

Letter to shareholders

1. Quarter of 2018



BEST ADVICE. BETTER TECHNOLOGY.



Stefan Bachmann
CDO

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Dr. Sebastian Grabmaier
CEO

Management Board letter to shareholders

DEAR SHAREHOLDERS, DEAR BUSINESS PARTNERS,

The results of the first quarter of 2018 are very encouraging and confirm the positive growth as forecasted by the Management Board. All key indicators were favourable: Due to a significant increase in revenue, EBITDA increased by more than 30 percent and EBIT by more than 100 percent in the first quarter of 2018 compared to the same quarter last year.

The outsourcing business agreed with Lufthansa subsidiary Albatros was successfully launched in mid-January and will lead to further contacts with major market participants.

The sales force of Assekuranz Herrmann, which we acquired in January, was successfully integrated and has already contributed positively to company earnings.

Through the formation and development of "JDC B-LAB GmbH", our blockchain lab in Liechtenstein, we bolstered our market position as the leading digital services provider and innovation driver in the brokerage market. By applying blockchain technology, we will soon be able to offer our clients customised insurance solutions and plan to build the largest crypto-community in Germany.

Results from Q1 2018

Consolidated revenues increased significantly in the first three months of 2018, by around 13 percent, to EUR 22.5 million (Q1 2017: EUR 19.9 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose by roughly 31 percent to EUR 1,480k (Q1 2017: EUR 1,131k).

Earnings before interest and taxes (EBIT) more than doubled year on year, totalling EUR 820k (Q1 2017: EUR 364k).

Shareholders' equity stood at EUR 28.4 million as of March 31, 2018. The equity ratio thus rose to a robust 38.0 percent (December 31, 2017: EUR 28.0 million and 37.3 percent).

At a glance in kEUR

	Q1/2018 kEUR	Q1/2017 kEUR	Changes compared to previous year in %
Revenues	22,464	19,889	12.9
there of Advisortech	18,477	16,726	10.5
there of Advisory	6,051	5,521	9.6
there of Holding/Consolidation	-2,064	-2,358	12.5
EBITDA	1,480	1,131	30.9
EBIT	820	364	>100
EBT	562	138	>100
Net profit	409	24	>100
Earnings per share in EUR	0.03	0.00	>100

Our individual business segments performed as follows:

ADVISORTECH

Consolidated revenues of Advisortech increased significantly in the first three months of 2018, by around 11.0 percent, to EUR 18.5 million (Q1 2017: EUR 16.7 million). The outsourcing business with Lufthansa subsidiary Albatros, which was launched successfully at the end of January, contributed approximately EUR 1 million to revenues in Q1.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 1.8 million in the first three months of 2018 and were significantly higher than the previous year's figure of EUR 1.3 million.

Earnings before interest and taxes (EBIT) more than doubled in the first three months of 2018 to EUR 1.3 million (Q1 2017: EUR 0.6 million).

ADVISORY

In the Advisory business segment, revenues in the first quarter of 2018 increased by around 10 percent to EUR 6.1 million as compared to the same period last year (Q1 2017: EUR 5.5 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the Advisory segment fell slightly to EUR 0.0 million in the first quarter (Q1 2017: EUR 0.1 million) and earnings before interest and taxes (EBIT) fell slightly to EUR -0.1 (Q1 2017: EUR 0.0 million).

Outlook

Our forecast for the remainder of 2018 is positive and we can confirm our guidance for revenues of more than EUR 100 million and an EBITDA of at least EUR 6 million.

In 2018 we want to continue to systematically follow up on developments and strategies from 2017:

First, we want to see to it that the Lufthansa subsidiary, Albatros, with which we entered into a partnership on 15 January, becomes a very satisfied client. In addition, we want to leverage our multiple contacts in order to acquire other large brokers, captive brokers and banks for outsourcing services. We want to see continued organic growth of our FiNUM Group and further increase profitability. Lastly, we want to launch the blockchain lab founded in late 2017, so that it can develop initial prototypes and bolster our claim as the market leader in technology.

Thanks to our employees and shareholders

Last but not least, we wish to once again offer our heartfelt thanks to the employees and sales partners of both JDC Group AG and our subsidiaries, because our success is a product of their commitment and motivation.

We would also like to extend thanks to our shareholders, who continue to have faith in our business model and support and approve of the actions of our executive and supervisory boards.

We would be very pleased to enjoy your continued support.

Sincerely,



Dr. Sebastian Grabmaier



Ralph Konrad



Stefan Bachmann



Consolidated income statement

	01/01/– 31/03/2018 kEUR	01/01/– 31/03/2017 kEUR
1. Revenues	22,464	19,889
2. Capitalised services	188	150
3. Other operating income	100	251
4. Commission expenses	–15,095	–13,243
5. Personnel expenses	–3,862	–3,404
6. Depreciation and amortisation of tangible and intangible assets	–660	–767
7. Other operating expenses	–2,315	–2,512
8. Other interest and similar income	3	5
9. Interest and similar expenses	–261	–231
10. Operating profit/loss	562	138
11. Income tax expenses	–139	–113
12. Other tax expenses	–14	–1
13. Net profit	409	24
14. Earnings per share	0.03	0.00

Segment reporting

	Advisortech		Advisory		
	Q1/2018 kEUR	Q1/2017 kEUR	Q1/2018 kEUR	Q1/2017 kEUR	
Segment income					
Revenues	18,477	16,725	6,051	5,521	
of which with other segments	250	235	1814	2,123	
Total segment income	18,477	16,725	6,051	5,521	
Capitalised services	188	150	0	0	
Other income	81	83	19	93	
Segment expenses					
Commissions	-12,553	-11,496	-4,448	-3,996	
Personnel expenses	-2,691	-2,339	-734	-628	
Depreciation and amortisation	-533	-640	-124	-122	
Other	-1,711	-1,860	-878	-846	
Total segment expenses	-17,488	-16,335	-6,184	-5,592	
EBIT	1,258	623	-114	22	
EBITDA	1,791	1,263	10	144	
Income from investments	0	0	0	0	
Other interest and similar income	148	191	12	19	
Yield on other securities	0	0	0	0	
Depreciation of financial assets	0	0	0	0	
Other interest and similar expenses	-359	-363	-150	-155	
Financial result	-211	-172	-138	-136	
Segment earnings before tax (EBT)	1,047	451	-252	-114	
Tax expenses	-176	-109	24	-4	
Segment's net profit	871	342	-228	-118	

Holding		Total reportable segments		Transfer		Total	
Q1/2018 kEUR	Q1/2017 kEUR	Q1/2018 kEUR	Q1/2017 kEUR	Q1/2018 kEUR	Q1/2017 kEUR	Q1/2018 kEUR	Q1/2017 kEUR
497	466	25,025	22,712	-2,561	-2,824	22,464	19,889
497	466	2,561	2,824	2,561	-2,824	0	0
497	466	25,025	22,712	-2,561	-2,824	22,464	19,889
0	0	188	150	0	0	188	150
0	75	100	251	0	0	100	251
0	0	-17,001	-15,492	1,906	2,249	-15,095	-13,243
-437	-437	-3,862	-3,404	0	0	-3,862	-3,404
-3	-5	-660	-767	0	0	-660	-767
-381	-381	-2,970	-3,087	655	575	-2,315	-2,512
-821	-823	-24,493	-22,750	2,561	2,824	-21,932	-19,927
-324	-282	820	363	0	0	820	363
-321	-277	1,480	1,131	0	0	1,480	1,131
0	0	0	0	0	0	0	0
252	296	412	505	-409	-500	3	5
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-161	-213	-670	-731	409	500	-261	-231
91	83	-258	-225	0	0	-258	-225
-233	-199	562	138	0	0	562	138
-1	0	-153	-114	0	0	-153	-114
-234	-199	409	24	0	0	409	24

Consolidated Balance Sheet

Assets	31/03/2018		31/12/2017
	kEUR		kEUR
Non-current assets			
Intangible assets		46,441	43,761
Fixed assets		738	717
Financial assets		143	143
		47,322	44,621
Deferred taxes		3,259	3,315
Long-term non-current assets			
Accounts receivable		1,010	1,009
		2,532	2,482
Total non-current assets		54,123	51,427
Current assets			
Accounts receivable		11,521	14,081
Other assets		3,994	3,092
Cash and cash equivalents		4,901	6,362
Deferred charges		391	195
Total current assets		20,807	23,730
Total assets		74,930	75,157

Liabilities

	31/03/2018 kEUR	31/12/2017 kEUR
Equity		
Subscribed capital	11,935	11,935
Capital reserves	12,845	12,845
Other retained earnings	766	766
Other equity components	2,896	2,486
Total equity	28,442	28,032
Non-current liabilities		
Deferred taxes	1,470	1,408
Bond	14,729	14,702
Liabilities due to banks	2,626	2,649
Accounts payable	8,500	8,477
Other liabilities	927	927
Accruals	1,501	1,027
Total non-current liabilities	29,753	29,190
Current liabilities		
Accrued taxes	149	117
Liabilities due to banks	103	133
Accounts payable	12,709	13,967
Other liabilities	3,704	3,686
Deferred income	70	32
Total current liabilities	16,735	17,935
Total equity and liabilities	74,930	75,157

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The letter to shareholders of JDC Group AG is available in German and English. The German version is legally binding. The reports can be downloaded from the company's website: www.jdcgroup.de

We will provide you with additional information about JDC Group AG and its subsidiaries upon request.