

# Letter to shareholders

## 3. Quarter of 2018



BEST ADVICE. BETTER TECHNOLOGY.



**Stefan Bachmann**  
CDO

**Ralph Konrad**  
CFO, CIO

**Dr. Sebastian Grabmaier**  
CEO

# Management Board letter to shareholders

## DEAR SHAREHOLDERS, DEAR BUSINESS PARTNERS,

We are delighted that JDC Group AG was able to increase its revenue again significantly in the third quarter and in the first nine months of 2018. Revenue rose by around 12 percent in the first nine months and by almost 14 per cent in the third quarter. In addition, JDC Group won a number of new key accounts in the last few months and weeks.

In response, the Executive Board has judged it necessary to prepare the company for the largest period of growth in its history: Large investments in future technologies and additional personnel required the abandonment of short-term profit targets in favour of a sustainable and positive increase in the value of the company: JDC is aiming for organic growth of 20 million Euro in 2019 and 30 million Euro in 2020. Further acquisitions are also being planned. In this way, JDC intends to grow and become the market's leading platform for the insurance and financial services sector in Europe.

Developments have also been excellent with regard to the acquisition of key accounts and growth:

### JDC successfully places capital increase with institutional investors

The share capital of JDC Group AG was increased from 11,934,971 Euro to 13,128,461 Euro through a capital increase of 1,193,490 Euro against cash contributions, excluding the subscription rights of existing shareholders. The transaction was advised by Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, Frankfurt am Main.

Through the capital increase, the company will accrue 10,383,363 Euro gross proceeds. The capital increase is expected to strengthen equity for further growth as well as potential acquisitions in particular.

### JDC plans long-term collaboration with comdirect and Bavaria Wirtschaftsagentur GmbH, a subsidiary of BMW, and has signed letters of intent

The online bank comdirect is planning to expand its product portfolio in the coming year to include insurance. comdirect intends to manage its customers' insurance portfolios using JDC's own customer and contract management software, iCRM. With comdirect's 2.4 million customers, the planned partnership offers great potential, including the possibility to gain additional end customers through comdirect's subsidiary onvista.

With JDC's digital solution, customers will not only be able to keep track of all their insurance policies via an online application, they will also be able to optimise them – digitally, quickly and easily. This is expected to bolster comdirect's strategy of serving as its customers' smart financial advisor.

JDC also signed a Letter of Intent with Bavaria Wirtschaftsagentur GmbH, a group company of Bayerische Motoren Werke AG (BMW). The Group's internal audit process was successful. As part of the cooperation and in the course of an outsourcing operation beginning in 2019, our subsidiary Jung, DMS & Cie. Pool GmbH will be providing an administrative and sales support platform and taking over the associated processes.

### Results for the third quarter and the first nine months of 2018

Consolidated revenue increased significantly in the first nine months of 2018 by around 12 percent to 66.4 million Euro (9 months 2017: 59.5 million Euro). Revenue increased even more in the third quarter compared to the same period of the previous year by almost 14 per cent to 21.9 million Euro (Q3 2017: 19.2 million Euro).

As a result of our significant investments in our IT and settlement platform, earnings before interest, taxes, depreciation and amortisation (EBITDA) fell slightly in the first nine months to 1,945 kEUR (9 months 2017: 2,285 kEUR). In the third quarter of 2018, EBITDA fell to –69 kEUR (Q3 2017: 573 kEUR).

Earnings before interest and taxes (EBIT) also fell slightly year over year to –189 kEUR (9 months 2017: –30 kEUR). Year over year, EBIT fell to –842 kEUR (Q3 2017: –189 kEUR).

#### in kEUR

	Q3/2018 kEUR	Q3/2017 kEUR	Changes compared to previous year in %	30/09/2018 kEUR	30/09/2017 kEUR	Changes compared to previous year in %
Revenues	21,890	19,220	14	66,364	59,547	11
– of which Advisortech	17,961	14,664	22	54,411	47,677	14
– of which Advisory	5,794	6,820	–15	17,904	18,505	–3
– of which Holding/Konsolidierung	–1,865	–2,264	18	–5,951	–6,635	10
EBITDA	–69	573	> –100	1,945	2,285	–15
EBIT	–842	–189	> –100	–189	–30	> –100

At 30 September 2018, equity amounted to 35.8 million Euro as a result of a successful capital increase. The equity ratio thus rose to a very robust 43.5 percent (31 December 2017: 28.0 million Euro and 37.3 percent).

Our individual business segments performed as follows:

#### ADVISORTECH

The Advisortech business unit increased its revenue significantly in the first nine months of 2018 by around 14 percent to 54.4 million Euro (9 months 2017: 47.7 million Euro). Year over year, revenue was significantly higher compared to the same quarter of the previous year at 18.0 million Euro, constituting an increase of 22.5 percent (Q3 2017: 14.7 million Euro).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to 2.7 million Euro in the first nine months of 2018, which is higher than the previous year's figure of 2.5 million Euro. Year over year, EBITDA fell to 0.1 million Euro (Q3 2017: 0.6 million Euro).

Earnings before interest and taxes (EBIT) improved in the first nine months of 2018 to 1.0 million Euro (9 months 2017: 0.6 million Euro).

#### ADVISORY

In the Advisory business segment, revenue in the first nine months of 2018 fell slightly to 17.9 million Euro as compared to the same period last year (9 months 2017: 18.5 million Euro). Year over year, revenue fell to 5.8 million Euro from 6.8 million Euro in the same quarter of the previous year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the Advisory segment fell slightly to 0.4 million Euro in the first nine months (9 months 2017: 0.5 million Euro). In the third quarter of 2018, EBITDA rose to 0.3 million Euro (Q3 2017: 0.2 million Euro).

Earnings before interest and taxes (EBIT) fell slightly in the first nine months of 2018 to 0.0 million Euro (9 months 2017: 0.1 million Euro). Year over year, EBIT rose to 0.1 million Euro (Q3 2017: 0.0 million Euro).

## Outlook

Our estimate for the remainder of 2018 is as follows:

The JDC Group is counting on the typically strong results expected for the end of the year in its preparations for the fourth quarter. Like in all previous years, the fourth quarter will be the strongest quarter of the year in terms of revenue with corresponding positive effects on earnings.

In addition, Jung, DMS & Cie. will soon be concluding other collaborations with potential outsourcing partners, who will continue to use the platform in 2019 to its full capacity and will be contributing to the company's income starting from around mid-2019.

According to the Management Board's planning, the additional burden on earnings in 2018 will already be paying off in 2019: We are about to see the largest jump in growth in the company's history.

The Executive Board is also planning to acquire one of its competitors, which will constitute a further step towards market leadership.

## Thanks to our employees and shareholders

We would again like to offer our heartfelt thanks to the employees and sales partners of both JDC Group AG and its 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 the actions taken by 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

	Q3/2018 kEUR	Q3/2017 kEUR	01/01/– 30/09/2018 kEUR	01/01/– 30/09/2017 kEUR
1. Commission income	21,890	19,220	66,364	59,547
2. Capitalised services	219	143	557	450
3. Other operating income	453	403	622	854
4. Commission expenses	–16,005	–13,414	–46,635	–40,997
5. Personnel expenses	–4,165	–3,617	–11,798	–10,578
6. Depreciation and amortisation of tangible and intangible assets	–773	–762	–2,134	–2,315
7. Other operating expenses	–2,461	–2,162	–7,165	–6,991
8. Other interest and similar income	2	3	6	10
9. Interest and similar expenses	–299	–266	–886	–770
<b>10. Operating profit/loss</b>	<b>–1,139</b>	<b>–452</b>	<b>–1,069</b>	<b>–790</b>
11. Income tax expenses	–195	–133	–460	–375
12. Other tax expenses	–118	–16	–133	–18
<b>13. Net profit</b>	<b>–1,452</b>	<b>–601</b>	<b>–1,662</b>	<b>–1,183</b>
<b>14. Earnings per share</b>	<b>–0.12</b>	<b>–0.05</b>	<b>–0.14</b>	<b>–0.10</b>

# Segment reporting

## 30 September 2018

	Advisortech		Advisory		
	30/09/2018 kEUR	30/09/2017 kEUR	30/09/2018 kEUR	30/09/2017 kEUR	
<b>Segment income</b>					
Commission income	54,411	47,677	17,904	18,505	
of which with other segments	485	493	5,466	6,142	
<b>Total segment income</b>	<b>54,411</b>	<b>47,677</b>	<b>17,904</b>	<b>18,505</b>	
Capitalised services	557	450	0	0	
Other income	539	494	81	254	
<b>Segment expenses</b>					
Commissions	-39,341	-33,587	-12,802	-13,601	
Personnel expenses	-8,136	-7,353	-2,233	-1,879	
Depreciation and amortisation	-1,747	-1,943	-378	-359	
Other	-5,314	-5,145	-2,579	-2,779	
<b>Total segment expenses</b>	<b>-54,538</b>	<b>-48,028</b>	<b>-17,992</b>	<b>-18,618</b>	
<b>EBIT</b>	<b>969</b>	<b>593</b>	<b>-7</b>	<b>141</b>	
<b>EBITDA</b>	<b>2,716</b>	<b>2,536</b>	<b>371</b>	<b>500</b>	
Income from investments	0	0	0	0	
Other interest and similar income	431	548	35	43	
Yield on other securities	0	0	0	0	
Depreciation of financial assets	0	0	0	0	
Other interest and similar expenses	-1,170	-1,084	-452	-462	
<b>Financial result</b>	<b>-739</b>	<b>-536</b>	<b>-417</b>	<b>-419</b>	
<b>Segment earnings before tax (EBT)</b>	<b>230</b>	<b>58</b>	<b>-424</b>	<b>-279</b>	
Tax expenses	-692	-334	100	-58	
<b>Segment net profit</b>	<b>-462</b>	<b>-276</b>	<b>-324</b>	<b>-337</b>	



Holding		Total reportable segments		Transfer		Total	
30/09/2018 kEUR	30/09/2017 kEUR	30/09/2018 kEUR	30/09/2017 kEUR	30/09/2018 kEUR	30/09/2017 kEUR	30/09/2018 kEUR	30/09/2017 kEUR
1,458	1,485	73,773	67,667	-7,409	-8,120	66,364	59,547
1,458	1,485	7,409	8,120	-7,409	-8,120	0	0
<b>1,458</b>	1,485	<b>73,773</b>	67,667	<b>-7,409</b>	-8,120	<b>66,364</b>	59,547
0	0	557	450	0	0	557	450
2	106	622	854	0	0	622	854
0	0	-52,143	-47,188	5,508	6,191	-46,635	-40,997
-1,429	-1,346	-11,798	-10,578	0	0	-11,798	-10,578
-9	-13	-2,134	-2,315	0	0	-2,134	-2,315
-1,173	-996	-9,066	-8,920	1,901	1,929	-7,165	-6,991
<b>-2,611</b>	-2,355	<b>-75,141</b>	-69,001	<b>7,409</b>	8,120	<b>-67,732</b>	-60,881
<b>-1,151</b>	-764	<b>-189</b>	-30	<b>0</b>	0	<b>-189</b>	-30
<b>-1,142</b>	-751	<b>1,945</b>	2,285	<b>0</b>	0	<b>1,945</b>	2,285
0	0	0	0	0	0	0	0
748	801	1,214	1,392	-1,208	-1,382	6	10
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-472	-606	-2,094	-2,152	1,208	1,382	-886	-770
<b>276</b>	195	<b>-880</b>	-760	<b>0</b>	0	<b>-880</b>	-760
<b>-875</b>	-569	<b>-1,069</b>	-790	<b>0</b>	0	<b>-1,069</b>	-790
-1	-1	-593	-393	0	0	-593	-393
<b>-876</b>	-570	<b>-1,662</b>	-1,183	<b>0</b>	0	<b>-1,662</b>	-1,183

# Segment reporting Quarters

	Advisortech		Advisory		
	Q3/2018 kEUR	Q3/2017 kEUR	Q3/2018 kEUR	Q3/2017 kEUR	
<b>Segment income</b>					
Commission income	17,961	14,664	5,794	6,820	
of which with other segments	-122	-186	1,987	2,449	
<b>Total segment income</b>	<b>17,961</b>	<b>14,664</b>	<b>5,794</b>	<b>6,820</b>	
Capitalised services	219	143	0	0	
Other income	434	335	17	62	
<b>Segment expenses</b>					
Commissions	-13,744	-10,471	-4,008	-5,072	
Personnel expenses	-2,913	-2,549	-753	-629	
Depreciation and amortisation	-638	-642	-133	-116	
Other	-1,804	-1,519	-807	-1,028	
<b>Total segment expenses</b>	<b>-19,099</b>	<b>-15,181</b>	<b>-5,701</b>	<b>-6,846</b>	
<b>EBIT</b>	<b>-485</b>	<b>-36</b>	<b>110</b>	<b>34</b>	
<b>EBITDA</b>	<b>153</b>	<b>606</b>	<b>243</b>	<b>150</b>	
Income from investments	0	0	0	0	
Other interest and similar income	137	176	12	12	
Yield on other securities	0	0	0	0	
Depreciation of financial assets	0	0	0	0	
Other interest and similar expenses	-391	-360	-151	-153	
<b>Financial result</b>	<b>-254</b>	<b>-184</b>	<b>-139</b>	<b>-141</b>	
<b>Segment earnings before tax (EBT)</b>	<b>-739</b>	<b>-224</b>	<b>-29</b>	<b>-105</b>	
Tax expenses	-359	-101	46	-46	
<b>Segment net profit</b>	<b>-1,098</b>	<b>-325</b>	<b>17</b>	<b>-151</b>	

Holding		Total reportable segments		Transfer		Total	
Q3/2018 kEUR	Q3/2017 kEUR	Q3/2018 kEUR	Q3/2017 kEUR	Q3/2018 kEUR	Q3/2017 kEUR	Q3/2018 kEUR	Q3/2017 kEUR
465	492	24,220	21,976	-2,330	-2,756	21,890	19,220
465	492	2,330	2,756	-2,330	-2,756	0	0
<b>465</b>	492	<b>24,220</b>	21,976	<b>-2,330</b>	-2,756	<b>21,890</b>	19,220
0	0	219	143	0	0	219	143
2	6	453	403	0	0	453	403
0	0	-17,752	-15,543	1,747	2,129	-16,005	-13,414
-499	-439	-4,165	-3,617	0	0	-4,165	-3,617
-2	-4	-773	-762	0	0	-773	-762
-433	-242	-3,044	-2,789	583	627	-2,461	-2,162
<b>-934</b>	-685	<b>-25,734</b>	-22,712	<b>2,330</b>	2,756	<b>-23,404</b>	-19,956
<b>-467</b>	-187	<b>-842</b>	-191	<b>0</b>	0	<b>-842</b>	-189
<b>-465</b>	-183	<b>-69</b>	572	<b>0</b>	0	<b>-69</b>	573
0	0	0	0	0	0	0	0
248	250	397	438	-395	-435	2	3
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-152	-188	-694	-701	395	435	-299	-266
<b>96</b>	62	<b>-297</b>	-263	<b>0</b>	0	<b>-297</b>	-263
<b>-371</b>	-125	<b>-1,139</b>	-454	<b>0</b>	0	<b>-1,139</b>	-454
0	-1	-313	-148	0	0	-313	-148
<b>-371</b>	-125	<b>-1,452</b>	-601	<b>0</b>	0	<b>-1,452</b>	-601

# Consolidated Balance Sheet

Assets	30/09/2018		31/12/2017
	KEUR		KEUR
<b>Non-current assets</b>			
Intangible assets	46,455		43,761
Fixed assets	776		717
Financial assets	148		143
	<b>47,379</b>		44,621
Deferred taxes	3,114		3,315
Long-term non-current assets			
Accounts receivable	1,012		1,009
Other assets	2,579		2,482
<b>Total non-current assets</b>	<b>54,084</b>		51,427
<b>Current assets</b>			
Accounts receivable	12,113		14,081
Other assets	5,502		3,092
Other securities	0		0
Cash and cash equivalents	10,036		6,362
Deferred charges	466		195
<b>Total current assets</b>	<b>28,117</b>		23,730
<b>Total assets</b>	<b>82,201</b>		75,157

## Liabilities

	30/09/2018 kEUR	31/12/2017 kEUR
<b>Equity</b>		
Subscribed capital	13,128	11,935
Capital reserves	21,638	12,845
Other retained earnings	766	766
Other equity components	258	2,486
Non-controlling interests	0	0
<b>Total equity</b>	<b>35,790</b>	<b>28,032</b>
<b>Non-current liabilities</b>		
Deferred taxes	1,602	1,408
Bond	14,785	14,702
Liabilities due to banks	2,603	2,649
Accounts payable	8,791	8,477
Other liabilities	177	927
Accruals	1,671	1,027
<b>Total non-current liabilities</b>	<b>29,629</b>	<b>29,190</b>
<b>Current liabilities</b>		
Accrued taxes	110	117
Liabilities due to banks	219	133
Accounts payable	12,506	13,967
Other liabilities	3,940	3,686
Deferred income	7	32
<b>Total current liabilities</b>	<b>16,782</b>	<b>17,935</b>
<b>Total equity and liabilities</b>	<b>82,201</b>	<b>75,157</b>

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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](http://www.jdcgroup.de)

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