing permanent establishments as part of external audits. Moreover, the liability also includes amounts for adjusting the attribution of profits for cross-border transactions. In order to determine the amount of the liability, expected refunds, exemptions and allowances stipulated by double taxation agreements were factored in accordingly.

05_ 10 GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets 2020

	Gross carrying amount as at 01/01/2020	Additions	Additions from acquisitions	Reclassifications	Disposals	Movements in exchange rates	Gross carrying amount as at 31/12/2020	Accumulated amortisation and impairment as at 01/01/2020	Additions	Disposals	Effect of movements in exchange rates	Accumulated amortisation and impairment as at 31/12/2020	Net carrying amount as at 31/12/2020	Net carrying amount as at 01/01/2020
In thousands of euro														
Goodwill	590,445	-	56,946	-	-	(598)	646,793	-	-	-	-	-	646,793	590,445
Trademark "TeamViewer"	105,100	-	-	-	-	-	105,100	-	-	-	-	-	105,100	105,100
Customer relationships ¹	235,800	-	18,800	-	-	-	254,600	(129,113)	(24,207)	-	-	(153,320)	101,280	106,687
Software	44,696	15,252	18,800	89	-	(68)	78,769	(20,741)	(9,135)	-	56	(29,820)	(48,950)	23,955
Construction in progress	89	-	-	(89)	-	-	-	-	-	-	-	-	-	89
Total	976,131	15,252	94,545	-	-	(666)	1,085,262	(149,854)	(33,341)	-	56	(183,139)	902,123	826,277

Goodwill and intangible assets 2019

	Gross carrying amount as at 01/01/2019	Additions	Contribution of foreign companies	Disposals	Movements in exchange rates	Gross carrying amount as at 31/12/2019	Accumulated amortisation and impairment as at 01/01/2019	Additions	Contribution of foreign companies	Disposals	Effect of movements in exchange rates	Accumulated amortisation and impairment as at 31/12/2019	Net carrying amount as at 31/12/2019	Net carrying amount as at 01/01/2019
In thousands of euro														
Goodwill	584,312	-	6,057	-	76	590,445	-	-	-	-	-	-	590,445	584,312
Trademark "TeamViewer"	105,100	-	-	-	-	105,100	-	-	-	-	-	-	105,100	105,100
Customer relationships	235,800	-	-	-	-	235,800	(105,533)	(23,580)	-	-	-	(129,113)	106,687	130,267
Software	29,240	13,330	2,120	-	5	44,696	(12,045)	(7,608)	(1,086)	-	(2)	(20,741)	23,955	17,196
Construction in progress	-	89	-	-	-	89	-	-	-	-	-	-	89	-
Total	954,452	13,419	8,177	-	82	976,131	(117,578)	(31,188)	(1,086)	-	(2)	(149,854)	826,277	836,875

¹ The carrying amount of the TV customer relationship is EUR 83,107 thousand (2019: EUR 106,687 thousand).

Impairment test

The impairment test was conducted on the basis of the cash-generating unit TeamViewer.

The recoverable amount was derived based on the value in use, which is determined by discounting expected future cash flows to be generated from continuing use. In accordance with IAS 36, five years of projected cash flows were included in the discounted cash flow model. The terminal value reflects a growth rate that represents the estimated long-term industry growth. The discount rate was calculated using a pre-tax weighted average cost of capital (WACC), which includes cost of debt with a credit spread to consider borrowing costs from a market participant's view and the cost of equity. The cost of equity is derived from market data on the basis of a peer group of companies, which is made up of companies that are comparable to the Group's risk profile with respect to their business model, size and geographic distribution of sales. Major components used in determining the cost of equity are the market risk premium, the risk-free rate and an unlevered beta which incorporates the five-year average of the Group's peer group. A country risk premium was taken into account to reflect the geographical risks to which the Company is exposed. Key assumptions used in the impairment test were discount rate, billings growth rate, terminal value growth rate and EBITDA margin.

The business plan was prepared by the TeamViewer management and represents the most current planning for a five-year period available as at the valuation date (31 December 2020). The budgeted EBITDA was based on expectations of future outcomes taking into account past experience. For the fiscal years 2021–2025, significant growth in billings and EBITDA is expected to continue (increase in use cases, coverage of additional customer segments and geographical expansion). The COVID-19 pandemic influenced earnings planning positively in that the existing trends toward digitalisation were accelerated.

Valuation parameters and assumptions

in %	2020	2019
Billings growth rate	19.0	24.0
Discount rate (pre-tax)	8.1	11.3
Credit spread	1.53	0.54
Market risk premium	7.47	7.50
Risk-free rate	(0.17)	0.17
Unlevered beta	0.90	1.05
Weighted country risk premium	0.50	0.80
Terminal value growth rate	2.0	2.0
Adjusted EBITDA margin (terminal value)	56.75	56.9

No impairment loss was recognised, as the recoverable amount was greater than the carrying amount. Changes in key assumptions used in the impairment test deemed possible by management would not result in an impairment loss.

05_ 11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment 2020

In thousands of euro	Gross carrying amount as at 01/01/2020	Additions	Additions from acquisitions	Reclassifications	Disposals	Effect of movements in exchange rates	Gross carrying amount as at 31/12/2020	Accumulated depreciation as at 01/01/2020	Additions	Additions from acquisitions	Disposals	Effect of movements in exchange rates	Accumulated depreciation as at 31/12/2020	Net carrying amount as at 31/12/2020	Net carrying amount as at 01/01/2020
Improvements in premises	1,120	4,145	–	1,083	–	(89)	6,258	(540)	(258)	–	–	36	(761)	5,496	580
IT equipment	7,057	4,654	303	–	(3,782)	(271)	7,962	(5,135)	(1,827)	–	3,599	145	(3,219)	4,743	1,921
Furniture and office equipment	2,029	2,116	51	–	(73)	27	4,151	(910)	(427)	–	69	(61)	(1,330)	2,822	1,119
Construction in progress	1,083	–	–	(1,083)	–	–	–	–	–	–	–	–	–	–	1,083
Total property, plant and equipment	11,288	10,915	355	–	(3,855)	(333)	18,371	(6,586)	2,512	–	3,668	120	(5,310)	13,061	4,702

Property, plant and equipment 2019

In thousands of euro	Gross carrying amount as at 01/01/2019	Additions	Contribution of companies	Disposals	Foreign exchange movements	Gross carrying amount as at 31/12/2019	Accumulated depreciation as at 01/01/2019	Additions	Contribution of companies	Disposals	Effect of movements in exchange rates	Accumulated depreciation as at 31/12/2019	Net carrying amount as at 31/12/2019	Net carrying amount as at 01/01/2019
Improvements in premises	364	221	532	(2)	5	1,120	(228)	(107)	(205)	2	(2)	(540)	580	136
IT equipment	4,220	1,608	1,468	(250)	11	7,057	(2,916)	(1,351)	(1,114)	250	(4)	(5,135)	1,921	1,305
Furniture and office equipment	1,241	310	579	(108)	6	2,029	(442)	(276)	(298)	108	(3)	(910)	1,119	798
Construction in progress	–	1,083	–	–	–	1,083	–	–	–	–	–	–	1,083	–
Total property, plant and equipment	5,825	3,222	2,579	(360)	22	11,288	(3,586)	(1,733)	(1,617)	360	(10)	(6,586)	4,702	2,239

Right-of-use assets 2020

In thousands of euro	Gross carrying amount as at 01/01/2020	Impact of first-time adoption of IFRS 16	Additions	Additions from acquisitions	Disposals	Foreign exchange movements	Gross carrying amount as at 31/12/2020	Accumulated depreciation as at 01/01/2020	Additions	Additions from acquisitions	Disposals	Effect of movements in exchange rates	Accumulated depreciation as at 31/12/2020	Net carrying amount as at 31/12/2020	Net carrying amount as at 01/01/2020
Buildings	19,019	–	3,626	652	(896)	(199)	22,203	(1,748)	(3,175)	–	–	104	(4,818)	17,384	17,271
IT equipment	6,475	–	10,670	17	(4,593)	–	12,568	(1,968)	(2,068)	–	1,492	–	(2,544)	10,024	4,507
Total right-of-use assets	25,494	–	14,296	669	(5,489)	(198)	34,771	(3,716)	(5,243)	–	1,492	104	(7,362)	27,408	21,778

Right-of-use assets 2019

In thousands of euro	Gross carrying amount as at 01/01/2019 prior to adaption of IFRS 16	Impact of first-time adoption of IFRS 16	Additions	Contribution of companies	Disposals	Foreign exchange movements	Gross carrying amount as at 31/12/2019	Accumulated depreciation as at 01/01/2019	Additions	Contribution of companies	Disposals	Effect of movements in exchange rates	Accumulated depreciation as at 31/12/2019	Net carrying amount as at 31/12/2019	Net carrying amount as at 01/01/2019
Buildings	–	3,146	14,288	2,293	(727)	18	19,019	–	(1,408)	(347)	10	(3)	(1,748)	17,271	–
IT equipment	–	4,194	3,135	–	(854)	–	6,475	–	(2,110)	–	142	–	(1,968)	4,507	–
Total right-of-use assets	–	7,340	17,424	2,293	(1,581)	18	25,494	–	(3,518)	(347)	153	(3)	(3,716)	21,778	–

05_ 12 FINANCIAL ASSETS

Non-current financial assets mainly relate to rent deposits.

Current financial assets largely comprise derivative financial instruments.

05_ 13 TRADE RECEIVABLES

There are only current trade receivables.

Total trade receivables also include receivables from related companies 31 December 2020: EUR 31 thousand; 31 December 2019: EUR 301 thousand).

Trade receivables ageing

In thousands of euro	31/12/2020	31/12/2019
Neither overdue nor impaired	–	–
Past due and impaired	1,638	450
0–30 days past due	12,086	11,389
31–60 days past due	4,426	2,852
61–90 days past due	2,873	2,554
91–120 days past due	2,123	1,708
More than 120 days past due	14,778	11,238
Total trade receivables, gross	37,925	30,194

Expected credit loss allowance over the term (trade receivables) as at 31 December

	2020		2019	
	In thousands of euro	Expected credit loss rate	In thousands of euro	Expected credit loss rate
Overdue				
0–30 days	(964)	8 %	(2,181)	20 %
31–60 days	(866)	20 %	(1,541)	56 %
61–90 days	(926)	32 %	(2,301)	92 %
91–120 days	(834)	39 %	(1,550)	95 %
>120 days	(14,666)	100 %	(10,866)	100 %
Sum of valuation allowance	(18,257)		(18,438)	

Development of loss allowance on trade receivables

In thousands of euro	31/12/2020	31/12/2019
Valuation allowance as of beginning of fiscal year	(18,438)	(9,560)
Release/(addition)	(14,688)	(15,489)
Utilisation	14,869	6,162
Contribution of foreign entities	–	472
Other movements	–	(24)
Total valuation allowance as at fiscal year-end	(18,257)	(18,438)

The trade receivables include no material finance component.

Information about the Group's exposure to credit and market risks for trade receivables is included in note 05_22 Financial instruments – Fair values and risk management.

05_ 14 OTHER CURRENT ASSETS

Other current assets

In thousands of euro	31/12/2020	31/12/2019
Prepayments	4,432	3,108
VAT receivables	1,296	494
Inventories	354	–
Other receivables	1,512	2,254
Total other current assets	7,594	5,856

05_ 15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents

In thousands of euro	31/12/2020	31/12/2019
Current bank accounts	82,242	70,557
From payment service providers	1,415	460
Short-term deposits	136	337
Cash in hand	1	1
Total cash and cash equivalents	83,794	71,355
Risk provision on cash and cash equivalents	(263)	(202)
Total cash and cash equivalents after risk provision	83,531	71,153

05_ 16 EQUITY

Equity

In thousands of euro	31/12/2020	31/12/2019
Issued capital	201,071	200,000
Capital reserve	366,898	320,661
(Accumulated losses)/retained earnings	(326,854)	(429,881)
Hedge reserve	(61)	–
Foreign currency translation reserve	(343)	1,081
Total equity	240,711	91,861

Issued capital

As at 31 December 2020, the issued capital comprises the share capital of TeamViewer AG in the amount of EUR 201,070,931 and is divided into 201,070,931 ordinary bearer shares with no par value. A total of 1,070,931 shares are pledged to the Company for share-based compensation.

The issued capital in the amount of EUR 200,000 thousand was created following the transformation of Regit Beteiligungs-GmbH into a stock corporation by way of the shareholder resolution dated 19 August 2019, which led to the change in the name of Regit Beteiligungs-GmbH to TeamViewer AG, and entry in the commercial register on 3 September 2019. As at the transformation, the share capital of Regit Beteiligungs-GmbH amounted to EUR 200,000 thousand. After the Company was established on 3 July 2019 with a share capital of EUR 25 thousand, the share capital of Regit Beteiligungs-GmbH was increased by EUR 199,975 thousand to EUR 200,000 thousand upon the contribution of all the shares in Regit Eins GmbH on 1 August 2019. At 1 January 2019, the Group's issued capital comprised the share capital of Regit Eins GmbH in the amount of EUR 25 thousand. The contribution of the shares in Regit Eins GmbH into Regit Beteiligungs-GmbH (now TeamViewer AG) has to be accounted for as a continuation of the consolidated financial statements of Regit Eins GmbH involving a reorganisation of capital (see note 05_04 Structure of the Group – d) Capital reorganisation (contribution to TeamViewer AG) in 2019). In the context of the reorganisation of capital, the Group's issued capital was increased by EUR 199,975 thousand to EUR 200,000 thousand, charged to accumulated losses.

Authorised capital

The Management Board is authorised to increase the issued capital until 2 September 2024 once or several times by up to EUR 98,929,069 (Authorised Capital 2020). The subscription rights of the existing shareholders may be disappplied under certain circumstances.

Contingent capital

The share capital of the Company is contingently increased by up to EUR 60,000 thousand by the issuance of 60,000,000 new, ordinary bearer shares with no par value (Contingent Capital 2019). The Contingent Capital 2019 solely serves the purpose to grant new shares to the owners or holders of bonds, which according to the authorising solution adopted by the general meeting on 3 September 2019 are issued until 2 September 2024 by the Company or affiliated companies in which the Company directly or indirectly holds a majority interest, in the event that conversion and/or option rights are exercised or that conversion and/or option right obligations are met or that the Company exercises its right to grant shares of the Company instead of pay the amount due in full or in part.

Capital reserve

The increase in the capital reserve in the fiscal year is the result of share-based compensation (see note [05_07 Personnel expenses](#)).

The movement in the capital reserve in 2019 comprises the conversion of a loan of TLO in the amount of EUR 158,056 thousand (see note [05_17 Financial liabilities](#)), the contribution of companies (see note [05_04 Structure of the Group](#)) in the amount of EUR 8,678 thousand, the recognition of a deferred tax asset in connection with the contribution of EUR 784 thousand and the recognition of the share-based compensations in the statement of profit or loss in the amount of EUR 36,830 thousand (see note [05_07 Personnel expenses](#)).

Hedge reserve

The reserve for cash flow hedges includes the effects of an interest rate cap (see note [05_22 Financial instruments](#)).

Foreign currency translation reserve

The foreign currency translation reserve results from the translation of foreign operations into euro.

05_17 FINANCIAL LIABILITIES

In thousands of euro	2020		Subtotal
	Current	Non-current	
Financial liabilities	82,099	440,153	522,252
Thereof from loans	75,962	419,107	495,069
Thereof from lease liabilities	6,137	21,046	27,183
Other financial liabilities	29	–	29
Total financial liabilities	82,128	440,153	522,281

In thousands of euro	2019		Subtotal
	Current	Non-current	
Financial liabilities	34,260	582,538	616,797
Thereof from loans	30,191	565,492	595,683
Thereof from lease liabilities	4,069	17,046	21,114
Other financial liabilities	6,642	–	6,642
Total financial liabilities	40,902	582,538	623,440

a) Terms and repayment structure

Interest-bearing liabilities 2020

In thousands of euro	Currency	Nominal interest rate in %	Year of maturity	31/12/2020	
				Principal amount (EUR)	Carrying amount (EUR)
2019 syndicated loan USD	USD	2.24	2024	263,222	257,918
2019 syndicated loan EUR	EUR	1.75	2024	118,750	116,270
2019 syndicated loan GBP	GBP	2.03	2024	70,352	68,928
2019 syndicated loan – revolving credit facility	USD	1.89	2024	52,155	51,952
Total Interest-bearing liabilities				504,480	495,069

Interest-bearing liabilities 2019

In thousands of euro	Currency	Nominal interest rate in %	Year of maturity	31/12/2019	
				Principal amount (EUR)	Carrying amount (EUR)
2019 syndicated loan USD	USD	4.81	2024	400,570	395,442
2019 syndicated loan EUR	EUR	2.50	2024	125,000	123,404
2019 syndicated loan GBP	GBP	3.58	2024	78,253	77,252
2019 syndicated loan – revolving credit facility	diverse	diverse	2024	–	(415)
Total Interest-bearing liabilities				603,823	595,683

The revolving credit facility is subject to a floating interest rate plus an agreed margin. The nominal interest rates presented include the respective current closing rates, the margin at the closing rates and existing interest floors. The principal is stated excluding capitalised interest.

The carrying amounts of the respective loans include financing costs. This results in a negative carrying amount for the revolving credit facility in the prior year. It was drawn down in the amount of USD 64 million as at the reporting date. Drawdowns in various currencies up to a total of EUR 150 million (2019: EUR 35 million) are possible.

The payment structure of the financial liabilities from loans is as follows, assuming a repayment as agreed in the loan agreement as at the reporting date.

Future cash flows relating to financial liabilities from loans as at 31 December 2020

In thousands of euro	Payable within 3 months	Payable within 3 to 12 months	Payable within 1 to 3 years	Total amount outstanding
2019 syndicated loan USD	1,491	18,342	264,122	283,954
2019 syndicated loan EUR	525	7,832	117,699	126,056
2019 syndicated loan GBP	355	4,772	70,166	75,293
2019 syndicated loan – revolving credit facility	52,346	–	–	52,346
Total future payments	54,717	30,946	451,986	537,649

Future cash flows relating to financial liabilities from loans as at 31 December 2019

In thousands of euro	Payable within 3 months	Payable within 3 to 12 months	Payable within 1 to 3 years	Payable within 3 to 5 years	Total amount outstanding
2019 syndicated loan USD	9,750	29,885	76,739	373,255	489,629
2019 syndicated loan EUR	1,580	7,847	18,444	111,560	139,431
2019 syndicated loan GBP	1,396	5,324	13,079	71,208	91,008
Total future payments	12,726	43,057	108,261	556,024	720,068

For further details on risk management with regards to interest rate and liquidity risk, see note 05_22 Financial instruments – Fair values and risk management.

b) Syndicated loan

On 22 February 2017, Regit Eins GmbH entered into a seven-year credit agreement (2017 syndicated loans) with various lenders. As at the transaction date (27 September 2019), the Group restructured its financing. The 2017 syndicated loan was fully repaid and derecognised, and a new credit agreement (2019 syndicated loan) was entered into with various lenders. The Group made a drawdown of the following syndicated loans on 27 September 2019:

2019 syndicated loan

	Loan		
	EUR	USD	GBP
Date of issue	27/09/2019	27/09/2019	27/09/2019
Repayment date	26/09/2024	26/09/2024	26/09/2024
Currency	EUR	USD	GBP
Principal amount	125,000,000	450,000,000	66,577,500
Reference rate	EURIBOR	LIBOR (USD)	LIBOR (GBP)
Interest period (variable)	6M (initial recognition)	6M (initial recognition)	6M (initial recognition)
Floor (in %)	0	1	0
Margin (depending on financial indicators) (in %)	1.75–2.75 (2.50 at initial recognition)	2.0–3.0 (2.75 at initial recognition)	2.0–3.0 (2.75 at initial recognition)

The Group is obliged to make repayments of at least 5% of the principal starting at the end of 2020. The Group has the unconditional right to early repay the loans in full or in part at any time.

The loans were measured at cost upon initial recognition, taking into account the costs directly attributable to the new loan (transaction costs of EUR 8,690 thousand).

The 2019 syndicated loans also include a revolving credit facility with a term of five years which can be drawn if necessary.

c) Financial effects of the refinancing in 2019

The derecognition of the former loans has caused net expenses of around EUR 23 million, which can be broken down as follows:

Expenses caused by derecognition of loans

In thousands of euro

Amortised cost of the repaid loans	6,850
Fair value of the derecognised embedded derivatives	(29,124)
Other	(601)
Total expenses	(22,875)

d) Financial effects of the refinancing in 2020

On 25 August 2020 non-material amendments were made to the terms of the 2019 syndicated loan agreement. The amendments led to greater interest savings due to the advanced pay-down of the debt. At the same time USD 75 million of the 2019 syndicated loan USD was repaid and USD 75 million of the revolving credit line drawn down. The amendment to the agreement led to a gain of EUR 2.7 million.

The Group changed the 2019 syndicated loan as follows on 25 August 2020:

2019 syndicated loan

	Loan			
	EUR	USD	GBP	Revolving credit facility
Repayment date	26/09/2024	26/09/2024	26/09/2024	26/09/2024
Currency	EUR	USD	GBP	USD
Principal amount	125,000,000	340,000,000	66,577,500	75,000,000
Reference rate	EURIBOR	LIBOR (USD)	LIBOR (GBP)	LIBOR (USD)
Interest period (variable)	3M	3M	3M	1M
Floor (in %)	0	0	0	0
Margin (depending on financial indicators) (in %)	1.25–2.75 (1.75 with modification)	1.5–3.0 (2.0 with modification)	1.5–3.0 (2.0 with modification)	1.0–2.5 (1.75 with modification)

e) Loan of TLO

The loan of TLO was initially recognised at fair value which was calculated on the basis of the discounted cash flow method using the applicable market interest rates, the expected repayment date and a credit spread in line with the secured bank loans, taking into account the subordination of the loan. The loan was subsequently measured at amortised cost using the effective interest method, with an underlying interest rate of 10.44% being used upon initial recognition. As a consequence, a portion of the loan principal was recorded in equity as a capital contribution upon initial recognition.

The loan was granted on 7 July 2014 at a principal amount of EUR 350 million. The fair value of the loan at the date of issuance was around EUR 280 million. The difference between the fair value of the loan and the principal amount at the date of issuance was around EUR 50 million (net of deferred taxes), which was recorded in equity as a contribution by the shareholders and reported under the capital reserve. Accordingly, deferred tax liabilities of EUR 20 million were recognised.

On 9 September 2019, the loan of TLO was contributed to Regit Eins GmbH via TeamViewer AG. Since this was a contribution under common control, the contribution was accounted for at its carrying amount (EUR 158,056 thousand).

f) Loan covenants

Under terms of the 2019 credit agreements, the Group is required to comply with certain covenants regarding the leverage ratio (net financial liability/pro forma EBITDA, each defined in the credit agreement).

As at 31 December 2020, there were no breaches of loan covenants.

g) 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 risks, such as exchange rate and interest rate risks. The financing structure of TeamViewer is designed to preserve the Company's financial room for manoeuvre to enable it to take advantage of business and investment opportunities. This is achieved through a balanced equity/debt ratio.

h) Lease liabilities

Development of lease liabilities

In thousands of euro	2020	2019
1 January	21,114	7,142
Additions	10,383	15,998
Interest expense	747	348
Lease payments	(5,610)	(4,186)
Exchange rate effects	(120)	15
Acquisitions	669	–
Contribution of entities (☐ note 05_04)	–	1,797
31 December	27,183	21,114

The leasing payment for short-term leases and for low-value assets for the period ended 31 December 2020 was EUR 704 thousand (2019: EUR 490 thousand).

Maturity analysis of lease obligations

In thousands of euro	31/12/2020	31/12/2019
Contractual undiscounted cash flows		
< 1 year	6,834	4,486
1–3 years	11,377	6,478
3–5 years	4,056	4,323
> 5 years	7,545	7,475
Total undiscounted lease liabilities	29,811	22,762
Lease liabilities reported in the statement of financial position	27,183	21,114
Thereof current	6,137	4,069
Thereof non-current	21,046	17,046

In fiscal year 2019, the Group entered into a lease for an office building at the Goppingen site with a non-cancellable term of 10 years.

05_ 18 DEFERRED REVENUE

Deferred revenue

In thousands of euro	31/12/2020	31/12/2019
Non-current	361	2,572
Current	214,811	210,250
Total deferred revenue	215,172	212,822

The deferred revenue includes an amount of EUR 2,663 thousand related to perpetual licences (2019: EUR 48,862 thousand).

05_ 19 TRADE PAYABLES

Trade payables – ageing category

In thousands of euro	31/12/2020	31/12/2019
1–30 days	7,982	9,069
31–60 days	–	–
61–90 days	–	–
More than 90 days	322	–
Total trade payables	8,304	9,069

05_20 DEFERRED AND OTHER LIABILITIES

The Group expects that the following deferred and other liabilities are to be settled within one year.

Deferred and other liabilities

In thousands of euro	31/12/2020	31/12/2019
Employee-related accruals	24,079	10,005
Payroll-related taxes and social security	3,701	1,468
VAT	6,394	2,312
Other	4,946	4,008
Deferred and other liabilities	39,120	17,793

05_21 PROVISIONS

Provisions 2020

In thousands of euro	Personnel	Taxes	Other	2020
Balance as at 1 January	285	1,103	2,131	2,819
Additions	172	786	824	1,782
Usage	(37)	(431)	(1,391)	(1,859)
Reversals	-	-	(83)	(83)
Reclassifications	-	-	(700)	(700)
Balance as at 31 December	420	1,459	779	2,658
Thereof non-current	345	-	88	433

Provisions 2019

In thousands of euro	Personnel	Taxes	Other	2019
Balance as at 1 January	141	857	351	1,349
Additions	181	473	2,865	3,519
Usage	(37)	(209)	(1,058)	(1,304)
Reversals	-	(17)	(25)	(42)
Translation differences	-	-	(2)	(2)
Balance as at 31 December	285	1,103	2,131	3,519
Thereof non-current	211	-	24	235

As part of the global developments in the taxation of digital business models, more and more jurisdictions qualify the sale of software as a taxable transaction even in cases where there is no physical presence. In these cases, the foreign entrepreneur is obliged to collect sales tax from local customers and pass it on to the responsible tax office.

In many cases, the interpretation of the newly introduced laws is still being clarified. TeamViewer monitors the respective design and application. If necessary, appropriate registrations and the collection of VAT from the local customer are made. In the reporting period, registration was completed in various U.S. states and other countries in which a registration requirement was identified.

As of 31 December 2020, provisions in the lower single-digit million range were recognised in the balance sheet for possible payment obligations from previous and current periods.

In cases where responsible tax authorities take a different view from the Company's position, it cannot be ruled out that additional tax payments in the lower single-digit million range might arise. As based on the Company's view that there is no likelihood of such probability, no further provisions are recorded in the balance sheet.

05_ 22 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

a) Accounting classifications and fair values

Carrying amount and fair value level of financial assets and liabilities 31 December 2020

Classification in accordance with IFRS 9 In thousands of euro	Carrying amount			Fair value level	
	Fair value	Amortised cost	Total	Fair value	Level
Financial assets					
Thereof derivatives	4,497	–	4,497	4,497	Level 2
Total financial assets measured at fair value	4,497	–	4,497	4,497	
Trade receivables	–	19,667	19,667	19,667	Level 2
Cash and cash equivalents	–	83,531	83,531	83,531	Level 2
Other financial assets	–	4,475	4,475	4,475	Level 2
Total financial assets not measured at fair value	–	107,673	107,673	107,673	
Trade payables	–	8,304	8,304	8,304	Level 2
Lease liabilities	–	27,183	27,183	27,183	Level 2
Bank loans	–	495,069	495,069	495,069	Level 2
Other financial liabilities	–	29	29	29	Level 2
Total financial liabilities not measured at fair value	–	530,585	530,585	530,585	

Carrying amount and fair value level of financial assets and liabilities 31 December 2019

Classification in accordance with IFRS 9 In thousands of euro	Carrying amount			Fair value level	
	Fair value	Amortised cost	Total	Fair value	Level
Trade receivables	–	11,756	11,756	11,756	Level 2
Cash and cash equivalents	–	71,153	71,153	71,153	Level 2
Loan receivables	–	–	–	–	–
Other financial assets	–	4,424	4,424	4,424	Level 2
Total financial assets not measured at fair value	–	87,333	87,333		
Financial assets					
Thereof derivatives	–	–	–	–	–
Total financial assets measured at fair value	–	–	–	–	–
Trade payables	–	9,069	9,069	9,069	Level 2
Lease liabilities	–	21,114	21,114	21,114	Level 2
Bank loans	–	595,683	595,683	595,683	Level 2
Other financial liabilities	–	6,642	6,642	6,642	Level 2
Total financial liabilities not measured at fair value	–	632,508	632,508		

The fair values of the debt instruments assigned to Level 2 are calculated as the present values of the payments associated with the debts, based on the applicable short-term yield curve and the credit spread curve for comparable companies.

Trade receivables, receivables from affiliates, other associates and investments, loan receivables, as well as 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 nonfinancial 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 2020 and 2019.

Net gains and losses

Net gains and losses by category of financial instruments in accordance with IFRS 7.20 are as follows:

Net gain/(loss)

In EUR million	31/12/2020	31/12/2019
Financial assets and liabilities measured at fair value through profit and loss (exclusively embedded derivatives)	3.1	2.9
Financial assets measured at amortised cost	(21.5)	(9.6)
Thereof impairment of trade receivables and cash and cash equivalents	(14.6)	(14.7)
Thereof exchange gains/(losses)	(9.8)	4.4
Thereof interest income and other	2.9	0.7
Financial liabilities measured at amortised cost	13.3	(66.7)
Thereof exchange gains/(losses)	36.1	(17.7)
Thereof interest expense for bank loans	(21.3)	(36.8)
Thereof interest expense for leasing and other	(1.4)	(0.8)
Thereof interest expense for loan of TLO	0.0	(11.4)
Total net gain/(loss)	(5.1)	(73.4)

b) Financial risk management

The Group has exposure to the following risks resulting from financial instruments:

- ↳ credit risk
- ↳ liquidity risk
- ↳ market risk

The goal of the Group's risk management policies is to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls as well as to monitor risks and adherence to limits.

Regarding assets, liabilities and future transactions, TeamViewer AG and its subsidiaries are exposed to risks resulting from changes in exchange rates and interest rates, among other things. Based on a risk appraisal, selected hedging instruments are used to limit these risks.

The use of derivatives is constantly monitored by the Management Board. This includes the functional segregation of trading, handling and posting and the authorisation of just a few qualified employees to carry out such transactions. The Group enters into derivatives for hedging purposes only.

Other disclosures on risk concentration and diversification of risks can be found in the [opportunity and risk report](#) of the combined management report.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its payment obligations.

The Group is exposed to credit and counterparty risk from its financing and operating activities. The carrying amount of financial assets in the statement of the financial position reflects the credit risk exposure.

Trade receivables

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. Management also considers factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group seeks to minimise such risk by entering into transactions with counterparties that are believed to be creditworthy business partners or with financial institutions that meet high credit rating requirements. In addition, the portfolio of receivables is constantly monitored. Credit risk is limited to the nominal value of the individual receivables.

Software licences and services are sold subject to payment, so that the Group may block the licence in the event of non-payment. The Group does not require collateral in respect of trade and other receivables otherwise.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect to trade and other receivables (see note [05_13 Trade receivables](#)).

Cash and cash equivalents

At 31 December 2020, the Group held cash and cash equivalents of EUR 83,531 thousand (2019: EUR 71,153 thousand).

Derivatives

Derivatives are entered into with banks and financial institutions with good credit ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it has sufficient liquidity to meet its liabilities when they are due, under both normal as well as stressed business conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount higher than expected cash outflows on financial liabilities (other than trade payables) on a weekly basis. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group's credit agreements incorporate a EUR 150 million revolving credit facility that is unsecured. The revolving credit facility was drawn down in the amount of USD 64 million as at 31 December 2020 (see note [05_17 Financial liabilities](#)).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross, undiscounted, include estimated interest payments and exclude the impact of netting agreements.

Exposure to liquidity risk – 31 December 2020

In thousands of euro	Carrying amount	Contractual cash flows			
		Total	< 1 year	1 – 5 years	More than 5 years
Financial liabilities	495,069	537,649	85,663	451,986	–
IFRS 16 lease liabilities	27,183	29,811	6,834	15,433	7,545
Trade payables	8,304	8,304	8,304	–	–
Other financial liabilities	29	29	29	–	–
Total non-derivative financial liabilities	530,585	575,793	100,830	467,419	7,545

Exposure to liquidity risk – 31 December 2019

In thousands of euro	Carrying amount	Contractual cash flows			
		Total	< 1 year	1 – 5 years	More than 5 years
Financial liabilities	595,683	720,068	55,783	664,285	–
IFRS 16 lease liabilities	21,114	22,783	4,507	10,801	7,475
Trade payables	9,069	9,069	9,069	–	–
Other financial liabilities	6,642	6,642	6,642	–	–
Total non-derivative financial liabilities	632,508	758,562	76,001	675,086	7,475

The gross outflows disclosed in the tables on [page 137](#) represent the contractual undiscounted cash flows relating to derivative financial liabilities that are held for risk management purposes and that are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflows and outflows for derivatives that have gross cash settlement.

Amounts in foreign currency were each translated at the closing rate at the reporting date. The variable interest payments arising from the financial instruments were calculated using the last interest rate fixed in December 2020.

The interest payments on variable interest rate loans and overdrafts in the table above reflect spot market interest rates at the reporting date. These amounts may change as market interest rates change.

The future cash flows on derivative instruments may be different from the amount in the above table as interest rates and exchange rates change.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable ranges while optimising the return.

The Group uses derivatives to manage market risks. Generally, the Group seeks to apply hedge accounting to limit volatility in profit or loss.

Currency risk

The Group defines currency risks as the danger of losses resulting from changes in foreign exchange rates.

The Group is exposed to currency risk to the extent that currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies may differ from each other. The Group is exposed to material currency risks only in relation to the U.S. dollar (USD) and the pound sterling (GBP) since the other currencies do not account for more than 3% of the total monetary assets and liabilities.

The USD and GBP risk as regards the statement of financial position results mainly from financial liabilities from loans.

These instruments are all held by Regit Eins GmbH, a company with EUR as its functional currency. The Group receives cash inflows in U.S. dollars from revenue in the U.S. and in pound sterling from revenue in the United Kingdom. For this reason, there is a natural currency hedge of USD and GBP interest and redemption payments. The Group additionally uses currency derivatives to hedge USD risks.

Exposure to currency risk

The Group's exposure to currency risk is as follows:

Currency risk exposure

In thousands of USD	31/12/2020	31/12/2019
Cash	45,208	33,511
Trade receivables	13,761	4,029
Other receivables	-	960
Financial liabilities	(393,758)	(458,652)
Derivatives	(47)	-
IFRS 16 lease liabilities	(386)	(1,279)
Other financial liabilities	(23)	-
Trade payables	(1,428)	(2,605)
Other liabilities	-	(1,965)
Net USD exposure in statement of financial position	(336,673)	(426,002)

In thousands of GBP	31/12/2020	31/12/2019
Cash	1,076	3,244
Trade receivables	2,638	625
Other receivables	-	-
Financial liabilities	(64,529)	(66,578)
Derivatives	-	-
IFRS 16 lease liabilities	-	-
Other financial liabilities	(4)	-
Trade payables	(40)	(192)
Other liabilities	-	(92)
Net GBP exposure in statement of financial position	(60,858)	(62,992)

Sensitivity analysis

A theoretical appreciation (depreciation) of the EUR against the USD or the GBP as at 31 December 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. Other foreign currencies would not have caused significant effects on profit or loss and equity. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

If the EUR had been 10% stronger (weaker) against the USD, assuming that all other risk factors remained unchanged, the Group's net income would have been EUR 33.6 million (EUR 31.5 million) (2019: EUR 37.2 million (EUR 37.2 million)) higher (lower).

If the EUR had been 10% stronger (weaker) against the GBP, assuming that all other risk factors remained unchanged, the Group's net income would have been EUR 6.8 million (EUR 6.8 million) (2019: EUR 7.4 million (EUR 7.4 million)) higher (lower).

Interest rate risk

Interest rate risks are understood as the negative impact of fluctuating interest rates on the net profit of the Group. A distinction must be made between fixed-interest and floating-rate financial instruments. For fixed-interest financial instruments, a fixed market interest rate is agreed on for the full term of the financial instrument. The risk is that when market interest rates fluctuate, the market price of the financial instrument will change (fair value risk due to changes in interest rates). The market price is based on the present value of future payments (interest payments plus repayment of principal) discounted using the market interest rate prevailing at the end of the reporting period for the residual term of the respective payment. The fair value risk due to changes in interest rates will therefore lead to a gain or loss if the fixed-interest instrument is sold before maturity.

For floating-rate financial instruments, the interest rate is adjusted in line with respective market interest rates. There is a risk that there may be fluctuations in interest rates leading to changes in the future interest payment (cash flow risk due to interest rate changes).

Interest rate caps were used in the fiscal year 2020 to hedge interest rate risks. The decision on whether to use derivative financial instruments is based on the projected interest rate risk and amount of debt. The interest hedging strategy is reviewed regularly, and new targets are defined if necessary.

Exposure to interest rate risk

Financial liabilities from 2020 and 2019 loans carry a floating rate of interest. Financial liabilities from 2020 leases carry a fixed rate.

Sensitivity analysis for variable-rate instruments

The interest sensitivity analysis presented below shows the hypothetical effects that a change in the market interest rate at the end of the reporting period would have had on the pre-tax profit and on equity. It is assumed in this simplified analysis that the exposure at the end of the reporting period is representative of the year as a whole and that the assumed change in the market interest rate at the end of the reporting period was possible. It is assumed in the calculations that all other variables, particularly exchange rates, remain constant.

A movement of the yield curve by +50/–50 basis points would have a cash flow effect on the loans in the coming 12 months in the amount of EUR –2.3 million/+0.7 (2019: EUR 2.6 million/EUR +2.4 million) and an effect on net income for the year and consequently equity in the amount of EUR –2.3 million/+0.7 (2019: EUR –2.6 million/EUR +2.4 million).

c) Derivatives and hedge accounting

Cash flows in USD are hedged in part with FX options that hedged a monthly amount totalling USD 3.35 million in 2020 and a monthly amount of USD 6.25 million in 2021 at a strike price of USD/EUR 1.15. The options are not designated as hedges.

An interest rate cap agreement exists for the purpose of partially hedging the USD syndicated loan with a strike of 1.5% and a term until 31 December 2022. This agreement is designated as a cash flow hedge. There was an economic hedge relationship between the hedged item (USD syndicated loan with a nominal value of USD 387 million as at 31 December 2020) and the hedging instrument (interest rate cap on USD 315 million as at 31 December 2020), since both are designated inversely proportional to the 3-month USD LIBOR with a hedge rate of 7% at the reporting date.

d) Changes from liabilities arising from financing activities

The following table illustrates the changes from liabilities arising from financing activities:

Changes from liabilities arising from financing activities 2020

	01/01/2020	Cash flows	Foreign exchange movements	Changes in fair value	Interest and amortised cost	Contribution to equity	Additions from acquisitions	Other	31/12/2020
In thousands of euro									
2019 syndicated loan	595,683	(64,481)	(36,013)	(2,726)	2,549	–	–	57	495,069
Lease liabilities	21,114	(5,610)	(120)	–	747	–	669	10,383	27,183
Other financial liabilities	6,642	(25,300)	(84)	–	18,769	–	2	–	29
Total	623,440	(95,392)	(36,217)	(2,726)	22,065	–	671	10,440	522,281

Changes from liabilities arising from financing activities 2019

	01/01/2019	Cash flows	Foreign exchange movements	Changes in fair value	Interest and amortised cost	Contribution to equity	Contribution of companies	Other ¹	31/12/2019
In thousands of euro									
2019 syndicated loan	–	610,313	(7,442)	–	(7,187)	–	–	–	595,683
2017 syndicated loan	683,869	(696,373)	19,565	–	(8,056)	–	–	995	–
Loan from shareholders	149,720	–	–	–	11,363	(158,056)	–	(3,027)	–
Lease liabilities	7,142	(4,186)	15	–	348	–	1,797	15,998	21,114
Other financial liabilities	9,568	(45,752)	97	(2,531)	48,609	–	–	(3,348)	6,643
Total	850,299	(135,998)	12,235	(2,531)	45,076	(158,058)	1,797	10,618	623,440

¹ The position other in the fiscal year 2019 contained especially the additions to the lease liabilities due to IFRS 16

05_ 23 OPERATING SEGMENTS

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

As there is no further segment, the consolidated statements of comprehensive income already show the revenue and expenses of the segment and the consolidated statements of financial position already show the segment assets and segment liabilities. Therefore, no further breakdown is prepared. All revenue shown in the consolidated statements of comprehensive income are generated with external customers.

The most significant success indicators on the basis of which the management steers the Group are billings per region and adjusted EBITDA. Billings are further broken down by product to provide more detailed information.

Billings by region

In thousands of euro	2020	2019
EMEA	246,428	173,981
AMERICAS	157,714	109,778
APAC	56,141	41,184
Billings	460,283	324,943
Change in deferred revenue recognised in profit or loss	(4,669)	65,248
Total revenue	455,614	390,191

Billings by country

In thousands of euro	2020	2019
USA	124,075	83,250
Germany	69,714	44,524
Great Britain	28,583	20,351
France	25,447	15,662
Other countries	212,464	161,155
Billings	460,283	324,943

Enterprise billings amounted to EUR 53.0 million in the fiscal year (2019: EUR 17.4 million). Billings are classified as such if the respective customer has been invoiced amounts of more than EUR 10 thousands in the last twelve months.

Revenue by region

In thousands of euro	2020	2019
EMEA	248,293	219,751
AMERICAS	149,098	122,872
APAC	58,223	47,567
Revenue	455,614	390,191

Revenue by country

In thousands of euro	2020	2019
USA	112,600	89,914
Germany	74,806	65,580
Great Britain	25,894	19,130
France	24,818	20,952
Other countries	217,496	194,615
Billings	455,614	390,191

Revenue is allocated to the individual countries on the basis of the respective customer location.

The non-current 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%.

The adjusted EBITDA is calculated as follows:

Adjusted EBITDA

In thousands of euro	2020	2019
Operating profit/(loss)	164,045	153,048
Amortisation and depreciation	41,096	36,442
EBITDA	205,141	189,490
Change in deferred revenue recognised in profit or loss	4,669	(65,248)
Further items to be adjusted	51,614	57,878
Adjusted EBITDA	261,423	182,120

Further items to be adjusted comprise:

Further items to be adjusted

In thousands of euro	2020	2019
Expenses for share-based compensation	(48,921)	(36,830)
Expenses (and income) in connection with the IPO	35	(10,820)
Other special items to be adjusted	(2,727)	(10,228)
Total	(51,614)	(57,878)

Other special items to be adjusted mainly include expenses from special IT projects in the amount of EUR 1.9 million (2019: EUR 3.5 million), expenses from financing and M&As of EUR 1.8 million (2019: EUR 0.6 million), expenses for special legal disputes in the amount of EUR 0.4 million (2019: EUR 2.5 million) and income from valuation of financial instruments of EUR 3.0 million (2019: EUR 0 million).

05_24 RELATED PARTY DISCLOSURES

TLO is the main shareholder of TeamViewer AG with an interest of 27.9% (2019: 62.5%). The remaining 72.1% (2019: 37.5%) is in free float. As the parent company of the group (largest group of companies), TLO last prepared consolidated financial statements in which the TeamViewer Group is included for the period ended 31 December 2020. TLO published its consolidated financial statements in the Luxembourg commercial register www.lbr.lu. There were no consolidated financial statements for a larger group of consolidated companies.

Up to the loss of control by TLO, the Group was majority-owned by funds advised by Permira Holdings Limited, an international private equity firm registered in the United Kingdom. There was no senior parent of TLO which produced consolidated financial statements available for public use.

The funds superordinate to TLO were

- (i) Permira V G.P. Limited, Permira V G.P. L.P., P5 SUB L.P. 1, Tiger Group Holdings Limited, TigerLuxOne Topco S.à r.l., TigerLuxOne Midco S.à r.l. and TigerLuxOne Holdco S.C.A.;
- (ii) Permira V G.P. Limited, Permira V G.P. L.P., Permira V L.P. 2, Tiger Group Holdings Limited, TigerLuxOne Topco S.à r.l., TigerLuxOne Midco S.à r.l. and TigerLuxOne Holdco S.C.A.;
- (iii) Permira V G.P. Limited, Permira V G.P. L.P., Permira V I.A.S. L.P., Tiger Group Holdings Limited, TigerLuxOne Topco S.à r.l., TigerLuxOne Midco S.à r.l. and TigerLuxOne Holdco S.C.A.;
- (iv) Permira V G.P. Limited, Permira V G.P. L.P., P5 Co-Investment L.P., Tiger Group Holdings Limited, TigerLuxOne Topco S.à r.l., TigerLuxOne Midco S.à r.l. and TigerLuxOne Holdco S.C.A.;
- (v) Permira V G.P. Limited, P5 CIS S.à r.l., Tiger Group Holdings Limited, TigerLuxOne Topco S.à r.l., TigerLuxOne Midco S.à r.l. and TigerLuxOne Holdco S.C.A.; and
- (vi) Permira Investments Holdings S.à r.l., Permira Investments Management Ltd., PIL Investments LLP, Permira Nominees Limited, Tiger Group Holdings Limited, TigerLuxOne Topco S.à r.l., TigerLuxOne Midco S.à r.l. and TigerLuxOne Holdco S.C.A.

For the Group, related parties within the definition of IAS 24 are persons or entities who have control or a significant influence over the Group. Accordingly, the direct and indirect parent companies of TLO and the members of the management are considered as related parties. Moreover, all portfolio companies held by funds advised by Permira are considered related parties.

Apart from the transactions described below, no material revenue was generated from related party transactions in 2020 and 2019.

Related party transactions

In March 2017, the subsidiary Regit Eins GmbH granted a loan to TigerLuxOne Holdco S.C.A, Luxembourg, with an interest rate of 5.73 % per annum and a term of two years.

In September 2017, the subsidiary TeamViewer GmbH granted a loan to the TigerLuxOne Holdco S.C.A, Luxembourg, with an interest rate of 7 % per annum.

Both loans were offset and thus settled in 2019 by offsetting the loan of TLO.

In 2014, the direct shareholder TLO granted a loan at a principal amount of EUR 350,000 thousand to the subsidiary Regit Eins GmbH with a contractually agreed interest rate of 7 % per annum. The liability reported and the interest expenses recorded, however, are based on a market interest rate that deviates from the contractually agreed interest rate. In 2019, the loan was settled by conversion into equity and by offsetting with the loan granted to TigerLuxOne Holdco S.C.A and by offsetting other receivables due from TLO. Detailed information can be found in note 05_17 Financial liabilities. In addition, the Group provides administration services to TLO on the basis of a service agreement dated 1 January 2015. As from the same date, TLO entered into an intercompany financing framework agreement, with TeamViewer Germany GmbH acting as lead underwriter. Based on this intercompany financing framework agreement, each current item of the statement of financial position (receivable or liability) was subject to interest. The effective interest rate was calculated using the Euro Overnight Index Average (EONIA).

In 2018, the Group entered into several service agreements with Tricor Group to support the business expansions in India, Singapore, Japan and China, providing mainly accounting and HR services. Tricor is a company related to funds advised by Permira. In total, the Group paid service fees in the amount of EUR 242 thousand (2019: EUR 226 thousand) to Tricor Group in 2020; as at 31 December 2020, trade payables in the amount of EUR 8 thousand (2019: EUR 22 thousand) were outstanding.

In 2019 and 2020, the Group purchased consulting services from Stibel Technologies Inc., USA (Bryant Stibel) and in 2020 from Duff & Phelps, LLC, USA (Duff & Phelps), which is also related to funds advised by Permira. The total of purchased services amounted to EUR 220 thousand in 2020 (2019: EUR 436 thousand).

All outstanding balances with these related parties are to be settled within two months after the end of the fiscal year.

Transactions involving key management personnel

Remuneration of the Management Board – IFRS figures

In thousands of euro	31/12/2020	31/12/2019
Short-term employee benefits	4,327	2,218
Share-based compensation	16,302	17,438
Thereof Oliver Steil	10,857	11,625
Thereof Stefan Gaiser	5,446	5,813
Total	20,629	19,656

Remuneration of the Management Board in accordance with GAS 17 (1 January 2020–31 December 2020)

	Oliver Steil		Stefan Gaiser		Total	
	2020	2019	2020	2019	2020	2019
In thousands of euro						
Fixed	900	788	550	453	1,450	1,240
Fringe	22	22	55	56	77	78
Total	922	809	605	509	1,527	1,318
Third-party benefits	–	24,128	–	12,064	–	36,192
Short-term variable	1,800	602	1,000	298	2,800	900
Long-term variable	983	–	541	–	1,524	–
Subtotal variable	2,783	24,730	1,541	12,362	4,324	37,092
Pension	–	–	–	–	–	–
Total	3,705	25,539	2,146	12,871	5,851	38,410

Further details on share-based compensations/third-party benefits granted to key management personnel can be found in note 05_07 Personnel expenses.

There were neither any other transactions with key management personnel during the reporting period and the year 2019, nor any balances outstanding as at 31 December 2020 and 31 December 2019.

The remuneration paid to the Supervisory Board consisted of short-term benefits amounting to EUR 723 thousand (2019: EUR 370 thousand), with liabilities and provisions amounting to EUR 181 thousand as at 31 December 2020 (2019: EUR 168 thousand). In 2019 and 2020, no consulting services were provided by a member of the Supervisory Board.

The members of the Supervisory Board are active in the following, comparable control committees:

Board Member	Occupation	Type and company of mandate
Dr Abraham Peled (Chairman of the Supervisory Board)	Partner at Peled Ventures LLC	<ul style="list-style-type: none"> → Chairman of the board of directors of CyberArmor Ltd. → Chairman of the board of directors of Synamedia Ltd.
Jacob Fønnesbech Agraou (Deputy Chairman of the Supervisory Board)	Entrepreneur and investor	<ul style="list-style-type: none"> → Member of the board of directors of Telenor ASA → Chairman of the board of directors of Loopia Group → Member of the board of directors of Wallapop SL → Member of the board of directors of Denmark Bridge → Member of the board of directors of Acqraou Invest ApS → Chairman of the board of directors of PhaseOne ApS → Chairman of the board of directors of CaptureOne A/S
Stefan Dziarski	Partner at Permira	<ul style="list-style-type: none"> → Member of the supervisory board of P&I Personal & Informatik AG → Member of the advisory board of FlixMobility GmbH
Holger Felgner	Co-Chief Executive Officer at Chrono24 GmbH	<ul style="list-style-type: none"> → Member of the advisory board of MPN Marketplace Networks GmbH
Dr Jörg Rockenhäuser	Partner and Head of DACH at Permira	<ul style="list-style-type: none"> → Member of the advisory board of Schustermann & Borenstein GmbH → Member of the supervisory board of P&I Personal & Informatik AG (until 31 March 2020) → Member of the advisory board of Simon Midco Limited/Lowell (until 30 November 2020) → Member of the regional advisory committee Mitte of Commerzbank AG (mandate suspended since 31 May 2020)
Axel Salzmann	Member of the management board and Chief Financial Officer at Hensoldt AG	<ul style="list-style-type: none"> → Member of the supervisory board of HUGO BOSS AG (until May 2020)

Transactions with related parties

In thousands of euro	Year	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
Business partner									
TigerLux One Holdco S.C.A.	31/12/2020	2	-	-	-	2	-	-	-
	31/12/2019	-	-	-	265	-	-	-	-
TLO	31/12/2020	-	-	-	-	31	-	-	-
	31/12/2019	130	-	7,781	35	301	-	-	-
TeamViewer Pty. Ltd.	30/06/2020	-	-	-	-	-	-	-	-
	31/12/2019	-	1,545	1	-	-	-	-	-
TeamViewer US, LLC	30/06/2020	-	-	-	-	-	-	-	-
	31/12/2019	-	11,944	11	-	-	-	-	-
TeamViewer UK, Ltd.	30/06/2020	-	-	-	-	-	-	-	-
	31/12/2019	33	266	-	45	-	-	-	-
Monitis US, LLC	30/06/2020	-	-	-	-	-	-	-	-
	31/12/2019	528	2	-	1	-	-	-	-
Monitis CJSC	30/06/2020	-	-	-	-	-	-	-	-
	31/12/2019	1,995	2	-	10	-	-	-	-
GFKL	31/12/2020	-	-	-	-	-	-	-	-
	31/12/2019	-	2	-	-	-	-	-	-
Tricor	31/12/2020	-	242	-	-	-	8	-	-
	31/12/2019	-	226	-	-	-	22	-	-
Duff & Phelps	31/12/2020	-	220	-	-	-	-	-	-
	31/12/2019	-	-	-	-	-	-	-	-
Bryant Stibel	31/12/2020	-	-	-	-	-	-	-	-
	31/12/2019	-	436	-	-	-	-	-	-

05_25 SUBSEQUENT EVENTS

Permira Holdings Limited announced on 18 February 2021 that TLO's shareholding in TeamViewer AG had been reduced to 19.97% of the voting rights as of 16 February 2021. TLO had sold 13.2 million shares in the Company to institutional investors and in this context had subjected itself to a lock-up period of 90 days. As a result, no shareholder holds 20% or more of the voting rights of the Company.

Company acquisitions in 2021

Please refer to our comments under [05_04 Structure of the Group – c\) Acquisitions in 2021](#).

Issuance of promissory note loans

On 19 February 2021, TeamViewer issued promissory note loan (Schuldscheindarlehen) in the amount of EUR 300 million with an average interest margin of 1.2% (with fixed-interest and variable tranches depending on EURIBOR) and maturities between 3 and 10 years. This will result in interest expenses of approximately EUR 3 million in the fiscal year 2021.

05_26 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Contractual obligations and contingencies

In thousands of euro	31/12/2020	31/12/2019
Within one year	9,320	13,537
Between one and five years	7,004	1,851
More than five years	–	–
Total contractual obligations and contingencies	16,324	15,388

The contractual obligations and contingencies largely comprise rental costs for IT infrastructure.

05_27 EARNINGS PER SHARE

Earnings per share (undiluted) 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 year.

Earnings per share (undiluted)

In EUR	2020	2019
Profit/(loss) for the year	103,027,087	103,858,942
Shares issued per 31 December	201,070,931	200,000,000
Effect of recoverability of "Ubimax" share-based compensation	(1,070,931)	–
Weighted average number of shares outstanding	200,000,000	200,000,000
Earnings per share (profit/(loss) for the year/no. of shares)	0.52	0.52

The calculation of undiluted earnings per share excludes 1,070,931 recoverable ordinary shares issued by TeamViewer to the seller on the occasion of the acquisition of Ubimax GmbH. These new shares are subject to clawback in the event that they are not earned under a share-based payment "Ubimax" because the founders do not perform the required work. They are pledged to TeamViewer AG and are subject to a vesting period of three years. They are scheduled to be released in three annual tranches and will be released as soon as they are earned as part of the share-based payment. For additional information on the share-based payment transaction "Ubimax," see notes [05_04 b\) Acquisitions in 2020](#) and [05_07 Personnel expenses](#).

In calculating diluted earnings per share, the net income attributable to the holders of outstanding common shares of TeamViewer AG is divided by the weighted average number of outstanding common shares, plus the weighted average number of common shares that would result from the conversion of all dilutive potential common shares into common shares.

Earnings per share (diluted)

In EUR	2020	2019
Profit/(loss) for the year	103,027,087	103,858,942
Shares issued per 31 December	200,000,000	200,000,000
Effect of recoverability of "Ubimax" share-based compensation	63,861	–
Weighted average number of shares outstanding	200,063,861	200,000,000
Earnings per share (profit/(loss) for the year/no. of shares)	0.51	0.52

For the calculation of diluted earnings per share, the weighted average number of shares outstanding is increased by the number of potentially dilutive shares from the share-based payment "Ubimax". The number of potentially dilutive shares is determined as the difference between the following two numbers:

- ☞ (a) the number of common shares issued under the "Ubimax" share-based payment arrangement; and
- ☞ (b) the number of ordinary shares that would have been issued at their average market price during the period.

To determine the latter figure, it is assumed that an amount equal to the future expense to be incurred from the share-based payment transaction is used to repurchase the issued ordinary shares at their average market price during the period (so-called treasury stock method).

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.

05_ 28 PROFESSIONAL FEES FOR THE INDEPENDENT AUDITOR

The professional fees for the services provided by the Group auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, totalled approximately EUR 847 thousand in the fiscal year 2020 (2019: EUR 533 thousand) and related to audit services for the consolidated financial statements in the amount of EUR 682 thousand and tax consultancy in the amount of EUR 165 thousand. In addition to the audit of the consolidated and annual financial statements of the TeamViewer AG, the audit services also include statutory audits of subsidiaries and reviews of interim financial statements.

05_ 29 DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

In December 2020 the Management Board and the Supervisory Board of TeamViewer AG made the declaration required by section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) and published it on the [investor relations website](#).

05_ 30 EXEMPTION UNDER SECTION 479A UK COMPANIES ACT 2006/ABSCHNITT 479A UK COMPANIES ACT 2006

The subsidiary company TeamViewer UK Limited, UK (Company No. 09108787) is exempt pursuant to Section 479 A of the UK Companies Act 2006 from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts if the following requirements are met:

- ☞ 1. The legal representatives of TeamViewer UK Limited have agreed to the exemption in respect of fiscal year 2020.
- ☞ 2. TeamViewer AG has given a guarantee regarding the liabilities of TeamViewer UK Limited.
- ☞ 3. TeamViewer UK Limited is included in the consolidated accounts of TeamViewer AG drawn up as at 31 December 2020 in accordance with the provisions of the EU's Seventh Company Law Directive.

06 Release date for publication

The consolidated financial statements were released for publication on 17 March 2021.

17 March 2021

The Management Board



Oliver Steil



Stefan Gaiser

D_ NONFINANCIAL REPORT

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“Climate change is the central challenge of our time. To preserve our planet, we need to cut CO₂e emissions. Creative, innovative and digital solutions are the key to more sustainability – in business but also in everyday life.” (Stefan Gaiser, Chief Financial Officer)

At TeamViewer, sustainability is part of the business model and corporate culture. In numbers, this translates to:

37

**megatonnes
CO₂e savings**

per year through the use of our products [More information](#)

Climate neutral latest by

2030

Net zero, Scope 1–3 from server to end user [More information](#)

2.5+

billion installations

Of which a large portion comes through private, free use. We connect people to help others

70+

nationalities

can be found among our employees. We live, breathe and thrive on diversity [More information](#)

10

principles

of the UN Global Compact have been integrated into our sustainability strategy as an official signatory (August 2020) together with the Sustainable Development Goals [More information](#)

»AA«

Rating

of TeamViewer AG in the year 2020 by MSCI ESG Ratings (on a scale of AAA – CCC) [More information](#)

483

employees

have been hired in 2020 (FTEs) [More information](#)

01 Fundamentals of the nonfinancial report

___ Standards of the Global Reporting Initiative (GRI) serve as a framework for reporting ___ The aim of the nonfinancial report is to communicate material and relevant nonfinancial aspects with integrity ___ Focus on environment, employee matters, diversity, social matters, anti-corruption and anti-bribery, tax transparency and respect for human rights

In its nonfinancial report pursuant to §§ 289b–289e, 315b and c HGB, TeamViewer AG provides information on environmental matters, matters relating to the Company's employees, social matters, anti-corruption and anti-bribery matters, as well as on the respect for human rights for the 2020 fiscal year. Where further nonfinancial aspects of relevance can be derived from the Company's business performance, they are listed in accordance with § 289c (2) HGB.

The set of rules used within the meaning of § 289d in conjunction with § 315c (3) HGB is the Standards of the Global Reporting Initiative GRI, "Core" option. The principles of reporting specified by the GRI were considered when determining the content and quality of the report. Where useful for comparability and comprehensibility, some sections also include data from the previous year to show readers changes over time. An overview of the GRI references can be found under [Further information](#).

This nonfinancial report seeks to meet the relevant needs and requirements of our stakeholders – such as shareholders, customers, partners, employees, suppliers, investors, rating agencies and groups requiring protection, local communities, non-government organisations and other organisations under civil law – for communicating on material and relevant nonfinancial aspects with integrity.

The issues of security and data protection and the sub aspects of infrastructure and product security are of material importance for TeamViewer and have been included in the management report in a separate section. Nonfinancial performance indicators within the meaning of § 289 (3) HGB on employees and environmental aspects are stated in the management report and explained in more detail in the Nonfinancial Report.

This nonfinancial report was examined and approved by the Supervisory Board of TeamViewer AG pursuant to § 171 (1) AktG.

02 Sustainability in the Business Model

___ TeamViewer's digital connectivity platform makes relevant contributions to a more sustainable world ___ Signature of the UN Global Compact ___ TeamViewer commits to the United Nations Sustainable Development Goals (SDGs) ___ Positive ratings by ESG rating agencies in 2020

SUSTAINABILITY STRATEGY

TeamViewer is the global platform for digitally connecting people and machines. With its products and services, the Company makes a valuable contribution to a more sustainable world in its core business:

- ↳ TeamViewer connects people who help others privately – worldwide, millions of times and free of charge.
- ↳ TeamViewer supports business customers and their employees in using flexible forms of work and strengthens opportunities for a better work-life balance.
- ↳ TeamViewer enables all users to reduce climate-damaging greenhouse gas emissions through avoided travel.

Our values – customer focus, trust, security, passion, simplicity, and diversity – as well as the protection of the environment, climate, and respect for human rights form the basis for our actions along the entire value chain. We complement them with good corporate governance and the exercise of a high-level social responsibility.

The COVID-19 pandemic brought social challenges into focus in the reporting year. This highlights the need to accelerate joint efforts to develop and utilise advanced technologies to address unforeseen challenges. TeamViewer solu-

tions enable millions of corporate and private customers to maintain productivity despite physical distance, at the same time lowering the need for travel, minimising costs and avoiding greenhouse gas emissions.

Our customers' confidence in the security of personal data and critical information as well as the reliability and availability of our products and services are the foundation of our sustainable growth. We consider it our greatest responsibility to ensure this at all times. We describe how we meet this responsibility in the Chapter [Data protection](#).

As a signatory of the UN Global Compact, TeamViewer supports the ten principles of the UN Global Compact and the United Nations Sustainable Development Goals (SDGs). The SDGs are a central conceptual framework for our materiality analysis as well as for the definition of our sustainability goals and strategy. SDGs 4 (Quality Education), 5 (Gender Equality), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), 10 (Reduced Inequalities), 12 (Responsible Consumption and Production), 13 (Climate Action), and 17 (Partnerships for the Goals) take on a special role.

MATERIALITY ANALYSIS

Building on the categorisation of nonfinancial aspects in the 2019 Annual Report, TeamViewer carried out a multi-level materiality analysis to identify relevant and material nonfinancial issues for the 2020 Annual Report.

To establish potentially relevant topics, we carried out an evaluation of internal documents, the three major nonfinancial ESG ratings, competitors, industry benchmarks and resources, regulatory requirements, and also, other related frameworks and concepts (e.g. GRI, SASB, SDGs). By including stakeholder-oriented standards we took account of the claims and demands of various interest groups in the materiality analysis. Based on this external perspective, we derived an extensive list with 70 relevant issues.

An internal expert workshop was held to add an inside-out perspective to the list. This included a qualitative assessment of whether and to what extent TeamViewer's actions have an impact on the economy, the environment, employees, and society.

To validate these results, an expanded group of experts from Communications, Compliance, Corporate Operations, Corporate Development, CSR, Finance, Human Resources, Investor Relations, Legal, Marketing and Public Relations performed a further quantitative and qualitative analysis of the results and ranked them on a scale from 0 to 20. This exercise once again reaffirmed the priorities, which underwent no material change.

Fields of action

This process has identified 21 issues of relevance to the Company, and they are grouped into six fields of action (see table).

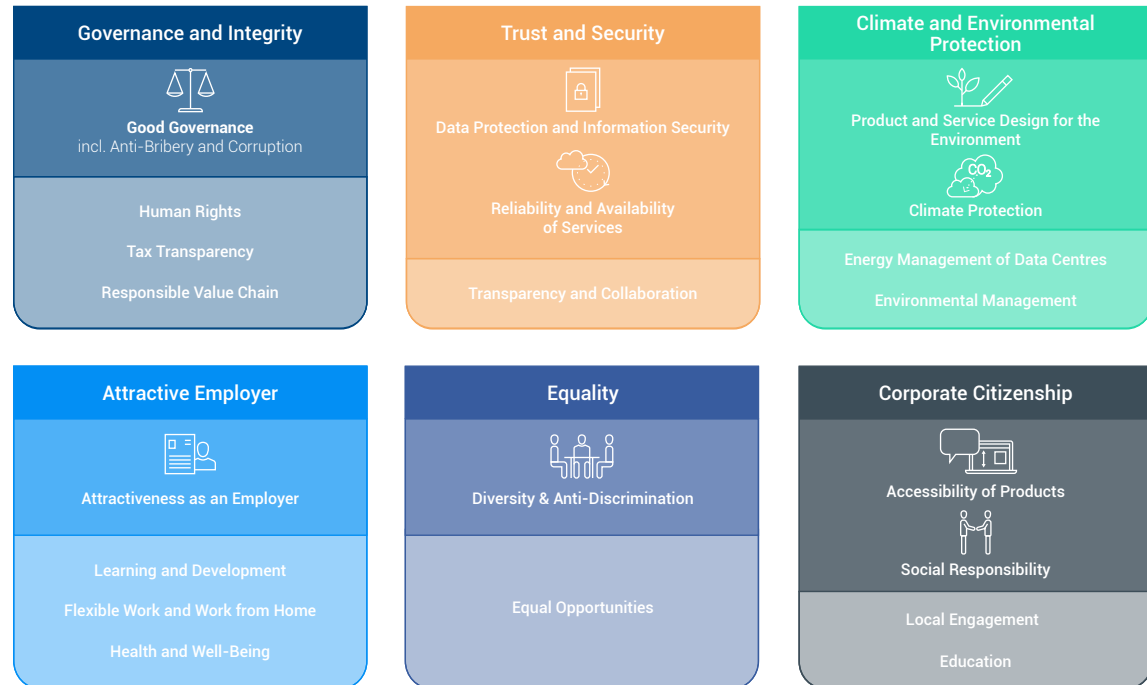
The relevant issues were of high or very high importance from a stakeholder perspective or had a high or very high impact on the relevant protected assets. Nine issues that are above these evaluations were identified of material importance.

Material nonfinancial aspects of TeamViewer AG

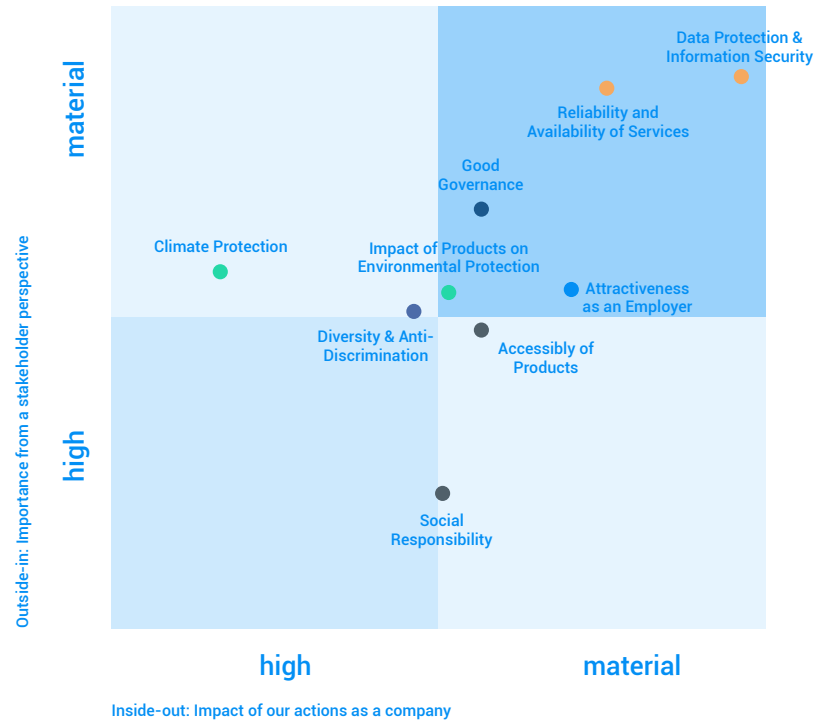
The following nonfinancial aspects were identified as material regarding at least one of the two perspectives (outside-in/inside-out):

- ☞ Data protection & information security
- ☞ Reliability and availability of services
- ☞ Good governance
- ☞ Impact of products on environmental protection
- ☞ Attractiveness as an employer
- ☞ Climate protection
- ☞ Social responsibility
- ☞ Diversity and anti-discrimination
- ☞ Accessibility of products

Relevant and material issues



Material nonfinancial aspects for the TeamViewer AG



The materiality matrix shows the positioning of the nonfinancial aspects that are material for the Company. At least one of the two perspectives (outside-in/inside-out) is assigned a material categorisation.

Based on this materiality analysis, resources such as time, effort and budget have been allocated in order to make further progress in future. They, thus, characterise the sustainability strategy and reporting.

SUSTAINABILITY TARGETS

The 2030 Agenda for Sustainable Development, which was adopted by all member states of the United Nations in 2015, is an action plan for people, the planet, and wealth. TeamViewer is committed to the Sustainable Development Goals (SDGs) and recognises the importance of all 17 goals. The Company believes that the potential for technological innovation is of fundamental importance to bring about a more sustainable way of living and working in society.

To deploy resources and efforts in the best viable way, TeamViewer is concentrating on eight focus SDGs in which the Company can make a strong contribution to improving the situation:

It is on this basis that TeamViewer is working on a sustainability programme with specific measures, targets, and a binding timeframe.

Most important Sustainable Development Goals for TeamViewer



As part of this process, the ESG ratings are also subjected to a critical evaluation. In 2020, TeamViewer received ratings from the following ESG rating agencies on its performance in the areas of Environment, Social and Governance (ESG):

TeamViewer seeks to improve its ESG ratings continuously, and, as a minimum requirement, to maintain its good ratings as ESG rating requirements are expected to become more stringent going forward.



ISS ESG: In February 2020, TeamViewer has been awarded "Prime" status with the ISS ESG Corporate Rating.



MSCI¹: In 2020, TeamViewer AG received a rating of "AA" (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.



Sustainalytics²: In December 2020, TeamViewer AG received an ESG Risk Rating of 15.6 and was assessed by Sustainalytics to be at "Low Risk" of experiencing material financial impacts from ESG factors.

¹ The use by teamviewer ag of any MSCI ESG research llc or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of TeamViewer by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

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SUSTAINABILITY MANAGEMENT

In recent years TeamViewer has started to pay greater attention to its corporate responsibility and the associated matters in the areas of sustainability and climate protection by adjusting its strategic terms. In 2020, the Company targeted the launch of initiatives to strengthen strategic and operational sustainability management.

A key element here is the establishment of a Sustainability function headed by the Director Corporate Development who directly reports to the Management Board, respectively the CFO, and shall also report regularly to the Supervisory Board and the Audit Committee on the progress made towards realising plans and key sustainability topics. As an interface, the function is submitting analyses, decision-making submissions and recommendations, coordinating the nonfinancial issues, ensuring strategic and operational development, the sustainability reporting in a cross-functional dialogue and being available as a specialist contact partner to the ESG rating agencies.

To manage sustainability matters in strategic terms, the issues were discussed twice as part of the Senior Leadership Team meetings in 2020 and specific measures were decided. In this process, the Senior Leadership Team performed the role of a Sustainability Steering Board. To anchor the non-financial issues even more firmly in business activities, TeamViewer plans to expand the Sustainability Steering Board.

The signing of the UN Global Compact by TeamViewer in August 2020 was one of the measures adopted in order to step up collaboration with global partners and initiatives. Another key milestone was the launch of the 4-pillar strategy as the framework of social involvement (see Chapter [Social responsibility](#)).

Given the critical development of the climate crisis and the inclusion of environmental and climate matters in the Opportunity and Risk Management, the issue of climate protection has also acquired particular significance for TeamViewer AG. Accordingly, the company-related and product-related CO₂e footprint for the 2019 and 2020 fiscal years was calculated.

By monitoring, validating and analysing the corresponding data, the Company was able to derive CO₂e emission reduction targets for the organisation while at the same time performing a concrete quantification of emissions avoided due to the usage of TeamViewer products. The Company is committed to making its operations carbon neutral (see Chapter [Environment and climate protection](#)).

RESPECT FOR HUMAN RIGHTS

As a responsible global enterprise, TeamViewer has a duty to ensure that no human rights are violated in its facilities, in the supply chains or through its products. TeamViewer respects international standards protecting human rights and works to ensure observance within its scope of influence. Provisions to that effect are set out in the Code of Conduct and in the Supplier and Business Partner Code of Conduct, which all suppliers and other business partners are required to recognise.

TeamViewer is committed to complying with international standards for the protection of human rights within its own company as well as throughout the entire value chain.

To fully meet its commitments, TeamViewer observes the human rights standards set out in the United Nations Universal Declaration of Human Rights (UDHR), the European Convention for the Protection of Human Rights and Fundamental Freedoms and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. As a signatory of the United Nations Global Compact, TeamViewer has reaffirmed its commitment to the integration of the ten principles, particularly, the first two principles regarding respecting and protecting human rights, into its own business activities.

Internally, the Code of Conduct formalises beliefs and commitments. It reflects existing policies aimed at ensuring the fundamental standards of business conduct and seeks to prevent potential human rights violations. To make sure TeamViewer fulfils its responsibility to protect human rights, several functions are tasked with conducting human rights due diligence processes on an ongoing basis. These procedures are to establish or prevent potential human rights violations within the Company, report risks and actual violations, bring potential negative human rights effects of business activities to an end and seek to make amends where appropriate.

TeamViewer's employees receive regular training about human rights policies and on human rights proceedings. Among other things, a whistle-blower system is in place to enable anonymous reporting on potential human rights violations.

In 2020, no material cases of human rights violations were reported at TeamViewer.

FIGHT AGAINST CORRUPTION AND BRIBERY

As part of its business activities, TeamViewer is committed to compliance with the applicable laws and policies. Internal policies to combat corruption and bribery are adopted and binding for all employees.

Ethical and transparent conduct in business and between employees, suppliers and business partners is an absolute must. Alongside compliance with statutory anti-corruption provisions, this also includes fair business, marketing, and competitive conditions. The principles, processes, and reporting channels are set out in the Code of Conduct, the Anti-Bribery and Corruption Policy and the Supplier and Business Partner Code of Conduct. Regular training of all employees and the due diligence processes of suppliers and partners ensures the above-mentioned rules are strictly adhered to.

Ethical and transparent business conduct is an absolute standard at TeamViewer.

Reporting by the heads of division to the Compliance department guarantees that compliance with the principles of the Anti-Bribery and Corruption Policy is reviewed on a regular basis. Observations and violations can be reported anonymously via the whistleblower system.

TeamViewer is not aware of any material cases in 2020 for which a violation of anti-corruption and anti-bribery provisions was identified or reported.

TRANSPARENCY AND COLLABORATION

TeamViewer is convinced that behind every successful business lies transparent communication and collaboration with the relevant organisations and public agencies in a spirit of full trust. The Company seeks to continuously increase the degree of transparency and disclosure for all aspects of business activities, while adhering to statutory limits. In this process, the issues of information security and data protection play a particular role (also see [security and data protection](#)). TeamViewer will continue to cultivate an open and transparent dialogue with external stakeholders and ESG rating agencies.

Fiscal transparency

Tax payments are an important part of the economic and social contribution of the TeamViewer Group. In 2020, a total amount of EUR 33 million in income taxes was paid. A fair tax system plays an essential role for all countries in which TeamViewer operates. TeamViewer therefore acts transparently and responsibly in all tax matters. To ensure this, the Group pays its fair share of taxes and cooperates trustfully with tax authorities worldwide.

TeamViewer supports the goal of a global tax system, that ensures stability and fair taxes for the governments and companies involved. Thus, the Group particularly checks developments at the OECD level and aligns its tax activities accordingly.

Tax strategy

The Group's tax strategy includes the following points, in particular:

- ☞ Complying with applicable tax laws
- ☞ Establishing an appropriate organisational structure to ensure adequate tax management
- ☞ Applying effective tax risk and compliance management
- ☞ Acting as a responsible taxpayer

The tax strategy is in line with the business and sustainability strategy of TeamViewer. The payment of a fair share of taxes has an indirect influence on the achievement of the sustainability goals of the respective countries. TeamViewer rejects tax practices that contradict these goals. This approach includes the following points in particular:

No aggressive tax planning

TeamViewer applies the applicable tax regulations in accordance with the prevailing interpretation. This also applies to the avoidance of double taxation through corresponding intergovernmental agreements.

The tax practices applied by TeamViewer, as well as transactions with and between the group companies, are disclosed to the respective tax authorities within the scope of tax returns or other notification requirements. The Company also ensures that the pricing of the intra-Group activities is in accordance with the OECD arm's length principle as well as local transfer pricing rules in order to ensure the appropriate tax on profits arising in the countries involved.

Aggressive tax planning in the sense of artificial structuring, i.e. without an underlying business purpose or substantial economic substance, is not applied.

No involvement in tax havens

TeamViewer does not relocate business activities to so-called tax havens in order to avoid taxes that would be incurred elsewhere. The term “tax haven” is based on the “List of non-cooperative tax jurisdictions” of the EU.

Tax Governance, Tax Compliance and Tax Risk Management

Tax Governance

TeamViewer’s tax function is part of the finance function, reporting to the Chief Financial Officer. The tax department oversees compliance with the overall tax strategy, ensures alignment on tax issues across the Group and coordinates local tax requirements within the Group. The remuneration of the employees of the tax function is not related to the Company’s tax rate.

Tax Compliance

TeamViewer operates in over 180 countries worldwide. In addition to tax payments on its own income, TeamViewer also withholds sales taxes or other withholding taxes on customer and supplier payments. Tax payments are therefore a significant part of the contribution to the society by the Company. The tax department provides guidance on compliance with local tax regulations for the entire Group.

Furthermore, the employees of the Company can report unethical or illegal conduct and activities with fiscal relevance, via Group-wide processes such as the whistleblowing system.

Tax Risk Management

Tax risk management is integrated into the general Group-wide risk management (also see [page 47](#)). The internal tax department identifies, assesses, monitors and controls potential tax risks. There is a regular exchange with the head of finance on tax risks. In the event of uncertainty, external tax experts are consulted.

Stakeholder dialogue and advocacy

TeamViewer is convinced that responsible tax compliance supports positive economic and social development. TeamViewer supports the work for a better and more fair tax system on a national and international level to balance the different interests of society, politics and the economy. In addition, cooperative exchange with the responsible tax authorities occurs.

At present, there are no other memberships of the Group’s responsible persons in tax interest groups and no resulting political exchange.

03 Employees

___ Company values: trust, passion, customer focus, security, simplicity, and diversity ___ 483 new employees hired ___ Employee retention significantly improved ___ Commitment to diversity and anti-discrimination ___ Target set for women in management positions ___ Equal pay for women and men ___ Percentage of women 34 %

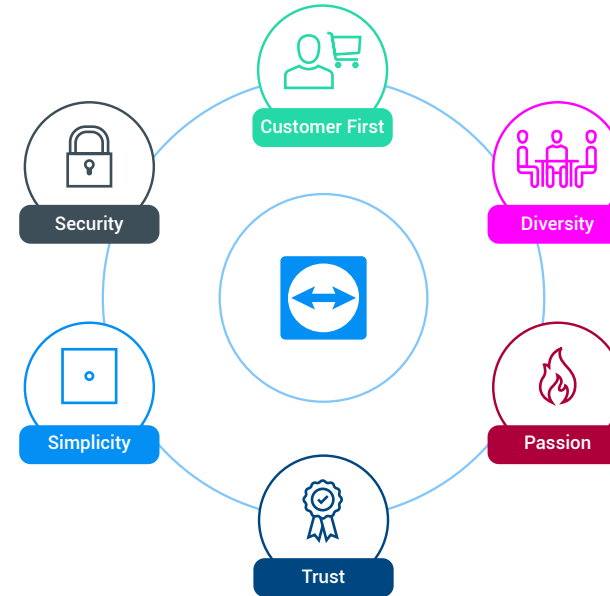
HUMAN RESOURCES MANAGEMENT AND CORPORATE CULTURE

Our employees are a key factor in the successful implementation of our corporate goals. More than ever, our future success depends on our ability to attract, develop, and retain motivated, highly qualified employees who also fit well to our corporate culture.

In a year in which we all faced new challenges, our values – trust, passion, customer first, security, simplicity, and diversity – and the strong cohesion among our employees have both made a material contribution to the success of our company.

This is what characterises our corporate culture. As a fast-growing company, we know sustainable growth can only be achieved in the context of a value-oriented corporate culture. It therefore remains a high priority for us to embed our values in our working environment and to shape a consistent corporate culture which is guided by values and sustainability.

TeamViewer's company values



We also strive to create a working environment that is characterised by openness and honesty, which allows our employees to move successfully with the agility and reach necessary in a digital workspace. Our commitment to this is also reflected in our working practices and the daily interactions employees can have with our Leadership Team and managers across the Company.

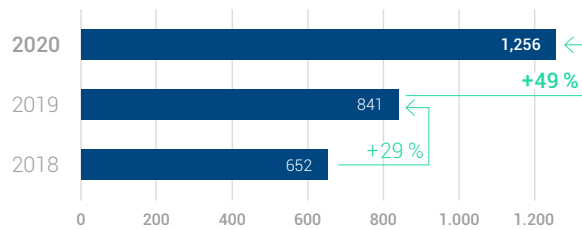
An annual employee survey supports and drives the focus of our human resource management by targeting the issues that support the business priorities and corporate strategies and make meaningful improvements to our corporate culture. With 73% in 2020, the employee engagement score was slightly higher than the 70% benchmark.

Responsibility for our human resources management lies with the senior vice president of HR, who reports directly to the Management Board and/or our CFO.

EMPLOYEE RECRUITMENT

Thanks to the successful recruitment of employees in all areas of our business operations, we were able to achieve our plans for employee growth in the 2020 fiscal year.

Employees



FTEs as at 31 Dec 2020

The COVID-19 pandemic prompted us to change our approach in the recruitment and the onboarding of employees, and our experience as a leading player in the digital business was an important success factor when it came to tackling this challenge.

Although we were not able to participate in various recruiting events held by universities, community groups, trade shows or other events, this did not negatively impact the recruitment of top talent in all functional areas worldwide.

In total, we recruited 483 employees in the fiscal year 2020. The net increase amounts to 415 employees in the same period.

Substantial investment in our R&D organisation was a significant strategic focus for the Company in 2020, and we successfully increased the number of employees in R&D across our German, Armenian and Greek locations by a total of 130 to now 384 R&D employees (+51%).

We also expanded our sales teams in all regions by a total of 173 to now 495 sales employees (+54%). Not least, we continue to focus on building a diverse workforce with 35% of our new hires being women and more than 40 different nationalities being hired.

EMPLOYEE RETENTION

Together with recruitment, employee retention is a key factor for the successful implementation of our growth plans. To this end, we offer competitive compensation as well as additional benefits to our employees, flexible work contracts, and a positive and dynamic workplace environment with opportunities for personal growth and development.

We realise that in a highly competitive sector we need to offer fair and appropriate compensation and benefit packages. Our programmes aim to ensure that we can attract and retain the best employees for us through our global and local offerings. All employees receive a company bonus which is guided by business and financial targets. A separate bonus system applies for sales employees.

In total, we recruited

483

employees in 2020

The need for flexible working arrangements is ever more relevant since COVID-19 has impacted the way we now work. We were able to transition all our employees to work from home and return them to the Company offices when appropriate. In this context, we adjusted our remote working guidelines in order to take account of our employees' new expectations and to enable them more flexibility so their personal needs could be met.

Our part-time working programme underscores our commitment to flexible working arrangements in this respect. By the end of 2020, 63 employees had participated in this programme.

Whilst TeamViewer continues to offer job security, maintain attractive compensation and benefits packages, and provide flexible working options, the high added social value of our business model is also a meaningful and relevant competitive advantage that we also consider to be a factor that supports our improved retention rate.

Up 5 %-points in 2020

91%

employee retention

Accordingly, employee retention improved during the 2020 fiscal year (91%) when compared with the 2019 fiscal year (86%)¹. The average length of service at TeamViewer decreased slightly when compared with 2019 (2020: 2.9 years; 2019: 3.1 years). Still, we see this as a positive signal from our longer serving employees due to the significant number of new hires in 2020 that impact this year's figure.

DIVERSITY AND ANTI-DISCRIMINATION

As a globally operating corporation, TeamViewer highly benefits from the diversity of its employees.

In the 2020 fiscal year, we implemented concrete measures to strengthen our commitment in this respect. We published demographic data, provided more training to employees, and carried out a gender-specific salary analysis. The analysis (see remarks on [page 163](#)) confirmed that TeamViewer's compensation principles are fair and equal.

¹ We define employee retention as the ratio of the average number of employees less those employees who voluntarily left the Company to the average number of employees (converted into FTEs)

The TeamViewer Code of Conduct determines the fundamental policies that define how all employees must interact with each other in a non-discriminatory manner and observe the principle of equal treatment.

Equality of women and men

The equal treatment of women and men is important at TeamViewer. We increasingly want to recruit more women and ensure that women are equally included in the leadership and decision-making processes of our Company.

As of 31 December 2020, women represented 34% of our global workforce. We aim to increase women's representation further and to occupy a leading position when compared with other top companies in our sector.

♀ 34% ♂ 66%

A material indicator of gender equality is the percentage of women in management positions. Alongside the target figures for the Supervisory Board (33%) and the Management Board (25%) (see [page 72](#) of the corporate governance report), we promote the participation of women in management positions within our business operations.

In addition to the decisions taken in the previous year, the Management Board at its meeting on 17 December 2020 set

a target figure of 33% for the percentage of women in management positions. This target must be achieved by 31 December 2024 and corresponds to an increase of 1% p.a. over the coming four years, compared with the baseline year of 2020 (29%).

The percentage of women in management positions in 2020 was 29%. Management positions include team leaders (managers managing employees or teams), medium and top management (managers managing managers).

Percentage of women in management positions

	2020	Target figure	To be reached by
Supervisory Board	0%	33%	31 December 2023
Management Board	0%	25%	31 December 2023
Group	29%	33%	31 December 2024

Alongside the targets for the percentage of women, the second key indicator which promotes equality of opportunities within TeamViewer's sphere of influence is gender pay equality.

We apply the principle of equal treatment in all recruitment activities and grant equal compensation to both women as well as men. Additionally, we committed to conducting an annually review and achieving equality in compensation, regardless of gender or any other background characteristic, starting 2020.

An initial analysis amongst comparable groups within the existing employee base (equal job titles, seniority, tenure, location)¹ confirmed gender pay equality. We did not find evidence of a gender pay gap. Women received between 94.6 % and 102.5 % of the compensation of their male colleagues, resulting in a blended rate of 98.8 % across all analysed employee groups. As we do value diversity and promote equality, we still do see room for improvement and will foster further analysis in 2021, at the same time continue to report the findings on a yearly basis.

Cultural diversity

As of 31 December 2020, we had employees from more than 70 different nationalities. In the 2020 fiscal year, we recruited employees of more than 40 nationalities within our German offices and facilitated numerous international relocations to support this.

EMPLOYEE TRAINING AND DEVELOPMENT

The training and development of our employees is a key contributor to achieving expected revenue growth, the expansion of our product offerings and ensuring that we continue to fulfil the expectations of our customers. The feedback we received as part of our annual employee survey demonstrated that career and leadership development are of high importance to our employees.

We understand that employees should be given an opportunity to develop and broaden their skills and competencies, to contribute towards meaningful work and exciting challenges on the path of their professional growth. For this reason, we are continuously increasing the number of training opportunities for our employees.

The professional development of employees and managers is important for our employees.

As a result of the COVID-19 pandemic, we digitalised all our in-person training programmes to ensure access to learning opportunities was maintained and continued to promote the personal and professional development of our employees. We offer and operate programmes at various times of the day to meet the needs of our employees across all time zones.

In the 2020 fiscal year, programmes to support remote working and leading decentralised teams, as well as courses to raise awareness of the issues of IT security and data protection were introduced on account of the COVID-19 pandemic. Further focal points and new voluntary, as well as mandatory training courses, were offered around the topics of compliance (including anti-discrimination) and management training.

In 2021, we will invest in the further expansion of our training programmes, for example by offering more training to our managers to further enhance their leadership skills.

HEALTH AND WELL-BEING

We know the working environment of our employees is fast-moving. Therefore, health and well-being were the focal points of our decision-making and offerings during the year. The well-being of our employees ensures that they can be as efficient, productive, and contented as possible. For this reason, we made regular adjustments to our initiatives in the areas of health and well-being. Unfortunately, due to the COVID-19 pandemic, we were unable to hold our usual annual Health Days this year however, we introduced local health programmes and new virtual fitness and movement classes, where possible, and encouraged employees to join various virtual and online events to maintain their social contacts. Our flexible work practices have helped our employees find a good work-life balance.

We have taken precautionary measures worldwide to keep the COVID-19 risk as low as possible for our employees. Our measures included the temporary closure of our offices, encouraging employees to take advantage of working from home opportunities, the introduction of new hygiene rules in offices on employees' return to the office and the suspension of all business travel, both domestic and international. We have set up global and local crisis teams that actively monitor the impact of the virus and adjusted our working practices and policies to safeguard the health, well-being, safety, and security of our employees. All our employees receive training on the topics of occupational safety and well-being at least once a year.

¹ Positions with the title "Inside Sales Representative", "Software Developer" and "Customer Support Specialist", with the same tenure, in the same country, and the same seniority level were analysed, as these represent the biggest and most important employee groups for TeamViewer

FLEXIBLE WORKING

As a leading provider of connectivity solutions, flexible working models can be considered an expectation in our employment offerings. In addition to expanded work-from-home options, we also offer part-time models and successfully support the return of employees from parental leave. In fiscal year 2020, 63 (equivalent to 4.9%) employees participated in part-time programmes.

To also promote the compatibility of family and career, we offer maternity/paternity leave within each country or local employment jurisdiction. But most importantly, we actively promote the reintegration of parents after their return to work.

EMPLOYEE ENGAGEMENT AND FEEDBACK

We rely on highly engaged, motivated, and committed employees and, for this reason, we strive to understand the needs and expectations of our talents. To meet their expectations, we promote openness and organisational transparency and offer different setups such as frequent all hands meetings, and Company or CEO updates to keep our employees updated on ongoing strategic and operational issues. We also offer various instruments to give feedback to our employees, directly as per our “open door policy”, anonymously via the whistleblowing tool or the annual employee survey and other pulse surveys we run throughout the year.

Frequent interactions within teams and between departments are important for employee engagement, and it is something we promote through our cooperation platforms. Regular updates enable employees to network at a global level and to develop a greater feeling of the diverse and inclusive TeamViewer corporate culture, particularly in times of remote working practices.

**With 73 %, the Employee
Engagement Index was above our
comparative benchmark of 70 %**

This year our annual employee survey included questions about COVID-19. At 87%, the response rate was high. The employee engagement index (73%) was slightly above our reference benchmark (70%). Since a new provider conducted the survey in 2020, and some evaluation criteria have changed, no comparison with previous years' results could be made. Although we are happy with the employee engagement score, we will continue to work on different initiatives to further improve these figures.

04 Environment and climate protection

___ Use of TeamViewer products avoid emissions of approx. 37 million tonnes of CO₂e ___ TeamViewer climate neutral for its own business operations since 2018 ___ Alignment of binding climate targets in fiscal year 2020 ___ Calculation and disclosure of greenhouse gas emissions for the first time in accordance with GHG Protocol

CLIMATE STRATEGY

Protecting the environment and the climate are important matters for TeamViewer and were classified as material for the Company in its materiality analysis.

As a provider of remote connectivity software, TeamViewer considers it as its duty to support customers in their efforts to reduce CO₂e emissions and to conduct its own business operations in environmentally friendly and carbon-neutral manners. TeamViewer’s business operations have been carbon neutral since 2018.

To further optimise its efforts for the strategic alignment of existing climate and environmental protection measures, a new sustainability function headed by the director corporate development, was created in the 2020 fiscal year. It reports directly to the Management Board, more specifically to the chief financial officer. The role of this function is to pool existing measures in an environmental management system and optimise it on a continuous basis, as well as to further develop the existing climate strategy and coordinate operational measures to achieve this goal. Cross-functional teams ensure full compliance with all applicable environmental laws, official provisions, and all voluntary commitments in matters of environmental protection.

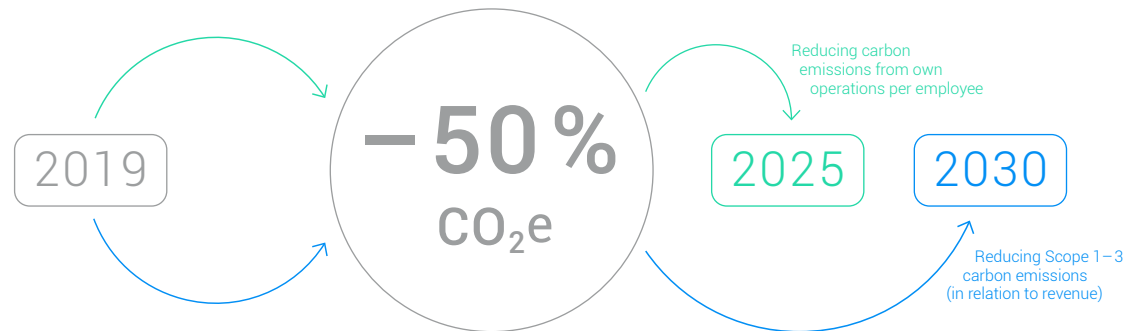
To achieve the very goal of carbon neutrality, the following binding targets were determined in 2020 by the Management Board during the fiscal year:

1. Continued carbon neutrality of own operations¹ with a simultaneous 50 % reduction in operational CO₂e emissions per employee by end of 2025 compared with the baseline year 2019.
2. Achieving carbon neutrality (net zero; full Scope 1–3 GHG Protocol) with a simultaneous 50 % reduction in Scope 1–3 emissions per EUR million revenue latest by 2030 compared with the baseline year 2019.

With these goals in mind, TeamViewer is looking into the possibility of expanding its climate reporting pursuant to the CDP (Carbon Disclosure Project) and the SBTi (Science Based Targets Initiative).

The protection of the environment is an important topic in the Company’s entire value chain. Basic principles on resource-preserving actions are enshrined in the Code of Conduct and the Supplier and Business Partner Code of Conduct, addressed to both upstream and downstream business partners. TeamViewer seeks to achieve a responsible use of energy, water, and other natural resources throughout its business. The Company is optimising energy efficiency and favours renewable energy sources where it is feasible.

The path to net zero carbon emissions



¹ By offsetting the scope 1 and 2 emissions and the scope 3 emissions which can be assigned to own operations (e.g. travel and commuting activities; also see the definition under Operational Carbon Emissions)

No environmentally relevant incidents or fines for the year 2020 are known.

CLIMATE PROTECTION AND CARBON NEUTRALITY

Global climate change is already having an observable impact on the environment. In view of increasingly extreme weather events and the growing destruction of the environment, action to limit the causes and consequences is one of the fundamental challenges of our time. Climate protection and the achievement of globally agreed goals constitute a decisive social and economic challenge. In 2015, the Paris Agreement, a global, legally binding agreement, was announced and signed by almost 190 member states. The governments agreed on the long-term goal of limiting the rise in average global temperatures to 1.5°C above pre-industrial levels.

As a company, TeamViewer is aware of its responsibility and acts consistently by supporting the use of technological advantages as an effective mean to ensure global reduction in carbon emissions.

Already at the time TeamViewer was established in 2005, a key concern was to overcome geographical distances by connecting people remotely using computers and other devices. Ultimately, this effect has resulted not only in efficiency gains in the form of time and money savings for customers, but it has also contributed substantially to reducing carbon emissions. Every cancelled journey through the use of a TeamViewer product means that a certain volume of emissions is avoided.

Since 2018, TeamViewer has made the emissions caused by its own business activities climate neutral.

In line with our product offering and the associated promise of green technology, it is TeamViewer's ultimate environmental goal to enable others to reduce their carbon emissions by making available easy-to-use technology allowing people to connect remotely with any device at any time and from anywhere. At the same time, TeamViewer is committed to reducing its own emissions and has already made its own operations climate neutral since 2018.¹ Climate education is also seen as a key influencing factor for future improvements, which is why, in coordination with the TeamViewer Social Responsibility Framework (see [page 171](#)), projects to promote climate education are supported annually.

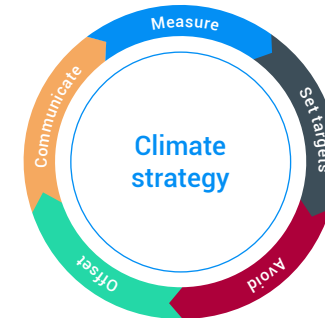
¹ Certificates are bought to compensate. Refers to the offsetting of Scope 1, 2 and pro rata 3 (pro rata: includes business operations related components, also see [definition of Operation Carbon Emissions](#))

CARBON FOOTPRINT

TeamViewer sees the importance of transparent value chains in the implementation of global climate strategies. Consequently, in the 2020 fiscal year, the Company calculated its greenhouse gas emissions in accordance with the GHG Protocol for the first time. TeamViewer was supported by a scientific research organisation in its efforts. Starting from the baseline year of 2019, targets and measures were derived.

The key goal is to achieve carbon neutrality covering GHG Protocol Scopes 1–3. The achievement of this goal is ensured by the 5 steps of the climate strategy: Measure. Set targets. Avoid. Offset. Communicate.

The five steps of the climate strategy



To achieve an optimum management methodology, the measures, goals, and communication on carbon neutrality are divided into two strategic areas at TeamViewer:

- TeamViewer’s operational carbon emissions (OCE). This includes all directly generated emissions (Scope 1), emissions associated with purchased energy (Scope 2) and operational (Scope 3) emissions such as business travel and commuting by employees.
- TeamViewer’s product lifecycle-related carbon emissions (PCE). This includes all product-related (Scope 3) emissions (purchased goods and services and the use of products sold)

TeamViewer technology protects the environment

Remote connectivity can have a major positive effect on the achievement of global climate goals. To this end, TeamViewer, working in collaboration with a well-established climate research institute, calculated the CO₂e savings, aggregated to one calendar year, that are attributable to TeamViewer products.

As part of this study of “avoided emissions,” a corporate carbon footprint (CCF) pursuant to the GHG Protocol was calculated and, on this basis, a product carbon footprint (PCF), for the baseline year 2019. An evaluation of anonymous connection data was subsequently combined with the feedback received from more than 1,000 private and commercial users

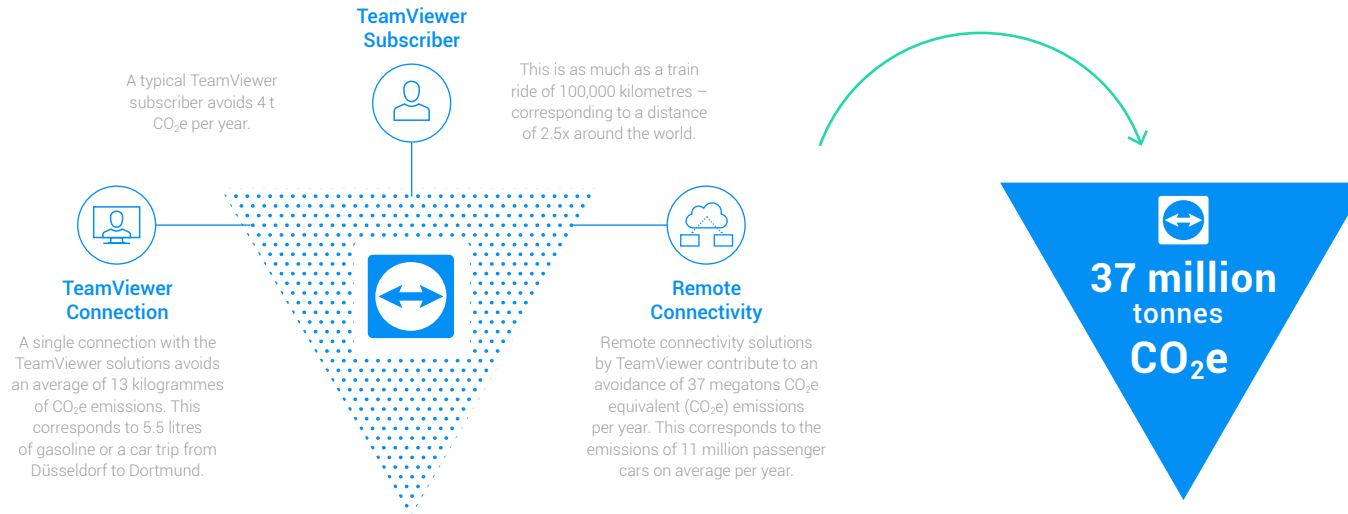
on their user and associated travel behaviour and then verified by means of further expert interviews.

According to this study, TeamViewer’s products are responsible for the avoidance of approx. 37 million tonnes of CO₂e. This corresponds approximately to the offsetting performance of 3.5 billion trees, that is, roughly the entire tree population of Austria. TeamViewer’s products thus make a significant contribution to the achievement of global climate targets.

Every single connection avoids, on average, approx. 13 kg of CO₂e. Every single licensed device of our corporate customers is thus responsible for avoiding on average 4 tonnes of CO₂e every year. For further details and the background to the scientific methods used please see the [TeamViewer website](#).

Avoided Emissions Through the Usage of TeamViewer Solutions

Remote Connectivity can have a significant positive impact on the achievement of global climate targets. This is how many CO₂e emissions can be avoided with TeamViewer solutions per year.¹



¹ Numbers determined in a scientific study by the Institute for Energy, Ecology, and Economy (DFGE) based on 2019 figures.

Emissions

Working with a scientific partner, in 2020 TeamViewer calculated its own emissions for the baseline year of 2019 in accordance with the GHG Protocol and added calculations for the full year 2020 accordingly.

The calculated emissions in tonnes of CO₂e are distributed across Scopes 1–3 as follows.

CO₂e-emissions development

Numbers in tonnes CO ₂ e Change in percent	2020	2019	Change vs. previous year
Scope 1	266	283	-6 %
Scope 2	986	1,049	-6 %
Sum Scope 1 & 2	1,252	1,332	-6 %
Scope 3 – Operations-related	2,210	4,673	-53 %
Sum Operations total (Scope 1, 2 and 3 Operations)¹	3,463	6,005	-42 %
Scope 3 – Product-related	94,367	87,926	+7 %
Sum Scope 3 total	96,557	92,598	+4 %
CCF total²	97,829	93,931	+4 %

With a fast-growing business and in accordance with the Company's strategy to add M&A activities to the organic growth initiatives, TeamViewer will have to (and had to already) adapt the base year calculations, as also defined in the GHG Protocol recommendations.

1 Since 2018, TeamViewer has made the emissions caused by its own business operations climate neutral by purchasing certificates to compensate for them
2 Latest by year 2030, TeamViewer will make all emissions (Scope 1, 2, 3) climate neutral

In 2020, TeamViewer reduced its operational CO₂e emissions by

-53 %

per employee

The decrease in operational CO₂e emissions is explained by the sharp drop in travel and commuting. This clearly demonstrates the effectiveness of defined measures in this area. The increase in product-related emissions, and eventually, in the overall corporate carbon footprint, is due to the increase in the use of TeamViewer products, which was also secured through infrastructure investments. Considering the emission savings that can be achieved with each TeamViewer connection, however, this is a sensible investment (see remarks at [page 167](#)).

Development of CO₂e-emissions intensity per employee

In tonnes per employee (FTE) Change in percent	2020	2019	Change vs. previous year
Scope 1	0.3	0.3	-23 %
Scope 2	0.9	1.2	-23 %
Sum Scope 1 & 2	1.2	1.5	-23 %
Scope 3 – Operations-related	2.1	5.4	-61 %
Sum Operations total (Scope 1, 2 and 3 Operations)³	3.3	7.0	-53 %
Scope 3 – Product-related	90	102	-12 %
Sum Scope 3 total	92	108	-15 %
CCF total	93	109	-15 %

3 By 2025, TeamViewer aims to reduce the emissions caused by its own business operations converted to the individual employee (CO₂e/FTE intensity) (full-time equivalents) by 50 percent compared to 2019

Development of CO₂e-emissions intensity per EUR million revenue

Numbers in tonnes CO ₂ e per EUR million in revenue; % change	2020	2019	Change vs. previous year
Scope 1	0.6	0.7	-20 %
Scope 2	2.1	2.7	-20 %
Sum Scope 1 & 2	2.7	3.4	-20 %
Scope 3 – Operations-related	4.8	12.0	-60 %
Sum Operations total (Scope 1, 2 and 3 Operations)	7.5	15.4	-51 %
Scope 3 – Product-related	205	225	-9 %
Sum Scope 3 total	210	237	-12 %
CCF total⁴	213	241	-12 %

Based on the business growth, CO₂e emissions have been calculated according to their FTE (yearly average) and revenue intensity. These intensities play a vital role in the definition of climate targets, as they allow for more realistic steering of the reduction measures.

4 Latest by 2030, TeamViewer aims to reduce all emissions (Scope 1–3) converted to EUR million in revenue (CO₂e/EUR million revenue intensity) by 50 percent in relation to the year 2019

Goals and measures

In 2020, TeamViewer prepared a detailed catalogue of measures to achieve its climate goals, which was approved by the Management Board. The main measures to achieve the goals include:

Goal 1: 50 % reduction of operational emissions by 2025

- Increase in energy efficiency of office locations, e.g. by increasing the supply of renewable energy to an average of 80% across all office locations worldwide
- Responsible handling of business travel, the adjustment of the travel policy which is designed to lead to a reduction in average travel by employee

- Responsible commuting, e.g. through increased subsidies for public transport and company bicycles
- OCE carbon neutrality through the offsetting of unavoidable emissions with offsetting certificates

This target has already been achieved with the fiscal year 2020 (-53%). The restrictions on travel due to the COVID-19 pandemic make a significant contribution to this. The key challenge for the coming years therefore is to carefully implement the defined measures and deeply root them into the corporate structures in order to maintain this comparatively low level of emissions.

Goal 2: Net zero carbon neutrality Scope 1–3 latest by 2030 with 50 % emission reduction

- Improvement of energy efficiency of data centres through increased interaction with suppliers
- Improvement in the transparency and quality of emission-relevant data in the supply chain
- Increase in supply of renewable energy at the suppliers' locations and improvement in power usage effectiveness (PUE). TeamViewer does not operate its own data centres and is therefore dependent on strong supplier engagement
- Improvement in customers' awareness of environmental issues through environmental campaigns and increased data transparency

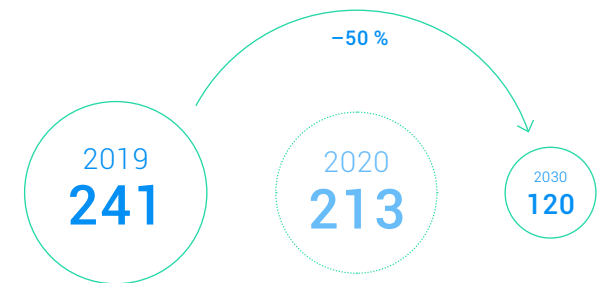
CO₂e emissions (t) per employee



Latest by
2030

TeamViewer will be net zero climate neutral

CO₂e emissions (t) per EUR million in revenue



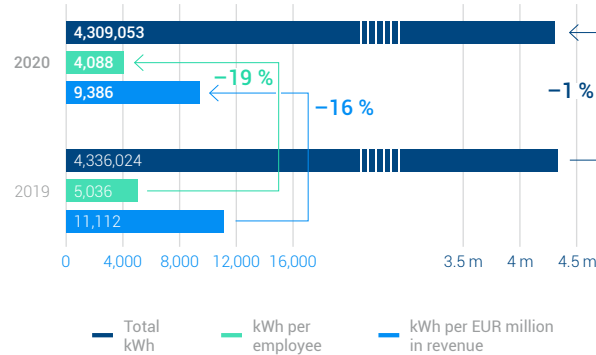
05 Energy, waste and water management

By 2025, 75 % of purchased energy to come from CO₂e-neutral sources Energy consumption and waste volumes declining despite strong business growth Per capita energy consumption down by 19 % in 2020

ENERGY

As one of the most important measures to reduce our emissions, we are pushing ahead with the switch to renewable energy sources. By 2025, on average 75 % of power is due to be provided by CO₂e neutral energy in all offices operated by TeamViewer.

Energy consumption trend



In kWh, change in percent

In line with the achievement of the reduction targets (-50 % latest by 2030), we are also committing our suppliers to greater efficiency and to a speedy transition to renewable

energy sources. This will be monitored via a due diligence process as part of the globally binding Supplier & Business Partner Code of Conduct.

WASTE

Waste separation opportunities have been introduced at all German sites in recent years and are increasingly being rolled out globally.

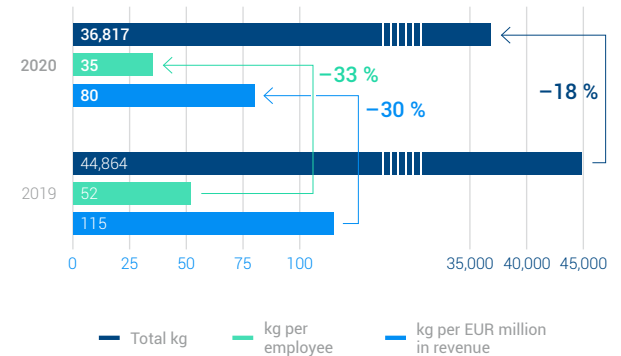
To avoid using non-recyclable plastics, washable and reusable dishes, cutlery and drinking cups are available at almost all sites. Some sites, such as our new head office in Goppingen, also have water dispensers which this year have replaced the refillable and logistically expensive drinks containers.

Of particular importance to us is extending the lifecycle of our IT and electronic equipment. After an average of three years, our devices are replaced, but not scrapped, and sold to secondary recycling partners (sometimes donated locally) and can continue to be used after a technical and data protection revision.

WATER MANAGEMENT

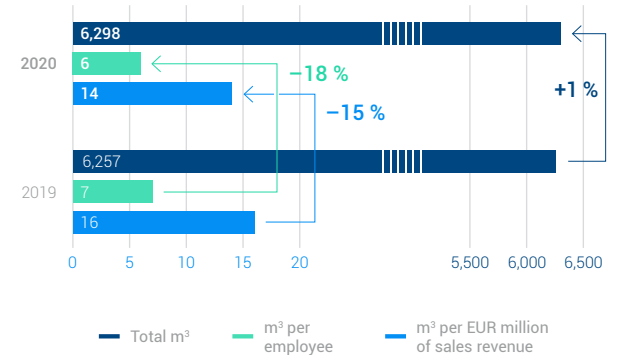
Waste and wastewater are further optimised despite the small share (<5%) of the CO₂e footprint. Efficient use of resources is increasingly promoted at all TeamViewer sites.

Waste generation trend



In kilogrammes (kg), change in percent

Waste water volume trend



In cubic metres (m³), change in percent

06 Social responsibility

___ Strategy based on 4 pillars: technology, local engagement, education and diversity ___ Support for charitable institutions ___ Partnership with educational institutions

OUR VIEW

We at TeamViewer enable people to help others – a guiding principle which accompanies our business activities every day. We want to harness the innovative strength of our Company to change the world for the better. We want to be a role model as local, regional, domestic, and international partner.

To deploy its time, effort, and budget in the best possible way, TeamViewer has based its social responsibility strategy and projects on the following four main pillars:

Technology

As a global player in the technology sector, TeamViewer uses its solutions to make the lives of millions of people worldwide easier. We know that collective effort is important, and we use our position to facilitate purposeful, positive changes.

Local engagement

It is important for TeamViewer to not only be a global player but also to let local communities participate and benefit from our success. We therefore strive to become active in the local communities where we are based while eschewing party politics.

Education

Companies such as TeamViewer can only benefit from the academic and innovative efforts of schools, colleges, and universities – and so we consciously support education systems which endeavour to advance society through research and learning.

Diversity

With people from over 70 different nations, diversity is one of the core values at TeamViewer. We benefit from creativity which results from both the conscious and accidental interconnectedness of different people and ideas. The variety of experiences and perspectives allowed us to develop ideas and products which reflect our differences – and this is what we want to see in society and in the world as a whole.

OUR CONTRIBUTION

Grounded in the four pillars of our social responsibility strategy, we are engaged in many projects and initiatives. Specific activities we undertook this year include the following:

TeamViewer for Good

The TeamViewer for Good initiative has long enjoyed a quiet but central position in our sales and marketing departments. As part of this initiative, TeamViewer issues licences for the symbolic price of EUR 1.00 to non-government organisations (NGOs) which provide relevant social help to people at all our global locations. This initiative has already helped a broad range of users looking for a digital solution to facilitate their public service work.

Partnership with Esslingen University of Applied Sciences

The Goppingen Campus of Esslingen University of Applied Sciences is just down the road from our headquarters. We support several projects dedicated to the promotion of technology degrees and, most importantly, the promotion of women. This commitment covers all our social responsibility pillars: technology, education, local engagement, and diversity. It has allowed many students and young talents from the college to be introduced to our Company.

We support projects that are dedicated to the promotion of technology studies and the advancement of women.

As part of the partnership with Esslingen University of Applied Sciences, the following projects have been organised and implemented:

☞ Scholarships

Under the umbrella of the “Deutschlandstipendium” (Germany scholarship), scholarships for three students (two female and one male) were made available to Esslingen University of Applied Sciences in 2020. We want to encourage outstanding young talents to continue their academic development. In this way, we are also supporting students who are involved in research studies and experiments which are a key requirement of technological innovation.

↪ Digital Girl's Camp

The Digital Girl's Camp is an initiative by Esslingen Technical College. It seeks to involve young female students and school pupils and encourages them to become interested in STEM subjects (Science, Technology, Engineering, Mathematics). Because MINT (Mathematics, Information Technology, Natural Sciences, Technology) subjects are mostly pursued by male students, it has become vital to promote the appeal of MINT subjects to female students and to demystify them. TeamViewer is the main sponsor of this initiative. This is in accordance with our corporate goal to promote and increase the employment of women in the technology sector.

Goppingen network of education partners

We support academic institutions in our neighbourhood and are promoters of academic excellence. Consequently, we are an official "education partner" at several primary and secondary schools in Goppingen. Although the implementation of our plans is difficult because of the COVID-19 pandemic, we nevertheless plan to support our partners actively. Under our patronage, we want to involve many more schools in this partnership and form a stronger network of schools in Goppingen. In this way, we will help more school pupils – boys and girls – make more conscious decisions about their careers at an early stage by giving them insight into the career paths offered by a technology leader.

Local social institutions

During the first COVID-19 lockdown, we were approached by "Haus der Familie" (House of the Family) in Goppingen with a request for help. Pregnant women who were due to give birth and were stuck at home needed to be given access to the necessary prenatal courses. The problem was solved thanks to free-of-charge TeamViewer Meeting licences and relevant training by our customer assistance team. This initial contact paved the way for other joint projects. We see "Haus der Familie" Goppingen as a charitable organisation which endeavours to support people from various levels of society and all nationalities, regardless of their social background, and to facilitate their social integration. It provides a space where people can meet up and make contact for all kinds of reasons: to cook, play with children, sing, dance, read, etc.

**We support social projects
with the common
goal of advancing diversity.**

With the joint goal of promoting diversity, we have committed ourselves to providing some of these projects with continued financial support in 2021.

Local sports sponsorship

TeamViewer recognises the significance of good health for its employees as an important part of the longevity of the business and of sustainable employment. We therefore work to promote a movement-oriented culture within the Company.

This has strengthened our commitment to the promotion of sporting activities in Goppingen. For instance, we are the new main sponsor of the Bundesliga handball team *Frisch*

Auf Goppingen. Our sponsorship allows us to marry sponsorship and social engagement in the local community in Goppingen.



As part of this engagement, a joint understanding of social and local responsibility is of particular importance. Some joint social projects have been planned but are unfortunately still awaiting implementation due to the restrictions imposed by the global pandemic.

Other sporting activities

Our social responsibility strategy is not limited to the sponsorship of sports at the top level. The promotion of a large number of amateur sporting activities also combines the health of our employees with local social engagement. Still more evidence is our decision to support a women's football club and a local tennis club.

Climate education

Together with our partner, we are convinced that in order to achieve global climate goals, not only the direct avoidance and reduction of CO₂e emissions is necessary, but also increasing investments should be made in climate education. Since 2018, we have therefore been supporting climate education projects worldwide. These academies have since reached 491 children and empowered them to become ambassadors for climate justice. The children learn in a very concrete way how the climate crisis threatens their future and the lives of people around the world. They vividly experience what climate justice can look like and develop their own actions in groups to protect their future. The children plant trees with their own hands (160 trees so far) and learn how they can motivate others to plant trees.

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01 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the earnings, assets, and financial position of the Group, and the Group management report which is combined with the management report of TeamViewer AG, 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.

Goppingen, 17 March 2021

The Management Board



Oliver Steil

Stefan Gaiser

02 Index of GRI, SDG, UN Global Compact Content

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03 Independent auditor's report

The following Auditor's Report also includes a "Report on the audit of the electronic reproductions of the financial statements and the management report prepared for the purpose of disclosure in accordance with Section 317 Paragraph 3b HGB" ("ESEF Report"). The subject matter on which the ESEF Report is based (ESEF documents to be audited) is not included. The audited ESEF documents can be viewed in or retrieved from the German Federal Gazette (in German language only).

To TeamViewer AG

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED GROUP MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of TeamViewer AG, Göppingen, and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the fiscal year from 1 January to 31 December 2020, the consolidated statement of financial position as at 31 December 2020, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of TeamViewer AG, which has been combined with the management report of the Company, for the fiscal year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance, which is published on a website stated in the group management report and is part of the group management report pursuant to Sec. 289f and Sec. 315d HGB ["Handelsgesetzbuch": German Commercial Code].

In our opinion, on the basis of the knowledge obtained in the audit,

the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a

true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020 and of its financial performance for the fiscal year from 1 January to 31 December 2020, and

the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January

to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Recoverability of goodwill and brand names

Reasons why the matter was determined to be a key audit matter

Goodwill and a brand name recognized in the consolidated financial statements of TeamViewer AG are subject to an annual impairment test pursuant to IAS 36.

The result of the impairment test depends particularly on the estimation of the future cash inflows by the executive directors, also taking the effects of the COVID-19 pandemic, as well as the discount rate used and is thus subject to judgment. The impairment test is therefore associated with exceptional uncertainty and judgment.

Auditor's response

We discussed the method used to carry out the impairment test with the Company's executive directors and assessed its compliance with the requirements of IAS 36. We analyzed the derivation of the discount rate and its individual components with the involvement of our internal measurement specialists, in particular by analyzing the peer group, comparing market data with external evidence and verifying the calculation method. We examined the clerical accuracy of the valuation model on a sample basis.

We checked on a test basis that the planning assumptions used in the forecast are in line with the business plan of the Company created by the Executive Board. In addition, we verified the growth rates for income and expenses used to roll forward the budget by comparing market data. We also analyzed the forecast using adherence to the budget in the past, compared this to the prior-year forecast, discussed this with the Company's executive directors and obtained evidence substantiating the individual assumptions of the forecast.

We analyzed the sensitivity analyses prepared by the Company with a view to consideration of the significant assumptions, in order to estimate any potential impairment risk associated with a change in one of the significant assumptions used in the valuation.

Our procedures did not lead to any reservations relating to the valuation of goodwill and the brand name.

Reference to related disclosures

The Company's disclosures on the impairment of goodwill and the brand name, the accounting policies applied and the associated judgments are included in the notes to the consolidated financial statements in the sections "Basis of preparation", "Significant accounting policies" and "Goodwill and intangible assets".

2. Accounting treatment of the acquisition of shares in Ubimax

Reasons why the matter was determined to be a key audit matter

On 21 August 2020, TeamViewer AG, Göppingen, and TeamViewer Germany GmbH, Göppingen, acquired 100% of the shares in Ubimax GmbH, Bremen.

In accordance with IFRS 3 "Business Combinations", the identifiable assets acquired and liabilities assumed have been recognized at their fair value on the acquisition date, which was determined by consulting external measurement specialists. In connection with the acquisition of shares in Ubimax GmbH, new shares in TeamViewer AG were issued and a portion provisionally transferred to the seller. As the final transfer of these shares depends on this seller providing future services for the TeamViewer Group, the transfer of the shares was not recognized as part of the consideration for the acquisition, but instead as a separate transaction. The transfer of shares is recognized as an equity-settled share-based payment in compliance with IFRS 2 "Share-based Payment".

The identification and measurement of assets and liabilities acquired as part of the acquisition are complex and are based on judgment-based assumptions made by the executive directors. The assumptions relevant for the measurement affect the revenue and margin forecast and the calculation of cost of capital.

Against this background, the accounting treatment of the acquisition of shares in Ubimax GmbH was a key audit matter.

Auditor's response

We involved our measurement specialists to assess the methodical and clerical accuracy of the identification and measurement processes applied. We compared the purchase price components on the basis of the underlying purchase agreement. We evaluated the corporate planning and assumptions underlying the determination of the fair values and evaluated these in respect of their appropriateness. In addition, we compared the assumptions and parameters underlying the cost of capital, particularly the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data. We also assessed the recognition of the equity-settled share-based payment in respect of its compliance with the requirements of IFRS 2.

Furthermore, we reviewed the disclosures on the acquisition of Ubimax GmbH in the notes to the consolidated financial statements.

Our audit procedures did not lead to any reservations concerning the accounting treatment of the acquisition of shares in Ubimax GmbH.

Reference to related disclosures

The Company's executive directors' disclosures on the recognition of business combinations and share-based payments are included in the notes to the consolidated financial statements in the sections "Basis of preparation", "Significant accounting policies" and "Structure of the Group".

3. Valuation of deferred tax assets on interest carryforwards**Reasons why the matter was determined to be a key audit matter**

The deferred tax assets recognized in the consolidated financial statements of TeamViewer AG primarily relate to interest carryforwards in Germany. The valuation of deferred tax assets on interest carryforwards mainly depends on the estimation of the projected future taxable income and the projected future interest result. The valuation is therefore associated with exceptional uncertainty and judgment.

Auditor's response

We discussed the method used to measure the deferred tax assets on interest carryforwards with the Company's executive directors and assessed its compliance with the rules in IAS 12.

We analyzed the executive directors' assumptions on the forecast of the projected future taxable income and the projected future interest result depending on the planned repayment of financial liabilities and checked on a test basis that these are in line with the internal forecast. In particular, we verified the reconciliation of the planned earnings with the projected taxable income with the support of internal tax specialists. We also analyzed the tax planning assumptions against the background of the taxable income generated in the past and the first-time utilization in 2020.

Our audit procedures did not lead to any reservations concerning the valuation of deferred tax assets on interest carryforwards.

Reference to related disclosures

The Company's disclosures on the accounting policies applied and the related disclosures on the Executive Board's discretion with regard to the valuation of deferred tax assets on interest carryforwards are included in the notes to the consolidated financial statements in the sections "Basis of preparation", "Significant accounting policies" and "Income taxes".

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is part of the statement on corporate governance. In all other respects, the executive directors are responsible for the other information. The other information comprises the statement on corporate governance, which is part of the group management report. The other information also comprises the components designated for the annual report, of which we received a version prior to issuing this auditor's report, in particular, the section "TeamViewer at-a-glance", the section "To our shareholders" (including "Report by the Supervisory Board"), the separate nonfinancial report and the section "Further information" (including "Responsibility statement"). It does not include the consolidated financial statements, the disclosures in the group management report included in our audit or our related auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- ☞ is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- ☞ otherwise appears to be materially misstated.

Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ☞ Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ☞ Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- ☞ Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- ☞ Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- ☞ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- ☞ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- ☞ Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- ☞ Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file "TeamViewer_AG_KA+KLB_ESEF-2020-12-31.zip" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January to 31 December 2020 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the standards for the quality assurance system set forth in IDW Quality Control Standard: "Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis" [Requirements for Quality Control in the Practice of Public Auditors] (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- ☞ Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- ☞ Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- ☞ Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- ☞ Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- ☞ Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 29 May 2020. We were engaged by the Supervisory Board on 21 July 2020. We have been the group auditor of TeamViewer AG without interruption since fiscal year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Mr Steffen Maurer.

Stuttgart, 17 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

04 List of abbreviations

AG	Stock corporation, Aktiengesellschaft	FTE	Full-time equivalent	PEC	Preferred equity certificates
AI	Artificial intelligence	G&A	General and administrative	R&D	Research and development
AktG	Stock Corporation Act, Aktiengesetz	GCGC	German Corporate Governance Code	SaaS	Software-as-a-Service
AMERICAS	North, Central and South America	GDPR	General Data Protection Regulation	SAR	Share Appreciation Rights
APAC	Asia-Pacific	GmbH	Limited company, Gesellschaft mit beschränkter Haftung	SDG	Sustainable Development Goals of the United Nations
AR	Augmented reality	HGB	German Commercial Code, Handelsgesetzbuch	SIC	Standing Interpretations Committee
ARUG II	German Act Implementing the Second Shareholder Rights Directive, Gesetz zur Umsetzung der zweiten Aktionärsrichtlinie	HoldCo	TigerLuxOne Holdco S.C.A.	SOC	Security operations centre
BGB	German Civil Code	IAS	International Accounting Standards	STI bonus	Short-term variable remuneration component
CAGR	Compound annual growth rate	IASB	International Accounting Standards Board	TLO	TigerLuxOne S.á r.l.
CGU	Cash-generating unit	IDW	Institute of Public Auditors in Germany	UK	United Kingdom
Code	German Corporate Governance Code in its version of 7 February 2017, published by the Federal Ministry of Justice and Consumer Protection on 24 April 2017, in the official section of the Federal Gazette, Bundesanzeiger	IFRS	International Financial Reporting Standards	UmwG	German Transformation Act, Umwandlungsgesetz
COSO	Committee of Sponsoring Organizations of the Treadway Commission	IFRS IC	IFRS Interpretations Committee	UN	United Nations
CO₂e	Carbon dioxide used analogously for greenhouse gases	ifw	Kiel Institute for World Economy	UNGC	United Nations Global Compact
CRM	Customer relationship management	ILO	International Labor Organization	VAT	Value added tax
CSR	Corporate Social Responsibility	IoT	Internet of Things	WACC	Weighted average cost of capital
CSR-RUG	Corporate Social Responsibility Directive Implementation Act	IPO	Initial public offering	2017 syndicated loans	Credit agreement, Regit Eins GmbH entered into with various lenders on 22 February 2017
ECL	Expected credit loss	IT	Information Technology	2019 syndicated loan	New credit agreement with various lenders from 27 September 2019
EMEA	Europe, Middle East and Africa	LTI	Long-term variable remuneration component		
EONIA	Euro Overnight Index Average	LTIP	Long-term incentive plan for Management Board members of the company		
EPP	Employee Participation Programme	LTM	Last twelve months		
ERP	Enterprise resource planning	MAR	Market Abuse Regulation		
EU	European Union	MEP	Management equity participation		
		NCI	Non-controlling interests		
		NRR	Net retention rate		
		OCI	Other comprehensive income		
		OEM	Original equipment manufacturer		
		OT	Operational Technology		

05 Financial calendar



06 Publication credits

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