

CORPORATE NEWS

Wiesbaden, 22 November 2018

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JDC Group ahead of transformational growth phase, signed letter of intent to acquire a competitor, Q3 revenue up 14%

- **With the acquisition of a competitor and key account growth, JDC focuses on scaling its platform and improving market position**

- **Q3 figures 2018: Year-to-date sales increase by around 12 percent, in the third quarter by almost 14 percent due to strong Advisortech business, preparation for corporate growth weighs on Q3 result and the full-year forecast**

- **JDC wants to drive further consolidation as a strong partner of the German insurance industry**

JDC Group AG (ISIN DE000A0B9N37) has signed a letter of intent to acquire a direct competitor with sales in the double-digit million range, underlining its commitment to play an active role in the consolidation in the German brokerage industry. The transaction is still subject to the conclusion of a corresponding purchase and transfer agreement and the approval of various bodies. The deal will be financed by the proceeds from the equity issue in August and a debt component. The transaction is expected to be completed by the end of Q1 2019. It was agreed not to disclose further details.

"After winning further key accounts in addition to Albatros with comdirect and BMW, we now have a milestone in inorganic growth ahead of us. We want to execute the largest transaction in our company's history and drive market consolidation," explains Dr Sebastian Grabmaier, CEO of JDC Group AG. "Broker platforms have considerable synergies, both in purchasing and in costs. We will leverage these advantages and thus free up capital for further growth and innovation."

With this acquisition and the growth in major customers, JDC is striving for clear market leadership in the platform market.

"This first major acquisition should not be the last. For years, we have believed in the consolidation in the broker market which is now taking place. Medium-sized brokers and platforms can no longer meet the demands of regulation and massive IT costs and will join larger entities," says Ralph

Konrad, CFO of JDC Group. "On this basis, we expect transformational growth for the JDC Group in 2019 and 2020. Therefore, we have also redefined our financial strategy and will postpone the acceleration of short-term profitability in favour of strongly scaling our platform and achieving market leadership."

At the same time, the JDC Group announced its quarterly results for the third quarter of 2018:

Consolidated sales increased significantly in the first nine months of 2018, by around 12 percent, to EUR 66.4 million (9M 2017: EUR 59.5 million). Revenue in the third quarter rose even more sharply in the third quarter compared with the same quarter last year, by almost 14 percent to EUR 21.9 million (Q3 2017): EUR 19.2 million).

In the advisory business, sales declined by 15% in Q3. We see the reason for this above all in this year's particularly hot summer, which had a strong influence on sales in the financial brokerage business. We expect a much more dynamic fourth quarter in this area. The Advisortech segment, on the other hand, grew very well by 23% and thus accelerated its growth.

In preparation for the imminent strong scaling of the managed contract volume, considerable investments were made in the IT and processing platform. As a result, earnings before interest, taxes, depreciation and amortisation (EBITDA) fell slightly in the first nine months to EUR 1,945 thousand (9M 2017): EUR 2,285 thousand). In the third quarter of 2018, EBITDA decreased to EUR -69 thousand (Q3 2017: EUR 573 thousand).

Earnings before interest and taxes (EBIT) also fell slightly year-on-year, to EUR -189 thousand (9M 2017: EUR -30 thousand). In a quarterly comparison, EBIT decreased to EUR -842 thousand (Q3 2017: EUR -189 thousand).

Our individual business segments performed as follows:

(in kEUR)	Q3 2018	Q3 2017	Abw.	YTD 2018	YTD 2017	Abw.
Revenues	21,890	19,220	13.9%	66,364	59,547	11.5%
- thereof Advisortech	17,961	14,664	22.5%	54,411	47,677	14.1%
- thereof Advisory	5,794	6,820	-15.0%	17,904	18,505	-3.2%
- thereof Holding/Kons.	-1,865	-2,264	17.6%	-5,951	-6,635	10.3%
EBITDA	-69	573	>-100%	1,945	2,285	-14.9%
EBIT	-842	-189	>-100%	-189	-30	>-100%

Outlook

Based on expected expenses to support this upcoming transformational growth, one-off costs in connection with the expected acquisition and the weaker advisory business in Q3, we are adjusting our forecast for 2018. We expect revenues of more than EUR 95 million and EBITDA of around EUR 3.5 to 4 million. This includes expected one-off expenses of around EUR 1.5 million.

Despite the forecast adjustment, the JDC Group sees the further development of Q4 and especially 2019 as very positive: As in previous years, the fourth quarter will be the strongest quarter of the year in terms of sales. In addition, Jung, DMS & Cie. is about to conclude further cooperation agreements with potential outsourcing partners who will continue to drive utilisation of our platform in 2019. The additional investments, which will now burden earnings in the short term, are expected to pay off as early as 2019: The Management Board expects the largest growth leap in the company's history.

About JDC Group AG

JDC Group AG (ISIN: DE000A0B9N37) stands for modern financial advice and intelligent financial technology for advisors and customers. In the "AdvisorTech" business unit, via our subsidiary Jung, DMS & Cie., we provide our customers and advisors with modern advisory and administration technology. While many sales and distribution partners perceive the technological transformation as a problem and the young Fintech companies as the new competitors, we perceive the "technology" factor to be a great opportunity. Solutions from the "AdvisorTech" business unit help advisors, brokers, banks and other intermediaries to take even better care of their customers and generate increased sales in their earnings. In the "Advisory" segment, we procure financial products for private end customers via free advisors using the FiNUM Group. With over 16,000 connected sales partners, a portfolio of more than EUR 4.5 billion and over EUR 1.5 billion in product sales each year, we are one of the market leaders in the German-speaking region.

Disclaimer:

The Directors of JDC Group AG hold a significant participating interest in JDC Group AG and have a self-interest in the nature and content of the information provided in this release.