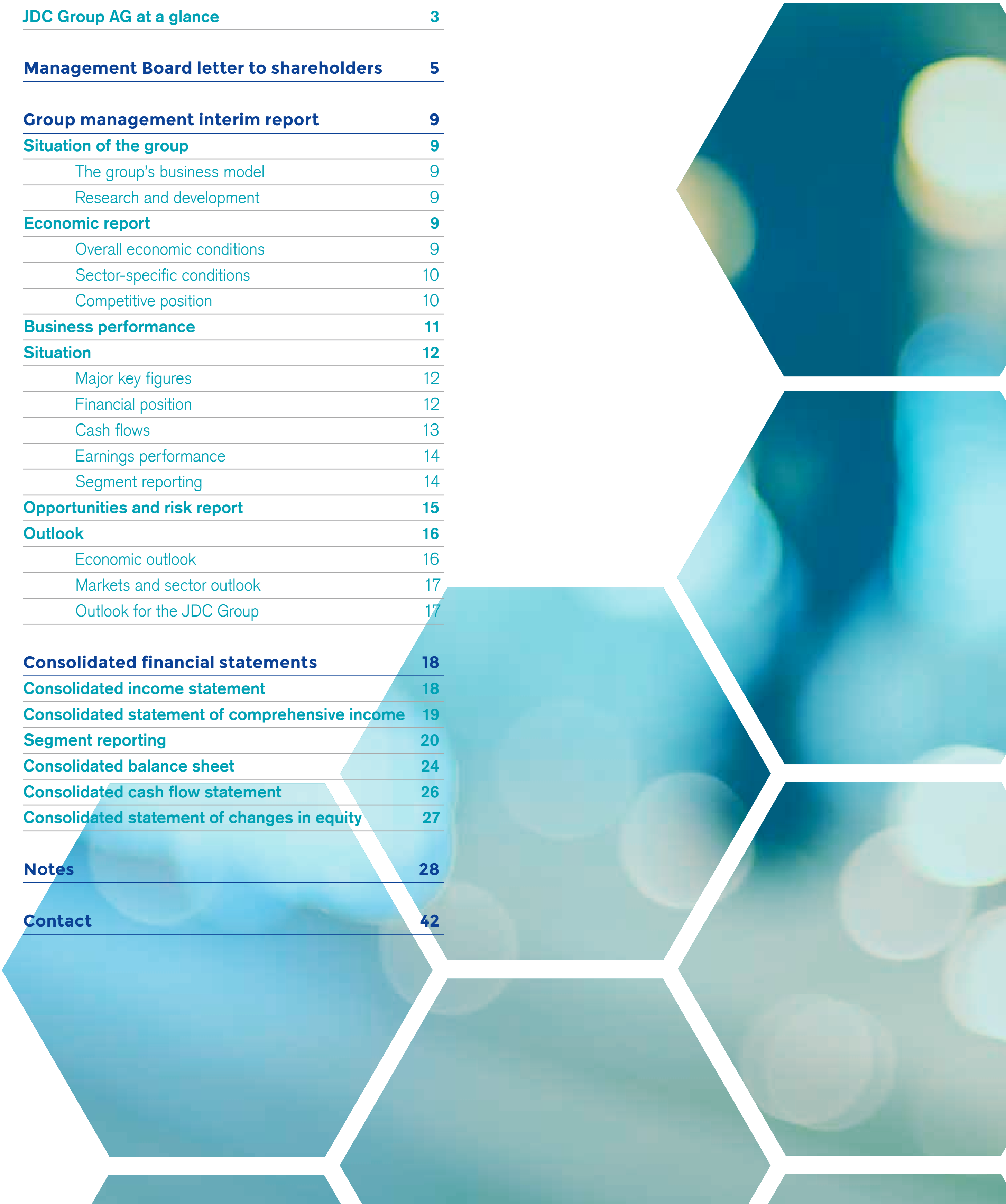
Interim Report 1. Half of 2020

JDC GROUP

BEST ADVICE. BETTER TECHNOLOGY.

Content



JDC Group AG

At a glance

P & L in kEUR	2. Quarter 2020 kEUR	2. Quarter 2019 kEUR	Changes compared to previous year in %	30/06/2020 kEUR	30/06/2019 kEUR	Changes compared to previous year in %
Revenues	27,381	25,702	6.5	58,820	52,513	12.0
Gross margin	7,981	7,457	7.0	16,880	15,594	8.2
Gross margin in %	29.1	29.0	0.3	28.7	29.7	–3.4
Total operational costs	8,125	7,456	9.0	15,933	14,777	7.8
EBITDA	939	1,086	–13.5	3,134	2,861	9.5
EBITDA margin in %	3.4	4.2	–19.0	5.3	5.4	–1.9
EBIT	–144	1	> –100	947	817	15.9
EBIT margin in %	–0.5	0.0	> –100	1.6	1.6	0.0
Net profit	–509	–365	–39.5	190	125	52.0
Number of shares in thousands (end of period)	12,660	13,128	–3.6	12,660	13,128	–3.6
Earnings per share in EUR	–0.04	–0.03	–33.3	0.02	0.01	100.0

Cashflow/Balance sheet in kEUR	30/06/2020 kEUR	31/12/2019 kEUR	Changes compared to year in %
Cash flow from operating activities	5,716	3,805 *	50.2
Total equity and liabilities	89,661	102,295	–12.4
Equity	28,878	30,482	–5.3
Equity ratio in %	32.2	29.8	8.1

*30/06/2019


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

Management Board letter to shareholders

DEAR SHAREHOLDERS, DEAR BUSINESS PARTNERS,

Against the backdrop of the coronavirus crisis, the group's results for the first half of 2020 are very encouraging, and, despite the negative impact of the COVID-19 pandemic, they confirm the Management Board's positive growth forecast: in the first half of 2020 consolidated revenues grew by around 12 percent to EUR 58.8 million, with both the Advisortech and the Advisory segments making a strong contribution to the upsurge.

Overall, the company is continuing to steer its way successfully through the crisis. In the second quarter, the numbers of new business applications again far exceeded those in the same quarter of the previous year, although during that time extensive social distancing measures brought an end to many social activities and caused the shutdown of many businesses. The lack of activity in the occupational pensions and property businesses caused by the coronavirus was more than compensated for by the strong investment and non-life insurance business, so that, despite the crisis, an increase of 7 percent in revenues was recorded in the second quarter. The number of contracts transferred to our insurance platform in the first half of the year has doubled. However, the impact of these contracts will not be seen in the revenues and income for some months.

Although almost all our business processes had been transferred to our employees' workstations in their homes by the end of March, the processing of transactions on our platform is working perfectly and its operating performance has been excellent. These measures have led to extraordinary expenses, especially in information technology (IT) and operations, which have had an impact on the profit for the second quarter in particular. However, the group nevertheless managed to increase its earnings before interest, tax, depreciation and amortisation (EBITDA) significantly in the first half of the year. Thanks are due in this regard to our employees in particular, as they showed great commitment, flexibility and creativity in coping with the crisis.

We also announced in the first half of the year the successful signing of three further collaboration agreements, despite the coronavirus crisis. Boehringer Ingelheim Secura Versicherungsvermittlungs GmbH (BI Secura), the in-house broker of the pharmaceuticals group Boehringer, signed an exclusive collaboration agreement with Jung, DMS & Cie. for the handling of the employee business. Also, InsureDirect24 Assekuranz GmbH, the general agency of Nürnberger Versicherung, which handles the direct customers of the Nürnberger Versicherung group, will in future use JDC's platform technology for the processing, settlement and accounting of its customers' contracts.

In addition, with its bancassurance platform JDC will be the premium distribution partner of s mobile Versicherungsmakler GmbH, a Sparkasse Bremen group company, and will use its administrative and sales support technology to take on the entire processing, settlement and accounting processes for the insurance business. With around 80 locations in the metropolitan area and more than 400,000 retail customers, in addition to over 26,000 corporate customers, Sparkasse Bremen is one of the largest and most innovative savings banks in Germany. The agreement with s mobile Versicherungsmakler GmbH therefore represents a special milestone for JDC.

Results for the first six months of 2020 and the second quarter of 2020

Despite the considerable impact of the COVID-19 pandemic and the measures taken to deal with it, JDC Group AG managed once again to achieve significantly higher figures for both revenues and profits than in the first half of 2019.

Revenues for the first half of the year saw an encouraging increase of 12 percent, to EUR 58.8 million (first six months of 2019: EUR 52.5 million). Revenues for the second quarter – usually a weak one in the intermediary market – were up by around 6.5 percent despite the lockdown resulting from the coronavirus and stood at EUR 27.4 million (second quarter 2019: EUR 25.7 million). We see this unexpectedly positive result as confirmation of the success of the digital processes we have introduced in recent years.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by around 10 percent to EUR 3.1 million in the first half of the year (first six months of 2019: EUR 2.9 million). At kEUR 939, EBITDA for the second quarter is to some extent lower than it was in the same quarter of the prior year, owing to expenditures incurred as a result of the coronavirus crisis (second quarter 2019: kEUR 1,086).

Despite the slightly negative earnings before interest and tax (EBIT) in the second quarter, at kEUR –144 (second quarter 2019: kEUR 1), EBIT for the first half was up by around 16 percent on the previous year, at kEUR 947 (first six months of 2019: kEUR 817).

Consolidated earnings before taxes (EBT) grew by 52 percent on the same period of the prior year and stood at kEUR 190 (first six months of 2019: kEUR 125).

JDC Group AG also performed well in terms of the relevant key balance sheet data:
Equity as at 30 June 2020 was EUR 28.9 million. The equity ratio was 32.2 percent (31 December 2019: EUR 30.5 million and 29.8 percent respectively).

THE PERFORMANCE OF THE INDIVIDUAL SEGMENTS WAS AS FOLLOWS:

Advisortech segment

Revenues in the Advisortech segment increased sharply in the first half of 2020. At EUR 49.6 million, they were up by around 12 percent on the first half of the previous year (first six months of 2019: EUR 44.4 million). Revenues for the second quarter were EUR 22.5 million, around 7 percent higher than in the second quarter of 2019 (EUR 21.0 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the first six months of 2020 stood at EUR 3.7 million, and thus were 10.8 percent higher year on year (first six months of 2019: EUR 3.4 million). In the second quarter of 2020, EBITDA fell slightly to EUR 1.2 million due to the coronavirus crisis (second quarter 2019: EUR 1.4 million).

Earnings before interest and tax (EBIT) in the first six months of 2020 amounted to EUR 2.0 million, representing an increase of 9.8 percent on the previous year (first six months of 2019: EUR 1.8 million). EBIT in the second quarter alone was EUR 0.4 million, compared with EUR 0.6 million in the same quarter of 2019.

Advisory segment

In the Advisory segment, revenues rose by 8.9 percent to EUR 14.0 million in the first six months of 2020, compared with EUR 12.9 million in the first half of 2019. Revenues for the second quarter were almost unchanged year on year, at EUR 6.9 million compared with EUR 6.8 million in the second quarter of 2019.

Earnings before interest, tax, depreciation and amortisation (EBITDA) in the Advisory segment grew to EUR 0.4 million in the first six months of 2020, compared with EUR 0.2 million in the same reporting period of 2019. EBITDA in the second quarter alone was also up slightly at EUR 0.2 million (second quarter 2019: EUR 0.1 million).

At EUR 0.0 million, the segment's earnings before interest and tax (EBIT) were also somewhat higher both in the first six months of 2020 and quarter on quarter (first six months of 2019: minus EUR 0.2 million).

EXTRAORDINARY COSTS

Extraordinary costs reduced the profits for the second quarter. With regard to staff costs, reductions in the size of the management boards of subsidiaries entailed severance payments, which will pay off multiple times in cost savings. The move of the group's head office on 1 June entailed a six-digit expense. Finally, a substantial investment was necessary to enable almost all staff members to work from home as a result of the COVID-19 pandemic, which meant that the quarterly results were impacted by a total of more than kEUR 200 in extraordinary costs.

Outlook

Our assessment of the outlook for the remainder of the year 2020 remains positive.

Despite the coronavirus crisis and other extraordinary expenses, JDC Group increased its revenues and profits in the first half of 2020 significantly in comparison with the same period of the previous year.

For the second half of the year, we expect further increases in revenues, along with positive contributions to earnings – provided that we are not affected by a further lockdown. We therefore confirm once again our guidance, with consolidated revenues between EUR 125 million and EUR 132 million and further increases in EBITDA.

Thanks to our employees and shareholders

Finally, we would like once again to thank, in particular, our staff and the distribution partners of JDC Group AG, as well as our subsidiaries, as it is on their commitment and motivation that our success is based.

Thanks are also due to our shareholders, who believe in our business model and provide reassuring support to the Management and Supervisory Boards.

We very much hope that we can enjoy your continued support.

Yours sincerely

Dr. Sebastian Grabmaier | Ralph Konrad | Stefan Bachmann

Group management interim 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. With over 16,000 connected sales partners we are one of the market leaders in the German-speaking area.

Research and Development

The "Advisortech" business unit provides our clients and consultants with advanced consulting and administration technology through the Jung, DMS & Cie. Group. The JDC Group is involved in pursuing the development of proprietary software solutions. During first half year 2020, in-house efforts in this regard amounted to kEUR 480. Please also refer to the relevant remarks contained in the annex to the consolidated financial statement.

ECONOMIC REPORT

Overall Economic Conditions

The German economy started the year 2020 on a negative note. According to the calculations of the Federal Statistical Office of Germany, the gross domestic product (GDP) for the first quarter of 2020 was down 2.2 percent in comparison with the fourth quarter of 2019. Owing to the coronavirus pandemic, the GDP fell 10.7 percent in the second quarter of 2020 compared with the first quarter. The decline was much sharper than during the financial crisis in 2008, when the GDP fell by 4.7 percent quarter on quarter. This was caused by a collapse in exports and imports, as well as in retail spending and investments. Only the government has increased its expenditure during the coronavirus pandemic. A recent forecast by the Kiel Institute for the World Economy (IfW) anticipates that gross domestic product will contract by 7.1 percent in 2020, followed by an increase of 7.2 percent in 2021. The economy appears to have bottomed out, but the recovery process is slow. Global economic output is expected to fall by 4 percent in 2020, followed by an increase of 6.5 percent in 2021. The prospect of a second wave of the coronavirus is causing particular uncertainty. Another lockdown would further weaken the economy and lead to renewed falls in gross domestic product.

The Market and Competitive Position

THE MARKET FOR INVESTMENT PRODUCTS[1)]

The German fund industry witnessed a net inflow of new funds totalling EUR 37.9 billion in the first half of 2019. Special funds showed high inflows of EUR 33.3 billion. Retail funds received a total of EUR 4.3 billion.

In the middle of the year, the members of the German Investment Funds Association (BVI) managed retail funds with a total volume of EUR 1,061 billion. Open-ended special funds contribute EUR 1.8 billion to the portfolio. At the end of June 2020, the fund industry managed total assets worth EUR 3.3 trillion for its investors. This corresponds to an increase of around 3 percent compared to the previous year.

THE INSURANCE MARKET[2)]

In 2019, premiums received in the insurance industry showed a seven per cent year-on-year increase. The performance of private health insurance, property insurance and life insurance was responsible for this. Assuming the same conditions, a continuation in this development of approx. 2 percent is expected for 2020.

Premiums received for private health insurance policies are currently showing slightly positive performance. There is currently also a positive development in property insurance contribution income. Premiums received for life insurance are currently showing positive performance again.

Overall, the industry aims to achieve stable or slightly increasing year-on-year premium performance.

OUTLOOK

The financial services market will continue to be shaped by onging uncertainty, volatility, and low interest rates in 2020. The interest loss incurred above all on insurance policies in the current low interest climate will further reduce the net return on insurance products. Moreover, sales of investment and life insurance products may decrease compared to the previous year.

Competitive Position

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

COMPETITORS IN THE ADVISORTECH SEGMENT

In the Advisortech segment, the JDC group offers retail customers an intermediary service in relation to financial products such as investment funds, closed-end funds, structured products, insurance and credit products via independent financial intermediaries through its subsidiary Jung, DMS & Cie. Aktiengesellschaft (JDC).

[1)] Unless indicated otherwise, all data referred to in the following description of the investment product market was taken from the BVI press release on 18 August 2020.

[2)] 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).

As a broker pool, JDC is in competition with all companies that use independent intermediaries to sell the above financial products to other intermediaries or retail customers. These include broker networks and broker pools such as Fonds Finanz Maklerservice GmbH and BCA AG, in addition to commercial banks, savings banks, cooperative banks and financial service companies that target retail customers.

JDC Group AG believes the barriers to market entry in the broker pool business are now high. Due to developments in the past, there are a large number of intermediaries of varying sizes and professionalism, particularly broker networks and broker pools. Nevertheless, the broker pool market has become highly consolidated in recent years. JDC has grown during this phase of consolidation, continually integrating smaller competitors that have exited the market, along with their customers.

Competitors in the Advisory Segment

In the Advisory segment, JDC Group provides retail customers with advice and intermediary services in relation to financial products through its subsidiaries FiNUM.Private Finance Germany and FiNUM.Private Finance Austria (B2C). In principle, all the companies are in competition with a large number of market participants. Apart from financial services distribution companies and individual brokers, they are also in competition with tied agents of insurance companies and banks, along with companies that use direct distribution channels including the internet. Based on the different business models and target groups, JDC Group AG sees the following as the companies' main competitors:

FiNUM.Private Finance Germany and FiNUM.Private Finance Austria focus on providing advisory services to discerning retail customers (mass affluent market) in Germany and Austria. The business mix consists in more or less equal parts of wealth accumulation and preservation (insurance business). The main competitors in this business are therefore commercial banks, private banks and large financial services distribution companies (such as MLP AG and Horbach Wirtschaftsberatung AG).

BUSINESS PERFORMANCE OF THE GROUP AND ITS SEGMENTS

Owing to its high volume of business, its reliability and its increasing significance in the market, JDC Group AG is increasingly attractive as a partner to product initiators in both the insurance and the investment sectors.

JDC Group AG is also attractive to financial services distribution companies or financial intermediaries seeking a strong institutional partner to which they can outsource their back-office functions in the rapidly changing regulatory environment.

JDC Group's market share in both the Advisortech and Advisory segments is increasing.

In the view of the Management Board, the business performance has been good overall.

This positive development is the result of an increase in revenues and profits in the Advisortech and Advisory segments. Combined with the investment business, which has picked up during the coronavirus crisis, our key account business is generating a significant increase in revenues. However, the COVID-19 pandemic also led to higher staff and office expenses to enable business operations to continue with minimal impact. Although this has had a slight negative effect on profits, they have nevertheless continued on a significant upward trend overall. In the second half of the year we will announce further major projects. If costs remain constant, this will result in higher profitability.

For further information please see the sections below on the position of the JDC group.

COMPANY SITUATION

Major Key Figures

FINANCIAL POSITION

Assets in kEUR

	30/06/2020 kEUR	31/12/2019 kEUR	Changes in %
Intangible assets	48,995	49,924	–1.86
Fixed assets	5,229	2,681	95.04
Financial assets	186	186	0.00
Deferred taxes	3,836	3,151	21.74
Long-term non-current assets			
Accounts receivable	883	900	–1.89
Other assets	2,564	2,559	0.20
Current assets			
Accounts receivable	15,409	19,010	–18.94
Other assets	3,044	2,415	26.05
Cash and cash equivalents	8,902	21,124	-57.86
Deferred charges	613	345	77.68
Total assets	**89,661**	102,295	–12.35

The group's non-current assets as at 30 June 2020 amounted to EUR 61.7 million (previous year: EUR 59.4 million), of which around EUR 49.0 million comprised intangible assets (previous year: EUR 49.9 million). The increase follows the recognition of lease liabilities under IFRS 16 for plant, property and equipment (PPE) and deferred taxes.

Current assets decreased to EUR 27.9 million (previous year: EUR 42.9 million), mainly owing to the reduction in cash at banks. Since the beginning of the year, the cash at banks has fallen by EUR 12.2 million to EUR 8.9 million as a result of the repayment in January 2020 of the bond previously issued.

The balance sheet total fell from EUR 102.3 million in 2019 to EUR 89.7 million. This was mainly as a result of a reduction in cash of around EUR 12.2 million as compared with 31 December 2019.

Liabilities in kEUR

	30/06/2020 kEUR	31/12/2019 kEUR	Changes in %
Equity	28,878	30,482	–5.26
Non-current liabilities			
Deferred taxes	4,364	3,692	18.20
Bonds	19,264	19,192	0.38
Liabilities due to banks	0	15	–100.00
Accounts payable	9,606	9,229	4.08
Other liabilities	3,781	1,571	> 100
Provisions	1,847	1,590	16.16
Current liabilities			
Bonds	0	12,292	–100.00
Accrued taxes	136	120	13.33
Liabilities due to banks	719	354	> 100
Accounts payable	16,751	19,248	–12.97
Other liabilities	4,178	4,506	–7.28
Deferred income	137	4	> 100
Total equity and liabilities	**89,661**	102,295	–12.35

At EUR 38.9 million (previous year: EUR 35.3 million), non-current liabilities were up by EUR 2.2 million in total, mainly due to the increase in other liabilities caused by the recognition of lease liabilities in accordance with IFRS 16.

Current liabilities fell to EUR 21.9 million, compared with EUR 36.5 million in the previous year. This was owing to the repayment of EUR 12.3 million on a bond previously issued. The figure includes EUR 16.8 million in accounts payable and EUR 4.2 million in other liabilities.

The equity ratio of the JDC group as at 30 June 2020 was 32.2 percent of the total assets (31 December 2019: 29.8 percent). The group therefore has a very good equity base.

CASH FLOWS

The statement of cash flows shows the inflows and outflows of cash during the reporting period.

The cash flow from operating activities was up by kEUR 1,911 as at 30 June 2020, from kEUR 3,805 to kEUR 5,716. This is mainly due to a reduction in receivables. There was a negative cash flow of kEUR 3,781 from investing activities. This includes cash outflows for investments in property, plant and equipment due to the recognition of lease liabilities in accordance with IFRS 16. There was a negative cash flow of kEUR 14,157 from financing activities, mainly due to the repayment of the bond previously issued, in the amount of EUR 12.3 million.

Cash and cash equivalents at the end of the reporting period amounted to kEUR 8,902.

The cash and cash equivalents were sufficient at all times during the reporting period. Short-term liquidity is ensured by monthly cash flow planning.

INCOME POSITION

P & L in kEUR

	30/06/2020 kEUR	30/06/2019 kEUR	Changes in %
Revenues	58,820	52,513	12.01
Gross margin	16,880	15,594	8.25
Gross margin in %	28.7	29.7	–3.37
Total operational costs	15,933	14,777	7.82
EBITDA	3,134	2,861	9.54
EBITDA margin in %	5.3	5.4	–1.85
EBIT	947	817	15.91
EBIT margin in %	1.6	1.6	0.00
Net profit	190	125	52.00

The group's income position improved during the first six months of 2020. At EUR 58.8 million, revenues for the first half of the year were up by EUR 6.3 million, or 12 percent (first six months of 2019: EUR 52.5 million).

The gross profit was up by around 8 percent, at EUR 16.9 million, mainly as a result of key account contracts.

There was a slight increase in earnings before interest, tax, depreciation and amortisation (EBITDA), at EUR 3.1 million (six months of 2019: EUR 2.9 million). Earnings before interest and tax (EBIT) were unchanged at EUR 0.9 million (six months of 2019: EUR 0.8 million).

Consolidated net profit/(loss) after tax was unchanged at EUR 0.2 million.

SEGMENT REPORTING

Segment Advisortech

Revenues in the Advisortech segment rose sharply to EUR 49.6 million, compared with EUR 44.4 million in the same period of the previous year. EBITDA was also up, at EUR 3.7 million, compared with EUR 3.4 million in the same period of the prior year. First half-year EBIT stood at EUR 1.9 million in 2020 and EUR 1.8 million in 2019. Revenues for the second quarter on its own amounted to EUR 22.5 million (second quarter 2019: EUR 21.0 million). EBITDA was EUR 1.2 million, compared with EUR 1.4 million in the second quarter of 2019. EBIT totalled EUR 0.4 million in the second quarter of 2020 and EUR 0.6 million in the second quarter of 2019.

Segment Advisory

Revenues of the Advisory segment were higher than in the same period of the previous year, at EUR 14.0 million, compared with EUR 12.9 million. EBITDA increased to EUR 0.4 million, compared with EUR 0.2 million in the first half of 2019. There was also an improvement in EBIT from EUR –0.2 million to EUR 0.0 million. In comparison with the second quarter of the prior year, revenues for the second quarter of 2020 were up slightly at EUR 6.9 million. The relevant figure for the second quarter of 2019 was EUR 6.8 million. EBITDA amounted to EUR 0.2 million, compared with EUR 0.1 million in the second quarter of the previous year. Second-quarter EBIT stood at EUR 0.0 million in 2020 and EUR –0.2 million in 2019.

Segment Holding

The result of the Holding segment was down overall. Segment revenues were EUR 0.8 million, compared with EUR 0.9 million in the prior year. EBITDA fell to minus EUR 1.0 million, in comparison with minus EUR 0.8 million in the first six months of 2019. EBIT was also down, at minus EUR 1.1 million compared with minus EUR 0.8 million in the same period of the previous year. Revenues for the second quarter on its own were EUR 0.4 million in 2020 and EUR 0.5 million in 2019. EBITDA stood at minus EUR 0.5 million, compared with minus EUR 0.4 million in the second quarter of the previous year. Second-quarter EBIT came to minus EUR 0.6 million in 2020 and minus EUR 0.4 million in 2019.

OPPORTUNITY 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.

JDC Group took some decisive measures in 2020 to set the course for the coming years. During the reporting year JDC announced collaborations with BI Secura (staff insurance broker of Boehringer Ingelheim) and Insure24 (direct broker of Nürnberger Versicherung). The group also recently announced a collaboration with insurance broker S Mobile, which belongs to the Sparkasse Bremen group.

In the view of the Management Board, this will all result in the continued overall positive performance of JCD Group AG’s equity investments, and thus also of JDC Group AG itself, in the financial year 2020.

OUTLOOK

Economic outlook

Due to the current coronavirus crisis, the International Monetary Fund (IMF) is anticipating a global recession. IMF projects global economic growth at minus 4.9 percent in 2020. Overall, it is expected that unemployment will rise and investment will fall. Unlike the financial crisis of 2008, the coronavirus pandemic is affecting all countries and all sectors.

How long the pandemic continues, and the policies used to deal with it, will determine how quickly the economy can recover. If this phase is protracted, it is to be expected that the recession will continue into 2021.

Market and sector outlook

It is likely that there will continue to be plenty of liquidity in the market and that this will buoy up the equity and property markets. Due to the level of government debt around the world, which can only be financed by a global increase in the money supply, the inflation likely to result will make tangible assets more attractive than financial assets. That is positive for JDC Group's business.

However, the COVID-19 crisis also poses great risks. Experts anticipate a recession which, on account of falling profits at companies, could put prolonged pressure on the capital markets. Companies will put investments on hold and consumers will suffer income losses and cut down on spending. It is not possible to predict when the universally expected recession will end.

Outlook for the JDC Group consolidated group

EXPECTED BUSINESS PERFORMANCE

The expectations regarding the business performance of the JDC group in 2020 are based on the economic assumptions outlined in the group management report. The spreading political crises, in combination with the current coronavirus crisis and the possibility of a resulting recession, in which companies put investments on hold and consumers suffer falling incomes, may have a significant impact on the JDC group's financial position, asset position and income position. The corporate plan is based on very detailed projections and on assumptions that JDC Group AG believes are realistic.

One of JDC Group's main concerns in 2020 will be to achieve a significant and sustained improvement in its operating activities. In 2020 the group is focusing on

- acquisition of new key accounts, thus also scaling the platform; and
- optimisation of internal processes and cost management.

We anticipate that consolidated revenues will be more than 10 percent higher in 2020 than in 2019, that the absolute level of gross profit will increase and that the group can generate higher consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) than in 2019. Overall, therefore, the Management Board expects the group as a whole to perform well. If another lockdown is imposed due to the COVID-19 crisis (with contact restrictions and business closures etc.), or if consumer confidence deteriorates further owing to the pandemic, there may be a negative impact on business performance.

Wiesbaden, Germany, 20 August 2020

Dr. Sebastian Grabmaier   Ralph Konrad   Stefan Bachmann

Consolidated income statement

	Notes	2. Quarter 2020 kEUR	2. Quarter 2019 kEUR	01/01/– 30/06/2020 kEUR	01/01/– 30/06/2019 kEUR
1. Commission income	[1]	27,381	25,702	58,820	52,513
2. Capitalised services	[2]	256	246	480	488
3. Other operating income	[2]	27	74	148	99
4. Commission expenses	[3]	–19,683	–18,565	–42,568	–37,506
5. Personnel expenses	[4]	–4,436	–4,133	–8,934	–8,369
6. Depreciation and amortisation of tangible and intangible assets	[5]	–1,083	–1,085	–2,187	–2,044
7. Other operating expenses	[6]	–2,606	–2,238	–4,812	–4,364
8. Other interest and similar income		0	1	11	2
9. Interest and similar expenses		–360	–312	–738	–633
10. Operating profit/loss		**–504**	–310	**220**	186
11. Income tax expenses		–3	–49	–6	–54
12. Other tax expenses		–2	–6	–24	–7
13. Net profit		**–509**	–365	**190**	125
14. Earnings per share		**–0.04**	–0.03	**0.01**	0.01

Consolidated statement of comprehensive income

	2. Quarter 2020 kEUR	2. Quarter 2019 kEUR	**01/01/– 30/06/2020 kEUR**	01/01/– 30/06/2019 kEUR
Profit or loss for the period	**–509**	–365	**190**	125
Other income				
In following periods in the profit and loss account to be reclassified into other results	0	0	0	0
Gains/losses from the revaluation of defined benefit plans	0	0	–41	0
In following periods not in the profit and loss account to be reclassified into other results	0	0	–41	0
Other income after taxes	0	0	–41	0
Total income after taxes	**–509**	–365	**149**	125
Attributable to:				
Parent company's shareholders	**–509**	–365	**149**	125

Segment reporting YTD

	Advisortech		Advisory	
	30/06/2020 kEUR	30/06/2019 kEUR	**30/06/2020 kEUR**	30/06/2019 kEUR
Segment income				
Commission income	49,565	44,404	13,998	12,859
of which with other segments	621	536	4,122	4,214
Total segment income	**49,565**	44,404	**13,998**	12,859
Capitalised services	480	488	0	0
Other income	134	104	17	23
Segment expenses				
Commissions	–36,862	–32,502	–10,078	–9,528
Personnel expenses	–5,916	–5,716	–1,893	–1,657
Depreciation and amortisation	–1,736	–1,617	–415	–412
Other	–3,678	–3,352	–1,597	–1,478
Total segment expenses	**–48,192**	–43,187	**–13,983**	–13,075
EBIT	**1,987**	1,809	**32**	–193
EBITDA	**3,723**	3,426	**447**	219
Income from investments	0	0	0	0
Other interest and similar income	380	264	8	7
Yield on other securities	0	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	–917	–774	–305	–355
Financial result	**–537**	–510	**–297**	–348
Segment earnings before tax (EBT)	**1,450**	1,299	**–265**	–541
Tax expenses	45	–138	–69	84
Segment net profit	**1,495**	1,161	**–334**	–457

	Holding		**Total reportable segments**		**Transfer**		**Total**	
	30/06/2020 kEUR	30/06/2019 kEUR	**30/06/2020 kEUR**	30/06/2019 kEUR	**30/06/2020 kEUR**	30/06/2019 kEUR	**30/06/2020 kEUR**	30/06/2019 kEUR
	773	943	64,336	58,206	–5,516	–5,693	58,820	52,513
	773	943	5,516	5,693	–5,516	–5,693	0	0
	773	943	**64,336**	58,206	**–5,516**	–5,693	**58,820**	52,513
	0	0	480	488	0	0	480	488
	0	0	151	127	–3	–28	148	99
	0	0	–46,940	–42,030	4,372	4,524	–42,568	–37,506
	–1,125	–996	–8,934	–8,369	0	0	–8,934	–8,369
	–36	–15	–2,187	–2,044	0	0	–2,187	–2,044
	–684	–731	–5,959	–5,561	1,147	1,197	–4,812	–4,364
	–1,845	–1,742	**–64,020**	–58,004	**5,519**	5,721	**–58,501**	–52,283
	–1,072	–799	**947**	817	**0**	0	**947**	817
	–1,036	–784	**3,134**	2,861	**0**	0	**3,134**	2,861
	0	0	0	0	0	0	0	0
	408	505	796	776	–785	–774	11	2
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	–301	–278	–1,523	–1,407	785	774	–738	–633
	107	227	**–727**	–631	**0**	0	**–727**	–631
	–965	–572	**220**	186	**0**	0	**220**	186
	–6	–7	–30	–61	0	0	–30	–61
	–971	–579	**190**	125	**0**	0	**190**	125

Segment reporting 2. Quarter

	Advisortech		Advisory	
	2. Quarter 2020 kEUR	2. Quarter 2019 kEUR	**2. Quarter 2020 kEUR**	2. Quarter 2019 kEUR
Segment income				
Commission income	22,450	20,966	6,928	6,843
of which with other segments	296	230	1,701	1,878
Total segment income	**22,450**	20,966	**6,928**	6,843
Capitalised services	256	246	0	0
Other income	15	63	12	11
Segment expenses				
Commissions	–16,470	–15,383	–5,006	–5,174
Personnel expenses	–2,920	–2,785	–944	–853
Depreciation and amortisation	–849	–834	–205	–243
Other	–2,087	–1,709	–749	–739
Total segment expenses	**–22,326**	–20,711	**–6,904**	–7,009
EBIT	**395**	564	**36**	–155
EBITDA	**1,244**	1,398	**241**	88
Income from investments	0	0	0	0
Other interest and similar income	180	131	3	3
Yield on other securities	0	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	–435	–384	–146	–178
Financial result	**–255**	–252	**–143**	–175
Segment earnings before tax (EBT)	**140**	311	**–107**	–329
Tax expenses	29	–67	–28	19
Segment net profit	**169**	244	**–135**	–311

Holding		**Total reportable segments**		**Transfer**		**Total**	
2. Quarter 2020 kEUR	2. Quarter 2019 kEUR	**2. Quarter 2020 kEUR**	2. Quarter 2019 kEUR	**2. Quarter 2020 kEUR**	2. Quarter 2019 kEUR	**2. Quarter 2020 kEUR**	2. Quarter 2019 kEUR
403	487	29,781	28,296	–2,400	–2,594	27,381	25,702
403	487	2,400	2,594	–2,400	–2,594	0	0
403	487	**29,781**	28,296	**–2,400**	–2,594	**27,381**	25,702
0	0	256	246	0	0	256	246
0	0	27	74	0	0	27	74
0	0	–21,476	–20,557	1,793	1,992	–19,683	–18,565
–572	–495	–4,436	–4,133	0	0	–4,436	–4,133
–29	–8	–1,083	–1,085	0	0	–1,083	–1,085
–377	–392	–3,213	–2,840	607	602	–2,606	–2,238
–978	–895	**–30,208**	–28,614	**2,400**	2,594	**–27,808**	–26,020
–575	–408	**–144**	1	**0**	0	**–144**	1
–546	–400	**939**	1,086	**0**	0	**939**	1,086
0	0	0	0	0	0	0	0
198	253	381	388	–381	–387	0	1
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
–160	–137	–741	–699	381	387	–360	–312
38	116	**–360**	–311	**0**	0	**–360**	–311
–537	–292	**–504**	–310	**0**	0	**–504**	–309
–6	–6	–5	–55	0	0	–5	–55
–543	–298	**–509**	–365	**0**	0	**–509**	–365

Consolidated Balance Sheet

Assets

	Notes	30/06/2020 kEUR	31/12/2019 kEUR
Non-current assets			
Intangible assets	[7]	48,995	49,924
Fixed assets		5,229	2,681
Financial assets	[8]	186	186
		54,410	52,791
Deferred taxes	[9]	3,836	3,151
Long-term non-current assets			
Accounts receivable	[10]	883	900
Other assets	[10]	2,564	2,559
		3,447	3,459
Total non-current assets		**61,693**	59,401
Current assets			
Accounts receivable	[11]	15,409	19,010
Other assets	[11]	3,044	2,415
Other securities		0	0
Cash and cash equivalents		8,902	21,124
Deferred charges		613	345
Total current assets		**27,968**	42,894
Total assets		**89,661**	102,295

Liabilities

	Notes	30/06/2020 kEUR	31/12/2019 kEUR
Equity			
Subscribed capital		12,660	12,966
Capital reserves		19,322	20,780
Other retained earnings		392	392
Other equity components		–3,496	–3,656
Total equity		**28,778**	30,482
Non-current liabilities			
Deferred taxes	[9]	4,364	3,692
Bond		19,264	19,192
Liabilities due to banks	[12]	0	15
Accounts payable	[12]	9,606	9,229
Other liabilities	[12]	3,781	1,571
Accruals	[13]	1,847	1,590
Total non-current liabilities		**38,862**	35,289
Current liabilities			
Bonds		0	12,292
Accrued taxes	[14]	136	120
Liabilities due to banks	[14]	719	354
Accounts payable	[14]	16,751	19,248
Other liabilites	[14]	4,178	4,506
Deferred income	[14]	137	4
Total current liabilities		**21,921**	36,524
Total equity and liabilities		**89,661**	102,295

Consolidated cash flow statement

			01/01/–30/06/2020 kEUR	01/01/–30/06/2019* kEUR	Changes to previous year in kEUR
1.		Result for the period	190	125	65
2.	+	Depreciation and amortisation of fixed assets	2,187	2,044	143
3.	–/+	Other non-cash itemised income/expenses	273	52	221
4.	–/+	Profit/loss from disposals of fixed assets	–13	532	–545
5.	–/+	Profit/loss from disposals of fixed assets	0		0
6.	–/+	Increase/decrease of inventories, accounts receivable as well as other assets	2,691	188	2,503
7.	– /+	Decrease/increase of accounts payable as well as other liabilities	388	864	–476
8.	**=**	**Cash flow from operating activities**	**5,716**	3,805	1,911
9.	+	Cash receipts from disposals of intangible assets	0	2	–2
10.	–	Cash payments for investments in intangible assets	–669	–1,334	665
11.	+	Cash receipts from disposals of fixed assets	0	4	–4
12.	–	Cash payments for investments in fixed assets	–3,112	–2,937	–175
13.	+	Cash receipts from disposals of financial assets	0	0	0
14.	–	Cash payments for investments in financial assets	0	0	0
15.	+	Cash receipts from the disposal of consolidated companies	0	0	0
16.	–	Cash payments for the acquisition of consolidated companies	0	–3,600	3,600
17.	**=**	**Cash flow from investment activities**	**–3,781**	–7,865	4,084
18.	+	Cash receipts/payment to equity	0	0	0
19.	–	Payments from the purchase of own shares	–1,764	0	
20.	–	Payments from the redemption of bonds	–12,292	0	–12,292
21.	+	Cash receipts from borrowings	403	0	403
22.	–	Cash payments from loan redemptions	–46	–796	750
23.	–	Payments for the repayment part of the rental and leasing obligations	–449	–437	–12
24.	–	Interest paid	–9	–986	977
25.	**=**	**Cash flow from financing activities**	**–14,157**	–2,219	–11,938
26.		Non-cash itemised changes in cash and cash equivalents (total of pos. 8,17, 25)	–12,222	–6,279	–5,943
27.		Cash and cash equivalents at the beginning of the period	21,124	11,801	9,323
28.	**=**	**Cash and cash equivalents at the end of the period**	**8,902**	5,522	3,380

Breakdown of cash and cash equivalents

	30/06/2020 kEUR	30/06/2019 kEUR	Changes to previous kEUR
Cash and cash in banks	8,902	5,522	3,380
Current liabilities due to banks	0	0	0
	8,902	5,522	3,380

*previous year adjusted

Consolidated statement of changes in equity

	Number of shares	Subscribed capital kEUR	Number of own shares	Capital reserve kEUR	Other retained earnings kEUR	Other equity components kEUR	Shares without dominating influence	**Total equity kEUR**
As of 01/01/2019	**13,128,461**	**13,128**	**0**	**21,638**	**445**	**–1,867**	**0**	**33,344**
Result as of 30/06/2019						125		125
Repurchase of own shares								0
Other equity changes								0
Retained earnings								0
– Allocation from earnings								0
As of 30/06/2019	**13,128,461**	**13,128**	**0**	**21,638**	**445**	**–1,742**	**0**	**33,469**
As of 01/01/2020	**13,128,461**	**13,128**	**–162**	**20,780**	**392**	**–3,656**	**0**	**30,482**
Result as of 30/06/2020						190		190
Repurchase of own shares			–306	–1,458				–1,764
Other equity changes						–30		–30
Retained earnings								0
– Allocation from earnings								0
As of 30/06/2020	**13,128,461**	**13,128**	**–468**	**19,322**	**392**	**–3,496**	**0**	**28,878**

Notes

1 General Information

The JDC Group (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:

Söhnleinstraße 8
65201 Wiesbaden
Federal Republic of Germany

The shares of JDC Group are admitted to trading on the Open Market (regulated unofficial market) and listed on the Scale® segment of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse – FWB®).

The interim report for the period from 1 January to 30 June 2020 relates to the parent company and its subsidiaries on a consolidated basis.

1.1 DECLARATION OF COMPLIANCE BY THE MANAGEMENT BOARD

The interim report of JDC Group for the first half of 2020 and the figures for the comparative period of 1 January to 30 June 2019 are prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted in the European Union (EU). The term IFRS includes the International Accounting Standards (IAS), which are still applicable. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), as adopted in the EU and which are binding for the financial year 2020, are also applied. The term IFRS is used consistently throughout this report.

The interim report has not been audited.

JDC Group AG is not a parent company within the meaning of Section 315e, paragraph 1 or paragraph 2 of the German Commercial Code (Handelsgesetzbuch – HGB), and is therefore not required to prepare an interim report in compliance with IFRS. JDC Group AG prepares the interim report in compliance with IFRS voluntarily.

1.2 ACCOUNTING PRINCIPLES AND VALUATION METHODS APPLIED

The interim financial statements comprise the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements.

The financial statements of JDC Group AG and its subsidiaries are included in the consolidated financial statements in compliance with the recognition and valuation policies applicable throughout the group.

The consolidated financial statements are prepared in euro (EUR), the group's functional currency. All amounts are rounded to the nearest thousand euro (kEUR), unless otherwise stated. The consolidated statement of income is prepared by the total cost accounting principle. The consolidated financial statements were drawn up uniformly for the periods presented here in accordance with the principles of consolidation, accounting and valuation below.

The principles of consolidation and the accounting and valuation methods used for the preparation of the interim report and the comparative figures for the previous period are basically the same as those used in the consolidated financial statements for the period ended on 31 December 2019. A detailed description of the accounting and valuation methods is published in the notes to the annual financial statements of the annual report of 2019, which can be found on the company's website at www.jdcgroup.de.

1.3 BASIS OF CONSOLIDATION

In accordance with IFRS 10, the interim financial statements include JDC Group AG and all subsidiaries in which JDC Group AG holds the majority of the voting rights or which it has the possibility of controlling by other means.

The subsidiaries have their registered offices in Germany, apart from Jung, DMS & Cie. GmbH; Jupoo finance GmbH; FiNUM.Private Finance AG; and FiNUM.Private Finance Holding GmbH, all of which are based in Vienna/Austria. The interim financial statements include the parent company and the direct subsidiaries, in addition to the sub-groups Jung, DMS & Cie. Aktiengesellschaft; FiNUM.Private Finance Holding GmbH, based in Wiesbaden/Germany; and FiNUM.Private Finance Holding GmbH, based in Vienna/Austria.

2 Notes to the interim consolidated financial statements

2.1 NOTES TO THE CONSOLIDATED INCOME STATEMENT

Income by segment is shown in the segment report.

2.1.1 Revenues [1]

The revenues mainly comprise initial commission and renewal or portfolio commission on brokerage services for insurance, investment funds and equity investments/closed-end funds, as well as on other services, and can be broken down as follows:

	2. Quarter 2020 kEUR	2. Quarter 2019 kEUR	**01/01/–30/06/2020 kEUR**	01/01/–30/06/2019 kEUR
Initial commission				
Insurance products	13,314	11,502	29,368	25,140
Investment funds	4,322	3,966	8,340	6,838
Shares/Closed-end funds	965	996	2,444	2,226
Follow-up commission	5,023	5,048	10,292	9,284
Overrides	1,316	1,306	3,553	3,562
Services	796	885	1,707	1,666
Fee-based advisory	708	865	1,365	1,490
Other income	937	1,134	1,751	2,307
Total	**27,381**	25,702	**58,820**	52,513

At kEUR 58,820, the total revenue for the period was 12.01 percent higher than in the same period of 2019 (kEUR 52,513).

2.1.2 Other capitalised services and other operating income [2]

	2. Quarter 2020 kEUR	2. Quarter 2019 kEUR	**01/01/–30/06/2020 kEUR**	01/01/–30/06/2019 kEUR
Capitalised services	256	246	480	488
Reversal of impairments/ income from receivables written off	0	0	0	0
Income from provision’s release	9	21	12	31
Income from security sales	0	0	0	0
Income from statute-barred debt	0	2	6	2
Income from benefits in kind	11	10	22	21
Other operating income	7	41	108	45
Total	**283**	320	**628**	587

Other own work capitalised, which amounted to kEUR 480 (previous year: kEUR 488) mainly include the development of software solutions for own use (Compass, iCRM/iCRM-Web and the Geld.de portal). For further information see note 2.2.1.1 Concessions and industrial property rights.

Other operating income, amounting to kEUR 108 (previous year: kEUR 45) mainly consists of accruals for revenue amounting to kEUR 95 (previous year: kEUR 0).

2.1.3 Commission expenses [3]

This item mainly consists of commissions for independent brokers and sales agents. The commissions were up kEUR 5,062 on the previous year, at kEUR 42,568 (previous year kEUR 37,506) in line with the increase in revenue.

2.1.4 Personnel expenses [4]

	2. Quarter 2020 kEUR	2. Quarter 2019 kEUR	**01/01/–30/06/2020 kEUR**	01/01/–30/06/2019 kEUR
Wages and salaries	3,713	3,462	7,499	7,054
Social security	723	671	1,435	1,315
Total	**4,436**	4,133	**8,934**	8,369

Personnel expenses essentially comprise wages and 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).

In the annual average the Group companies employed 277 staff (previous year: 280), excluding Management Board members (fulltime-equivalents).

2.1.5 Depreciation and Amortisation [5]

	2. Quarter 2020 kEUR	2. Quarter 2019 kEUR	**01/01/–30/06/2020 kEUR**	01/01/–30/06/2019 kEUR
Depreciation and amortization of intangible assets	–786	–810	–1,594	–1,472
Purchased software	–68	–65	–134	–116
Internally developed software	–361	–334	–692	–638
Insurance portfolios	–351	–405	–756	–706
Contract preparation costs	–6	–6	–12	–12
Other intangible assets	0	0	0	0
Depreciation and amortization of property and equipment	–297	–275	–593	–572
Leasehold improvements	–3	–5	–5	–5
Operating and office equipment	–60	–45	–119	–109
Rights of use rental and leasing	–234	–225	–469	–458
Total	**–1,083**	–1,085	**–2,187**	–2,044

2.1.6 Operating expenses [6]

	2. Quarter 2020 kEUR	2. Quarter 2019 kEUR	**01/01/–30/06/2020 kEUR**	01/01/–30/06/2019 kEUR
Marketing costs	218	210	483	443
Travel costs	2	113	77	221
External services	144	183	290	315
IT costs	800	752	1,607	1,554
Occupancy costs	201	189	390	359
Vehicle costs	46	45	81	85
Office supplies	43	25	70	55
Fees, insurance premiums	168	185	300	343
Postage, telephone	107	70	161	155
Write-downs/impairments of receiveables	45	–29	60	–4
Legal and consulting costs	336	282	548	490
Training costs	22	16	39	31
Human resources	0	0	0	1
Supervisory board compensation	29	42	58	58
Non-deductible input tax	46	56	102	124
Impairment IFRS 9	0	0	0	0
Other	399	99	546	134
Total	**2,606**	2,238	**4,812**	4,364

Advertising costs include exhibitions and trade fairs, customer events, printed matter and hospitality. Third-party services comprise the costs of agencies, external employees, stock brokerage services and meetings of shareholders.

Information technology (IT) costs consist of the costs of general IT operations (servers, clients, data centre), software leasing, scanning services and software licences that cannot be capitalised.

Occupancy costs include incidental rental costs, energy supply and cleaning costs. The rental costs are recognised in accordance with IFRS 16 and shown under amortisation of right-of-use assets and under interest expense arising from the compounding of interest on right-of-use assets.

Vehicle costs consist of vehicle fleet expenses. Vehicle leasing is shown under amortisation of right-of-use assets and under interest expense from the compounding of interest on right-of-use assets, in compliance with IFRS 16.

Fees and insurance comprises the expenses for insurance policies, subscriptions to professional associations and fees to the German Federal Financial Supervisory Authority (BaFin) and the Financial Market Authority of Austria (FMA). Legal and consulting costs include expenses relating to legal issues/legal advice, tax advice, financial statements and auditing costs, and general accounting costs.

Due to the existing revenue structure and the non-taxable services it comprises, JDC Group has an input tax deduction rate of approximately 13 percent. This is recalculated every year on the basis of the continual changes in the revenue structure.

2.2 NOTES TO THE CONSOLIDATED BALANCE SHEET

2.2.1 Intangible assets [7]

2.2.1.1 CONCESSIONS AND LICENCES

Concessions and licences mainly consists of software licences for standard business software (straight-line amortisation over three years) and customer lists (amortised over a period of 15 years) with a carrying amount of kEUR 21,874 (31 December 2019: kEUR 22,803).

Self-generated software tools valued at kEUR 615 were capitalised during the financial year (30 June 2019: kEUR 488). These are mainly company-specific software applications (Compass, iCRM/iCRM-Web, and the Geld.de portal) to support the distribution of financial products.

2.2.1.2 GOODWILL

Goodwill arises on the first-time consolidation at the date of the business combination concerned. The breakdown by segment is as follows:

	30/06/2020 kEUR	31/12/2019 kEUR
Advisortech	21,653	21,653
Advisory	5,461	5,461
Holding	7	7
Total	**27,121**	27,121

2.2.2 Property, plant and equipment

	30/06/2020 kEUR	31/12/2019 TEUR
Leasehold improvements	66	69
Operating and office equipment	679	570
Rights of use rental and leasing	4,484	2,042
Total	**5,229**	2,681

Tenants' fittings consist of works carried out in the rented properties.

Operating and office equipment mainly consists of office hardware – such as PCs, notebooks and servers – and all office furniture and furnishings.

The right-of-use assets arising from rental agreements and leases include the fair value of rented or leased assets for the exclusive use of the group, which under IFRS 16 have to be capitalised. The significant increase in right-of-use assets in comparison with the previous year is the result of the capitalisation of a new rental agreement with the parent company, which will run over a period of 10 years, and the exercise of another lease option at the location in Troisdorf, Germany.

2.2.3 Impairment losses

The goodwill was tested for impairment as at 31 December 2019. The recoverable value of the Advisortech and Advisory cash-generating units is determined by calculating a value in use from forecasts for the cash flow before income tax. These forecasts were made on the basis of detailed budget projections for the group companies for the financial year 2020 approved by Management and the Supervisory Board. For the financial years 2021 to 2022, moderate growth rates (Phase I) are assumed. For subsequent periods, the cash flow was forecast as a perpetuity (Phase II). Given a risk-free base rate of –0.35 % (2009: 0.21 %) derived from the yield curve, a market risk premium of 5.85 % (previous year: 6.07 %), and applying a beta factor for the comparative investment of 1.11 (previous year: 0.95), the capitalisation rate is 5.5 % (previous year: 6.0 %). The capitalisation rate used to determine the present value of the initial cash flows of the perpetuity includes a deduction for growth of 1.0 % (previous year: 1.0 %). An additional major factor influencing the free cash flow is the assumptions with regard to growth in revenue and growth in the profits of the operating units.

The increase in the discount rate before taxes to 7.5 % (+2 %) would mean no impairment was necessary for the cash-generating units. The 20 % decline in the planned EBIT figures in the cash-generating units would not result in any impairment. A significant additional reduction in the planned EBT growth could lead to the carrying amount exceeding the recoverable amount. However, the Management Board believes such a scenario is unlikely, as significant measures to increase the EBT have already been introduced. As at 31 December 2019, the group's market capitalisation was higher than the carrying amount of its equity.

2.2.4 Financial assets and other non-current assets [8]

The breakdown of book values is as follows:

	30/06/2020 kEUR	31/12/2019 kEUR
Shares in affiliated companies	25	25
Investments	123	123
Securities	38	38
Total	**186**	186

2.2.5 Deferred tax assets and liabilities [9]

	30/06/2020 kEUR	31/12/2019 kEUR
Deferred tax assets		
Tax reimbursement claims from loss carry-forwards	2,147	2,221
Tax reimbursement claims from financial liabilities	1,689	930
Total	**3,836**	3,151
Deferred tax liabilities		
Intangible assets (software)	2,942	3,003
From other recognition differences	1,422	689
Total	**4,364**	3,692

The deferred taxes for the German companies were calculated on the basis of the corporate tax rate of 15 %, plus the solidarity surcharge of 5.5 % and the municipal trade tax rate for the German city of Wiesbaden of 454.0 % (combined income tax rate: 31.72 %). For the Austrian companies, the corporation tax rate of 25 % applicable since 2005 was used. The significant increase in both deferred tax assets and liabilities arising from differences in recognition is due to the application of IFRS 16 and the related capitalisation of right-of-use assets arising from rented or leased assets.

2.2.6 Non-current assets [10]

	30/06/2020 kEUR	31/12/2019 kEUR
Accounts receivables	883	900
Other assets	2,924	2,919
Impairment from expected losses	–360	–360
Total	**3,447**	3,459

Accounts receivable mainly relates to commissions receivable from the cancellation reserves. Other assets mainly consists of receivables from intermediaries.

In accordance with IFRS 9, a risk provision for expected losses of 7 percent was made for the accounts receivable and other receivables. This reduced the other receivables by kEUR 360 (31 December 2019: kEUR 360).

2.2.7 Current assets [11]

	30/06/2020 kEUR	31/12/2019 kEUR
Accounts receivable	15,409	19,010
Other assets		
Commission advances	613	345
Prepaid expenses	–120	–120
Other	3,164	2,535
Total	**19,066**	21,770

Accounts receivable relates mainly to commission receivable from partner companies and broker pool partners for intermediary services.

Other miscellaneous assets are mainly the result of claims for tax refunds and short-term loans, in addition to receivables from intermediaries.

Prepaid expenses relate to advance payments made for promotional events in the following year, insurance, contributions and vehicle tax.

2.2.8 Equity

Movements in the Group equity of JDC Group AG are shown in the statement of changes in equity (cf. also ref. 4).

2.2.9 Non-current liabilities [12]

	30/06/2020 kEUR	31/12/2019 kEUR
Bond	19,264	19,192
Liabilities to banks	0	15
Accounts payable	9,606	9,229
Other liabilities		
Liabilities from rental and lease	3,590	1,380
Other	191	191
Total	**32,651**	30,007

The bonds include a corporate bond issued by Jung, DMS & Cie. Pool GmbH in 2019, which is recognised at amortised cost using the effective interest method.

Non-current accounts payable relate to broker commissions withheld until expiry of the cancellation liability. The obligation to pay the broker's commission generally has a residual term of one to five years. The other liabilities mainly consist of the long-term portion of loan liabilities.

Other liabilities comprises the liabilities corresponding to the right-of-use assets recognised for rent and leases under IFRS 16 since it was first adopted in 2019. The long-term portion is reported here.

2.2.10 Provisions [13]

	30/06/2020 kEUR	31/12/2019 kEUR
Pension provisions	492	492
Provisions for cancellation liability	1,268	1,058
Provisions for threatened claims from financial loss	87	40
Total	**1,847**	1,590

The pension obligations comprise commitments taken on by the group's subsidiary Jung, DMS & Cie. Pro GmbH on the acquisition of Assekuranz Herrmann. The amount of the pension provisions is calculated once per year on the basis of an actuarial valuation and recognised accordingly as at the end of the financial year. Details of the changes in pension entitlements can be found in the annual report for 2019.

The provision for cancellation liability shows the portion of the cancellation risk of a sub-segment that is calculated on the basis of an estimate and therefore cannot be allocated to specific staff. Also recognised here is a provision for an impending claim for financial losses.

2.2.11 Current liabilities [14]

	30/06/2020 kEUR	31/12/2019 kEUR
Pension provisions	49	49
Provisions for taxes	87	71
Bonds	0	12,292
Liabilities to banks	719	354
Accounts payable	16,751	19,248
Other current liabilities		
Rights of use rental and lease	968	714
Other	3,210	3,792
Deferred income	137	4
Total	**21,921**	36,524

The corporate bond issued by the group subsidiary Jung, DMS & Cie. Pool GmbH, for which EUR 12,292 was recognised in 2019, was repaid in full in January.

Accounts payable are settled at their due dates.

Other liabilities comprises the liabilities corresponding to the right-of-use assets recognised for rent and leases under IFRS 16 since it was first adopted in 2019. The short-term portion is reported here.

2.3 RELATED PARTIES

Transactions with members of the Management Board and Supervisory Board:

	30/06/2020 kEUR	30/06/2019 kEUR
Supervisory Board		
Remuneration	58	55
Management Board		
Total remuneration*	486	446

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

3 Significant events after the reporting date

No significant events occurred after the reporting date.

4 Statement of changes in equity

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

As of June 30, 2020, 468,286 treasury shares were acquired as part of the share buyback program.

5 Cash flow statement

The Group's financial position is reflected in the cash flow statement, which forms part of the interim consolidated financial statements in accordance with IFRS.

The cash flow from operating activities was positive with kEUR 5.716.

In the cash flow statement, the changes in cash and cash equivalents in the JDC Group during the financial year under review is reflected by the payment inflows and outflows from operating activities, investment activities and financing activities. Non-cash operations are summarized in one amount and are shown in the cash flow from running 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.

6 Segment Reporting

JDC Group AG reports on three operating 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 is divided 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 were supported by "allesmeins", a digital insurance folder actively managed 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, investmentfunds and financing products that are tailored to the customer's particular situation.

Holding
The segment Holding 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.

GEOGRAPHICAL SEGMENT INFORMATION

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

Executive Bodies of JDC Group AG

Management Board

DR. SEBASTIAN GRABMAIER
Grünwald
Attorney
CEO

RALPH KONRAD
Mainz
Businessman (Dipl.-Kfm.)
CFO, CIO

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
(until 28 February 2020)

DR. MARKUS SCHACHNER
Vienna
Managing Director

The remuneration of the Management Board and Supervisory Board is disclosed under ref. 2.3. 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).

Contact

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

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