Annual Report 2019

JDC GROUP

BEST ADVICE. BETTER TECHNOLOGY.

Content

JDC Group
Leader in Advisortech.

The future of financial sales is personal and digital.

BEST ADVICE. BETTER TECHNOLOGY.

JDC Group AG
At a glance

P & L in kEUR*	31/12/2019 kEUR	31/12/2018 kEUR	Changes compared to previous year in %
Revenues	111,471	95,029	17.3
Gross margin	31,653	29,546	7.1
Gross margin in %	28.4	31.1	–8.7
Total operational costs	31,798	31,148	2.1
EBITDA	4,166	1,508	> 100
EBITDA margin in %	3.7	1.6	> 100
EBIT	–145	–1,602	90.9
EBIT margin in %	–0.1	–1.7	94.1
Net profit	–1,813	–4,266	57.5
Number of shares in thousands (end of period)	12,966	13,128	–1.2
Earnings per share in EUR	–0.14	–0.34	58.8

Cash flow/Balance in kEUR*	31/12/2019 kEUR	31/12/2018 kEUR	Changes compared to previous year in %
Cash flow from operating activities	3,847	1,574	>100
Total equity and liabilities	102,295	86,208	18.7
Equity	30,482	33,410	–8.8
Equity ratio in %	29.8	38.8	–23.1

*2018: Retrospective adjustment of the previous year's figures according to IFRS 3.45 and IFRS 3.49

JDC Group AG

Business units and brands

Advisortech	Advisory	Holding
Placement of financial products via financial intermediaries (independent financial advisers and brokers) to end-costumers and institutional customers Investment funds, closed-end-funds, insurances etc. Insurance comparison platform	Placement of financial products to end-customers Insurances, investment funds, financing etc.	Holding services Shared Service Center
Jung, DMS & Cie. AG Shareholding 100.0 %	**FiNUM.Private Finance AG, Vienna** Shareholding 100.0 %	**JDC Group AG**
JDC Geld.de GmbH Shareholding 100.0 %	**FiNUM.Private Finance AG, Berlin** Shareholding 100.0 %	
	FiNUM.Finanzhaus AG, Wiesbaden Shareholding 100.0 %	

About 16,000 Independent financial advisors …

Diversified asset classes via different sales channels …

Highlights 2019

Key Client Retention

The JDC Group is further expanding its market position in the bancassurance sector and has concluded a five-year exclusive agreement with comdirect bank AG.

Bond Issuance

Jung, DMS & Cie. Pool GmbH has a new bond with a volume of 25 MEUR. Due to being oversubscribed several times over, the subscription phase had to be closed prematurely.

Key Client Retention

JDC enters into long-term cooperation agreement with Bavaria Wirtschaftsagentur GmbH. The BMW subsidiary will make sales via JDC's insurance products.

New major shareholder

The transaction approval process for the disposal of an equity stake from the Management Boards to Great-West Lifeco proceeded successfully. With a 28 percent share, Great-West Lifeco is the new anchor shareholder of JDC Group AG.

Award

Receiving its second award from the F.A.Z. Institute, JDC received full marks in all areas – including price/performance ratio, customer satisfaction, quality, service and recommendations.

Highlights 2019

Key Client Retention

In future, Volkswagen Bank will outsource the handling and brokerage of non-mobility-related insurance contracts through its cooperation with Jung, DMS & Cie. Pro GmbH. The contract has been concluded for a period of at least five years and includes the provision of end-customer support by JDC.

Award

JDC subsidiary FiNUM.Finanzhaus is ranked among the 15 largest financial service companies thanks to its high-quality consultation and has been named the top financial service company in Germany by business magazine Capital.

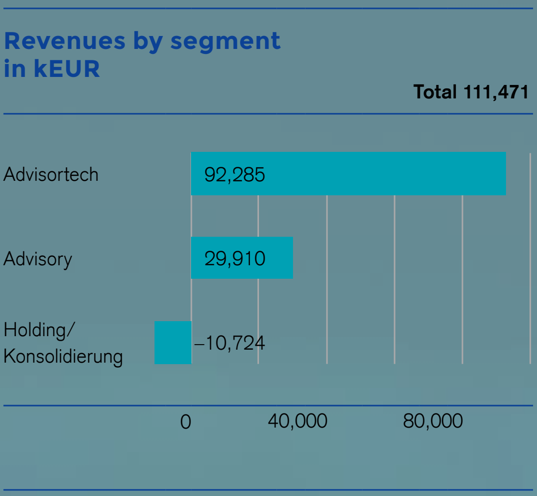
Mergers & Acquisitions

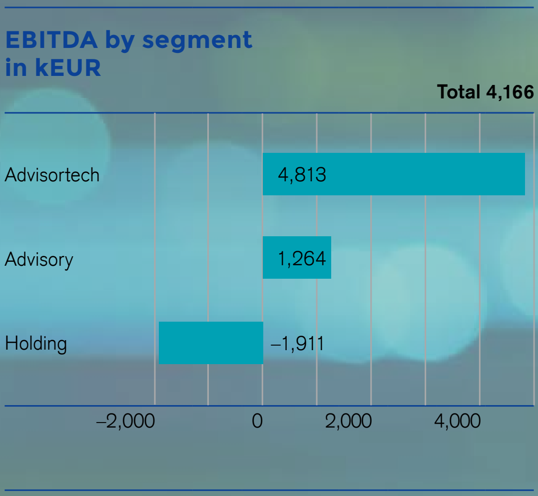
In the second quarter of 2019, JDC Group acquired Stuttgart-based investment pool KOMM and has now fully integrated the KOMM agents and their stocks – valued at around 550 MEUR–into JDC's internal management and accounting systems.

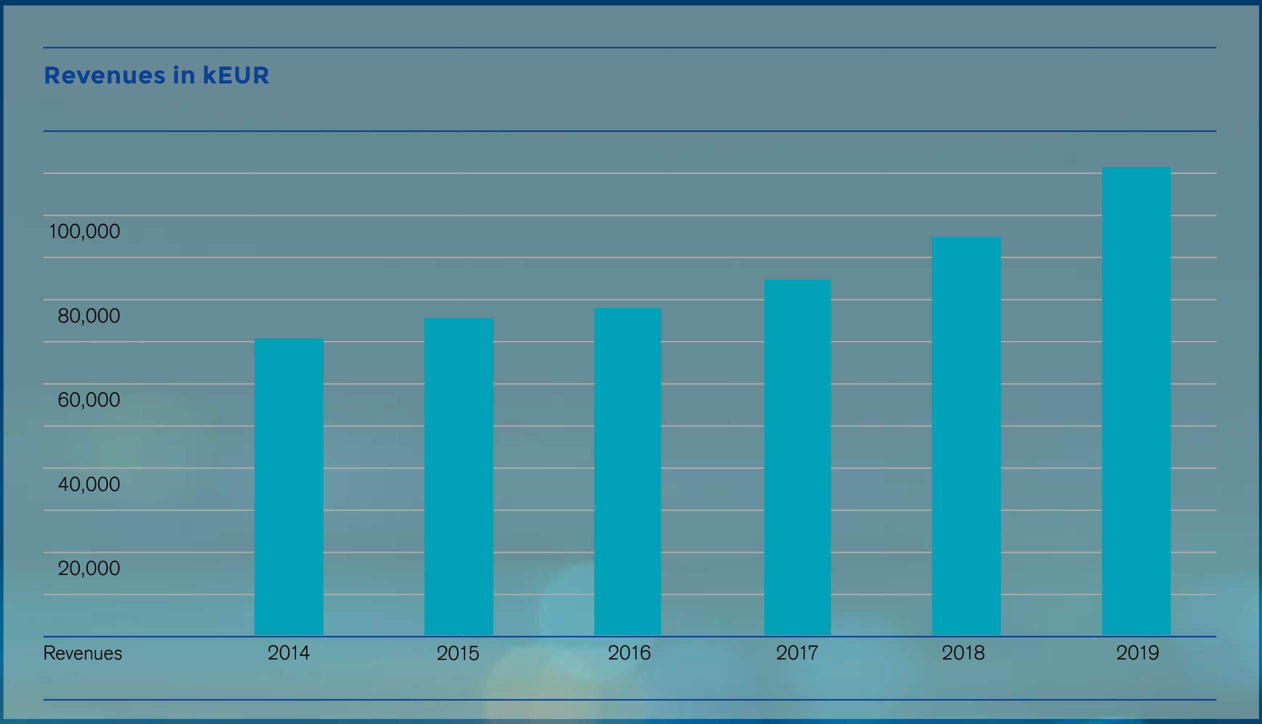
Key Client Retention

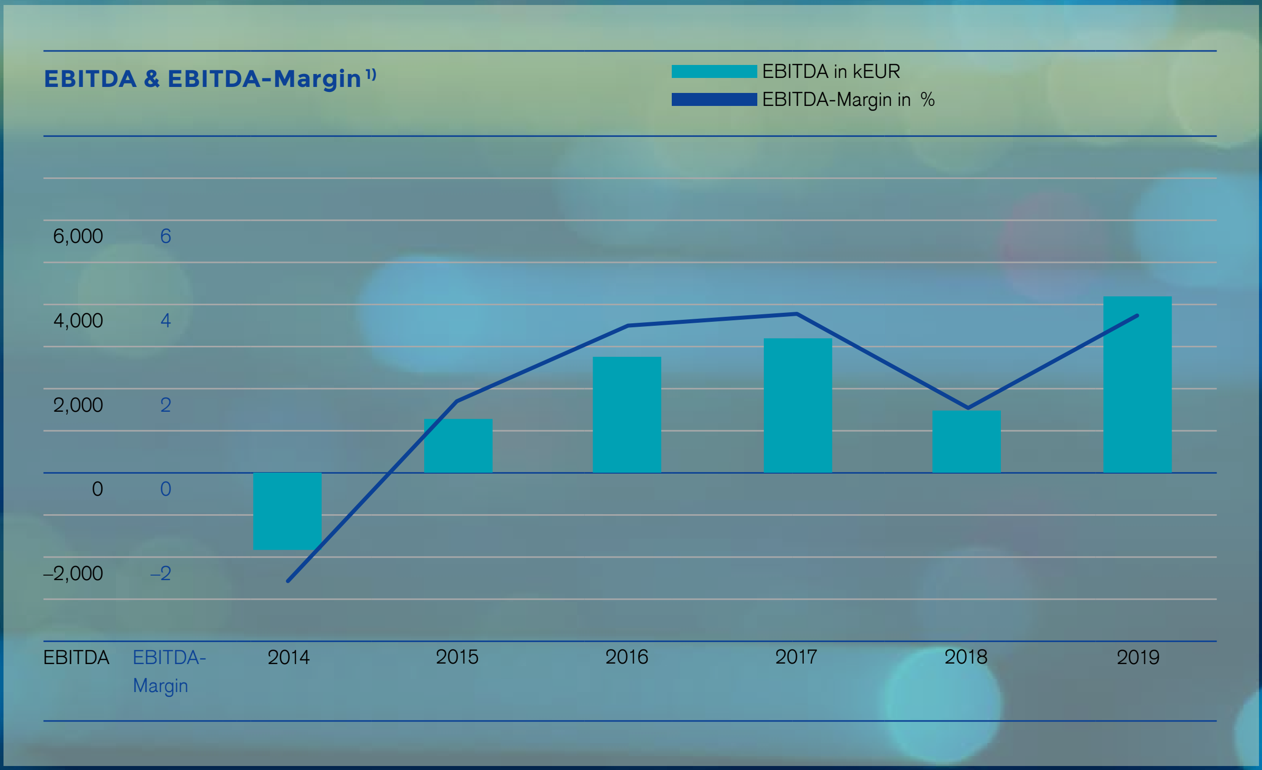
From 2020, Boehringer Ingelheim Secura Versicherungsvermittlungs GmbH and advisors of direct clients from the Nürnberger insurance group (InsureDirect 24 Assekuranz GmbH) will join other major clients in choosing the platform solution offered by the JDC group for the sale and management of insurance policies.

Highlights 2019









[1] previous years figures adjusted

Highlights 2019

Bancassurance by JDC – An All-inclusive Solution

MEHR ALS FRONTEND

A white-label solution for all process components
Available to every bank as an integrated solution in their own corporate design

INTEGRATED CLIENT/ ADVISOR DASHBOARD

Needs assess-ment | **Old rate comparison** | **Insurance directory**

Complete customer focus and top sales support

JDC platform on course for success

Through its digitisation strategy, JDC Group AG had already begun investing in the future several years ago. An average of around six MEUR was invested in IT annually, totalling more than 40 MEUR today. JDC Group is now one of the largest service and technology platforms for financial services providers in Europe.

In 2019, the platform's technology was significantly expanded to include innovative tools and applications and several new major clients were able to be integrated into the platform. These clients included several insurance companies as well as two major banks with balance sheet totals upwards of ten BEUR. As a result, JDC Group AG has successfully entered the bancassurance segment, which is set to grow substantially over the coming years. This positive development from the digitisation strategy is also reflected in the business figures: In 2019, revenue in the Advisor Tech field increased by around 20 percent to 92 MEUR compared with the previous year, with EBITDA even recording an increase of around 71 percent to 4.8 MEUR.

A COMPLETE SOLUTION FOR EVERYONE!

- **Integrated insurance world**
- **Individualised selection of comparison calculators**
- **In-house agency numbering system**
- **Whitelabel solution with single sign-on**
- **Complete value-added chain**
- **Hybrid sales model with roles and rights system**
- **Service centre for end customers**
- **For brokers, multiple agents and bank inventories**


Stefan Bachmann
CDO
Ralph Konrad
CFO, CIO
Dr. Sebastian Grabmaier
CEO

Management board letter

DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

JDC Group AG concluded the 2019 fiscal year with a very pleasing increase in revenue. Compared with the previous year, revenue increased by around 17.3 percent to 111.5 million Euro. This means that for the fifth year in a row, the company's growth has accelerated and is now in double digits for the second consecutive year. This also had a significant positive impact on the year-end results: Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased to 4.2 million Euro, compared with 1.5 million Euro in the 2018 calendar year. This means that the company's strategic focus on building Europe's leading digital insurance platform is bearing first fruit.

Organic growth and efficiency

In 2019, we focused consistently on the further development, expansion and further utilisation of our technical platform. In the year under review, we were able to attract additional important key clients for our outsourcing services, including the conclusion of cooperation agreements with the insurance broker for BMW AG (Bavaria Wirtschaftsagentur GmbH) and with Rheinland Versicherung. We also concluded the first long-term agreements with banks as major clients – following on from Sparda Bank Baden-Württemberg in the first half of the year, the second half of the year saw comdirect Bank, one of the leading direct banks in Germany, and Volkswagen Bank, one of the largest auto banks, also joining us as clients.

As a result, the utilisation of our platform is rising steadily. For example, the insurance portfolio (the sum of all premiums of all new contracts for one year) on the JDC platform increased by more than 100 million Euro during the reporting period. The insurance portfolio now totals around 700 million Euro and is continuing to grow.

The cost of operating our platform, on the other hand, barely increased in 2019. As a result, we are fulfilling our promise from last year that we will now invest more in efficiency and automation. We will see further impact in this area in the future.

Consolidation and inorganic growth

As part of the consolidation of the brokerage market, JDC acquired Stuttgart-based Investmentpool KOMM Investment & Anlagenvermittlungs GmbH in the spring of 2019. With fund holdings of 550 million Euro at that time and around 250 affiliated brokers, the pool has strengthened the brokerage business in terms of profit and contributed around 5 million Euro in profitable annual revenue.

During the reporting year, KOMM's business operations were fully migrated to the JDC platform, meaning that new business partners already have access to the entire range of technology and services offered by the Group. In the coming years, KOMM will make a pleasing contribution to revenues and earnings for JDC Group AG.

Expansion of the technical platform: Bancassurance and Plug & Play

Management's main focus continues to be the expansion of the JDC Group's technical platform – for example, we have successfully integrated the calculators on our direct customer platform, Geld.de, into our broker smartphone application 'allesmeins' and added online routes for the direct insurance business. We are also now in a position to deliver our white-label platform and to implement it quickly, with projects at Sparda Bank Baden-Württemberg and comdirect Bank being completed within just a few months. In this way, we have taken the first important steps in the bancassurance sector, in which we have invested significantly since mid-2018. Another key market player, Volkswagen Bank, was quickly added to our customer base and we are very confident that other banks will follow.

The enhanced flexibility and modularity of our white-label product range enables us to connect a wide range of partnerships and distribution models over a short period of time via rapidly deployable interfaces. How we do this: Plug & Play. This will ensure that, in the future, we continue to be one of the first points of contact for banks, insurance companies, major brokers and all other market participants who sell or manage insurance in any way.

More awards for service quality

The innovation and quality of the JDC platform is also attracting positive attention from rating and ranking agencies, which continuously assess market participants. Among many other accolades, the F.A.Z. Institute, a 100 percent subsidiary of the German newspaper Frankfurter Allgemeine Zeitung, awarded JDC Group AG the title of "Germany's best consultant" in the Fintech sector. With the maximum number of points, JDC Group AG – which started off historically as a sales and purchasing platform on the market – is now ranked above online companies such as the credit brokers Auxmoney and Hypoport, thus establishing itself as market leader for the digitalisation of insurance and financial product processing.

The financial services of the FiNUM. Group have since also received awards – following an investigation by research firm Tetralog and the business magazine "Capital", FiNUM.Finanzhaus is the clear winner of the "Germany's best financial advisory service provider" title. As part of the investigation, test customers (mystery shoppers) assessed the quality of advice provided by the 15 largest financial advisory service providers in Germany, together accounting for than 90 percent of the advisory services market. The advice quality was evaluated against a number of criteria such as the advisory environment, customer analysis, advisory service, product advice and cost transparency.

New major shareholder–Great-West Lifeco

A major milestone in the development of the JDC Group in 2019 was the participation of one of the 20 largest financial groups in the world: the Canadian Great-West Lifeco Group, a holding company with 1.4 trillion CAN$ (around 925 BEUR) in assets under administration and which includes the life insurance company Canada Life, the Irish market leader Irish Life and the US investment company Putnam Investments. Through its Irish holding Canada Life Irish Holding Limited, the group acquired 28 percent of the share capital of JDC Group AG, making it the largest shareholder of JDC Group AG. Great-West – and the family holding Desmarais Family behind it – stands for entrepreneurship, solvency and sustainability. As well as intensifying joint brokerage pool business, its aims include the digital expansion of its business segments. We are very happy that we have been able to further develop the shareholder structure in this way.

Successful placement of the new 2019/2024 bond

Jung, DMS & Cie. Pool GmbH, a subsidiary of JDC Group AG, successfully placed its new 2019/2024 bond (ISIN DE000A2YN1M1) with an issue size of up to 25 million Euro, following a very short placement phase in November 2019. The five-year bond, and coupon of 5.50 percent, attracted a lot of interest from both institutional and private investors and was oversubscribed several times by the point of its early closure. Before the year had ended, this enabled us to secure the financing of the company for the next five years and to create a liquidity buffer. This gives us further financial stability during the Coronavirus crisis.

Results for the 2019 fiscal year

Consolidated sales increased significantly in 2019, by around 17.3 percent, to 111.5 million Euro (2018: 95.0 million Euro). Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew to 4.2 million Euro (2018: 1.5 million Euro). However, the increase in earnings included around 1.0 million Euro resulting from the first-time application of mandatory new accounting rules from IFRS 16. Earnings before interest and taxes (EBIT) also improved significantly to –0.1 million Euro (2018: –1.6 million Euro).

In the forward-looking technology platform sector (Advisortech segment), revenue increased even more significantly by 20.0 percent to 92.3 million Euro (previous year: 76.9 million Euro). Results for the Advisory segment were also positive, showing strong revenue growth of 13.7 percent to 29.9 million Euro (previous year: 26.3 million Euro).

Key milestones for the year 2020 to date:

In the current year, JDC subsidiary Jung, DMS & Cie. has already announced two further cooperations: Boehringer Ingelheim Secura Versicherungsvermittlungs GmbH (BI Secura), in-house broker for pharmaceutical group Boehringer, has concluded an exclusive cooperation agreement with Jung, DMS & Cie. for the management of employee business.

Additionally, InsureDirect24 Assekuranz GmbH, the general agency for Nürnberger Versicherung that serves the direct customers of the Nürnberger insurance group, will in future handle processing and billing for its customer contracts using JDC's platform technology.

Other, similar cooperation agreements with insurance companies for their direct customer business and for the technical setup of their insurance tied-agent networks will follow in 2020.

Outlook

Based on cooperation agreements already concluded, the company expects revenue to increase to between 125 million Euro and 132 million Euro in 2020 and expects a further increase in EBITDA.

If the effects of the Coronavirus crisis lead to a severe recession, this could of course also have an impact on the business development of JDC Group AG.

So far, however, the JDC Group, which is largely focussed on its digital business model, has performed well. Despite the onset of the Coronavirus crisis, the first quarter promises to proceed according to plan and expectations and the effects of the crisis are currently staying within reasonable limits: for example, within a short space of time the Group's services have been able to be performed almost entirely from its employees' homes, from where they have successfully been able to maintain and ensure the continued operation of the business units. As JDC is not dependent on supply chains or external service providers, its main influencing factors continue to be the development of capital markets and the purchasing behaviour of customers. After a difficult second quarter, we expect business to recover rapidly in the second half of the year.

Thanks to our employees and shareholders

Last but not least, 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

The group

The group

Business concept and structure

JDC Group AG is a financial services company which advises customers and brokers financial products through its subsidiaries. These subsidiaries operate with their own strategies and under their own brands in Germany and Austria. They support more than 16,000 independent financial brokers, including around 3,900 tied intermediaries. JDC Group generates most of its revenues in the form of commission income from mediating financial products. Revenues from fee agreements (commission-free mediation), however, are also playing an increasingly major role.

With its integrated sales platform, JDC Group AG offers financial intermediaries and their end customers a broadly diversified product range covering asset classes such as investment funds and alternative investment funds (AIF), structured products, insurance, (construction) financing and real estate.

In 2019, JDC Group AG continued to focus on its core businesses. Those involve brokering financial products via independent brokers (broker pool and technical platform – Jung, DMS & Cie. AG). In this core segment, the JDC Group AG has the connection of further large customers (Bavaria Wirtschaftsagentur GmbH, Sparda Bank Baden-Württemberg, comdirect Versicherungsmakler AG, Rheinland Vermittlungs-GmbH) and the acquisition of the Stuttgart investment pool KOMM Investment & Anlagenvermittlungs GmbH further expanded its leading market position. Another core area is the mediation of financial products through intermediaries (financial product sales – FiNUM.Private Finance AG and FiNUM.Finanzhaus AG). Both core areas are expected to continue growing organically.

Activities at JDC Group AG are broken down by target group and service and have been pooled into two sales business segments – “Advisortech”, “Advisory” – and a “Holding” segment. In the existing business segments, the individual subsidiaries of JDC Group AG operate with a multi-brand strategy, i. e. the individual subsidiaries act with their own identities in their target markets and address their target groups with suitably customised marketing and sales strategies.

JDC GROUP

BEST ADVICE. BETTER TECHNOLOGY.

Advice on and mediation of financial products in return for commission from product providers or fees from the customers advised.

ADVISORTECH

Placement of financial products via financial intermediaries (independent financial advisers and brokers) to end-costumers pursuant to § 93 HGB as trade brokers

Investment funds, closed-end-funds, insurances etc.

Insurance comparison platform

JUNG, DMS & CIE.

GELD.de

ADVISORY

Mediation of financial products to end customers as sales representatives pursuant to § 84 HGB.

Insurances, securitites, material values, financing

FiNUM. Private Finance

FiNUM. Finanzhaus

JDC Group AG and holding companies perform key management functions such as product procurement, finance, capital market communications, information technology and administration. Centralising these functions and activities enables JDC Group AG to exploit cost synergies.

Dr. Sebastian Grabmaier

"We want to become the number one insurance platform in Europe. This means we are constantly improving and expanding our digitisation service. The ability to connect numerous major clients— and their extensive requirements—to the entire processing architecture benefits each individually affiliated broker, as everyone profits equally from the ongoing development of our platform technology."

Business Units

ADVISORTECH – DIGITAL PLATFORM AND MEDIATION OF FINANCIAL PRODUCTS TO PRIVATE END CUSTOMERS THROUGH FINANCIAL INTERMEDIARIES

The company presents its "B2B" activities in its broker pool and platform business in its "Advisortech" business unit. The Advisortech business unit comprises the mediation of financial products to private end customers via financial intermediaries in the broker and liability umbrella sales channels. Within the context of a bancassurance concept, the product portfolio includes investment funds, closed-end funds, certificates, insurances (particularly life, occupational disability and heath insurances) and other products, such as construction financing or savings plans. The broad range offers around 12,000 products from more than 1,000 product companies.

The JDC Group AG has been offering a digital financial manager in the segment Advisortech. The **"allesmeins"** app gives end customers a quick overview of their entire insurance contracts with the relevant contract documentation. In contrast to conventional anonymous Fintech solutions, with allesmeins, customers can stay with their individual insurance and investment consultants with whom they have built a trusting relationship over years or even decades, so they can continue to draw on their specialised expertise.

With **Geld.de**, JDC Group AG has an excellent brand for direct mediation of financial products to end customers. Today, Geld.de stands not only for the mediation of insurance products, we have added electricity, gas, DSL and other products. Prospectively, the customer will find everything at Geld.de that he is concerned about when it comes to his money. Real estate, capital investments and other functions are in preparation.

JDC Group AG is a market leader in the broker pool with its subsidiary, **Jung, DMS & Cie. AG** (JDC), Munich. JDC is one of the highest-revenue broker pools in the German-speaking region. At its locations in Munich, Wiesbaden, Troisdorf and Vienna (Austria), JCD supports its customers, which include leading financial sales operations, in addition to a large number of individual brokers.

ADVISORY – INDEPENDENT PENSION AND INVESTMENT ADVISORY FOR PRIVATE CUSTOMERS

The company pools its “B2C” activities, i. e. advising on and selling financial products directly to end customers, in its “Advisory” business segment. These activities also comprise our shareholdings in **FiNUM.Private Finance AG** (FPF D), Berlin, **FiNUM.Private Finance AG** (FPF A), Vienna/Austria, and **FiNUM.Finanzhaus AG** (FFH), Wiesbaden.

FiNUM.Private Finance AG, Berlin, FiNUM.Private Finance AG, Wien and FiNUM.Finanzhaus AG act as independent financial and investment advisors for high-net-worth customers. FiNUM.Private Finance can look back on a track record of nearly 20 years in both countries and is currently represented by 308 experienced and registered advisors throughout Germany and Austria. These advisors provide a current total of more than 82,000 customers with integral and product-independent advice covering all financial matters and all asset classes. FiNUM.Finanzhaus AG supplements the other two FiNUM companies. It focuses on providing integral, product-independent advisory, which is backed up by scientific research. Furthermore, it is closely aligned to customer protection criteria and has its main focus in the insurance business.

HOLDING – ASSUMPTION OF CROSS-SEGMENTED FUNCTIONS FOR THE JDC GROUP

The Holding business unit comprises the JDC Group AG holding company. The holding provides diverse management functions for the Group.

History

2016

02/2016
JDC Group AG goes live with the "allesmeins" digital financial manager.

05/2016
JDC Group acquires an insurance portfolio with 195,000 contracts from a medium-sized broker.

05/2016
JDC Group acquires one of Germany's largest online insurance comparison platforms, Geld.de.

06/2016
JDC Group AG successfully places a cash capital increase with institutional investors.

11/2016
JDC Group expands to Austria and Eastern Europe with the "allesmeins" digital financial manager.

12/2016
More than 16,000 financial brokers and investment advisors support around 1,200,000 end customers.

2017

02/2017
Google Manager Stefan Bachmann makes a move to join the Board of JDC Group.

06/2017
Cristobal Mendez de Vigo y zu Loewenstein, many years working as an international asset manager will be elected as a member of the Supervisory Board.

11/2017
JDC and Lufthansa subsidiary Albatros implement letter-of-intent and agree on 5-year contract for full outsourcing of transaction processing.

11/2017
JDC acquires Assekuranz Herrmann retail customer business.

12/2017
JDC cooperates with Germany's leading loan comparison portal smava.

12/2017
JDC Group launches Blockchain Lab and announces ICO to build Germany's largest crypto-community.

2018

08/2018
JDC introduces iCRMweb, a state-of-the-art consulting technology. Alongside with allesmeins, Geld.de is now also enabled for white label. That makes JDC the market leader in products and services.

10/2018
In a letter of intent (LOI), JDC and comdirect with its 2.4 million customers have agreed to form a partnership.

11/2018
JDC and BMW subsidiary Bavaria Wirtschaftsagentur GmbH signed a letter of intent for the purpose of forming a long-term partnership involving the brokering of financial products.

12/2018
A report in the Frankfurter Allgemeine Zeitung describes JDC as one of Germany's best financial service providers in terms of consulting, customer satisfaction, quality and service.

12/2018
JDC is folding client consultation into its advanced customer service centre, rounding out its line of products and services for major clients.

2019

04/2019
JDC Group acquired Stuttgart-based investment pool KOMM and their stocks—valued at around 550 MEUR.

07/2019
JDC receiving its second award from the F.A.Z. Institute with full marks in all areas—including price/performance ratio, customer satisfaction, quality, service and recommendations.

08/2019
JDC enters into long-term cooperation agreement with BMW subsidiary Bavaria Wirtschaftsagentur GmbH.

10/2019
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10/2019
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Jung, DMS & Cie. Pool GmbH has a new bond with a volume of 25 MEUR. Due to being oversubscribed several times over, the subscription phase had to be closed prematurely.

11/2019
In future, Volkswagen Bank will outsource the handling and brokerage of non-mobility-related insurance contracts through its cooperation with Jung, DMS & Cie. Pro GmbH. The contract has been concluded for a period of at least five years and includes the provision of end-customer support by JDC.

Stefan Bachmann

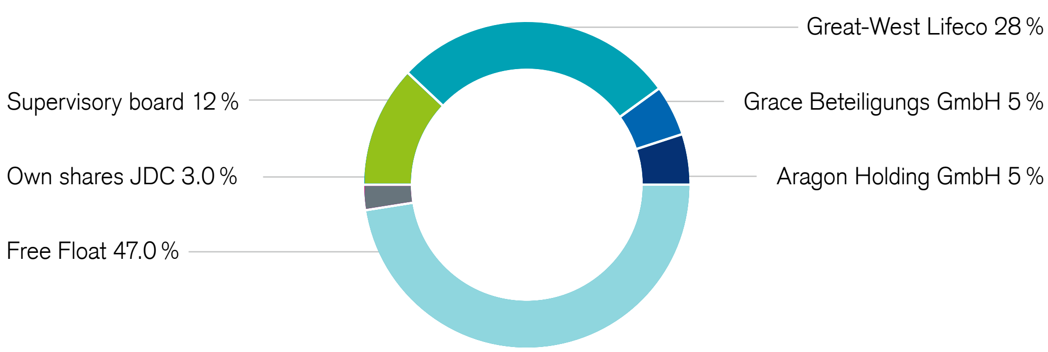
"Through the comprehensive integration of all value-added components from the front end via web app, service centre and the CRM developed in-house, we took a major step towards becoming a leading insurance platform in 2019. Cooperation with partners Sparda Bank Baden-Württemberg and comdirect means that it is firmly established in the bancassurance market, while "Plug&Play" will attract new partners."

Shareholder structure 2019

Our stable shareholder structure continues to form the basis of long-term and continuous growth of JDC Group AG and its subsidiaries.

The transaction approval process for the disposal of an equity stake from the Management Boards to Great-West Lifeco was successfully completed and the transaction was carried out. Great-West Lifeco has become the new anchor shareholder of JDC Group AG with a 28 percent share.

The members of the Executive Board, Dr Sebastian Grabmaier (Grace Beteiligungs GmbH) and Ralph Konrad (Aragon Holding GmbH) each hold a stake of more than 5 percent in JDC Group AG. Around 3.0 percent are in JDC Group AG's own possession as they were acquired via the current share buyback program. Members of the Supervisory Board hold approximately 12 percent of the shares in JDC Group AG and 47.0 percent of the 13,128,461 shares are in free float.



JDC Group AG has total subscribed capital of 13,128,461 EUR, with a market capitalisation of 66 MEUR (as of April 2020).

Share price performance 2019

As a result of general trends on the capital market, the upturn in share prices seen in mid-2018 could not be continued. After the share price levelled off at around 7 Euro, it fell briefly in Q3 2019. With the start of the share buyback programme on 5 August 2019, the share price also rose to 7.44 Euro at the end of November. By 27 April 2020, a total of 410,478 shares had been bought back.

The current share price is 4.85 Euro and, as a result of the Coronavirus pandemic, development is consistent with the index of the scale. We are confident that the share price will outperform the index after the end of the pandemic, as it did before the outbreak.

Performance analysis in %
13/06/2018 – 01/04/2020/Source: finanzen.net

Group management report

Group management report

SITUATION OF THE GROUP

The Group's Business modell

JDC Group AG stands for modern financial advice and intelligent financial technology for advisors and customers. In the "Advisortech" business unit, we provide our customers and advisors with modern advisory and administration technology using the Jung, DMS & Cie. Group. 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 will help advisors in the future to take even better care of their customers and generate increased sales as a result. In the "Advisory" segment, we broker financial products to private end customers via independent advisors, brokers and financial distributors using the FiNUM.-Group.

The diagram on the next page shows the segment structure of JDC Group AG and the relevant subsidiaries.

Research and development

Jung, DMS & Cie. Group offers within the business unit „Advisortech" modern advisor and administration technologies for customers and advisors. In this context JDC Group runs the development of internally generated software solutions. In business year 2019 within this context kEUR 998 in own performance were activated. Futhermore we refer to the detailed explanations in the appendix of the consolidated financial statement.

The following diagram shows the segment structure of JDC Group AG and the relevant subgroups and shareholdings:

Advisortech	Advisory	Holding
Jung, DMS & Cie. AG (100.0 %) * – Broker pool, primarily the brokering of financial products via intermediaries (IFSs, independent brokers etc.) – Investment funds, closed-end funds, insurance products – Currently about 16,000 brokers, thereof more than 3,900 tied agents (liability umbrella)	**FiNUM.Private Finance AG, Vienna** (100.0 %) * – Brokering of financial products to end customers – Life insurance policies, pension schemes, financing – Currently approx. 49 consultants	**JDC Group AG** – Holding activities – Shared Service Center
JDC Geld.de GmbH (100.0 %) * – Online insurance comparison portal – Property insurance	**FiNUM.Private Finance AG, Berlin** (100.0%) * – Brokering of financial products to end customers – Insurance, investment funds, closed-end funds, financing – Currently approx. 78 advisors	
	FiNUM.Finanzhaus AG, Wiesbaden (100.0%) * – Brokering of financial products to end customers – Insurance, investment funds, closed-end funds, financing – Currently approx. 181 consultants	

* Ownership interest held by JDC Group AG to 31 December 2019

ECONOMIC REPORT

Overall economic conditions [1)]

Global economic growth was fairly stable in 2019, but lost momentum towards the end of the year. Industrial countries benefited on balance from low oil prices and expansionary monetary policies. Expressed in figures, this means that global economic growth in 2019 remains 0.6 percentage points below the prior-year levels, at 3.0 percent. In 2018, growth in the Eurozone fell to 1.2 percent, declining by 0.6 percent in comparison to the previous year.

In Germany, economic growth flattened significantly at the end of the year. Considered over the whole year, GDP still rose by 0.6 percent compared with the previous year (adjusted for price and calendar changes). Private consumption, often the economic driver up to now, lost momentum significantly after a strong third quarter. Exports were also unable to provide any impetus in the fourth quarter, with exports of goods falling more sharply.

1) Unless indicated otherwise, all data referred to in the following description of the overall economic conditions was taken from the accompanying materials of the press conference of the federal office of statistics from 25 January 2020 plus IWF statement in January 2020.

Sector-specific conditions

THE MARKET FOR INVESTMENT PRODUCTS[2)]

As at 31 December 2019, the German investment funds sector managed assets totalling EUR 3,398 billion, which corresponds to an increase of 15.0 percent in comparison to 31 December 2018.

As at 31 December 2019 (in parentheses: the value on 31 December 2018), EUR 1,116 billion (EUR 974 billion) were invested in mutual funds and EUR 1,875 billion (EUR 1,619 billion) in special funds. EUR 392 billion (EUR 352 billion) were invested on behalf of institutional investors in assets outside investment funds.

As at 31 December 2019 (in parentheses: the value on 31 December 2018), the volume for mutual funds was distributed as follows:
- equity funds: EUR 423.2 billion (EUR 337.4 billion)
- pension funds: EUR 209.3 billion (EUR 202.6 billion)
- money market funds: EUR 19.1 billion (EUR 21.6 billion)
- open property funds: EUR 109.0 billion (EUR 98.2 billion)
- mixed and other funds: EUR 311.0 billion (EUR 313.7 billion)

Continued low interest rates present a challenge to many investors. The positive atmosphere at the stock exchanges has had a beneficial impact on the investment sector over the past year. This applies to all investor groups, whether institutional investors such as pension plans and insurance companies or private savers. As a result, in 2019 equity funds and property funds in particular were able to post significant growth.

For 2020, the German government initially expected to see continued growth of 1.1 percent. Due to the current coronavirus crisis, there are calculation models now predicting a contraction of up to minus 5 percent.

Due to the very strong corrective measures in capital markets, it is expected that, compared to previous years, the market for investment funds will be a more negative environment in 2020.

THE MARKET FOR INSURANCE PRODUCTS[3)]

For the insurance industry, 2019 has been a very successful year. The industry has achieved a 6.7 percent increase in premium income across all divisions.

For life insurance providers and pension funds, premium revenues in 2019 rose by roughly 11.3 percent, to around EUR 102 billion. New business with single premiums in particular, which stood at EUR 36.9 billion, was better than expected (+36 percent). Earnings from new contracts with regular premiums rose to EUR 5.8 billion (+10.1 percent).

[2)] Unless indicated otherwise, all data referred to in the following description of the investment product market was taken from the BVI annual press conference on 11 February 2020.

[3)] Unless indicated otherwise, all data referred to in the following description of the insurance market was taken from the website of the Gesamtverband der Deutschen Versicherungswirtschaft e. V. (GDV).

More and more banks are demanding negative interest rates. Life insurers are offering safe returns but lower than in the past. This positive development is seen as evidence of confidence in the life insurance industry.

Earnings in accident and indemnity insurance grew, as in the previous year, by 3.2 percent, to EUR 72.9 billion. According to projections, benefit payouts rose by 1.7 percent, to EUR 53.4 billion.

Providers of private health insurance took in more than in the previous year – namely 2.3 percent. Premium income therefore rose to EUR 40.7 billion. The insurance benefits paid out by private health insurance providers reached a level of EUR 29.9 billion in 2019. This is 4.5 percent more than in the previous year (EUR 28.6 billion).

In 2020, in addition to the weaker economy, the continued environment of extremely low-interest also noticeably dampened growth in the insurance business. We therefore expect premium growth of around 1.5 to 2 percent to become more normal again in the long term. Overall, a slight increase of just over 1 percent is expected in life insurance compared with the previous year.

In accident and indemnity insurance, we expect growth of 2.5 percent. Here, the somewhat lower premium growth is likely to be due to further moderate development of premiums in motor insurance as well as an anticipated decline of momentum in private and non-private property insurance. The coronavirus crisis is expected to lead to a further decrease in premium income.

COMPETITIVE POSITION

JDC Group AG competes with different companies in its individual business segments.

Competitors in the Advisortech segment

In its Advisortech segment, the JDC Group acts via its subsidiaries of JDC-group (JDC) and that company's independent financial brokers to broker financial products such as investment funds, closed funds, structured products, insurances, and financing products to end customers (B2B).

As a broker pool, JDC is in competition with all companies brokering the aforementioned financial products via independent brokers to downstream brokers or end customers. These include broker networks/pools, such as Fonds Finanz Maklerservice GmbH and BCA AG, as well as commercial banks, savings banks, cooperative banks, and financial sales companies focusing on end customers.

Based on the JDC Group's assessment, regulatory and IT technology requirements mean that barriers to entry are now very high in the broker pool business. Due to past developments, there are large numbers of brokerages, especially broker networks/pools, that are characterized by a widely varying sizes and degrees of professionalism. Having said this, the broker pools market has nevertheless seen substantial consolidation in recent years. During this period, JDC has grown and acquired smaller competitors leaving the market and/or continually integrated their customers.

Competitors in the Advisory segment

In its Advisory segment, JDC Group AG offers advice on and brokers financial products to end customers (B2C) via its subsidiaries FiNUM.Private Finance Deutschland, FiNUM.Finanzhaus, and FiNUM.Private Finance Österreich. In general, all companies are in competition with numerous market players, i. e. alongside financial sales operations and standalone brokers the companies also compete with exclusivity-bound organizations at insurers and banks, as well as with direct sales, such as internet-based operations. Based on the assessment of JDC Group AG, the companies' main competitors can be identified by reference to the different business models and target groups as follows:

FiNUM.Private Finance Deutschland, FiNUM.Finanzhaus, and FiNUM.Private Finance Österreich focus on advising sophisticated private customers (the so-called "mass affluent market") in Germany and Austria. The business mix consists almost equally of wealth accumulation and wealth protection (insurance). The main competitors are thus commercial and private banks, as well as financial advisory companies focusing on sophisticated customers, such as MIP AG and Horbach Wirtschaftsberatung AG.

BUSINESS PERFORMANCE OF THE GROUP AND ITS SEGMENTS

Owing to its strength in sales, increasing market relevance and reliability for product initiators from both the insurance and investment sectors, JDC Group AG has become an increasingly attractive partner.

Meanwhile, JDC Group AG is also an institutional partner for financial product distributors and/or financial product brokers that are looking for a strong partner for their back offices in dealing with a rapidly changing regulatory environment.

All in all, the Management Board looks back on a period of mixed performance. Compared with the previous year, the earnings situation has recovered significantly. However, the Group result is still negative at –1.813 kEUR (previous year: –4.266 kEUR). Group revenues nevertheless rose by 17.3 percent. The increase in revenues is mainly due to the fact that, for the first time, Albatros Versicherungsdienst GmbH contributed revenue throughout the entire year. Other new key clients, such as Bavaria Wirtschaftsagentur GmbH, Rheinland Versicherungen and Sparda Bank Baden-Württemberg, also made contributions to revenue. April saw the acquisition of the investment pool KOMM Invest GmbH. This means that revenue growth has exceeded the predicted growth of around 16 percent. Compared with the previous year, EBITDA improved significantly and now stands at 4.166 kEUR. This includes a positive effect on earnings of around 1 MEUR from the initial application of IFRS 16. Overall, EBITDA is slightly below plan expectations. As a consequence, the expected positive business trends for the Group as a whole have as yet failed to materialise as planned during the fiscal year.

For further details, we refer to the following statements on the status of the JDC Group.

COMPANY SITUATION

Major key figures

In assessing company performance and as a tool in managing the entire Group and its segments, the Management Board for JDC Group primarily uses revenue performance and gross profit following deduction of commission expenditures, as well as EBITDA, which are considered the most important financial performance indicators. Non-financial performance indicators, which are important for understanding business performance or the condition of the company, are not currently specified.

From 2017 to 2019, key indicators for the JDC Group demonstrated the following trends:

Key performance indicators of JDC Group	2017 kEUR	2018 kEUR	2019 kEUR	Changes 2018 to 2019 kEUR
Total non-current assets	51,427	53,729	**59,401**	5,672
Total current assets	23,730	32,479	**42,894**	10,415
Equity	28,032	33,410	**30,482**	–2,928
Non-current liabilities	29,190	27,629	**35,289**	7,660
Current liabilities	17,935	25,169	**36,524**	11,355
Total assets	75,157	86,208	**102,295**	16,087
Revenues	84,475	95,029	**111,471**	16,442
Commission expenses	59,011	67,280	**81,433**	14,153
Gross margin	25,464	27,749	**30,038**	2,289
Personnel expenses	14,440	16,534	**17,417**	883
Other operating expenses	12,955	14,614	**14,381**	–233
EBITDA	3,190	1,508	**4,166**	2,658
Result of ordinary operations	–879	–2,874	**–1,753**	1,121

Asset situation

Long-term Group assets as of 31 December 2019 in the amount of 59.4 MEUR (previous year: 53.7 MEUR) consist of around 49.9 MEUR (previous year: 46.7 MEUR) in intangible assets. The increase in the Group's long-term assets is mainly due to the acquisition of the client base of KOMM Invest GmbH, amounting to around 3.2 MEUR, and the capitalisation of leased assets in accordance with IFRS 16 in the amount of around 2.0 MEUR.

Current assets rose to 42.9 MEUR (previous year: 32.5 MEUR). The primary reason for this is the significant increase in bank deposits. Bank deposits rose by 9.3 MEUR to 21.1 MEUR.

The balance sheet total rose from 86.2 MEUR in 2018 to 102.3 MEUR in 2019, largely as the result of the issuance of a new bond.

Equity capital reduced from 33.4 MEUR to 30.5 MEUR. This is mainly due to the annual result and the impact of the share buyback program.

In all, long-term borrowed capital increased from 27.6 MEUR in the previous year to 35.3 MEUR in the reporting year. This is mainly due to the issuance of a new bond of Jung, DMS & Cie. Pool GmbH in the amount of 25 MEUR. JDC Group AG subscribed for a nominal amount of 5 MEUR. There was also a reclassification of the old bond in the amount of 12.3 MEUR to current liabilities.

Current borrowed capital rose from 25.2 MEUR to 36.5 MEUR. This includes 19.2 MEUR from trade payables, 4.5 MEUR from other liabilities and 12.3 MEUR from old bond liabilities.

The equity capital ratio in the JDC Group decreased as at the reporting date to 29.8 percent (previous year: 38.8 percent) of the balance sheet total. The decrease in the equity capital ratio in the year-on-year comparison is mainly the result of the issuance of a new bond.

Financial situation

The cash flow statement records the evolution of cash flow within the reporting period in the form of cash inflows and outflows.

The cash flow from ongoing business activity increased over the course of the fiscal year by 2.273 kEUR – from 1.574 kEUR to 3.847 kEUR. This is primarily attributable to current net profit.

Cash flow from investment activity is negative at –4.646 kEUR. The reason for this lies mainly in increased payments for investments in intangible assets, and payments for the acquisition of consolidated companies.

Financing activity has resulted in a positive cash flow of 10.122 kEUR, which is mainly the result of incoming payments from the issuance of a new bond in the amount of 19.180 kEUR. This was offset, in particular, by interest paid in the amount of 1.243 kEUR and payments for the repayment of bonds and loans amounting to 6.131 kEUR.

Cash and cash equivalents at the close of the fiscal year stood at 21.124 kEUR.

Financial resources remained consistently sufficient during the reporting year. Securing short-term liquidity is managed via monthly liquidity planning. In the following year, the Group will undertake to repay some loans as per contract, which shall be accomplished from on-hand liquidity.

The equity capital ratio as at the reporting date is 29.8 percent (previous year: 38.8 percent) with an increase of roughly 16 MEUR in the balance sum as compared to the previous year. As at the reporting date, medium and long-term borrowed capital comprises 34.5 percent of the balance sum, or in absolute figures 35.3 MEUR, and reflects 19.2 MEUR per corporate bond.

Earnings situation

The operational performance of investments performed significantly better in the reporting year than in the previous year. However, the result was still somewhat below expectations. Revenues increased owing to the incorporation of major clients and the acquisition of portfolios, but even so the Group result was negative.

Group revenue rose by 17.3 percent to 111.5 MEUR (previous year: 95.0 MEUR).

Commission expenses fell by 21.0 per cent from 67.3 MEUR in the previous year to 81.4 MEUR.

The resulting gross profit increased from 27.7 MEUR in the previous year to 30.1 MEUR in the current fiscal year. In relation to revenues, the margin is 27.0 percent (previous year: 29.2 percent)

Of the other expenses, personnel costs accounted for 17.4 MEUR (previous year: 16.5 MEUR) and other operating expenses for 10.1 MEUR (previous year: 11.5 MEUR). The annual average (full-time equivalent) was 279 (previous year: 262) employees.

The increased impairment losses of the financial year are due to investments made and the application of IFRS 16 to 4.3 MEUR (previous year: 3.1 MEUR).

The largest items among other operating costs were advertising and travel costs at 1.4 MEUR (previous year: 1.3 MEUR), EDP costs at 3.3 MEUR (previous year: 3.1 MEUR), costs for office space at 0.8 MEUR (previous year: 1.5 MEUR) and legal and consulting costs at 1.1 MEUR (previous year: 1.5 MEUR).

Overall, EBITDA increased to 4.2 MEUR (previous year: 1.5 MEUR). EBIT likewise increased to –0.1 MEUR (previous year: –1.6 MEUR). Results from normal business activity increased from –2.9 MEUR to –1.8 MEUR.

SEGMENT REPORTING

Advisortech segment

Revenue in the Advisortech segment improved significantly to 92.3 MEUR, compared to 76.9 MEUR in the previous year. EBITDA rose to 4.8 MEUR compared with 2.8 MEUR in the previous year. EBIT considerably improved at 1.3 MEUR, compared with 0.2 MEUR in the previous year.

Advisory segment

Revenue in the advisory segment showed positive development. Segment earnings increased to 29.9 MEUR, compared with 26.3 MEUR in the previous year. EBITDA rose to 1.3 MEUR, compared with 1.1 MEUR in the previous year. EBIT fell slightly to 0.5 MEUR as compared to 0.6 MEUR in the previous year.

Holding segment

Revenues in the holding segment remained constant. Segment revenues were 1.9 MEUR, as in the previous year. The key indicators EBITDA and EBIT rose to –1.9 MEUR, compared with –2.4 MEUR in the previous year.

OPPORTUNITIES AND RISK REPORT

The future business performance of the Group is linked to all the opportunities and risks associated with the sale of financial products, and the purchase, management and sale of companies. JDC Group AG's risk management system is designed to identify risks at an early stage and to minimise them by implementing appropriate measures. Financial instruments are used exclusively for hedging purposes. In order to identify potential problems within affiliated companies and their investments at an early stage, key performance indicators are obtained and evaluated. Turnover, earnings and the liquidity situation are evaluated on a monthly, weekly and daily basis. Management receives a daily overview of the KPIs relating to turnover and liquidity.

JDC Group AG is managed via a monthly reporting system, which includes KPIs and, in particular, takes into account the liquidity situation. The Management Board is also informed about the current liquidity situation on a daily basis.

Relevant **company-related risks** are as follows:

- Within the context of financial product and insurance brokering, it cannot be ruled out that cancellations will result in expenses that are not covered by corresponding repayment claims against the brokers. With the rise in insurance turnover at JDC, receivables management is becoming increasingly important in order to execute this type of repayment claim.
- JDC can be held liable for incorrect advice or consultative errors made by sales partners. It cannot be said in blanket terms whether in each individual case the risks are then covered by the existing insurance coverage, or by repayment claims against brokers.
- Persistent volatility in the capital markets and difficulty in forecasting product sales are placing major demands on liquidity management. Lack of liquidity could become an existential problem.

Relevant **market-related risks** are as follows:

- The business success of the company is fundamentally dependent on economic trends.
- The performance of national and global financial and capital markets is of considerable relevance to JDC's success. Sustained volatility or negative performance can have an adverse impact on JDC's profitability.
- The stability of the legal and regulatory framework in Germany and Austria is highly important. In particular, short-term changes to the framework conditions for financial services providers, brokers and financial products can have a negative impact on JDC's business model.
- The Coronavirus crisis is currently having an adverse impact on companies' willingness to invest and on the earning capacity of many consumers. There is a risk of significantly higher unemployment as a result of recessive developments. If the global economy slips into recession, this will have a negative impact on JDC's profitability.

Relevant **regulatory risks** are as follows:

- Implementation of the European General Data Protection Regulation affects all German businesses, in particular those businesses in the financial services sector that make considerable use of personal data. We are subject to extensive information and documentation obligations in this regard. As the digitisation of the insurance industry is only just beginning, many processes at JDC continue to be handled manually. This increases the risk of data incidents due to human error.
- Following the implementation of the MiFID II in German law, portfolio commissions are paid only when used to improve the quality of client services. As before, however, what this means in concrete terms is still unclear. If the measures taken by JDC are insufficient, this may lead to a short-term loss of revenue in the Investments division.

Management cannot discern any other risks to the company's existence or growth, and is of the opinion that the risks identified are manageable and do not constitute a threat to the company's continued existence.

Management views the **opportunities** as follows: Many financial product distributors are currently weakened, in particular as a result of the Coronavirus crisis. As a result, the financial resources of many competitors are exhausted and the pressure to consolidate is increasing – which is to the benefit of large market participants, including JDC Group companies.

In 2019, the JDC Group made some important changes that will have a decisive effect in the coming years. In the reporting year, the acquisition of KOMM Invest GmbH added investment stocks of 550 MEUR (as at the end of 2019). In addition, cooperation agreements with Bavaria Wirtschaftsagentur GmbH and comdirect were announced. In 2019, exclusive cooperation agreements were also concluded with RheinLand Versicherungs AG and Sparda-Bank Baden-Württemberg. In 2020, Jung, DMS & Cie also announced its cooperation with BI Secura (workforce insurance broker for Boehringer Ingelheim) and InsureDirect24 (direct broker for Nürnberger Versicherung).

The Management Board believes all of these developments will produce positive results for the JDC Group AG's investments and therefore for the JDC Group AG itself in fiscal year 2020.

OUTLOOK

Economic outlook

The IMF expects a global recession as a result of the current Coronavirus crisis. According to IMF forecasts, global economic growth should shrink by 3 per cent in 2020. Overall, unemployment is expected to rise and investments to fall. In contrast to the 2008 financial crisis, the Coronavirus pandemic affects all countries and all sectors.

The duration of and political response to the pandemic will determine how quickly the economy can recover. Therefore, if this period lasts much longer, the recession is expected to continue into 2021.

Markets and sector outlook

It is expected that the market will continue to have plenty of liquidity, which will continue to boost the stock and real estate markets. Worldwide state debt, which can only be financed by a global increase in money supply, makes tangible assets more attractive than monetary assets due to the inflation forecast. This is positive for the business of the JDC Group.

However, the Coronavirus crisis also poses major risks. An economic recession is expected, which can put pressure on the capital market for a longer period of time due to falling corporate profits. Businesses will become reluctant to invest and consumers will suffer income losses and become reluctant to make purchases. It cannot be predicted when the widely expected recession will be over.

OUTLOOK FOR THE JDC GROUP

Expected business performance

Expectations with regard to the performance of the JDC Group for 2020 are based on the macroeconomic assumptions presented in the Group Management Report. The escalation of political crises, along with the current Coronavirus crisis and potential subsequent recession – including reluctance among companies to invest and loss of consumer income – may have a significant impact on the asset, financial and earnings situation of the JDC Group. Corporate planning occurred on the basis of detailed surveys and assumptions that the JDC Group AG views as realistic.

Clear and sustainable improvement in business operations will be paramount for the JDC Group in 2020. In 2020, the Group will focus on

— acquiring new key clients and thereby on scaling the platform and
— optimising internal procedures and cost management.

Specifically, we expect Group revenue in 2020 to be more than ten per cent higher than in 2019, that absolute gross profit will rise and that the Group will be able to achieve an EBITDA significantly above that of the previous year. In all, the Management Board is expecting positive business performance by the Group as a whole. If the economic shut down (bans on contact, company closures, etc.) is extended to a period of several months as a result of the Coronavirus crisis, this will have an adverse impact on business development.

Wiesbaden, 22 April 2020

Dr. Sebastian Grabmaier | Ralph Konrad | Stefan Bachmann

Supervisory Board and Management Board

Supervisory Board and Management Board

Report of the Supervisory Board

DEAR SHAREHOLDERS,

The Supervisory Board regularly monitored the work of and provided advice to the Management Board during the 2019 fiscal year on the basis of in-depth reports provided by the Management Board in both written and oral form. The Supervisory Board was involved in decisions of major importance to the company. In addition, information was regularly exchanged between the chair of the Supervisory Board and the chair of the Management Board as well as the other members of the management board. In this manner, the Supervisory Board was kept apprised of proposed business policies, company planning, including financial, investment and personnel planning, company profitability and the course of business as well as the status of the company and the group.

Where approval of the Supervisory Board of decisions or measures taken by management was required by law, the articles of association or internal rules and procedures, the members of the supervisory board discussed and adopted appropriate resolutions in meetings. The economic condition and prospects of the group and of the subsidiaries described in the reports by the Management Board as well as issues relating to company management and company planning were the subject of in-depth deliberation, as were the reports on risk, liquidity and capital management, significant legal disputes and transactions and events of major importance to the company.

Progress report

During the 2019 fiscal year, the Supervisory Board held nine meetings. Average attendance at the meetings of the Supervisory Board in the 2019 fiscal year stood at more than 97 percent. At the forefront of the Supervisory Board's deliberations were issues concerning strategy as well as further business development. Three particular focal points of the Supervisory Board's activity, which were addressed during the course of several meetings, are worth highlighting here: Firstly, the further development of organic and inorganic growth. Secondly, a number of Supervisory Board meetings focused on the share buyback programme and the refinancing of the old bond through issuance of a new bond.

MEETING HELD ON 18 MARCH 2019

The Management Board reported on the provisional business figures for 2018, along with the current business development of individual units and of the group as a whole. Another essential agenda item that was discussed was the decision proposal to acquire Komm Investment- & Anlagenvermittlung GmbH. Attendance at this meeting of the Supervisory Board was 100 %.

MEETING HELD ON 25 MARCH 2019

During the subsequent telephone meeting, a report was made in relation to the finalisation of negotiations with KOMM Investment- und Anlagevermittlungs GmbH and the risks and benefits of acquisition were considered. Attendance at this meeting of the Supervisory Board was 75 %. The decision to proceed with the acquisition was made following the meeting by means of a written circulation procedure dated 5 April 2019.

MEETING HELD ON 23 APRIL 2019

The subject of the meeting, which was attended by the auditor, involved an in-depth discussion annual financial statements and the consolidated financial statements for 2018, as well as the adoption of related resolutions. Other important items on the agenda were the share buyback programme, along with Stefan Bachmann's reappointment to the Management Board of the JDC Group AG until 31 December 2023. Attendance at the Supervisory Board meeting was 100 %.

MEETING HELD ON 27 JUNE 2019

This meeting was shaped by reports from the Management Board concerning the previous acquisition of stocks and concerning the current status of growth projects with major clients. The Supervisory Board also approved the proposed resolution to hold the Annual General Meeting on 30 August 2019. Attendance at the Supervisory Board meeting on this day was 100 %.

MEETING HELD ON 10 JULY 2019

This telephone meeting focused on the framework conditions of the planned share buyback programme. Attendance at this meeting of the Supervisory Board was 100 %.

MEETING HELD ON 29 JULY 2019

The resolution on the implementation of the share buyback programme was passed unanimously by the Supervisory Board at the telephone meeting on 29 July 2019. Attendance at the Supervisory Board meeting was once again 100 %.

MEETING HELD ON 09 SEPTEMBER 2019

At the meeting on 9 September 2019—a follow-up to the Annual General Meeting which included re-elections for the Supervisory Board—Mr Jens Harig was elected unanimously as Chairman of the Supervisory Board and Mr Emmerich Kretzenbacher as Deputy Chairman. The Chairman and Deputy Chairman thus remain unchanged from previous years.
Along with ongoing business development and the development of major projects, background information was provided in relation to the planned bond issuance. Furthermore, Management Board matters concerning Jung, DMS & Cie. AG and FiNUM.Finanzhaus AG were discussed. Attendance at the Supervisory Board meeting was 100 %.

MEETING HELD ON 28 OCTOBER 2019

The main topic of this telephone meeting was the resolution to issue a bearer bond through Jung, DMS & FCie. Pool GmbH. Another item on the agenda was the new office situation at the Wiesbaden site. Attendance at the Supervisory Board meeting was 100 %.

MEETING HELD ON 17 DECEMBER 2019

At the meeting, the Management Board presented the 2019 forecast. The annual plan for 2020 was also presented, discussed and then agreed upon unanimously by the Supervisory Board. In the future, unit costs should be reduced through efficiency measures. The Management Board also reported that the new bond for refinancing the old bond from 2015 had been placed with great success, securing the long-term financing of the company. Attendance at this Supervisory Board meeting was 100 %.

Collectively, the Supervisory Board participated in decisions of the Executive Board within the scope of its statutory and regulatory responsibilities and is satisfied that management performed its responsibilities lawfully, properly and efficiently. During fiscal year 2019, no audit measures were required pursuant to section 111 (2)(1) of the German Stock Corporation Act (AktG).

The Supervisory Board did not form any committees during the reporting period.

Changes in the Management Board and Supervisory Board

During the Annual General Meeting held on 30 August 2019, Dr Markus Schachner was reappointed to the Supervisory Board of the company. Since then, the Supervisory Board has once again consisted of five members, as is prescribed in the statute.

On 31 December 2019, the Supervisory Board consisted of the following members:
Jens Harig (Chairman), Emmerich G. Kretzenbacher (Deputy Chairman), Klemens Hallmann, Jörg Keimer and Dr Markus Schachner.

Annual and consolidated audit for 2019

The consolidated financial statements and the consolidated management report were prepared in accordance with International Financial Reporting Standards (IFRS). The annual financial statements and the management report were prepared in accordance with the rules of the German Commercial Code (HGB). The annual and consolidated annual financial statements, as well as the management report and consolidated management report for the 2019 fiscal year, were approved by the auditing firm (Dr. Merschmeier + Partner GmbH, Wirtschaftsprüfungsgesellschaft, Münster) elected by the Annual General Meeting on 30 August 2019 and appointed by the Supervisory Board, and were issued with an unqualified audit opinion.

The audit certifications for the 2019 fiscal year for the consolidated and annual financial statements were signed jointly on Date 23 April 2020/16 April 2020 by the auditors Michael Jäger and Werner Kortbuß.

The aforementioned documents and the audit reports of the auditors were made available to the members of the Supervisory Board. The Supervisory Board examined the documents relating to the annual and consolidated financial statements and discussed them at its meeting on 28 April 2020 with the auditors in attendance. The auditors reported on the key findings of their audit. The accounting and auditing officer also reported on the results of his review. The findings of the review did not produce any objections. At his recommendation, we approved the review findings and endorsed the annual financial statements and the consolidated financial statements prepared by the Management Board. The annual financial statements were thereby adopted.

Our thanks to the Management Board and the employees.

The Supervisory Board would like to thank the Management Board and all employees at JDC Group AG and throughout the entire Group for their commitment and hard work during the previous fiscal year.

On behalf of the Supervisory Board
Wiesbaden, 28 April 2020

Jens Harig
Chairman of the Supervisory Board

MANAGEMENT BOARD

Dr. Sebastian Grabmaier
Grünwald
Management Board Chairman – CEO

Dr. Sebastian Grabmaier is chairman of the JDC Group AG Management Board and is responsible for the business units Corporate Strategy, Corporate Communications and Investors Relations, Legal/Compliance, Procurement and Sales. Dr. Sebastian Grabmaier is Managing Director of Jung, DMS & Cie. AG and FiNUM. Finanzhaus AG.

He studied law at the Ludwig Maximilian University, Munich, and the University of Chicago, receiving a doctorate in law (Dr. jur.) in 2001. Having worked in law firms in Munich and Sydney from 1992 onwards, he joined the Allianz Group in 1999, succeeding in various positions up to 2001 including that of assistant to the Management Board and branch manager at Allianz Private Krankenversicherung AG.

In parallel, he continued to study at the University of St. Gallen in Switzerland, the Vlerick-Leuven Business School in Belgium and the University of Nyenrode in the Netherlands, graduating with an MBA in Financial Services & Insurance in 2002.

Ralph Konrad
Mainz
Management Board – CFO

Ralph Konrad has a degree in business studies (Dipl.-Kfm.) and his Management Board responsibility covers Accounting, Controlling, Internal Audit, HR, IT, Mergers & Acquisitions and Corporate Investment Management. Ralph Konrad is also managing director of the JDC Group subsidiaries Jung, DMS & Cie. AG, FiNUM.Private Finance AG and JDC Geld.de GmbH.

After two years of corporate consultancy work in the SME sector (studying in parallel for some of the time), Ralph Konrad worked for three years at a venture capital company of the savings banks, initially as a project assistant and subsequently as project manager. In these roles, he implemented growth and venture financing projects. Ralph Konrad then set up a holding company based in Cologne as a partnership, where he was the sole Management Board member for a period of four years. Ralph Konrad has been a member of the JDC Group Management Board since September 2005. He has more than 20 years of experience in the private equity industry and has played an active role in IPOs, mergers and acquisitions and company restructuring projects.

Ralph Konrad

“Years of investment into our technology platform are paying off. On the one hand, we are gaining more and more clients who are managing their contracts through us; on the other hand, this is bringing about a reduction in unit costs. Our platform is beginning to scale.”

Stefan Bachmann
Frankfurt
Management Board – CDO

At the JDC Group, Bachmann is responsible for the digital strategy and integration of the directcustomer and platform business as well as marketing within the company network. Stefan Bachmann is also managing director of the JDC Geld.de GmbH.

Stefan Bachmann studied Finance & Economics at the Goethe University in Frankfurt, at Boston College and at the London School of Economics (LSE). Before joining the board of directors of JDC Group AG in June 2019 as CDO, Bachmann gained experience in the financial sector at Google over the past nearly seven years, where he headed the division Fintech sales consulting services. Previously he was active in the lifestyle sector with his own digital platform.

SUPERVISORY BOARD

Jens Harig
Kerpen
Independent entrepreneur
Chairman

Emmerich Kretzenbacher
Hamburg
Graduated Certified Accountant
Deputy Chairman

Klemens Hallmann
Vienna
Independent entrepreneur

Jörg Keimer
Wiesbaden
Attorney

Dr. Markus Schachner
Managing Director
Wien (since 30 August 2019)

Consolidated financial statements

Consolidated financial statements

Notes to the consolidated financial statements 58

Consolidated income statement

	Notes	**01/01/ – 31/12/2019 kEUR**	01/01/ – 31/12/2018 kEUR
1. Revenues	[1]	111,471	95,029
2. Capitalised services	[2]	998	741
3. Other operating income	[2]	617	1,056
4. Commission expenses	[3]	–81,433	–67,280
5. Personnel expenses	[4]	–17,417	–16,534
6. Depreciation and amortisation of tangible and intangible assets	[5]	–4,311	–3,110
7. Other operating expenses	[6]	–10,070	–11,504
8. Other interest and similar income	[7]	3	20
9. Interest and similar expenses	[7]	–1,611	–1,292
10. Operating profit/loss		**–1,753**	–2,874
11. Income tax expenses	[8]	–5	–1,162
12. Other tax expenses	[8]	–55	–230
13. Net profit		**–1,813**	–4,266
thereof attributable to parent company's shareholders		–1,813	–4,266
14. Earnings per share	[9]	**–0.14**	–0.34

Consolidated statement of comprehensive income

	01/01/ – 31/12/2019 kEUR	01/01/ – 31/12/2018 kEUR
Profit or loss for the period	**–1,813**	–4,266
Other income		
In following periods in the profit and loss account to be reclassified into other result	0	0
Profits/losses from the revaluation of defined benefit plans	–41	–11
In following periods in the profit and loss account to be reclassified into other result	–41	–11
Other income after taxes	–41	–11
Total income after taxes	**–1,854**	–4,277
Attributable to: – Parent company's shareholders	–1,854	–4,277

Segment reporting

	Advisortech		Advisory	
	2019 kEUR	2018 kEUR	**2019 kEUR**	2018 kEUR
Segment income				
Revenues	92,285	76,921	29,910	26,317
of which with other segments	975	1,067	9,749	7,142
Total segment income	**92,285**	76,921	**29,910**	26,317
Capitalised services	998	741	0	0
Other income	595	674	48	369
Segment expenses				
Commission expenses	–69,980	–56,040	–21,720	–18,871
Personnel expenses	–11,882	–11,544	–3,420	–2,993
Depreciation and amortisation	–3,468	–2,592	–813	–508
Other	–7,203	–7,973	–3,554	–3,735
Total segment expenses	**–92,533**	–78,149	**–29,507**	–26,107
EBIT	**1,345**	187	**451**	579
EBITDA	**4,813**	2,779	**1,264**	1,087
Income from investments	0	0	0	0
Other interest and similar income	424	699	7	56
Yield on other securities	0	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	–1,704	–1,633	–833	–739
Financial result	**–1,280**	–934	**–826**	–683
Segment earnings before tax (EBT)	**65**	–747	**–375**	–104
Tax expenses	–3	–1,019	–3	–222
Segment net profit from continuing operations	**62**	–1,766	**–378**	–326
Segment net profit from discontinued operations	0	0	0	0
Minority interests	0	0	0	0
Segment net profit after minority interests	62	–1,766	–378	–326
Additional information				
Investments in tangible and intangible assets	7,345	4,774	2,035	331
Shares in companies accounted for using the equity method	0	0	0	0
Other non-cash itemised expenses except for scheduled depreciation	–643	–3,847	–326	–1,106
Scheduled depreciation	–3,468	–2,640	–813	–508
Unscheduled depreciation	0	0	0	0
Total segment assets	**85,002**	68,290	**12,634**	26,170
Total segment liabilities	**70,411**	42,519	**17,892**	31,115

	Holding		Total reportable segments		Transfer		Total	
	2019 kEUR	2018 kEUR	**2019 kEUR**	2018 kEUR	**2019 kEUR**	2018 kEUR	**2019 kEUR**	2018 kEUR
	1,871	1,872	124,066	105,110	–12,595	–10,081	111,471	95,029
	1,871	1,872	12,595	10,081	–12,595	–10,081	0	0
	1,871	1,872	**124,066**	105,110	**–12,595**	–10,081	**111,471**	95,029
	0	0	998	741	0	0	998	741
	2	13	645	1,056	–28	0	617	1,056
	0	0	–91,700	–74,911	10,267	7,631	–81,433	–67,280
	–2,115	–1,997	–17,417	–16,534	0	0	–17,417	–16,534
	–30	–10	–4,311	–3,110	0	0	–4,311	–3,110
	–1,669	–2,246	–12,426	–13,954	2,356	2,450	–10,070	–11,504
	–3,814	–4,253	**–125,854**	–108,509	**12,623**	10,081	**–113,231**	–98,428
	–1,941	–2,368	**–145**	–1,602	**0**	0	**–145**	–1,602
	–1,911	–2,358	**4,166**	1,508	**0**	0	**4,166**	1,508
	0	0	0	0	0	0	0	0
	880	1,003	1,311	1,758	–1,308	–1,738	3	20
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	–382	–658	–2,919	–3,030	1,308	1,738	–1,611	–1,292
	498	345	**–1,608**	–1,272	**0**	0	**–1,608**	–1,272
	–1,443	–2,023	**–1,753**	–2,874	**0**	0	**–1,753**	–2,874
	–54	–151	–60	–1,392	0	0	–60	–1,392
	–1,497	–2,174	**–1,813**	–4,266	**0**	0	**–1,813**	–4,266
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	–1,497	–2,174	–1,813	–4,266	0	0	–1,813	–4,266
	32	5	9,412	5,110	0	0	9,412	5,110
	0	0	0	0	0	0	0	0
	0	–164	–968	–5,117	0	0	–968	–5,117
	–30	–10	–4,311	–3,110	0	0	–4,311	–3,110
	0	0	0	0	0	0	0	0
	55,914	22,477	**153,550**	116,937	**–51,255**	–30,729	**102,295**	86,208
	22,474	–2,910	**110,777**	70,724	**–38,964**	–17,966	**71,813**	52,758

Consolidated balance sheet

Assets	Notes	31/12/2019 kEUR	31/12/2018 kEUR
Non-current assets			
Intangible assets	[10]	49,924	46,736
Fixed assets	[11]	2,681	759
Financial assets	[12]	186	148
		52,791	47,643
Deferred taxes	[8]	3,151	2,761
Long-term non-current assets			
Accounts receivable	[13]	900	1,068
Other assets	[13]	2,559	2,257
		3,459	3,325
Total non-current assets		**59,401**	53,729
Current assets			
Accounts receivable	[14]	19,010	16,657
Other assets	[14]	2,415	3,759
Cash and cash equivalents	[15]	21,124	11,801
Deferred charges		345	262
Total current assets		**42,894**	32,479
Total assets		**102,295**	86,208

Liabilities

	Notes	31/12/2019 kEUR	31/12/2018 kEUR
Equity			
Subscribed capital	[16]	12,966	13,128
Capital reserves	[16]	20,780	21,638
Other retained earnings	[17]	392	434
Other equity components	[17]	–3,656	–1,790
Total equity		**30,482**	33,410
Non-current liabilities			
Deferred taxes	[8]	3,692	2,186
Bonds	[18]	19,192	14,813
Liabilities due to banks	[18]	15	107
Accounts payable	[18]	9,229	8,810
Other liabilities	[18]	1,571	184
Provisions	[19]	1,590	1,529
Total non-current liabilities		**35,289**	27,629
Current liabilities			
Bonds	[20]	12,292	0
Provisions	[20]	120	334
Liabilities due to banks	[20]	354	2,584
Accounts payable	[20]	19,248	17,508
Other liabilites	[20]	4,506	4,729
Deferred income	[20]	4	14
Total current liabilities		**36,524**	25,169
Total equity and liabilities		**102,295**	86,208

Consolidated cash flow statement

			01/01/– 31/12/2019 kEUR	01/01/– 31/12/2018 kEUR	Changes compared to previous year kEUR
1.		Result for the period	–1,813	–4,266	2,453
2.	+	Depreciation and amortisation of fixed assets	4,311	3,110	1,201
3.	–/+	Decrease/increase of provisions	–211	78	–289
4.	–/+	Other non-cash itemised income/expenses	16	1,025	–1,009
5.	–/+	Profit/loss from disposals of fixed assets	0	0	0
6.	–/+	Increase/decrease of inventories, accounts receivable as well as other assets	–1,226	–1,806	580
7.	–/+	Decrease/increase of accounts payable as well as other liabilities	2,770	3,433	–663
8.	**=**	**Cash flow from operating activities**	**3,847**	1,574	2,273
9.	+	Cash receipts from disposals of intangible assets	0	1	–1
10.	–	Cash payments for investments in intangible assets	–1,720	–2,491	771
11	+	Cash receipts from disposals of fixed assets	65	1	64
12.	–	Cash payments for investments in intangible assets	–125	–278	153
13.	+	Cash receipts from disposals of financial assets	0	0	0
14.	–	Cash payments for investments in financial assets	–1	–5	4
15.	+	Cash receipts from the disposal of consolidated companies	0	0	0
16.	–	Cash payments for the acquisition of consolidated companies	–2,865	–2,153	–712
17.	–	Cash payments for investments funds within the borders of short-term finance disposition	0	0	0
18.	+	Cash receipts from investments funds within the borders of short-term finance disposition	0	0	0
19.	**=**	**Cash flow from investment activities**	**–4,646**	–4,925	279
20.	+	Cash receipts/payment to equity	0	9,986	–9,986
21.	–	Payments from the purchase of own shares	–1,030	0	
22.	+	Cash receipts from issuance of bonds	19,180	0	19,180
23.	–	Payments from the redemption of bonds	–2,769	0	–2,769
24.	+	Cash receipts from borrowings	279	0	279
25.	–	Cash payments from loan redemptions	–3,362	–92	–3,270
26.	–	Payments for the repayment part of the rental and leasing obligations	–933	0	–933
27.	–	Paid interests	–1,243	–1,073	–170
28.	**=**	**Cash flow from financing activities**	**10,122**	8,821	1,301
26.		Changes in cash and cash equivalents (total of pos. 8, 19, 25)	9,323	5,470	3,853
27.	+	Cash and Cash equivalents at the beginning of the period	11,801	6,331	5,470
28.	**=**	**Cash and Cash equivalents at the end of the period**	**21,124**	11,801	9,323

Breakdown of cash and cash equivalents

	31/12/2019 kEUR	31/12/2018 kEUR	Change kEUR
Cash and cash in banks	21,124	11,801	9,323
Current liabilities due to banks	0	0	0
	21,124	11,801	9,323

Consolidated statement of changes in equity

	Number of shares	Sub-scribed capital kEUR	Number of own shares	Capital reserve kEUR	Other retained earnings kEUR	Other equity components kEUR	Total equity kEUR
As of 01/01/2018	**11,934,971**	**11,935**	**0**	**12,845**	**766**	**2,486**	**28,032**
Results as of 31/12/2018						–4,266	–4,266
Other results					–11		–11
Total					**–11**	**–4,266**	**–4,277**
Repurchase of own shares							0
Capital increase	1,193,490	1,193		8,793			9,986
Other equity changes					–321	–10	–331
As of 31/12/2018	**13,128,461**	**13,128**	**0**	**21,638**	**434**	**–1,790**	**33,410**
As of 01/01/2019	**13,128,461**	**13,128**	**0**	**21,638**	**434**	**–1,790**	**33,410**
Results as of 31/12/2019						–1,813	–1,813
Other results					–41		–41
Total					**–41**	**–1,813**	**–1,854**
Repurchase of own shares			**–162**	–868			–1,030
Capital increase							0
Other equity changes				10	–1	–53	–44
As of 31/12/2019	**13,128,461**	**13,128**	**–162**	**20,780**	**392**	**–3,656**	**30,482**

Notes to the consolidated financial statements

1 General information

The JDC Group Enterprise (JDC Group) is a diversified financial services company with the operating segments Advisortech and Advisory plus Holding. The company was registered on 6 October 2005 under the name Aragon Aktiengesellschaft in the commercial register of the Wiesbaden district court (HRB 22030). The annual shareholders' meeting decided the change of name into JDC Group AG on 24 July 2015, this was fulfilled with the entry into the commercial register on 31 July 2015.

The company's registered office is located in Wiesbaden. The address is:

Kormoranweg 1
65201 Wiesbaden
Federal Republic of Germany

JDC Group shares are admitted for the open market (Scale).

The Management Board prepared consolidated financial statements on 22 April 2020 and will release them for publication on 30 April 2020.

The consolidated financial statements for financial year 2019 are for the parent company and its subsidiaries on a consolidated basis.

1.1 DECLARATION OF COMPLIANCE BY THE MANAGEMENT BOARD

JDC Group's consolidated financial statements for financial year 2019 as well as the previous year have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), application of which is mandatory in the European Union (EU). The term IFRS also encompasses the International Accounting Standards (IAS) which are still in effect. All interpretations binding for financial year 2019 by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), as applicable in the EU have likewise been applied. In what follows, the term IFRS has been used throughout.

JDC Group AG is not a parent company within the meaning of Section 315e (1) and (2) of the German Commercial Code (HGB) that is required to prepare consolidated financial statements in accordance with IFRS. JDC Group AG voluntarily prepares its consolidated financial statements under IFRS in accordance with Section 315e (3) of the German Commercial Code (HGB). The supplemental provisions of commercial law which are to be taken into account under Section 315e (1) HGB have been complied with.

The 2019 financial year of the companies in the Group comprises the period from 1 January to 31 December 2019.

2 Summary of significant accounting policies

2.1 PRINCIPLES OF FINANCIAL-STATEMENT PREPARATION

The consolidated financial statement comprises the consolidated profit-and-loss statement, the consolidated earnings statement, the consolidated balance sheet, the consolidated statement on changes in group equity, the consolidated cash-flow statement as well as notes on the consolidated accounts. The financial statements of JDC Group AG and its subsidiaries are consistent with the accounting principles uniform throughout the Group and are incorporated into the consolidated financial statement. The consolidated financial statement is reported in euros (EUR), the Group's functional currency. The Liechtenstein-based JDC-B-LAB GmbH is accounted in CHF and translated at the closing rate. Unless otherwise indicated, all figures are rounded to the nearest thousand euros (kEUR). The consolidated profit-and-loss statement is compiled according to the total cost method. The consolidated financial statement was prepared uniformly for the periods shown here in conformity with the following consolidation, accounting and valuation principles.

The consolidated financial statement is prepared on the basis of historical procurement and production costs with the exception that derivative financial instruments and financial assets available for sale are stated at fair value.

2.1.1 Standards, interpretations and changes to standards and interpretations applicable for the first time during the financial year

The accounting methods used are generally the same as in the previous year with the following exceptions listed.

As of 1 January 2019, JDC Group AG applied the following new and revised IASB standards for the first time during this financial year:

IFRS 16 - LEASES

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Agreement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Assessing the Economic Content of Transactions in the Legal Form of Leases. The standard sets out the principles for the recognition, assessment, presentation and disclosure of leases and obliges lessees to record most leases in the balance sheet.

For lessors, IFRS 16 will not result in any significant changes in accounting compared to IAS 17. They will continue to classify leases as operating or finance leases, applying principles similar to those set out in IAS 17. As a result, IFRS 16 did not affect leases in which the Group acts as a lessor.

When IFRS 16 was first applied on 1 January 2019 (initial date of application), the Group used the modified retroactive approach. The standard is applied retroactively by accounting for the cumulative effect of the first-time application at the time of first-time application. The Group decided to apply this practical arrangement for the transition. According to this, as of 1 January 2019, it does not have to re-assess whether a contract creates or includes a lease. Instead, the Group applied the standard only to those contracts that it previously classified as leases under IAS 17 and IFRIC 4 at the initial date of application.

The effects of the first-time application of IFRS 16 as of 1 January 2019 (increase/(decrease)) are as follows:

IFRS 16	31/12/2018 kEUR	IFRS 16 kEUR	**01/01/2019 kEUR**
Assets			
Rights of use	0	2,810	2,810
Property, plant and equipment	759	0	759
Deferred tax assets	2,700	944	3,644
Balance sheet total	85,547	3,754	**89,301**
Liabilities			
Interest-bearing loans	4,910	2,810	7,720
Deferred tax liabilities	1,666	944	2,610
Total liabilities	52,206	3,754	**55,960**
Total adjustments in equity			
Retained earnings	0	0	0
Total adjustments in equity	0	0	**0**

The Group has concluded rental and lease agreements for various office buildings, motor vehicles and business and office equipment. Prior to the first-time application of IFRS 16, the Group classified its leases (as a lessee) as either a financing or an operating lease at the time the agreement was concluded. For more information on the accounting method used before 1 January 2019, please refer to Note 2.6 Leases.

When IFRS 16 was first applied, the Group recorded and evaluated all leases (except for short-term leases and leases where the underlying asset is of low value) using a single model. For more information on the accounting method applied since 1 January 2019, please refer to Note 2.6 Leases. The standard contains specific transitional provisions and practical arrangements that the Group has applied.

— Leases previously classified as finance leases
  The Group has not changed the original book values of assets and liabilities from leases previously classified as finance leases (i.e. the book values of the rights of use and lease liabilities are the book values that would have occurred if the leased assets and liabilities were evaluated in accordance with IAS 17). As of 1 January 2019, these leases were subject to the provisions of IFRS 16.
— Leases previously classified as operating leases
  The Group recorded rights of use and lease liabilities for leases previously classified as operating leases (other than short-term leases and leases where the underlying asset is of low value). In the case of leases, an amount equal to the lease liability was estimated for the purpose of assessing the right of use, adjusted for the amount of the lease payments made or accrued for that lease. Lease liabilities were valued at the present value of the remaining lease payments, discounted at the marginal interest rate applied at the time of initial application. The weighted average marginal lending rate of the lessee applied to lease liabilities as of 1 January 2019 is 5,5 percent.

The Group also made use of the following practical arrangements:
— It applied a single discount rate to a portfolio of similar leasing contracts.
— It waived an impairment test and instead assessed immediately before the date of first application whether its leases were onerous contracts.
— For leases whose term ends within 12 months of the date of initial application, it applied the exemptions for short-term leases.
— In assessing the right of use at the time of initial application, it did not take into account the initial direct costs.
— It retroactively determined the term of leases with an extension or termination option.

As of 1 January 2019, the following transactions were thus carried out:
— Rights of use to the amount of EUR 2,810 were recorded and disclosed separately in the balance sheet. No leased assets previously recorded as finance leases existed.
— Additional lease liabilities of EUR 2,810 were recorded and included in the item “Interest-bearing loans”.

Lease liabilities as at 1 January 2019 can be transferred to operating lease obligations as at 31 December 2018 as follows:

Assets in kEUR	
Operating lease obligations as at 31 December 2018	4,395
Weighted average marginal lending rate as at 1 January 2019	5,5 %
Discounted liabilities from operating leases as at 1 January 2019	3,584
Minus:	
Obligations arising from short-term leases	774
Obligations arising from leases on low-value assets	0
Plus:	
Obligations arising from leases previously identified as finance leases	0
Lease payments for extension periods not included in the obligations arising from operating leases as at 31 December 2018	2,810
Lease liabilities as at 1 January 2019	
Of these:	
Short-term lease liabilities	826
Long-term lease liabilities	1,984

For the period 1 January to 31 December 2019:

- Depreciation expense increased due to the depreciation of additional recognised assets (i. e. increase in rights of use, less the decrease in property, plant and equipment). This led to an increase in depreciation on rights of use for office space and for vehicles by kEUR 730 and kEUR 204 respectively.
- The rental expenses and leasing costs for vehicles included in other operating expenses, which relate to previous operating leases, decreased by kEUR 991.
- Financial expenses rose by kEUR 109, which is attributable to interest expenses for additional leasing liabilities recognized.
- Cash flows from operating activities increased by kEUR 991 while cash flows from financing activities decreased by the same amount. This was due to lower lease payments for operating leases and higher payments of principle and interest on lease liabilities.

IFRIC INTERPRETATION 23 - UNCERTAINTY REGARDING INCOME TAX TREATMENT

If there are uncertainties regarding income tax treatment, the interpretation of income tax accounting in accordance with IAS 12 Income Taxes shall be applied. It does not apply to any taxes or duties that fall outside the scope of IAS 12 and does not contain provisions on interest and overdrafts in connection with uncertain tax treatment. The interpretation deals, in particular, with the following topics:

- Deciding whether a company should assess uncertain tax treatment individually
- Assumptions made by a company regarding auditing of tax treatment by the tax authorities

- Determination of taxable profit (tax loss), tax book values, unused tax losses, unused tax credits and tax rates
- Consideration of changes in facts and circumstances

The Group must determine whether it evaluates any uncertain tax treatment separately or together with one or more other uncertain tax treatments. In doing so, it chooses the method that is more suitable for predicting the resolution of uncertainty. The Group makes significant discretionary decisions in identifying uncertainties regarding income tax treatment. Since it is active in a complex international environment, it has examined whether the interpretation has had an impact on its consolidated financial statements. When applying the interpretation for the first time, the Group considered whether there were any uncertain tax positions.

The interpretation has had no impact on the consolidated financial statement.

MODIFICATIONS TO IFRS 9 – PREPAYMENT REGULATIONS WITH NEGATIVE COMPENSATION

Per IFRS 9, a debt instrument can be assessed as amortised costs or at fair market value with no impact on income in other income if the agreed cash flows represent exclusively payment of principal and interest on the amount outstanding (so-called SPPI criterion) and the debt instrument is held as part of a business model that corresponds to this classification. The changes to IFRS 9 make clear that a financial asset fulfils the SPPI criterion regardless of which event or which circumstance brings about early termination of the contract and which contractual party pays or retains the relevant compensation for early termination of the contract.

These changes have had no impact on the consolidated financial statement.

MODIFICATIONS TO IAS 19 – PLAN ADJUSTMENTS, CURTAILMENTS OR SETTLEMENTS

The changes to IAS 19 affect accounting for plan adjustments, curtailments and settlements undertaken during a reporting period. In the course of plan adjustments, curtailments or settlements undertaken during the course of a fiscal year a company shall determine the following:

- Current servicing costs for the remainder of the period following plan adjustment, curtailment or settlement using actuarial estimates used to revalue net debt (assets) from performance-oriented plans. Here, net debt (or assets) represents the benefits granted under the plan and plan assets after occurrence of the event.
- Net interest cost for the remainder of the period following plan adjustment, curtailment or settlement using net debt (assets) from performance-oriented plans that corresponds to the benefits granted under the plan and the plan assets following occurrence of the event and the discount rate applied in revaluing net debt (assets).

The changes have had no impact on the consolidated financial statement.

MODIFICATIONS TO IAS 28 – LONG-TERM INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT-VENTURE COMPANIES

The changes specify that a company shall apply IFRS 9 to long-term shares in an associated company or joint-venture company where the equity method is not applied but which are de facto part of the net investment in the associated company or joint-venture company (long-term shares). This clarification is relevant, because it implies that the model regarding expected credit losses designated in IFRS 9 is to be applied to these long-term shares.

The changes further clarify that a company, in applying IFRS 9, shall not include losses of the associated company or joint-venture company or impairment losses from net investments that are recognised as adjustments of the net investment in the associated company or joint-venture company that result from the application of IAS 28 shares in associated company and joint-venture companies.

These changes have had no impact on the consolidated financial statements as the Group does not hold any long-term shares in associated companies and joint-venture companies.

ANNUAL REVISIONS (2015–2017 CYCLE)

IFRS 3 Company Mergers
The changes clarify that a company that acquires control over a business operation that constitutes a joint activity shall apply the rules for business mergers achieved in stages, which shall include the revaluation of previously held shares in the assets and liabilities of the joint activity at fair value. In doing so, the acquiring entity shall reappraise all its previously held shares in the joint activity.

A company shall apply this change to business mergers that were acquired at the start of a year that falls on or after 1 January 2019 or any time thereafter. Early application is permitted.

These changes have had no impact on the consolidated financial statements, as no transactions were carried out in which joint management was acquired.

IFRS 11 Joint Agreements
A company that is participating in a joint activity but which does not have joint management of that activity may acquire joint management of such a joint activity where such activity represents a business activity within the meaning of IFRS 3. The changes clarify that previously held shares in this joint activity need not be reappraised. A company shall apply these changes to transactions in which it acquired joint management at the start of the first fiscal year that begins on or after 1 January 2019. Early application is permitted.

These changes have had no impact on the consolidated financial statements, as no transactions were carried out in which joint management was acquired.

IFRS 12 Taxes on Profits
The changes clarify that the tax consequences of dividends are more directly linked with past transactions or business events that generated distributable profits than with distributions to shareholders. Therefore, a company accounts for tax consequences of dividends in the profit-and-loss statement, in other income or in equity capital, depending on where it originally recognised the previous transactions or business events. The changes are effective for financial years beginning on or after 1 January 2019, but early application is permitted. Initially, the company applies these changes to the tax consequences of dividends that were recognised at or following the start of the earliest comparative period presented.

These changes have had no impact on the consolidated financial statement.

IAS 23 Borrowing Costs
The changes clarify that a company that originally took on outside capital in order to develop a qualifying asset shall treat this outside capital as part of general borrowed funds if the whole of the activities necessary to prepare this asset for its intended use or sale have essentially been completed.
A company shall apply these changes to outside capital costs that arise on or after the start of the fiscal year in which the company first applies the changes. The changes are effective for fiscal years beginning on or after 1 January 2019.

These changes have had no impact on the consolidated financial statement.

2.1.2 Standards, interpretations and amendments already published, but not yet applied

Standards published up to the date of publication of the consolidated financial statements that are not yet mandatory are listed below. The Group intends to apply these standards when they come into force.

IFRS 17 - INSURANCE CONTRACTS

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard that includes policies for recognition, measurement, presentation and disclosure obligations with regard to insurance contracts. With its entry into force, IFRS 17 will replace IFRS 4 Insurance Contracts published in 2005. IFRS 17 is applicable to all types of insurance contracts (i. e. life insurance, property insurance, direct insurance and reinsurance) and to certain guarantees and financial instruments with discretionary participation features, regardless of the type of corporation. With regard to the scope, individual exemptions apply. The overall objective of IFRS 17 is to create a more uniform and consistent accounting model for insurers. In contrast to the requirements of IFRS 4, which largely protect the grandfathering of previous local accounting standards, IFRS 17 provides a comprehensive model for insurance contracts that reflects all relevant accounting issues. The core of IFRS 17 is the general model, supplemented by

- a specific version for contracts with direct profit participation (the variable fee approach) and
- a simplified model (the premium allocation approach), usually for short-term contracts.

IFRS 17 is effective for annual periods beginning on or after 1 January 2021. IFRS 17 does not apply to the Group.

MODIFICATIONS TO IFRS 3 – DEFINITION OF BUSINESS OPERATIONS

In October 2018, the IASB published changes to the definition of a business operation in IFRS 3 Company Mergers, to help companies decide whether an acquired group of activities and assets constitutes a business operation. The changes clarify the following: Specification of the minimum requirements for a business operation; elimination of the need to assess the ability of a market participant to replace missing elements in order to operate the acquired activities as a business operation; provision of guidelines to assist companies in assessing whether the acquired business process is substantial; more precise definition of deliverables and introduction of an optional simplified test to focus fair value in an asset. In addition to the changes, new explanatory examples have been provided.

Since the changes are to be applied prospectively to transactions or other events that occur on or after the date of the initial application of the changes, there will be no impact on the Group at the time of the transition.

MODIFICATIONS TO IAS 1 AND IAS 8 – DEFINITION OF MATERIALITY

In October 2018, the IASB published changes to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in estimates and errors. The aim of the changes was to standardise the definition of the term “materiality” in all standards and to clarify certain aspects of the definition. Under the new definition, information is material if it is reasonably expected that its omission, misrepresentation or concealment may affect the decisions of the primary addressees of financial statements for general purposes, which they may make based on such financial statements that provide financial information on a particular company.

The Group assumes that the changes to the definition of “materiality” have no significant impact on the consolidated financial statement.

2.2 INFORMATION REGARDING CONSOLIDATION

2.2.1 Reporting entity

In addition to JDC Group AG the consolidated financial statements in principle include all subsidiaries under IFRS 10, in which JDC Group AG holds a majority of voting rights or which it can control by other means.

With the exception of Jung, DMS & Cie. GmbH, Vienna/Austria, Jung, DMS & Cie. Finanzservice GmbH, Vienna/Austria, FiNUM.Private Finance AG, Vienna/Austria, FiNUM.Private Finance Holding GmbH, Vienna/Austria and JDC B-LAB GmbH, Triesen/Liechtenstein, all of the subsidiaries are registered in Germany. In addition to the parent company, the consolidated financial statements also include the direct subsidiaries and sub-groups Jung, DMS & Cie. Aktiengesellschaft, FiNUM.Private Finance Holding GmbH, Wiesbaden, and FiNUM.Private Finance Holding GmbH, Vienna/Austria.

The following table provides an overview of the JDC Group AG reporting entity:

Subsidiaries	Capital share in %	Date of first-time consolidation
1. JDC Group-Konzern		
Jung, DMS & Cie. Aktiengesellschaft, Munich	100.0	31/03/2004
FiNUM.Private Finance Holding GmbH, Vienna/Austria	100.0	01/10/2009
FiNUM.Private Finance Holding GmbH, Wiesbaden	100.0	01/10/2011
JDC B-LAB GmbH, Triesen/Liechtenstein	100.0	01/01/2019
2. Sub-group Jung, DMS & Cie. Aktiengesellschaft		
Jung, DMS & Cie. GmbH, Vienna/Austria	100.0	31/03/2004
Jung, DMS & Cie. Pool GmbH, Wiesbaden	100.0	07/05/2004
Jung, DMS & Cie. Pro GmbH, Wiesbaden	100.0	17/01/2008
JDC plus GmbH, Wiesbaden	100.0	01/10/2013
JDC Geld.de GmbH, Wiesbaden	100.0	01/09/2010
3. Sub-group FiNUM.Private Finance Holding GmbH, Vienna/Austria		
FiNUM.Private Finance AG, Vienna/Austria	100.0	31/12/2009
jupoo finance GmbH, formerly Jung, DMS & Cie. Finanzservice GmbH, Vienna/Austria	51.0	01/09/2011
4. Sub-group FiNUM.Private Finance Holding GmbH		
FiNUM.Private Finance AG, Berlin	100.0	31/12/2011
FiNUM.Finanzhaus AG, Wiesbaden	100.0	12/07/2013
FiNUM.Pension Consulting GmbH, Wiesbaden	100.0	01/09/2012

MEG AG, Kassel, is not included in the consolidated financial statements due to a lack of control. FVV GmbH, Wiesbaden is due to negligibleness not included in the consolidated financial statements.

A complete list of the shareholdings of JDC Group AG is available in Appendix 3 to these notes and is filed with the electronic company register.

2.2.2 Principles of consolidation

Subsidiaries are companies in which JDC Group AG holds more than half of the voting rights, either directly or indirectly. Control in the sense of IFRS 10 is present if JDC Group AG is in a position to influence the level of return.

Under IFRS rules, all business combinations must be represented in accordance with the purchase method. The consolidation of capital was carried out at the time of acquisition in line with the purchase method. The time of acquisition represents the time when the ability to control the acquired company in terms of decisions about financial and operational actions passes to the buyer. Under the acquisition method, the purchase price of the purchased shares is offset by the proportional fair value of the purchased assets and liabilities and contingent liabilities of the subsidiary at the time of acquisition. What is dispositive are the value ratios at the time when control over the subsidiary was achieved. Any positive difference arising from the offsetting is capitalised as derivative goodwill. Any negative difference is recognised directly in the income statement following revaluation of the identifiable assets, liabilities and contingent liabilities.

When acquiring additional shares of companies which are already included as subsidiaries in the consolidated financial statements, the difference between the purchase price and the proportionally acquired equity capital is reported as goodwill. With regard to investments where less than 100 percent of the equity in the subsidiary is held, minority interests need to be taken into account. Where consolidation is based on the revaluation method, the equity attributable to minority shareholders is increased pro rata by hidden reserves. Hidden reserves and charges identified on valuation of the assets and liabilities at fair value as part of first-time consolidation are amortised, written down or released in subsequent periods, depending on the development of the assets and liabilities. Derivative goodwill is attributed to the relevant cash generating unit and is subject to regular impairment tests in the subsequent periods. If an impairment is ascertained, derivative goodwill is written down on an unscheduled basis to the lower recoverable amount.

A subsidiary's income and expenses are included in the consolidated financial statements from the time of acquisition. Income and expenses of a subsidiary remain included in the consolidated financial statements until the control by the parent company comes to an end. The difference between the proceeds from the sale of the subsidiary and its carrying value is reported at the time of the sale in the consolidated income statement as a profit or loss resulting from the divestment of the subsidiary. Inter-company expenses and income, receivables and liabilities, and earnings between companies included in the consolidated financial statements are eliminated.

Associates are companies where JDC Group AG or one of its subsidiaries has a substantial influence on financial and business policy without being in a position to control decisions. The consolidated financial statements contain the Group's share, calculated using the equity method, in the profit or loss of associates, from the date on which a substantial influence exists until such time as it is relinquished. Investments in associated companies are recorded pro rata at the time of acquisition with their re-valued assets (plus any goodwill), liabilities and contingent liabilities. The goodwill from applying the equity method is not subject to regular depreciation. The carrying value resulting from applying the equity method is tested for impairment if there are indications for a loss of value. Unrealised profits and losses from business transactions with these companies are eliminated pro rata. Where the Group's share of losses exceeds the carrying value of the investment in the associate, it is reported as zero. Additional losses are included by reporting a liability to the extent that JDC Group AG has assumed economic and legal obligations or made payments in the name of the associate.

Balances and transactions within the Group and any unrealised profits from Group-internal transactions are eliminated when the consolidated financial statements are prepared. Unrealised profits from transactions with associates are eliminated to the extent of the stake in the relevant company. Unrealised losses are treated in the same way as unrealised profits. However, this applies only if no impairment of the carrying value of the investment is discernible. Deferred taxes are accrued in accordance with IFRS rules against consolidation processes realised through profit or loss.

2.3 Currency translation

Foreign currency transactions are converted into euros at the exchange rate applicable on the date of the transaction. Monetary assets and liabilities in foreign currencies existing on the balance-sheet reporting date are translated into euros at the exchange rate applicable on the reporting date. Currency differences resulting from currency translation are recognised in profit and loss.

Non-monetary assets and liabilities in foreign currencies existing on the reporting date which are valued at fair value are translated into euros at the exchange rate applicable at the time when the fair value was determined.

2.4 INTANGIBLE ASSETS

2.4.1 Goodwill

Goodwill may arise, in principle, as a result of the purchase of business units, the acquisition of subsidiaries, associates and joint ventures. The goodwill from mergers results, on application of the provisions of IFRS 3, as the surplus cost of acquisition of the investment above the acquired share in the revalued equity of the purchased company.

The value of goodwill is tested at least annually on the basis of the recoverable amount of the cash-generating unit and, when an impairment is present, is written down, on an unscheduled basis, to the amount recoverable (“impairment only” approach). Impairment testing must also be carried out whenever there are indications that the cash-generating unit has been impaired in value.

For the purposes of impairment testing, goodwill acquired through mergers must be allocated as of the date of acquisition to each cash-generating unit or group of cash-generating units of the Group that are to benefit from the synergies resulting from the merger. This applies irrespective of whether other assets and liabilities of the acquired company have already been allocated to these units or groups of units.

If the carrying value of the cash-generating unit to which the goodwill has been allocated exceeds the recoverable amount, the goodwill allocated to this cash-generating unit must be reduced and written down by the difference. Reductions in the value of goodwill may not be reversed. If the impairment in value of the cash-generating unit exceeds the carrying value of its allocated goodwill, any additional reduction in value must be recorded by a pro rata reduction of carrying values of the assets allocated to the cash-generating unit. The re-coverable amount of a cash-generating unit is calculated on the basis of its fair value minus the disposal costs. The fair value minus the disposal costs is usually calculated using the Discounted Cash Flow method (DCF). Underlying these DCF calculations are forecasts based on the financial plans approved by the Management Board which are also used for internal purposes. The planning horizon chosen reflects the assumptions regarding short- and medium-term market developments. Cash flows beyond a forecast period of generally 3 years are calculated using suitable growth rates. The key assumptions on which the calculation of fair value minus disposal costs is based include assumptions about the number of agreements brokered, gross margin, payments for operating business activities, growth rates and the discount rate. External information is also included in the cash flow calculations.

Every unit or group of units to which goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes and is not larger than an operative segment pursuant to IAS 8. Under IAS 36, the operative segments prior to aggregation are considered the highest level of a group.

2.4.2 Other intangible assets

Other intangible assets acquired by Group companies, such as software and licences or a customer base, are reported at cost plus incidental acquisition costs (e. g. software customisation), less accumulated amortisation and impairment (cf. Section 3.1.5).

Internally developed software is capitalised at cost, provided that it is possible to clearly allocate costs and both the technical viability of project completion and usefulness to the company (or commercialisation) of the intangible asset are ensured, and there is sufficient likelihood that development activities will result in a future economic benefit. Capitalised development costs comprise all costs directly attributable to specific software development and pro rata overhead costs. Internally generated intangible assets are reported less accumulated amortisation and impairment (cf. ref. 3.1.5). Research expenditure and costs of debt are not capitalised. In accordance with the causation principle, they are booked as expenses on the date they arise.

Scheduled amortisation of other intangible assets with a definite useful life is carried out on a straight-line basis over the expected useful life. Amortisation starts from the moment the intangible asset becomes useful.

The expected useful life is as follows:

Internally developed software	5 years
“Compass”, “World of Finance”, “allesmeins”, “Portal GELD.de” and “iCRM”	
Purchased software	3 years
Licenses	1 to 10 years
Customer base	10–15 years

The useful life and depreciation methods are reviewed, at a minimum, as of each annual financial-statement reporting date. If the expectations differ from the preceding estimates, the corresponding changes are recorded, in accordance with IAS 8, as amended estimates.

Intangible assets are impaired in value if the recoverable amount – the higher value of fair value minus the disposal costs and the utilisation value of the asset – is lower than the carrying value.

Within the context of the transfer of activities in relation to Geld.de, intangible assets (domain) were acquired with an indefinite term of use; no depreciation is applicable to these.

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reported at their purchase or production costs minus the accumulated scheduled depreciations and impairment in value (Impairment Test) in accordance with the cost model.

Purchase or production costs also include, in addition to the purchase price and the directly allocable costs for putting the asset into the intended operational condition, the estimated costs for the breaking up and removal of the object.

Subsequent expenses are only capitalised if it is probable that the economic benefit associated with these expenses will flow to the asset concerned and the costs can be determined reliably. All other expenses such as maintenance costs are recorded as expenses. Borrowing costs are not capitalised.

The scheduled depreciation for tangible assets follows the linear method over the expected useful life of the objects. In the year of accession, assets values within property, plant and equipment are depreciated prorated over time.

Tenant improvements are either depreciated over the respective useful life or the shorter duration of the leasehold.

The expected useful life is as follows:

IT hardware/equipment	2 to 5 years
Office equipment	5 to 13 years
Trade fair stands	6 years
Cars	6 years
Office furniture	12 to 13 years
Tenant's improvements	4 to 25 years

If an asset falling within property, plant and equipment consists of several components having different useful lives, the major individual components are depreciated over their individual useful lives.

If an item of property, plant and equipment is disposed of or no further benefit is expected from its use or disposal, the carrying value of the item is removed from the books. Profit or loss from the write off of property, plant and equipment is the difference between the net proceeds of sale and the carrying value of the item and is recorded in other operating earnings or other operating expenses.

The remaining carrying values, useful lives and the depreciation method for assets are reviewed at a minimum as of each annual financial-statement reporting date. If the expectations differ from the existing estimates, the corresponding changes are recorded, in accordance with IAS 8, as amended estimates.

2.6 LEASED ITEMS

The Group has concluded rental and lease agreements for various office buildings, vehicles and operating and office equipment.

All leases (with the exception of short-term leases and leases where the underlying asset has a low value) are recognised and valued in accordance with a single model. Liabilities to make lease payments and rights of use for the underlying asset are recognised.

The Group recognises rights of use as of the date of provision (i.e., when the underlying leased asset is available for use). Rights of use are valued at cost minus all accumulated depreciation and all accumulated impairment expenditures, and adjusted for each revaluation of the lease liabilities. The costs of rights of use include the recognised lease liabilities, the initial direct costs incurred, as well as the lease payments made at or before the provision minus any lease incentives received. Rights of use are amortised on a linear basis over the shorter of the two periods of the term and expected useful life of the leases, as follows. The rental agreements for office buildings are concluded for up to ten years, while the rental contract for vehicles is between three and four years.

If the ownership of the leased asset is transferred to the Group at the end of the lease term, or if the cost includes the exercise of a purchase option, the depreciation is calculated on the basis of the expected useful life of the leased asset.

At the date of provision, the Group recognises the lease liabilities at the present value of the lease payments to be made over the term of the lease. The lease payments include fixed payments (including de facto fixed payments) minus any lease incentives to be received, variable lease payments linked to an index or (interest) rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option if it is reasonably certain that the Group will actually exercise it, as well as penalties for termination of the lease, if it is taken into account in the term that the Group will exercise the termination option. Variable lease payments that are not linked to an index or (interest) rate will be recognised in the period in which the event or condition that triggers the payment has occurred (unless they are triggered by the production of stocks).

When calculating the present value of the lease payments, the Group uses its incremental borrowing rate on the date of provision, as the underlying interest rate of the lease cannot be readily determined. After the date of provision, the amount of lease liabilities is increased to reflect the higher interest costs, or reduced to reflect the lease payments made. In addition, the carrying amount of the lease liabilities will be revalued in the event of changes to the lease, changes to the lease term, changes to lease payments (e.g. changes to future lease payments as a result of a change in the index or interest rate used to determine these payments) or a change to the assessment of a purchase option for the underlying asset.

The Group's leasing obligations are included in other liabilities (see 3.2.4 and 3.2.6).

The Group applies the exemption for short-term leases (i.e. leases with a maximum term of twelve months from the date of provision and that do not include a purchase option) to its short-term leases. The Group also applies the exemption for leases based on a low-value asset to office equipment leases that are classified as low-value. Lease payments for short-term leases and for leases involving an asset of low value are recognised as an expense on a linear basis over the term of the lease.

2.7 NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Long-term assets and sales groups held for sale are classified as such if the corresponding carrying value is realised mainly by a sale transaction and not by continued use. These assets are valued at the lower of the carrying value and fair value minus the disposal costs. These assets are no longer subject to regular depreciation. In principle, an impairment for these assets is only recorded if the fair value minus the disposal costs is below the carrying value. Should the fair value minus the disposal costs subsequently rise, the previously recorded value impairment must be reversed. An appreciation in value is limited to the value impairment previously recorded for the assets concerned.

2.8 IMPAIRMENT IN VALUE OF INTANGIBLE ASSET ITEMS AND PROPERTY, PLANT AND EQUIPMENT

The intrinsic value is calculated by comparison of the carrying value and the recoverable amount. The recoverable amount of assets is the higher of the fair value minus the disposal costs and the utility value. For assets to which no cash flows can be directly allocated, the amount recoverable by the cash-generating unit to which the asset is allocated must be established.

At every reporting date a check is made whether there are indications that an asset might be impaired in value. If such indications are present the recoverable amount of the asset or cash-generating unit must be calculated. The corresponding impairment requirement is recognised as an expense.

If the reasons for a previously recorded value impairment have been eliminated, these assets are written up. However, a write-up only takes place to the extent that the carrying value of an asset, which would have resulted minus the scheduled depreciation and without taking impairments into account, is not exceeded. No write-ups are made to goodwill.

The recoverable amount of the cash-generating units is normally calculated using the discounted cash flow method. Here, forecasts are made on the basis of financial schedules with respect to cash flows to be achieved over the estimated useful life of the asset or the cash-generating unit. The applied discount interest rate is an interest rate before taxes that reflects current market assessments regarding the interest effect and the specific risks of the asset or cash-generating unit. The internal pretax interest rate has been set at 5.5 percent (previous year: 6.0 percent).

The calculated cash flows reflect the assumptions by the management.

2.9 FINANCIAL INSTRUMENTS

A financial instrument is a contract that produces a financial asset for one business and a financial liability or an equity capital instrument for another. Financial assets comprise in particular financial investments held to maturity, original and derivative financial assets held for trading, trade accounts receivable as well as other loans and receivables as well as means of payment and means of payment equivalents. Financial liabilities regularly substantiate an entitlement to repayment in the form of cash or other financial assets. This includes, in particular, bonds, accounts receivable trade, liabilities to banks, liabilities from finance leases and derivative financial liabilities.

Financial instruments are in principle recognised as soon as the JDC Group becomes a party to the terms of the financial instrument.

Upon initial recognition, financial assets are classified as either amortised costs (AC), as fair value through other comprehensive income (FVOCI) or as fair value through profit and loss (FVPL) for subsequent valuation. The classification of financial assets upon initial recognition depends on the nature of the contractual cash flows of the financial assets and on the business model the company uses to manage its financial assets.

The business model the company uses to manage its financial assets reflects how a company manages its financial assets for the purpose of generating cash flows. Depending on the business model, the cash flows accrue through the collection of contractual cash flows, the sale of financial assets or both. The JDC Group makes purchases of financial assets exclusively with the goal of collecting contractual cash flows. This means that sales prior to maturity are generally excluded and all financial assets are classified under the “hold” business model.

The category “assets (debt instruments) carried as amortised costs” is of primary importance with respect to the consolidated financial statement. The Group carries financial assets as amortised costs if the following two conditions are met:

- the financial asset is held within the context of a business model aimed at holding financial assets for the purpose of collecting contractual cash flows, and
- the contractual terms of the financial asset result in cash flows at fixed times that represent repayment of principle and interest on outstanding capital.

Financial assets carried as amortised costs are recognised in subsequent periods by application of the effective interest method and are to be reviewed for depreciation. Profits and losses are recognised as affecting net income if the asset is written off, modified or depreciated. The group financial assets carried as amortised costs include trade account receivables as well as other receivables recorded under other assets.

The Group records an adjustment for expected credit losses (ECL) for all debt instruments not recognised as fair value affecting net income. Expected credit losses are based on the difference between contractual cash flows to be paid per contract and the sum of cash flows the group expects to receive, discounted with a value approximate to the original interest rate. The expected cash flows include the cash flows from the sale of securities held or other collateral that constitutes a significant component of the contractual provisions.

Expected credit losses are recorded in two steps. For financial instruments with a default risk that has not increased since initial recognition, a risk provision in the amount of the expected credit loss is recorded based on a default event within the next twelve months. (12-month ECL). For financial instruments with a default risk that has increased significantly since initial recognition, a company records a risk provision in the amount of the credit loss expected for the remaining period, regardless of when the default event occurs (total maturity ECL).

With trade account receivables and other assets, the Group applies a simplified method for calculating expected credit losses. Consequently, it does not track changes in credit risk subsequent to each reporting date and instead records a risk provision for each reporting date on the basis of the total maturity ECL. The Group applies the simplified method (loss-rate method). This involves determining historical default rates for defined portfolios with the same risk characteristics. Criteria for portfolio formation are similarly formulated contract terms for assets and similar counter-party attributes. The expected losses are estimated based on historical losses.

The retirement of a financial instrument is then performed if according to reasonable estimation it is not expected that a financial asset can be realised, either wholly or in part, for example following the conclusion of an insolvency proceeding or subsequent to a court decision.

Subsequent to initial recognition, financial obligations are generally valued by applying the effective interest method with amortised costs. Upon retirement and in the context of amortisations, profits or losses are recorded in profit and loss.

2.10 OTHER FINANCIAL INSTRUMENTS

2.10.1 Classification of the maturities for assets

An asset is classified as current if
- the realisation of the asset is expected within the normal business cycle or the asset is being held for sale or use within this time period,
- the asset is primarily held for trading purposes,
- the realisation of the asset is expected within twelve months after the balance sheet date or
- cash or cash equivalents are involved, unless the exchange or use of the asset for the fulfilment of an obligation is limited for a period of at least twelve months after the balance sheet date.

All other assets are classified as non-current.
Deferred tax claims are classified as non-current assets.

2.10.2 Trade receivables

Trade receivables and other short-term receivables are, where necessary, shown using the effective interest method at amortised costs, minus any necessary impairment in value. Impairments in value carried out in the form of individual valuation adjustments are sufficient to protect against expected default risks. Actual defaults lead to the receivables concerned being removed from the books. Receivables from services not invoiced represent commission receivables under brokerage agreements. The income is realised when the contract is entered into. All identifiable risks are here taken into account.

2.10.3 Derivative financial instruments

Derivative financial instruments are exclusively used for hedging purposes to hedge against interest rate risks arising from operational activities and financing and investment activities. Derivative financial instruments are neither held nor issued for speculation purposes. Derivative financial instruments not meeting the requirements of a hedging tool (Hedge Accounting), must be categorised as "financial assets and obligations held for commercial purposes". Derivative financial instruments with positive market values are recorded at fair value when they are added and reported under the "securities" item under current assets. Derivative financial instruments with a negative market value are reported under other current liabilities. If no market values exist, fair values must be calculated using accepted methods of financial mathematics. In subsequent periods, these are reported at fair value as of the reporting date, with gains and losses reflected on the income statement.

For derivative financial instruments, fair value corresponds to the amount which JDC Group AG would either receive or have to pay upon termination of the financial instrument at the reporting date. This is calculated using the relevant interest rates, exchange rates and credit quality of the contractual partners on the reporting date. Average rates are used for the calculations. For interest-bearing derivative financial instruments, a distinction is made between "Clean Price" and "Dirty Price". Unlike the "Clean Price", the "Dirty Price" also includes accrued interest. The fair values to be recorded correspond to the full fair value or the "Dirty Price".

For the recording of changes in fair values – realisation through profit or loss or realisation directly in equity without affecting income – the decisive factor is whether the derivative financial instrument is integrated in an effective hedging relationship or not. If no Hedge Accounting exists, the changes in the fair values of the derivative financial instruments must be immediately realised through profit and loss. If, on the other hand, there is an effective hedging relationship, the hedging context is recorded as such.

Depending on the hedged item type, a distinction is made between **"Fair Value Hedge"**, **"Cash-Flow Hedge"** and **"Hedge of a Net Investment in a Foreign Operation"**.

JDC Group currently uses derivative financial instruments only to hedge interest risks resulting from operational activities, financial transactions and investments (interest swap). The principles of accounting for this **"Cash Flow Hedge"** are described below.

Using a cash flow hedge, future cash flows from assets and liabilities recorded in the balance sheet or from highly probable scheduled transactions are hedged against fluctuations. If a cash flow hedge exists, the effective portion of the change in value of the hedging tool is recorded in equity capital without being realised in profit and loss (hedging reserve) until the result from the hedged underlying business is available; the ineffective part of the value change of the hedging tool is realised through profit and loss.

IFRS 9 places strict requirements on the use of hedge accounting. JDC Group meets these as follows: At the start of a hedging measure both the relationship between the financial instrument used as hedging tool and the underlying transaction as well as the aim and strategy of hedging are documented. This includes both the concrete allocation of the hedging tools to corresponding assets or liabilities or (fixed) future transactions as well as an estimate of the degree of effectiveness of the hedging tools used. Existing hedging measures are continually monitored for their effectiveness. If a hedge becomes ineffective, it is immediately dissolved.

2.10.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits which have a remaining term of up to three months when received. This inventory will be valued at amortised cost.

2.10.5 Financial obligations

When first recorded, **financial obligations** are valued at fair value. The transaction costs directly allocable to the acquisition are also recorded for all financial obligations subsequently recorded at fair value without being realised in profit and loss.

Trade payables and other original financial obligations are, in principle, recorded using the effective interest rate method with amortised costs.

To date, JDC Group has not made use of the right to elect to designate financial obligations upon their initial recognition as financial obligations to be recorded at fair value through profit or loss (**Financial Liabilities at Fair Value Through Profit or Loss**).

2.11 IMPAIRMENT OF FINANCIAL ASSETS

On every reporting date the carrying values of financial assets which are not to be recorded at fair value through profit and loss are examined as to whether objective indications, such as significant financial difficulties of the debtor, a high probability of insolvency proceedings against the debtor, the disappearance of an active market or significant changes in the economic or legal climate, point to an impairment in value.

Any impairment expenses justified by a fair value lower than the comparable carrying value are recorded through profit or loss. If impairments of value of the fair values of financial assets available for sale were hitherto recorded in the equity capital without being realised through profit or loss, they must be eliminated from equity capital up to the level of the calculated impairment in value and rebooked for realisation through profit and loss.

If at later valuation dates it transpires that the fair value has objectively risen due to events after the date of recording the impairment in value, the impairments are reversed to a corresponding level and realised through profit or loss. Impairments relating to unlisted equity capital instruments which are available for sale which have been recorded at their acquisition costs may not be reversed. The fair value of held-to-maturity securities to be calculated in connection with impairment testing and the fair value of loans and receivables recorded at their acquisition costs correspond to the present value of the estimated future cash flow discounted using the original effective interest rate. The fair value of unlisted equity capital instruments that were recorded at their acquisition costs is equal to the present value of the expected future cash flows discounted using the current interest rate that corresponds to the special risk of the investment.

Through the introduction of IFRS 9, potential defaults of receivables and other assets will be divided into three stages, and the JDC Group will avail itself of the potential simplifications and aggregate stages 2 and 3.

In stages 2 and 3, anticipated defaults for all receivables and other assets will be estimated across the entire term. The average defaults for the last five years were ascertained in order to complete the estimate. For 2019, this means an anticipated risk of default of 7% for receivables in stages 2 and 3.

The impairments according to IFRS 9 are as follows:

Impairments in accordance with IFRS 9

	2019 kEUR	2018 kEUR
As of 1 January	420	0
Allowance for expected bad debt losses	150	496
Depreciation	–90	–76
Exchange rate changes	0	0
As of 31 December	**480**	420

The impairments were recognized as long-term and shoert-term as of the reporting date:

thereof	360	315
long-term	120	105
short-term	480	420

2.12 LIABILITIES

2.12.1 Classification of the maturities for liabilities

A liability is classified as current if

- the fulfilment of the liability is expected within the normal business cycle,
- the liability is primarily held for trading purposes,
- the realisation of the liability is expected within twelve months after the balance sheet date or
- the company has no unlimited right to postpone the fulfilment of the liability by a minimum of twelve months after the balance sheet date.

All other liabilities are classified as non-current.
Deferred tax liabilities are classified as non-current liabilities.

2.12.2 Other provisions

Other provisions are recorded in the consolidated balance sheet if a legal or fact-based obligation has arisen to a third party as a result of a past event and it is probable that an outflow of resources with economic benefit will be necessary to honour this commitment, and the level of the expected provisioning amount can be reliably estimated. These provisions are evaluated taking all recognisable risks to the prospective performance amount into account and must not be offset with reimbursements. The performance amount is calculated on the basis of the best possible estimate.

Other non-current provisions are stated at their performance amount discounted to the reporting date insofar as the interest rate effect is material.

Changes in the estimated amounts or estimated timing of cash payments or changes in the interest rate for measuring the provisions for disposal, repair and other obligations are recorded in accordance with the change of the carrying value of the corresponding asset. If a reduction of the provision exceeds the corresponding asset, the excess amount must be immediately recorded as income.

2.12.3 Pension provisions

Old-age provision in the Group is performed is based on the defined-benefit and defined contribution old-age provision plans.

In the defined contribution plans, JDC pays premiums to statutory or private pension insurance institutions based on legal or contractual provisions or on a voluntary basis. After payment of the premiums, JDC has no further benefit obligations. Commitments to pay premiums into defined contribution schemes are recognised as expenses as soon as the related service has been rendered. Pre-paid premiums are recognised as assets insofar as a right to reimbursement or reduction of future payments arises.

In accordance with IAS 19 "Employee Benefits", the provisions for pension obligations from defided benefit plans are measured using the projected-unit credit method. The benefit obligations are partly covered by reinsurance. Virtually all reinsurance policies meet the conditions of pension scheme assets. For this reason the claims from reinsurance policies are netted against corresponding pension provisions in the balance sheet as per IAS 19. The Group's net obligation with regard to defined benefit plans is calculated separately for each plan by estimating future benefits that the employees have earned in the current period and in earlier periods. This amount is discounted and the fair value of any pension scheme assets subtracted from this. For the measurement of pension obligations, JDC uses actuarial calculations to estimate future events for the calculation of the expenses, obligations and entitlements in connection with these plans. These calculations are based on assumptions with regard to the discount rate, mortality and future salary, as well as pension increases. The interest rate used to discount post-employment benefij obligations is derived from the interest rates of senior, fixed-rate corporate bonds.

Revaluations of net liabilities from defined benefit plans are recognised directly under other comprehensive income. The revaluation encompasses actuarial gains and losses, income from pension scheme assets (without interest) and the effects of any upper asset limit (without interest). The Group calculates net interest expenses (income) on net liabilities (assets) from defined benefit plans for the reporting period through application of the discount rate used for valuation of the defided benefit obligations at the start of the annual reporting period. This discount rate is applied to net liabilities (assets) from defined benefit plans at this time. Any changes to net liabilities (assets) from defided benefit plans that occur as a result of premium and benefit payments over the course of the reporting period are taken into account. Net interest expenses and other expenses for defined benefit plans are recognised as profit or loss.

2.12.4 Income tax liabilities

Income tax liabilities correspond to the expected tax liabilities which result from the taxable income during the period under review. The tax rates applicable on the reporting date or applicable shortly thereafter and the adjustments to taxes owed for previous periods are taken into account.

2.12.5 Contingent liabilities and receivables

Contingent liabilities and receivables are potential obligations or assets resulting from past events and whose existence is conditional on the occurrence or non-occurrence of uncertain future events. Contingent liabilities are also current obligations resulting from past events where the outflow of resources representing a commercial benefit is unlikely or where the scope of the obligation cannot be reliably estimated.

Contingent liabilities are recorded at their fair value if they were accepted as part of a company acquisition. Contingent receivables are not recorded. If the outflow of commercial benefit is unlikely, information on the contingent liabilities is provided in the notes to the consolidated financial statements. The same applies to contingent receivables where the inflow is unlikely.

2.12.6 Equity options

Equity options (share-based payment transactions compensated by equity capital instruments) are recorded at the time of issue at their fair value. The fair value of the obligation is recorded over the option period as personnel expenses. Exercise conditions not tied to market situations are taken into account in the assumptions regarding the number of options which are expected to be exercised. The obligations from share-based compensation transactions with cash settlement are recorded as liabilities and recorded on the reporting date at fair value. The expenses are recorded over the option period. Fair value is calculated both for share-based compensation transactions with settlement through equity capital instrument and the share-based compensation transactions using internationally accepted evaluation methods.

To date, JDC Group AG has not utilised the authorisation granted by the annual general meeting.

2.13 INCOME AND EXPENSES

2.13.1 Income

Income is recorded when it is probable that an economic benefit will flow to the Group, the amount of which can be determined reliably. For the Group's material types of income, this implies the following: Income from services is recorded according to the percentage of completion of the transaction on the reporting date. If the result of a service cannot be reliably estimated, income is only recorded to the extent that the expenses incurred are recoverable.

Initial commissions from the brokerage of financial products are recorded if there is an entitlement to a fee on the basis of the underlying brokerage agreement. Portfolio commissions are only recorded after the legal entitlement arises. Income from other services is only recognised after the service has been rendered.

In accordance with the effective interest rate method, interest is recognised as income in the period in which the capital is provided and dividends are recognised at the time when the legal entitlement to payment arises.

2.13.2 Income taxes

Tax on income and earnings comprises current and deferred taxes. Current income tax corresponds to the expected tax liability resulting from the income subject to taxation in the period under review. Here, the tax rates applicable on the reporting date or shortly thereafter and adjustments to tax owed for previous periods are taken into account.

Active and passive deferred tax is recognised for all temporary taxable differences between the carrying value of an asset or a liability in the consolidated balance sheet and the tax balance sheet value. Deferred tax is measured on the basis of the regulations issued by lawmakers in the country in which the registered office is based as of the end of the relevant financial year for the financial years in which the differences are expected to be netted out. Deferred tax assets on temporary differences are only recognised if it seems sufficiently certain that they will be realised in the near future. Deferred tax liabilities arise as a result of temporary differences from shares in subsidiaries and associated companies, except where the Group is able to control the temporal course of the reversal and it is probable the temporary difference is not likely to be reversed soon. Deferred taxes are also not recorded if they result from the first recording of an asset or a liability during a transaction which is not a business merger and affects neither the commercial results for the period (prior to turnover tax) nor the tax results. Deferred tax is stated for temporary differences resulting from fair value reporting of assets and liabilities as part of company acquisitions. Deferred tax is only stated for temporary differences on derivative goodwill if the derivative goodwill can also be asserted under tax law.

Tax loss carryforwards result in the recognition of deferred tax assets if future taxable income is likely to be available for offsetting against the loss carryforwards.

2.13.3 Results from discontinued operations

IFRS 5 basically contains special measurement and disclosure rules for discontinued operations and for non-current assets held for sale.

Non-current assets and disposal groups classified as being held for sale are to be measured at the lower of carrying amount or fair value less costs to sell. Non-current assets or disposal groups are classified as being held for sale if the associated carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is the case only if the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Pursuant to IFRS 5.32a a subsidiary acquired exclusively with a view to resale must be classified as a discontinued operation.

The income and expenses resulting from discontinued operations are to be disclosed separately from the income and expenses from continued operations in the income statement of the reporting period and the comparative period, and are to be reported separately as post-tax profit or loss of discontinued operations. Property, plant and equipment and intangible assets classified as being held for sale are not depreciated or amortised. For a subsidiary that was acquired exclusively with a view to resale, a breakdown of the results by income, expenses and taxes in the notes to the financial statements is not necessary.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are to be presented in the balance sheet separately from other assets. If the disposal group is a newly acquired subsidiary that fulfils the criteria for classification as being held for sale at the acquisition date, disclosure of the major classes of assets and liabilities is not required. These assets and liabilities may be offset and presented as a separate amount.

2.14 SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The presentation of the net asset, financial position and results of operations in the consolidated financial statements depends on the accounting and valuation methods and requires assumptions to be made and estimates to be used which impact the amount and reporting of the recognised assets and liabilities, the income and expenses as well as contingent liabilities. The following material estimates and corresponding assumptions and the uncertainties related to the accounting and valuation methods chosen are decisive for understanding the underlying risks of financial reporting and the effects these estimates, assumptions and uncertainties might have on the consolidated financial statements.

Actual values may deviate from the assumptions and estimates in individual cases. Changes are realised through profit or loss once the relevant information is available.

Material assumption and estimates relate to the following:

The valuation of **intangible assets and tangible fixed assets** is related to estimates for calculating fair value at the time of acquisition, if they were acquired during a merger. The expected useful life of the assets must also be estimated. The determination of the fair value of assets and liabilities and the useful lives of assets is based on management judgements. Internal development costs for internally developed software tools are capitalised when the development phase starts. Amortisation of capitalised expenses begins once the item is ready for use and is applied over an expected useful life of six years.

Share transfer agreements in connection with mergers sometimes contain purchase price adjustment clauses based on the future income of the purchased subsidiaries. A best estimate of the acquisition costs of these shares is made on the date of the first-time consolidation based on forecast figures. Actual purchase prices may differ from this estimate.

In calculating the **impairment of intangible assets and tangible assets**, estimates are also made, inter alia, that relate to the cause, date and level of the impairment. An impairment is based on a multitude of factors. In principle, the development of the economic environment, changes in the current competitive situation, expectations for the growth of the financial service industry, development of the gross margin, increase in capital costs, changes in the future availability of financing, current replacement costs, purchase prices paid in comparable transactions and other changes indicating impairment are taken into account. The recoverable amount and the fair value are normally calculated using the DCF method, in which the reasonable assumptions are included. The identification of indications suggesting an impairment, estimation of future cash flows as well as calculation of the fair values of assets (or asset groups) involve material estimates to be made by management with regard to identifying and verifying any indications of an impairment, the expected cash flows, the applicable discount rates, the respective useful lives and the residual values.

The calculation of the **recoverable amount for a cash-generating unit** involves estimates by management. The methods used to calculate the fair value minus the disposal costs include methods based on discounted cash flows and methods based on the use of quoted stock market prices. The material assumptions on which the calculation by management of fair value minus disposal costs is based include assumptions about the number of brokered financial products, development of the raw margin, cancellation quota and costs for broker retention. These estimates, including the methods used, can significantly affect the calculation of the value and ultimately the level of depreciation of the goodwill.

Management carries out **adjustment to doubtful receivables** to take account of expected losses resulting from the insolvency of customers. The principles used for evaluating the appropriateness of the adjustment are based on past removal of receivables from the books, the credit quality of the customers and changes in payment terms. If the financial situation of customers worsens, the scope of actual losses on receivables may exceed the scope of the valuation adjustment carried out.

For every **taxable entity** of the Group, the expected actual income taxes must be calculated and temporary differences between the different treatment of specific balance sheet items in the IFRS consolidated financial statements and the annual tax statements must be evaluated. If there are temporary differences, these differences in principle lead to the recording of active and passive deferred taxes in the consolidated financial statements. Management must make judgments when calculating the actual and deferred taxes. To evaluate the probable future usability of deferred tax assets, different factors must be considered, such as the past income situation, operative planning, loss-carryforward periods and tax planning strategies. If the actual results deviate from these estimates or these estimates need to be adjusted during future periods, this could have negative effects on the net assets, financial situation and results of operations. If there is a change in the valuation assessment for deferred tax assets, a writing down must be done, to be realised through profit or loss.

The recognition and measurement of **provisions** and the level of **contingent liabilities** are significantly associated with estimates made by JDC Group. The evaluation of the probability of the claim and the quantification of the potential level of the payment obligation depends, for example, on an estimate of the respective situation. If losses from pending business are imminent, provisions are formed if a loss is likely and this loss can be reliably estimated. Because of the uncertainty related to this evaluation, actual losses might differ from the original estimates and thus from the amount of provisions. Furthermore, the calculation of provisions for taxes, legal risks and cancellation reserves involves material estimates. These estimates may change due to new information. In obtaining new information, JDC Group uses internal and external sources. Changes in the estimates may have considerable effects on future operating results.

Turnover realised from as yet uninvoiced brokerage services is calculated on the basis of the brokerage services performed or the brokerage income of the previous period. If the estimates change, differences in the amount and date of income may result for subsequent periods.

2.15 ADDITIONAL INFORMATION ON COMPANY ACQUISITIONS

Company acquisitions in 2019

In April 2019, the Group acquired all the shares of KOMM Investment und Anlagenvermittlungs GmbH. In doing so, the JDC Group acquired the investment portfolio of KOMM Investment und Anlagenvermittlungs GmbH, and with the acquisition the existing sales structure was passed on to the Group.

The fair values of identifiable assets and liabilities held by the KOMM Investment- und Anlagenvermittlungs GmbH and its cash outflows are as follows:

	kEUR
Total purchase price	**3,600**
Activated customer base	3,300
Other intangible assets	2
Goodwill	1,292
Property, plant and equipment	72
Investment securities	37
Cash and cash equivalents acquired	735
Other assets	0
Provisions	–58
Deferred tax liabilities	–1,047
Other liabilities	–733
Total net assets	**3,600**
Total purchase price	3,600
of which paid in cash during the period	3,600
Cash and cash equivalents acquired	–735
Cash outflow	**2,865**

Company acquisitions in 2018

In January 2018, the Group acquired all shares of Assekuranz Herrmann GmbH and Wilhelm Herrmann Assekuranz Makler GmbH (hereafter: Assekuranz Herrmann Group). JDC Group AG has acquired the insurance portfolio of the Assekuranz Herrmann Group, primarily with respect to life, health and property insurance. Alongside this acquisition, the existing sales structure also been transferred to the JDC Group.

The fair values of identifiable assets and liabilities held by the Assekuranz Hermann Group and its cash outflows are as follows:

	kEUR
Total purchase price	**2,812**
Activated customer base	2,096
Goodwill	1,265
Deferred tax assets	69
Cash and cash equivalents acquired	297
Other assets	448
Provisions	–666
Deferred tax liabilities	–521
Other liabilities	–176
Total net assets	**2,812**
Total purchase price	2,812
of which paid in cash during the period	2,450
Cash and cash equivalents acquired	–297
Cash outflow	**2,153**

The fair values recognised in the consolidated financial statements dated 31 December 2018 were the result of a preliminary purchase price allocation. In January 2019, a retrospective adjustment of the initial consolidation was made in accordance with IFRS 3.45 and IFRS 3.49, taking into account the final valuation of the customer base, along with deferred tax liabilities and the resulting goodwill. Initially, pension obligations based on the IFRS pension report were not taken into account; these were subsequently taken into account by means of an error correction in accordance with IAS 8. The adjustments in accordance with IFRS 3.49 and IAS 8 and their effects are as follows:

	kEUR	Adjustment IFRS 3.49	Corrrection IAS 8	**kEUR adjusted**
Activated customer base	2,809	–713	0	2,096
Goodwill	0	1,234	31	1,265
Deferred tax assets	0	0	69	69
Provisions	566	0	100	666
Deferred tax liabilities	0	521	0	521

There are lower depreciations on the capitalized customer base for the 2018 financial year and the following effects on consolidated income statement:

	01/01/–31/12/2018 kEUR	Adjustment IFRS 3.49	Correction IAS 8	**01/01/–31/12/2018 kEUR adjusted**
Personnel expenses	–16,580		46	–16,534
Depreciation and amortisation of tangible assets	–3,158	48		–3,110
Interest and similar expenses	–1,284		–8	–1,292
Operating profit/loss	–2,960	48	38	**–2,874**
Income tax expenses	–1,153		–9	–1,162
Net profit	–4,343	48	29	**–4,266**
Profit for the period	–4,343	48	29	**–4,266**
Other profit/loss				
Not in the income statement in subsequent periods other result to be reclassified	0	0	–11	–11
Other profit/loss after tax	0	0	–11	–11
Net profit after tax	–4,343	48	18	**–4,277**

3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 NOTES TO THE CONSOLIDATED INCOME STATEMENT

Income by segments is shown in the segment report.

3.1.1 Revenues [1]

Income relates essentially to initial and follow-up commission from brokerage services in the three segments insurance products, investment funds and investments/closed-end funds as well as other services and breaks down as follows:

	01/01/–31/12/2019 kEUR	01/01/–31/12/2018 kEUR
Initial commission		
Insurance products	56,861	47,449
Investment funds	13,587	10,890
Closed-end funds	4,670	4,552
Follow-up commission	20,223	17,331
Overrides	6,649	6,490
Construction financing	3,405	2,739
Fee-based advisory	3,091	2,851
Other income	2,985	2,727
Total	**111,471**	95,029

Total revenues of the reporting year was with kEUR 111,471 and 17.3 percent over the previous year (kEUR 95.029).

3.1.2 Other capitalised services/other operating income [2]

	01/01/–31/12/2019 kEUR	01/01/–31/12/2018 kEUR
Capitalised services	998	741
Reversal of impairments/income from receivables written off	12	5
Income from provision's release	69	445
Income from security sales	0	0
Income from statute-barred debt	52	352
Income from benefits in kind	42	159
Other operating income	442	95
Total	**1,615**	1,797

Other own work services in the amount of kEUR 998 (previous year: kEUR 741) were mainly achieved by the development of in-house proprietary-use software solutions (Compass, iCRM/iCRM-Web, allesmeins and Portal GELD.de) (cf. Ref. 3.2.1.1.1 Concessions and licences).

The other operationg income of kEUR 617 (previous year: kEUR 1,056) relates essentially to income from moving premiums kEUR 339 (previous year: kEUR 0), to income from from the reversal of provisions kEUR 69 (previous year: kEUR 445) and income from statute-barred liability kEUR 52 (previous year: kEUR 352).

3.1.3 Commission expenses [3]

The item contains mainly the commissions for independent brokers and trade representatives. The expenses increased by kEUR 14,153 to kEUR 81,433 (previous year: kEUR 67,280) comparing to the previous although sales increased.

3.1.4 Personnel expenses [4]

	01/01/–31/12/2019 kEUR	01/01/–31/12/2018 kEUR
Wages and salaries	14,758	14,066
Social security	2,659	2,468
Total	**17,417**	16,534

Personnel expenses essentially comprise salaries, remuneration and other payments to the Management Board and employees of the JDC Group.

Social security includes the employer's statutory contributions (social security contributions).

The average number of staff (full time equivalent) employed during the financial year is 279 (previous year: 262).

3.1.5 Depreciation, amortisation and impairment [5]

	01/01/–31/12/2019 kEUR	01/01/–31/12/2018 kEUR
Depreciation and amortization of intangible assets	–3,126	–2,874
Purchased software	–208	–317
Internally developed software	–1,384	–1,163
Insurance portfolios	–1,510	–1,382
Contract preparation costs	–24	–12
Other intangible assets	0	0
Depreciation and amortization of property and equipment	–1,185	–236
Leasehold improvements	–9	–8
Operating and office equipment	–243	–228
Rights of use rental and leasing	–933	0
Total	**–4,311**	–3,110

The changes in intangible assets and property, plant and equipment are explained in Appendices 1 and 2 of the notes.

Due to the first-time application of IFRS 16, a new reporting line “Rights of use” was introduced, depreciation of rental and leasing assets capitalized in accordance with IFRS 16 is shown here.

As in the previous year, there were no impairments of property, plant and equipment.

3.1.6 Other operating expenses [6]

	01/01/–31/12/2019 kEUR	01/01/–31/12/2018 kEUR
Marketing costs	1,029	886
Travel costs	399	416
External services	739	984
IT costs	3,314	3,058
Occupancy costs	770	1,457
Vehicle costs	193	382
Office supplies	101	121
Fees, insurance premiums	668	724
Postage, telephone	292	273
Write-downs/impairments of receiveables	0	76
Legal and consulting costs	1,140	1,478
Training costs	63	54
Human resources	1	0
Supervisory boad compensation	110	90
Non-deductible input tax	224	241
Impairment IFRS 9	150	93
Other	877	1,247
Total	10,070	11,504

The advertising expenses are comprised of costs for trade fairs, customer events, printed matter and entertainment. Third-party services include expenses for agencies, external workers, share services and general meetings. IT costs are comprised of expenses for the general IT operation (servers, clients, data centre), software leasing, scanning services and software licences, if they are not capitalisable.

The room costs include the expenses for additional rental costs, energy supply and cleaning costs. Rental expenses are recognized in line with depreciation under IFRS 16 Rights of use and interest expenses from compounding the rights of use shown, therefore the Room costs decreased from kEUR 1,457 in the previous year to kEUR 770 in the reporting year.

The motor vehicle costs include the expenses of the vehicle fleet. The car leasing is under Application of IFRS 16 in the items depreciation, usage rights and interest expenses. Interest on usage rights shown, therefore the vehicle costs decreased by kEUR 382 in previous year to kEUR 193 in the reporting year.

Under fees and insurance premiums, expenses from insurance policies, contributions to professional associations and BaFin/FMA (Austria) fees are reported in the balance sheet. The legal and advisory costs include expenses for legal issues/legal advisory, tax advisory, annual financial statement and auditing costs, as well as general accounting costs.

On the basis of the existing revenue structure and the included, non-taxable payments, the JDC Group has an input tax deduction rate of approx. 13 %, this is recalculated annually on the basis of the ongoing shifts in the revenue structure.

The valuation according to IFRS 9 results in expenses from value adjustments of kEUR 150 (previous year: kEUR 93).

3.1.7 Financial result [7]

	01/01/–31/12/2019 kEUR	01/01/–31/12/2018 kEUR
Income from closed-end fund investments	0	0
Interest and similar income	3	20
Interest and similar expenses	–1,611	–1,292
Compounding rights of use	–109	0
Interest expenses bond	–1,260	1,011
Other interest expenses	–242	–281
Total	**–1,608**	–1,272

The interest and similar expenses results mainly from the bond from subsidiary company Jung, DMS & Cie. Pool GmbH kEUR 1,260 (previous year: kEUR 1,011). The interest expenses from compounding rights of use concerning IFRS 16 rose to kEUR 109 (previous year: kEUR 0).

OF WHICH: FROM FINANCIAL INSTRUMENTS OF THE VALUATION CATEGORIES

The financial result is to be allocated to the following valuation categories in accordance with IFRS 9:

	2019 kEUR	2018 kEUR
Financial assets measured at amortised cost (AC)	3	20
Financial liabilities measured at amortised cost (AC)	–1,611	–1,292
Total	**–1,608**	–1,272

3.1.8 Income and other taxes [8]

Tax income and expenses are structured as follows:

	01/01/–31/12/2019 kEUR	01/01/–31/12/2018 kEUR
Current income tax	64	–198
Deferred taxes	–69	–964
Total income tax	**–5**	–1,162
Other taxes	–55	–230
Total tax expenditure	**–60**	–1,392

For the financial years 2019 and 2018, using an expected tax rate of 31.72 percent (previous year: 31.72 percent), the tax expense deviates from the actual amounts as follows:

	01/01/–31/12/2019 kEUR	01/01/–31/12/2018 kEUR
Earnings before income taxes	–1.808	-3.190
Arithmetical tax expense at expected tax rate (31.72%, previous year: 31.72%)	0	0
Evaluation of deferred taxes	–69	-964
Other	64	-198
Income tax as stated in the income statement	**–5**	-1.162

The effective tax rate is 0.00 percent (previous year: 0.00 percent).

The deferred tax assets and liabilities are attributable to the following accounts:

	31/12/2019 kEUR	31/12/2018 kEUR
Deferred tax assets		
Tax reimbursement claims from loss carry-forwards	2,220	2,606
Tax reimbursement claims from financial liabilities	931	155
	3,151	2,761
Deferred tax liabilities		
Intangible assets (software/customer base)	3,003	2,138
From other recognition differences	689	48
	3,692	2,186

Due to changes in deferred taxes the following changes occur in income statement.

	31/12/2019 kEUR	31/12/2018 kEUR
Deferred tax assets		
Tax reimbursement claims from loss carry-forwards	–363	–716
Tax reimbursement claims from financial liabilities	–191	10
	–554	–706
Deferred tax liabilities		
Intangible assets (software/customer base)	181	–210
From other recognition differences	304	–48
	485	–258

The deferred taxes for the domestic companies were calculated using the corporate income tax rate of 15.0 percent plus solidarity surcharge of 5.5 percent and the trade tax local multiplier for the city of Wiesbaden of 454.0 percent (combined income tax rate: 31.72 percent).

For the Austrian companies, the corporate income tax rate of 25.0 percent in effect since 2005 has been applied.

The decrease in deferred tax assets is mainly the result of usage of loss carry forward.

3.1.9 Earnings per share [9]

	2019 kEUR	2018 kEUR
Consolidated net income	–1,813	–4,266
Weighted average number of shares (number)	13,098,822	12,432,259
Own shares	162	0
Earnings per share in EUR	**–0.14**	–0.34

In the weighted average number of shares in 2019 is the weighted average effect of changes in own shares included during the year.

No dividend was paid in financial year 2019.

3.2 NOTES TO THE CONSOLIDATED BALANCE SHEET

3.2.1 Non-current assets

The composition of and changes to the various non-current asset items are shown in the consolidated statement of changes in fixed assets (Appendix 1).

The changes in the net carrying amounts of consolidated assets during the financial year under review are reported in Appendix 2 to the notes.

Amortisation of intangible assets and depreciation on property, plant and equipment are presented in ref. 3.1.5 of the notes.

3.2.1.1 INTANGIBLE ASSETS [10]

3.2.1.1.1 Concessions and licences

	31/12/2019 kEUR	31/12/2018 kEUR
Concessions, industrial property rights and similar rights and values	22,803	20,907
Goodwill	27,121	25,829
Total	**49,924**	46,736

This mainly comprises insurance portfolios from portfolio acquisitions, software licences for standard commercial software, customer bases and a CRM database.

The insurance portfolios are amortised on a straight-line basis over 15 years, the acquired software, on a straight-line basis over three years and self-produced software, on a straight-line basis over five–six years.

Concerning the acquisition of the “Geld.de” insurance portfolios, the geld.de domain (kEUR 800) were acquired. The company assumes a permanent value of the domain, therefore no depreciation is effected.

In the financial year under review, internally generated software tools totalling kEUR 1,335 (previous year: kEUR 1,942) were capitelised. These are essentially company-specific software applications (Compass, iCRM/iCRM-Web and Geld.de) to support financial products.

As of the reporting date, the carrying amount of internally generated software tools was kEUR 3,672 (previous year: kEUR 3,721).

3.2.1.1.2 Goodwill

Goodwill results from the first-time consolidation at the time of the relevant business merger and is divided into segments as follows:

	31/12/2019 kEUR	31/12/2018 kEUR
Advisortech	21,653	20,361
Advisory	5,461	5,461
Holding	7	7
	27,121	25,829

3.2.1.1.3 Impairment losses

With regard to the impairment of intangible assets, we refer to the notes to 3.1.5. There are no indications of impairment for the other software and licences.

Goodwill was subjected to an impairment test as of 31 December 2019. A possible impairment requirement results from the value comparison of the Carrying amount of the CGU or group of CGUs including the business assigned to it or Goodwill at its recoverable amount. If the book values exceed the recoverable amount, then one is Impairment of goodwill in the income statement. The recoverable amount is the maximum of the fair value less costs to sell and the value in use.

The achievable amount of the generating mediums of payment relevant entities Advisortech and Advisory are determined on basis of calculation of use value under applicaton of estimated cash flows before income taxes. The estimation are deviated from management and supervisory board approved detailed budgeting of the group companies for the financial year 2020. For the financial years 2021 and 2022 moderate growth ratse (phase I) are assumed. For the subsequent periods, the cash flow was forecasted as perpetual annuity (phase II).

The discount factor (capitalization interest rate) for the Group companies is calculated on the basis of the capital asset pricing model. The underlying determination of the capitalization interest rate assumptions, including the risk-free base rate, the market risk premium and the beta factor, are determined on the basis of publicly available information or capital market data.

At one of the yield curve, risk-free base rate of –0.35 % (previous year: 0.21 %), a market risk premium of 5.85 % (previous year: 6.07 %) and taking into account a beta factor of the comparative investment from 1.11 (previous year: 0.95), a capitalization interest rate of 5.5 % (previous year: 6.0 %) is calculated. In the capitalization rate a growth discount is used to calculate the present value of the first cash flows of the perpetual annuity 1.0 % (previous year: 1.0 %). An additional, essential influence on the free cash flow is the assumptions for revenue growth and earnings development of the operating units.

The rise in the discount rate before taxes to 7.5 percent (viz. +2 percent) does not mean a loss of value for the mediums of payment relevant entities. The decline of planned EBIT in the mediums of payment relevant entities by –20 percent does not require a loss of value. A significant reduction of the planned EBT growth beyond this may lead to the book value exceeding the achievable amount. However, as significant measures have already been initiated for increasing EBT, the Management Board regards this scenario as unlikely. For the cash-generating units Advisortech and Advisory, the fair value less the costs of disposal.

In the financial year, as in the previous year, none amortization of goodwill required.
As of December 31, 2019, the market capitalization was above the carrying amount of its equity.

3.2.1.2 PROPERTY, PLANT AND EQUIPMENT [11]

	31/12/2019 kEUR	31/12/2018 kEUR
Property, plant and equipment		
Leasehold improvements	69	59
Operating and office equipment	570	700
Rights of use rental and leasing	2,042	0
Total	**2,681**	759

The balance sheet item essentially comprises computer hardware including servers, note-books and printers, office equipment, cars, office furniture and improvements to third party buildings.

The changes in cost, depreciation and the carrying amounts are shown in the statement of changes in consolidated assets (Appendices 1 and 2).

As in the previous year, there was no indication of impairment of property, plant and equipment during the reporting year.

3.2.1.3 FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS [12]

The changes in financial assets and other non-current assets are shown in the statement of changes in consolidated assets (Appendices 1 and 2). The additional disclosures regarding financial instruments in accordance with IFRS 9 are presented in Appendix 4.

The breakdown of carrying amounts is as follows:

	31/12/2019 kEUR	31/12/2018 kEUR
Available-for-sale		
Shares in affiliated companies	25	25
Investments	123	123
Securities	38	0
Total	**186**	148

Shares in affiliated companies pertains the shares of FVV GmbH. Moreover, this item includes two (previous year: two) investments in companies with shareholdings ranging from 25.1 percent to 30.0 percent. As the impact of these investments on the Group's financial position, cash flows, and profit and loss is not significant, these investments have not been measured using the equity method.

3.2.1.4 RECEIVABLES AND OTHER ASSETS [13]

	31/12/2019 kEUR	31/12/2018 kEUR
Accounts receivables	900	1,068
Other assets	2,919	2,572
Impairment from expected losses	–360	–315
Total	**3,459**	3,325

Accounts receivable essentially relate to commissions receivable from cancellation reserves and long-term contract relationships. The other assets contain mainly of receivables to consultants.

Under application of IFRS 9, trade receivables and other receivables a risk provision for expected losses of 7%, thereby reducing the other receivables increased by kEUR 360 (December 31, 2018: kEUR 315).

3.2.2 Current other assets

3.2.2.1 RECEIVABLES AND OTHER ASSETS [14]

	31/12/2019 kEUR	31/12/2018 kEUR
Accounts receivable	19,010	16,657
Other assets		
Commission advances	345	262
Prepaid expenses	–120	–105
Other	2,535	3,864
Total	**21,770**	20,678

Accounts receivable essentially relate to commissions receivable from partner companies and broker pool partners from brokerage services as well as cancellation reserves.

The remaining other assets essentially relate to receivables to consultants.

Due to the first-time application of IFRS 9, risk provisions were added to other receivables for expected losses of 7%, which reduced other receivables by kEUR 120 (31.12.2018: kEUR 105).

Prepaid expenses relate to payments on account for advertising events in the subsequent year, insurance, contributions and vehicle tax.

3.2.2.2 CASH AND CASH EQUIVALENTS [15]

	31/12/2019 kEUR	31/12/2018 kEUR
Cash and cash equivalents	21,124	11,801
Total	**21,124**	11,801

The change in cash and cash equivalents during the financial year under review is shown in the consolidated cash flow statement under ref. 3.9.

3.2.3 Equity

The change in the Group equity of JDC Group AG is shown in the statement of changes in equity (cf. also ref. 3.8).

	31/12/2019 kEUR	31/12/2018 kEUR
Subscribed capital	13,128	13,128
Own shares	–162	0
Capital reserves	21,648	21,638
Own shares	–868	0
Other revenue reserves	392	434
Other equity components	–3,656	–1,790
Total	**30,482**	33,410

3.2.3.1 SUBSCRIBED CAPITAL AND CAPITAL RESERVES [16]

Subsribed capital and capital reserves

The Company's share capital is divided into 13,128,461 no-par-value ordinary bearer shares (previous year: 113,128,461) each representing a notional amount in the share capital of EUR 1.00 per share. The shares of JDC Group AG are admitted for the open market (Scale) on the Frankfurt stock exchange. Securities identification number: A0B9N3, ISIN: DE000A0B9N37. At year-end the company held none of its own shares.

Share buyback program

With the approval of the Supervisory Board, the Management Board of JDC Group AG decided on July 29, 2019 buy back up to 656,423 own shares of JDC Group AG via the stock exchange. The total volume the share buyback is set at a maximum of EUR 5 million excluding additional costs. The buyback program should be completed by July 30, 2020 at the latest.

As of December 31, 2019, 161,976 treasury shares were acquired as part of the share buyback program.

The capital reserve is due to the issuing of new shares in the previous years above the mathematical value. In this regard, accrued costs for capital procurement amounted kEUR 1,409 were deducted from the capital reserve. In the course of the share buyback, the premium paid was reduced by kEUR 868.

The capital reserve of the parent company is subject to the limitation on disposal according to § 150 AktG.

Contingent capital

The share capital was contingently increased by EUR 5,500,000 through issuing of 5,500,000 new, owner registered no-par shares with entitlement to dividend from the beginning of the financial year of issuing (Contigent capital 2018/I).

The share capital was further contingently increased by up to EUR 420,000 through issuing of 420,000 new, owner registered no-par shares with a pro-rata amount of contigent capital of apiece EUR 1.0 (Contigent capital 2018/II).

Authorised capital

The Managment Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the company during the period until 29 August 2024, once or severally, in exchange for cash or in-kind contributions up to a total of EUR 6,564,230 by issuing up to a total of 6,564,230 of new no-par-value ordinary bearer shares (Authorised capital 2019/I).

3.2.3.2 REVENUE RESERVES AND NET INCOME/LOSS BROUGHT FORWARD [17]

The revenue reserves contain the subsidiaries' legal reserves of kEUR 445 (2018: kEUR 445). Losses from the revaluation of defined benefit pension plans were offset of EUR 53 thousand (previous year: kEUR 11).

The revenue reserves include the undistributed past net income/loss generated by companies included in the consolidated financial statements.

The development of the revenue reserves including the net income/ loss brought forward can be found in the consolidated statement of changes in equity.

3.2.4 Non-current liabilities [18]

	31/12/2019 kEUR	31/12/2018 kEUR
Bonds	19,192	14,813
Liabilities to banks	15	107
Accounts payable	9,229	8,810
Other liabilities		
Purchase price liabilities	0	0
Liabilities from rental and lease	1,380	0
Others	191	184
Total	**30,007**	23,914

Under the position bond is a corporate bond of the Jung, DMS & Cie. Pool GmbH from 2019 displayed in the balance sheet, it is shown in continued costs of purchase under usage of the effective interest method. The previous year's figure relates to the corporate bond from 2015. The bond represents a short-term debt as of the reporting date.

Under liabilities to banks is a loan from FiNUM.Private Finance AG, vienna, issued through Bank Austria, as well as a working capital loan from JDC Group AG, Wiesbaden, issued by Raiffeisenbank Attersee eG.

Non-current liabilities under accounts payable pertain to liabilities from broker's commissions retained until expiration of the cancellation reserve. The obligation to pay broker's provision usually has a residual term of one to five years. Other liabilities contain mainly long-term part of loan obligation.

As of this financial year, other liabilities have been recognized in accordance with IFRS 16 Liabilities from the usage rights rental and leasing, here the long-term part, are shown.

Under this balance sheet position are also deferred taxes displayed, under the text figure 3.1.8.

The classification of single positions to the evaluation categories of IFRS 9 are displayed in appendix 4.

3.2.5 Provisions [19]

	31/12/2019 kEUR	31/12/2018 kEUR
Pension provisions	492	495
Provisions with reversal liabilities	1,058	986
Asset Damage precaution	40	48
Total	**1,590**	1,529

To calculate the pension obligations, a pension increase of 1.25 % (previous year: 1.25 %) based on a discount rate of 1.73 % (previous year: 1.58 %).

The debts from defined benefit obligations break down as follows:

— long-term share kEUR 492 (previous year: kEUR 495)
— short-term share kEUR 49 (previous year: kEUR 46)

The provisions for cancellation liability include those determined on the basis of an estimate and therefore not Part of the cancellation risks from a sub-business area that can be assigned to personnel. Furthermore, here a provision for the impending use of financial losses is shown.

The provisions for pensions developed as follows:

Pension provisions

	kEUR
Present value from defined benefit obligation as of 1 January 2018	940
Interest expenses	9
Ongoing service costs	42
Paid benefits	–68
Actuarial loss	10
Debt from defined benefit obligation as of 31 December 2018	**933**
Interest expenses	11
Ongoing service costs	35
Paid benefits	–43
Actuarial loss	40
Debt from defined benefit obligation as of 31 December 2019	**976**
Fair value of plan assets	
1 Januar 2018	377
Income from plan assets	0
Paid benefits	21
31 December 2018	**398**
Income from plan assets	0
Paid benefits	38
31 December 2019	**436**
Debt from defined benefit obligation	**540**

3.2.6 Current liabilities [20]

	31/12/2019 kEUR	31/12/2018 kEUR
Pension provisions	49	46
Provisions for taxes	71	288
Bonds	12,292	0
Liabilities to banks	354	2,584
Accounts payable	19,248	17,508
Other current liabilities		
Loan liabilities	0	761
Rights of use rental and lease	714	0
Others	3,792	3,968
Deferred income	4	14
Total	**36,524**	25,169

Pension provisions include current portion due for payment within one year. Tax provisions essentially comprise the expected final payments for corporate income tax, solidarity surcharge and trade tax for the 2018 and 2019 plus threatening additional tax payments for past periods.

Among the bonds is a corporate bond from Jung, DMS & Cie. Pool GmbH from 2015, shown at amortized cost using the effective interest method. The full repayment was completed in January 2020.

Under liabilities to banks, the current portion of the Bank Austria loan referred to in 3.2.4 is mainly reported. Other accounts payable also comprise obligations under the cancellation reserve with a term of up to one year.

Other liabilities include, inter alia, liabilities from wage and church tax, as well as value-added tax, current interest liabilities from the corporate bond and liabilities for services already received. Other liabilities since this financial year contains also the liabilities from the usage rights rental and leasing recognized according to IFRS 16, here the short-term part.

3.2.7 Changes in liabilities from financing activities

	01/01/2019 kEUR	Cashflow kEUR	Other kEUR	31/12/2019 kEUR
Non-current bonds	14,813	19,180	–14,801	19,192
Current bonds	0	–2,769	15,061	12,292
	14,813	**16,411**	**260**	**31,484**
Non-current liabilities due to banks	107	0	–92	15
Current liabilities due to banks	2,584	–2,322	92	354
./. Components of cash and cash equivalents	0	0	0	0
	2,691	**–2,322**	**0**	**369**
Other liabilities				
Non-current loan liabilities	184	0	7	191
Current loan liabilities	761	–761	0	0
Non-current Rights of use rental and leasing	0	0	1,380	1,380
Current Rights of use rental and leasing	0	–933	1,647	714
	945	**–1,694**	**3,034**	**2,285**
Total liabilities from financing activities	**18,449**	**12,395**	**3,294**	**34,138**

Under the heading “Other”, effects from the timing or the prolongation of loan-related reclassification between non-current and current liabilities, the effects of accrued but unpaid interest on loans and the effects of the valuation of the loan Bond at amortized cost using the effective interest method.

3.3 DISCLOSURES ON LEASES

If a lease is not to be accounted for in accordance with IFRS 16 due to its short-term nature or the lack of transfer of the exclusive use, the resulting other financial obligations are shown according to remaining terms.

The future minimum lease payments under operating leases are as follows:

	31/12/2019 kEUR
Residual term	
up to one year	287
between two and five years	0
longer than five years	0
Total	**287**

There are lease agreements for office premises, office equipment, IT equipment.

The agreements have remaining terms of up to 12 months (previous year: up to 24 month) whereby some contain extension and price adjustment clauses.

Leases 2018

The group has operating leases for various vehicles, office equipment and administration buildings. The average term is 3 years for vehicles, 3–5 years for office machines and 5 years for buildings.

Since January 1, 2019, the Group has recognized rights of use for these leases in accordance with IFRS 16, with the exception of short-term leases and leases, the subject matter of which is not subject to the exclusive use of the Group.

As of December 31, 2018, there were other financial obligations (nominal values) due to non-cancellable contracts in the following amount:

	31/12/2018 kEUR
Residual term	
up to one year	1,474
between two and five years	2,910
longer than five years	712
Total	**5,096**

3.4 CONTINGENCIES

a) Liability for products on the “master list”

As business partners of the JDC Group Group companies, the independent brokers are liable for their investment recommendations regarding the products offered if they have not complied with all the legal checks and research obligations. For selected products Jung, DMS & Cie. AG arranges for these reviews, which result in an exemption from liability, to be carried out by its own staff and with recourse to external research firms.

For transactions in these reviewed products, which are indicated in the master lists, the pool automatically and voluntarily assumes liability when the transactions are processed by Group companies.

b) Liability umbrella

Jung, DMS & Cie. GmbH, Vienna/Austria, FiNUM.Finanzhaus AG, Wiesbaden, and FiNUM.Private Finance AG, Berlin, assumes more extensive liability for financial brokers who become tied agents on the basis of an exclusive pool partner agreement. The companies are directly liable to the pool partners’ customers for any consulting errors. In order to avoid charges resulting from this external liability where possible, the pool partner comprehensively indemnifies Jung, DMS & Cie., Vienna/Austria, against any such claims on the basis of the existing internal relationship.

c) Letters of comfort

JDC Group AG has issued letters of comfort to various insurance companies for its subsidiaries.

Jung, DMS & Cie. AG has issued letters of comfort for its subsidiary Jung, DMS & Cie. Pool GmbH to various insurance companies.

d) Other contingencies

There are no other contingencies as of the reporting date.

3.5 CONTINGENT LIABILITIES

By the time of publication of the annual financial report there were no contingent liabilities.

3.6 RELATED PARTIES

In accordance with IAS 24, persons or companies which control over JDC Group AG or are controlled by it must be disclosed unless they are included as consolidated companies in JDC Group's consolidated financial statements. Control exists if a shareholder holds more than 50 percent of the voting rights in JDC Group AG or has the power to govern the financial and operating policies of JDC Group AG on the basis of a contractual agreement.

In addition the disclosure requirement under IAS 24 applies to transactions with associated companies and transactions with persons who exercise significant influence on the financial and operating policies of JDC Group AG, including close family members and intermediary companies. A significant influence on the financial and operating policies of JDC Group AG may be based on a shareholding in JDC Group AG of 20 percent or more, a seat on the Management Board or Supervisory Board or another key management position in the company.

For JDC Group AG the following disclosure obligations arise for the financial year:
The currently largest single shareholder is the Great-West Lifeco with a share of 28 %, the two Board members with their associated companies Aragon Holding GmbH and Grace Beteiligungs GmbH each hold around 5 %, 12 % hold members of the Supervisory Board, 3 % own shares and others around 47 % are in the free float.

Transactions with members of the Management Board and the Supervisory Board:

	31/12/2019 kEUR	31/12/2018 kEUR
Supervisory Board		
Total remuneration	**110**	79
Management Board		
Total remuneration*	**890**	880

* The total remuneration of the Boards of JDC Group AG is disclosed, even when the costs have been borne by subsidiaries.

3.7 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No subject to report events took place after the reporting date.

3.8 STATEMENT OF CHANGES IN EQUITY

The movement in Group equity as of the reporting date is shown in the statement of changes in equity, which forms part of the consolidated financial statements.

Changes in equity

	kEUR
Equity 31/12/2018	33,410
Capital increase	0
Repurchase own shares	–1,030
other equity movements	–44
Net profit	–1,854
Equity 31/12/2019	30,482

3.9 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The Group's changes in financial position are reflected in the cash flow statement, which forms part of the consolidated financial statements in accordance with IFRS. The cash flow from operating activities was positive at kEUR 3,847.

In the cash flow statement, the changes in cash and cash equivalents within the JDC Group Group during the financial year are shown on the basis of the cash flows from operating activities, investment activities and financing activities. Non-cash transactions are combined into a total amount only under the cash flow from operating activities.

Cash and cash equivalents

Cash and cash equivalents are broken down in the consolidated cash flow statement. Cash and cash equivalents with a residual term of a maximum of three months are pooled in this item. Cash equivalents are current investments that can be converted into cash at any time and which are only subject to minor fluctuations in value.

3.10 SEGMENT REPORTING

Pursuant to IFRS 8, reportable operating segments are identified based on the management approach. This means that the external segment reporting is based on the internal Group organisational and management structure and the internal financial reporting provided to the chief operating decision maker. In the JDC Group Group, the Management Board of JDC Group AG is responsible for measuring and managing the segments' business results and is the highest chief operating decision maker within the meaning of IFRS 8.

JDC Group AG reports on three segments which are managed independently by committees responsible for the segment in accordance with the type of products and services offered. The designation of company segments as business segments is based in particular on the existence of segment managers responsible for the results who report directly to the chief operating decision maker of the JDC Group Group.

The JDC Group Group divides into the following segments:
— Advisortech
— Advisory
— Holding

Advisortech

In the Advisortech segment, the Group pools its activities involving independent financial advisers. The offering encompasses all asset classes (investment funds, closed-end funds, insurance products and certificates) provided by different product companies and including order processing and commission settlement as well as various other services relating to investment advice for retail customers. The advisors find support from various proprietary software developments, such as the "allesmeins" insurance folder and iCRM Web.

Advisory

The Group's activities that focus on advisory and sales services for retail customers are bundled in the Advisory segment. As an independent financial and investment adviser, we offer our customers holistic consultancy services for insurance, investment funds and financing products that are tailored to the customer's particular situation.

Holding

The Holding Segment includes the JDC Group AG.

The measurement principles for JDC Group's segment reporting are based on the IFRS standards used in the consolidated financial statements. JDC Group evaluates the performance of the segments using, among other things, the operating results (EBITDA and EBIT). The revenues and preliminary services between the segments are allocated on the basis of market prices.

Segment assets and liabilities comprise all assets and liabilities allocable to the operating arena and whose positive and negative results determine the operating results. The segment assets include in particular tangible and intangible assets, commission claims and other receivables. The segment liabilities relate in particular to accounts payable and other liabilities. The segment investments include the additions in tangible and intangible assets.

The number of employees in each of JDC Group Group's individual segments is as follows – full-time equivalents:

	2019	2018
Advisortech	216	211
Advisory	45	34
Holding	18	17
Total	**279**	262

Geographical segment information

JDC Group and its subsidiaries are mainly acting in Germany and Austria, therefore the customer group forms a single geographic segment (German-speaking region of the European Union).

4 ADDITIONAL INFORMATION

4.1 OBJECT OF THE BUSINESS AND KEY ACTIVITIES

In accordance with the Articles of Association, the object of JDC Group AG is the acquisition, management and disposal of investments in companies, in particular in the financial services sector, as well as the provision of management, consultancy and general services, especially for the companies below.

The parent company is a holding company, which mainly acquires majority stakes in sales organisations whose activities focus on placing financial products and providing related services. The company provides consultancy and management services for its subsidiaries. The commercial strategy is long-term integration of investments in the Group to strengthen the earnings power of the relevant subsidiaries by leveraging synergies. As part of the holding structure developed, JDC Group AG is responsible for the strategic management of the Group's business and financial policy. Conversely, operational responsibility lies with the subsidiaries. The parent company also acts as an interface with the capital market.

Jung, DMS & Cie. AG acts as an operating investment holding company. The area of activity of this company and its subsidiaries consists of the operation of purchasing and settlement platforms for independent financial advisers, known as Advisortech, which take over key functions for independent brokers, such as product purchasing, marketing, central transaction processing and training. In return for the above services, the Advisortech retain a portion of the initial commission earned as well as a portion of the follow-up commission. The subsidiaries of Jung, DMS & Cie. AG currently have presences in Wiesbaden, Munich and Vienna.

In their consulting activities, the FiNUM.Private Finance AG, Vienna/Austria, plus FiNUM.Private Finance AG, Berlin, and FiNUM.Finanzhaus GmbH, Wiesbaden, focus on the interests of end customer. As independent financial advisors, they offer customised advisory services in the areas of insurance, investments and financing.

Jung, DMS & Cie. GmbH, Vienna/Austria, is a licensed securities service company and is subject to regulation by the Austrian Financial Markets Supervisory Authority (FMA). FiNUM.Private Finance AG, Berlin, is concessionary securities-related services enterprises and is subject to regulation by German Federal Financial Supervisory Authority (BaFin).

4.2 CAPITAL MANAGEMENT

Capital Management deals with the needs-based management of funds in the Group, with the involvement of the selection and management of financing sources. The aim is to make the necessary funds available at the lowest costs. Here, management criteria are particularly the debit and credit interest rates. The volume of funds to be managed amounts to EUR 21 million (previous year: EUR 20 million). In order to fulfil this task, Capital Management has the daily and monthly reporting available to it with target-actual comparisons.

4.3 RISK MANAGEMENT, FINANCIAL DERIVATIVES AND OTHER INFORMATION ON CAPITAL MANAGEMENT

The future business performance of the Group is linked to all the opportunities and risks associated with the sale of financial products, and the purchase, management and sale of companies. JDC Group AG's risk management system is designed to identify risks at an early stage and to minimise them by implementing appropriate measures. Financial instruments are used exclusively for hedging purposes. In order to identify potential problems within affiliated companies and their investments at an early stage, key performance indicators are obtained and evaluated. Turnover, earnings and the liquidity situation are evaluated on a monthly, weekly and daily basis. Management receives a daily overview of the KPIs relating to turnover and liquidity. JDC Group AG is managed via a monthly reporting system, which includes KPIs and, in particular, takes into account the liquidity situation. The Management Board is also informed about the current liquidity situation on a daily basis.

Relevant **company-related risks** are as follows:

— Within the context of financial product and insurance brokering, it cannot be ruled out that cancellations will result in expenses that are not covered by corresponding repayment claims against the brokers. With the rise in insurance turnover at JDC, receivables management is becoming increasingly important in order to execute this type of repayment claim.
— JDC can be held liable for incorrect advice or consultative errors made by sales partners. It cannot be said in blanket terms whether in each individual case the risks are then covered by the existing insurance coverage, or by repayment claims against brokers.
— Persistent volatility in the capital markets and difficulty in forecasting product sales are placing major demands on liquidity management. Lack of liquidity could become an existential problem.

Relevant **market-related risks** are as follows:

— The business success of the company is fundamentally dependent on economic trends.
— The performance of national and global financial and capital markets is of considerable relevance to JDC's success. Sustained volatility or negative performance can have an adverse impact on JDC's profitability.
— The stability of the legal and regulatory framework in Germany and Austria is highly important. In particular, short-term changes to the framework conditions for financial services providers, brokers and financial products can have a negative impact on JDC's business model.
— The Coronavirus crisis is currently having an adverse impact on companies' willingness to invest and on the earning capacity of many consumers. There is a risk of significantly higher unemployment as a result of recessive developments. If the global economy slips into recession, this will have a negative impact on JDC's profitability.

Relevant **regulatory risks** are as follows:

— Implementation of the European General Data Protection Regulation affects all German businesses, in particular those businesses in the financial services sector that make considerable use of personal data. We are subject to extensive information and documentation obligations in this regard. As the digitisation of the insurance industry is only just beginning, many processes at JDC continue to be handled manually. This increases the risk of data incidents due to human error.

— Following the implementation of the MiFID II in German law, portfolio commissions are paid only when used to improve the quality of client services. As before, however, what this means in concrete terms is still unclear. If the measures taken by JDC are insufficient, this may lead to a short-term loss of revenue in the Investments division.

The Management Board cannot currently detect any further risks to the company's continued existence or development and they believe that the identified risks are manageable and do not jeopardise the continuance of the group.

4.4 RISK MANAGEMENT OBJECTIVES AND METHODS

Risk management objectives and methods are determined and documented at the level of JDC Group AG. Risks have been structured systematically in the following four groups:

1. Strategic risks, relating to:
— Expertise
— Staff: recruitment, management and motivation
— Market prominence
— M&A measures
— Resource allocation and
— Communications

2. Financial risks, relating to:
— Medium and long-term financing
— Short-term liquidity supply
— Financial instruments
— VAT-related risks and
— Fraud

3. Operating risks, relating to:
— Project and acquisition-related risks
— Contractual risks

4. External risks, relating to:
— IT security
— Financial market conditions as well as
— Legal, practical and social changes

The risk management of the Group companies includes, for each of the potential risk fields, the early detection of risks, information and communication, handling of risks by defining and executing corresponding countermeasures as well as the documentation of the risk management system.

4.5 ADDITIONAL DISCLOSURES PURSUANT TO SECTION 315E (1) HGB

The list of shareholdings is attached to these notes in the Appendix.

The following fees were charged by the group auditor in the financial year:

Auditor fees

	kEUR
Auditor services	134
Other confirmation services	18
Total	**152**

On average, the Group companies employed 279 staff – full-time equivalents – throughout the year (previous year: 262).

Executive Bodies of JDC Group AG

MANAGEMENT BOARD

Dr. Sebastian Grabmaier
Grünwald
Attorney
CEO

Ralph Konrad
Mainz
Businessman (Dipl.-Kfm.)
CFO

Stefan Bachmann
Frankfurt
Businessman
CDO

SUPERVISORY BOARD

Jens Harig
Kerpen
Independent entrepreneur
Chairman

Emmerich Kretzenbacher
Hamburg
Graduated Certified Accountant
Deputy Chairman

Klemens Hallmann
Vienna
Independent entrepreneur

Jörg Keimer
Wiesbaden
Attorney

Dr. Markus Schachner
Managing Director
Wien (since 30 August 2019)

The remuneration of the Management Board and Supervisory Board is disclosed under ref. 3.6. There is no obligation to disclose the remuneration of individual members of the Management Board in accordance with Section 314 (1) No. 6a Clause 5 ff. of the German Commercial Code (HGB), as JDC Group AG is not a listed joint stock company within the meaning of Section 3 (2) of the German Stock Corporation Act (AktG).

Appendix 1

Statement of changes in consolidated fixed assets as of 31 December 2019

	Cost of Acquisition/production					
	01/01/2019 kEUR	Reclassifications kEUR	First consolidation kEUR	Additions kEUR	Disposals kEUR	**31/12/2019 kEUR**
I. Intangible assets						
1. Concessions, industrial property rights and similar rights and values	39,638	1,720	3,302	1,985	0	42,675
a) internally generated industrial property rights and similar rights and values	9,640	1,335	0	0	0	10,975
b) for remuneration aquired concessions and similar rights and values	9,250	385	2	1,985	0	7,651
c) Customer base	20,582	0	3,300	0	0	23,882
d) Contract preparation costs	166	0	0	0	0	166
2. Company Value	25,829	0	1,292	0	0	27,121
3. Payments made	0	0	0	0	0	0
	65,467	**1,720**	**4,594**	**1,985**	**0**	**69,796**
II. Property, plant and equipment						
1. Leasehold	66	0	0	0	60	126
2. Other equipment, operating and business equipment	3,210	125	157	166	–60	3,266
3. Rights of use rental and leasing	0	2,975	0	0	0	2,975
	3,275	**3,100**	**157**	**166**	**0**	**6,367**
III. Financial assets						
1. Shares in affiliated companies	25	0	0	0	0	25
2. Closed-end fund investments	123	0	0	0	0	123
3. Securities held as fixed assets	0	1	37	0	0	38
	148	**1**	**37**	**0**	**0**	**186**
	68,890	**4,821**	**4,788**	**2,151**	**0**	**76,349**

Depreciation/amortisation						Book value	
01/01/2019 kEUR	Depreciation/ Amortisation in financial year kEUR	Disposals kEUR	Reclassifications kEUR	First consolidation kEUR	**31/12/2019 kEUR**	31/12/2018 kEUR	**31/12/2019 kEUR**
18,732	3,126	1,985	0	0	19,872	20,907	22,803
5,920	1,384	0	0	0	7,303	3,721	3,672
8,121	208	1,985	0	0	6,344	1,129	1,307
4,679	1,510	0	0	0	6,189	15,903	17,693
12	24	0	0	0	36	154	131
0	0	0	0	0	0	25,829	27,121
0	0	0	0	0	0	0	0
18,732	**3,126**	**1,985**	**0**	**0**	**19,872**	46,736	**49,924**
7	9	0	41	0	57	59	69
2,509	243	100	–41	85	2,696	700	570
0	933	0	0	0	933	0	2,042
2,516	**1,185**	**100**	**0**	**85**	**3,686**	**759**	**2,681**
0	0	0	0	0	0	25	25
0	0	0	0	0	0	123	123
0	0	0	0	0	0	0	38
0	**0**	**0**	**0**	**0**	**0**	**148**	**186**
21,248	**4,311**	**2,085**	**0**	**85**	**23,559**	**47,643**	**52,791**

Appendix 2

Statement of changes in the net book values of consolidated fixed assets as of 31 December 2019

	Book value 01/01/2019 kEUR	First consolidation kEUR	Reclassifica-tions kEUR	Additions/ Reclassi-fications kEUR	Disposals kEUR	Depreciation/ amortisation in the financial year kEUR	**Book value 31/12/2019 kEUR**
I. Intangible assets							
1. Concessions, industrial property rights and similar rights and values	20,907	3,302	0	1,720	0	3,126	22,803
a) internally generated industrial property rights and similar rights and values	3,721	0	0	1,335	0	1,384	3,672
b) for remuneration aquired concessions and similar values	1,129	2	0	385	0	208	1,307
c) Customer base	15,903	3,300	0	0	0	1,510	17,693
d) Contract preparation costs	154	0	0	0	0	24	131
2. Company Value	25,829	1,292	0	0	0	0	27,121
3. Payments made	0	0	0	0	0	0	0
	46,736	**4,594**	**0**	**1,720**	**0**	**3,126**	**49,924**
II. Property, plant and equipment							
1. Leasehold	59	0	19	0	0	9	69
2. Other equipment, operating and business equipment	700	72	–19	125	66	243	570
3. Rights of use rental and leasing	0	0	0	2,975	0	933	2,042
III. Financial assets	**759**	**72**	**0**	**3,100**	**66**	**1,185**	**2,681**
1. Shares in affiliated companies							
2. Closed-end fund investments	25	0	0	0	0	0	25
3. Securities held as fixed assets	123	0	0	0	0	0	123
	0	37	0	1	0	0	38
	148	**37**	**0**	**1**	**0**	**0**	**186**
	47,643	**4,703**	**0**	**4,821**	**66**	**4,311**	**52,791**

Appendix 3
List of shareholdings as of 31 December 2019

Company name and registered office

	Shareholding in %
Subsidiaries included in the consolidated financial statements:	
Jung, DMS & Cie. Aktiengesellschaft, Munich	100.0
FiNUM.Private Finance Holding GmbH, Vienna/Austria	100.0
JDC B-LAB GmbH, Triesen/Liechtenstein	100.0
FiNUM.Private Finance AG, Vienna/Austria[1]	100.0
Jung DMS & Cie. GmbH, Vienna/Austria[1]	100.0
Jung, DMS & Cie. Pool GmbH, Wiesbaden[1]	100.0
jupoo finance GmbH, formerly Jung, DMS & Cie. Finanzservice GmbH, Vienna/Austria[1]	51.0
Jung, DMS & Cie. Pro GmbH, Wiesbaden[1]	100.0
FiNUM.Pension Consulting GmbH, Wiesbaden[1]	100.0
JDC plus GmbH, Wiesbaden[1]	100.0
JDC Geld.de GmbH, Wiesbaden[1]	100.0
FiNUM.Private Finance Holding GmbH, Wiesbaden	100.0
FiNUM.Private Finance AG , Berlin[1]	100.0
FiNUM.Finanzhaus AG, Wiesbaden[1]	100.0
[1] indirect shareholding, indication of the proportion of shares held by the subsidiary	100.0

Company name and registered office

Non-consolidated subsidiaries and investments:	Shareholding in %	Equity 31/12/2019 kEUR	Net profit 2019 kEUR
1. Non-consolidated subsidiaries			
MEG AG, Kassel	100.0	n. a.	n. a.
FVV GmbH, Wiesbaden[2]	100.0	3	0
2. Other investments			
Dr. Jung & Partner GmbH Generalrepräsentanz, Essenbach[1][3]	30.0	88	10
BB-Wertpapier-Verwaltungsgesellschaft mbH, Augsburg[4]	25.1	111	17

[1] indirect shareholdings via Jung, DMS & Cie. Pool GmbH
[2] indirect shareholdings via FiNUM.Private Finance AG, Berlin
[3] Data from 31 Dezember 2018
[4] Data from 30 September 2019

Appendix 4

Additional informations concerning Financial instruments IFRS 9 as of 31 December 2019

	Measurement categories as defined by IFRS 9	Book value 31/12/2019 kEUR	Continuing book kEUR	Cost of acquisition kEUR	Fair Value – not affecting net income kEUR
Assets					
Non-current assets					
Financial assets					
Shares in affiliated companies	AC	25		25	
Closed-end fund investments	AC	123		123	
Securities	AC	38		38	
Accounts receivable	AC	900	900		
Other assets	AC	2,559	2,559		
Current assets					
Accounts receivable	AC	19,010	19,010		
Other assets	AC	2,415	2,415		
Cash and cash equivalents	AC	21,124	21,124		
Liabilities					
Non-current liabilities					
Bonds	AC	19,192	19,192		
Liabilities due to banks	AC	15	15		
Accounts payable	AC	9,229	9,229		
Other liabilities	AC	1,571	1,571		
Current liabilities					
Bonds	AC	12,292	12,292		
Liabilities due to banks	AC	354	354		
Accounts payable	AC	19,248	19,248		
Other liabilities					
Other liabilities		4,506	4,506		

* The management realised that the disclosed time values of all positions with exception of the issued bond mainly due to the short time span of these instruments meet their book value. The fair value of the bond liability was deviated from the bond's market price.

	Fair Value – affecting net income kEUR	**Fair Value 31/12/2019 kEUR**	Book value 31/12/2018 kEUR	Continuing book value kEUR	Cost of acquisition kEUR	Fair Value – not affecting net income kEUR	Fair Value – affecting net income kEUR	Fair Value 31/12/2018 kEUR
		25	25		25			25
		123	123		123			123
		38	0		0			0
		900	1,068	1,068				1,068
		2,559	2,257	2,257				2,257
		19,010	16,657	16,657				16,657
		2,415	3,759	3,759				3,759
		21,124	11,801	11,801				11,801
		20,626	14,813	14,813				15,000
		15	107	107				107
		9,229	8,810	8,810				8,810
		1,571	184	184				184
		12,292	0	0				0
		354	2,584	2,584				2,584
		19,248	17,508	17,508				17,508
		4,506	4,729	4,729				4,729

Independent Auditor's report

To JDC Group AG, Wiesbaden

OPINIONS

We have audited the consolidated financial statements of JDC Group AG and its subsidiaries (the Group), which comprise the balance sheet as of December 31, 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1 to December 31, 2019 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the joint management report of JDC Group AG for the financial year from January 1 to December 31, 2019.

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, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB), and in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2019, and of its financial performance for the financial year from January 1 to December 31, 2019, and

— the accompanying joint management report as a whole provides an appropriate view of the Group's position. In all material respects, this joint 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 joint management report does not cover the content of the non-financial Group declaration and the corporate governance statement mentioned above.

Pursuant to Section 322 (3) Sentence 1 of the German Commercial Code (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 joint management report.

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the joint management report in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, 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 joint 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. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the joint management report.

OTHER INFORMATION

The legal representatives are responsible for the other information. The other information comprises the remaining parts of the annual report, with the exception of the audited consolidated financial statements and the joint management report and our auditor's report.

Our opinions on the consolidated financial statements and on the joint 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 joint management report or our knowledge obtained in the audit, or
— otherwise appears to be materially misstated.

Responsibilities of the legal representatives and of the Supervisory Board for the consolidated financial statements and the joint management report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (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 legal representatives 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 legal representatives 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 fidancial 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 legal representatives are responsible for the preparation of the joint 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 legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a joint 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 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 joint management report.

Auditor's Responsibilities for the Audit of the consolidated financial statements and of the joint management report

Our objectives are to obtain reasonable assurance about whether the consolidated fidancial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the joint 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, whether it 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 joint management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (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 joint management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the joint 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 joint 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 legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures
- Conclude on the appropriateness of the legal representatives use of the going concern basis of account-ing 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 joint 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, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (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 joint management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
— Evaluate the consistency of the joint management report with the consolidated financial statements, its conformity with law, and the view of the Group's position it provides.
— Perform audit procedures on the prospective information presented by the legal representatives in the joint management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives 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, inter alia regarding the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

Münster, April 23, 2020

Dr. Merschmeier + Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jäger
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DISCLAIMER

The Annual Report of JDC Group AG is available in German and English. The English translation of the Group Management Report and the consolidated financial statements has been provided for conveniance. The German version of the 2019 Annual Report (including the opinion of an independant auditor) is legally binding and can be viewed on the company's website: www.jdcgroup.de

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