

Letter to shareholders

3. Quarter of 2022



BEST ADVICE. BETTER TECHNOLOGY.



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Management Board letter to shareholders

DEAR SHAREHOLDERS, DEAR BUSINESS PARTNERS,

despite the current challenging market environment, JDC Group AG was able to significantly increase revenues and earnings in the first nine months of 2022 compared to the same period of the previous year.

The development in the third quarter was characterized by record inflation, further increases in energy costs and permanent uncertainty about the development in the Ukraine war. This led to a slump in private consumption in Germany and Austria. The reluctance to spend was particularly noticeable in the Advisory business unit in the third quarter.

Group revenues nevertheless grew – despite the adverse economic environment – by around 12 percent to EUR 115.8 million in the first nine months of 2022. Earnings before interest, taxes, depreciation and amortization (EBITDA) developed just as positively, rising by around 16 percent to kEUR 6,206 in the first nine months of 2022 (9M 2021: kEUR 5,349).

Important current steps and in the third quarter of 2022

Operationally, JDC Group continues to develop positively:

[Joint venture with Bain Capital Insurance and Great West](#)

The joint venture established with Bain Capital Insurance and Great West LifeCo, which now operates under the name “Summitas Gruppe”, has meanwhile got off to a successful start and was able to engage the former head of brokerage at Allianz, Mr. Michael Schliephake, as CEO and to win the former CEO of Zurich Group Germany, Mr. Markus Nagel, as Chairman of the Advisory Board. In a consolidation model for the German broker market, several hundred million euros are to be invested and one of the largest commercial brokers in Germany is to be created, which will conduct its business via the JDC platform. In the medium term, the JDC Group expects this to generate revenue growth in the mid double-digit million range and a correspondingly significant contribution to profits.

[Ecclesia starts cooperation with JDC](#)

JDC Group AG also announced in the third quarter that the Ecclesia Group, Germany's largest insurance broker for companies and institutions, is beginning to process its private customer business via the JDC platform, and that the Gothaer Insurance Group is using the JDC platform with its nearly 1,000 insurance agencies.

Albatros Versicherungsdienste extends contract by another five years

The successful extension of the cooperation agreement with JDC's largest customer, Albatros Versicherungsdienste GmbH, a member of the Lufthansa Group, by a further five years is also particularly worthy of mention. JDC has prevailed against all competitors in a new tender and can expect a total commission turnover of between EUR 75 and 100 million in the next 5 years.

In addition, the JDC Group successfully continued its share buyback program in the third quarter.

Results for the first nine months and the third quarter of 2022

Group revenues increased by around 12 percent to EUR 115.8 million in the first nine months of 2021 (9M 2021: EUR 103.1 million). In the third quarter, revenues increased by 1 percent to EUR 34.8 million, compared with EUR 34.4 million in the prior-year quarter, despite the noticeable reluctance of customers to spend and historically low consumer confidence.

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved significantly by around 16 percent to kEUR 6,206 in the first nine months of 2022 (9M 2021: kEUR 5,349). In the third quarter of 2022, EBITDA decreased to EUR 814 thousand (Q3 2020: 1,006).

Earnings before interest and taxes (EBIT) improved by around 13 percent in the first nine months of 2022 to kEUR 1,743 (9M 2021: kEUR 1,543). In the third quarter, EBIT was worse at kEUR –656 instead of kEUR –371.

Consolidated net income improved significantly in the first nine months of 2022 to kEUR 456 (9M 2021: kEUR 188). In the third quarter, the consolidated result decreased to kEUR –1,127 instead of kEUR –792 in the prior-year quarter.

Equity amounted to EUR 38.1 million as of September 30, 2022. The equity ratio is 33.4 percent (December 31, 2021: EUR 38.8 million and 31.9 percent).

in kEUR

	Q3/2022 kEUR	Q3/2021 kEUR	Changes compared to previous year in %	30/09/2022 kEUR	30/09/2021 kEUR	Changes compared to previous year in %
Revenues	34,835	34,440	1.1	115,828	103,051	12.4
– thereof Advisortech	30,518	27,879	9.5	97,977	84,329	16.2
– thereof Advisory	8,326	8,885	–6.3	26,467	26,176	1.1
– thereof Holding/Cons.	–4,009	–2,324	–72.5	–8,616	–7,454	–15.6
EBITDA	814	1,006	–19.1	6,206	5,349	16.0
EBIT	–656	–371	–76.8	1,743	1,543	13.0
EBT	–1,088	–749	–45.2	566	425	33.0
Net profit	–1,127	–792	–42.2	456	188	>100

The individual business areas developed as follows:

Advisortech

The Advisortech business unit increased its revenue by around 16 percent to EUR 98.0 million in the first nine months of 2022 (9M 2021: EUR 84.3 million). In the third quarter, revenues increased by around 9 percent to EUR 30.5 million, compared to EUR 27.9 million in the prior-year quarter.

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the first nine months of 2022 were EUR 6.8 million, again above the comparable figure for the previous year of EUR 5.5 million and thus up by around 22 percent. In the third quarter, EBITDA rose to EUR 1.5 million, an increase of around 41 percent (Q3 2021: EUR 1.0 million).

Earnings before interest and taxes (EBIT) improved to EUR 3.4 million in the first nine months of 2022 (9M 2021: EUR 2.8 million), an increase of around 24 percent. In the third quarter, EBIT rose to EUR 0.3 million, compared to EUR 0.0 million in the same period of the previous year.

Advisory

In the Advisory business unit, revenue increased by around 1 percent year-on-year to EUR 26.5 million in the first nine months of 2022 (9M 2021: EUR 26.2 million). In the third quarter, revenue fell to EUR 8.3 million from EUR 8.9 million in the prior-year quarter, a decrease of around 6 percent.

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the Advisory segment improved, rising to EUR 1.8 million in the first nine months of 2022 (9M 2021: EUR 1.6 million). In the third quarter, EBITDA fell to EUR 0.3 million (Q3 2021: EUR 0.7 million).

Earnings before interest and taxes (EBIT) also increased to EUR 0.9 million in the first nine months of 2022 (9M 2021: EUR 0.8 million). In contrast, EBIT fell to EUR 0.0 million in the third quarter (Q3 2021: EUR 0.4 million).

Outlook

Due to the current buying restraint of customers in Germany and Austria in connection with the Ukraine war, inflation and the energy crisis, it is currently not clear how strong the year-end business typical for the sale of financial products will actually be in 2022. Therefore, with further increasing recurring revenues, the JDC Management Board expects a somewhat reduced new business, especially in the Advisory segment. At the same time, the Company was already prepared for the dynamic growth expected in the medium term and the cost base is increased accordingly.

Therefore, the Executive Board is adjusting the guidance for the Group for fiscal year 2022 as follows: We now expect full-year 2022 revenues of EUR 155 to 165 million (instead of previously EUR 165 to 175 million) and EBITDA of between EUR 7.5 and 9.5 million (instead of previously more than EUR 11 million). At the same time, we confirm our medium-term forecast and continue to plan revenues of at least EUR 250 million and EBITDA of more than EUR 20 million in 2025.

Thanks to our employees and shareholders

Once again, we would like to express our special thanks to our employees and sales partners of JDC Group AG and our subsidiaries, as their dedication and motivation are the basis of our success.


Equally, we would like to thank our shareholders, who believe in our business model and support and confirm the Management Board and Supervisory Board.

We would be very pleased if you would continue to accompany us on our journey, and remain

Yours sincerely



Dr. Sebastian Grabmaier



Ralph Konrad



Stefan Bachmann

Consolidated income statement

	Q3/2022* kEUR	Q3/2021 kEUR	01/01/– 30/09/2022* kEUR	01/01/– 30/09/2021 kEUR
1. Commission income	34,835	34,440	115,828	103,051
2. Capitalised services	379	272	1,040	850
3. Other operating income	56	65	649	102
4. Commission expenses	–24,318	–24,889	–82,704	–75,262
5. Personnel expenses	–6,957	–5,943	–20,106	–15,763
6. Depreciation and amortisation of tangible and intangible assets	–1,470	–1,377	–4,463	–3,806
7. Other operating expenses	–3,182	–2,939	–8,501	–7,629
8. Share of result of associated companies	–64	0	–64	0
9. Income from securities	0	0	0	0
10. Other interest and similar income	5	4	8	5
11. Interest and similar expenses	–372	–382	–1,121	–1,123
12. Operating profit/loss	–1,088	–749	566	425
13. Income tax expenses	–9	–42	–69	–234
14. Other tax expenses	–30	–1	–41	–3
15. Net profit	–1,127	–792	456	188
attributable to shares without controlling interests	47	9	–9	–9
attributable to parent company	–1,080	–783	465	197
15. Earnings per share	–0.08	–0.06	0.04	0.02

*The income statement contains preliminary figures with regard to the purchase price allocation for acquired companies in accordance with IFRS 3.

Segment reporting

30 September 2022

	Advisortech		Advisory	
	30/09/2022 kEUR	30/09/2021 kEUR	30/09/2022 kEUR	30/09/2021 kEUR
Segment income				
Commission income	97,977	84,329	26,467	26,176
of which with other segments	825	968	7,791	6,586
Total segment income	97,977	84,329	26,467	26,176
Capitalised services	1,040	850	0	0
Other income	606	51	45	50
Segment expenses				
Commissions	-72,619	-63,455	-18,381	-18,829
Personnel expenses	-13,919	-10,522	-3,681	-3,174
Depreciation and amortisation	-3,335	-2,767	-902	-820
Other	-6,322	-5,713	-2,648	-2,625
Total segment expenses	-96,196	-82,457	-25,612	-25,448
EBIT	3,427	2,772	900	778
EBITDA	6,762	5,539	1,801	1,598
Income from investments	0	0	0	0
Share of result of associated companies	-64	0	0	0
Other interest and similar income	380	365	6	0
Yield on other securities	0	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	-1,334	-1,269	-452	-435
Financial result	-1,019	-905	-446	-435
Segment earnings before tax (EBT)	2,408	1,868	454	343
Tax expenses	323	195	-434	-443
Segment net profit	2,731	2,063	20	-99
Minority interests	-9	-9	0	0
Segment net profit after minority interests	2,740	2,072	20	-99

Holding		Total reportable segments		Transfer		Total	
30/09/2022 kEUR	30/09/2021 kEUR	30/09/2022 kEUR	30/09/2021 kEUR	30/09/2022 kEUR	30/09/2021 kEUR	30/09/2022 kEUR	30/09/2021 kEUR
1,523	1,577	125,967	112,081	-10,139	-9,030	115,828	103,051
1,523	1,477	10,139	9,030	-10,139	-9,030	0	0
1,523	1,577	125,967	112,081	-10,139	-9,030	115,828	103,051
0	0	1,040	850	0	0	1,040	850
3	0	654	102	-5	0	649	102
0	0	-91,001	-82,284	8,297	7,022	-82,704	-75,262
-2,506	-2,067	-20,106	-15,763	0	0	-20,106	-15,763
-226	-218	-4,463	-3,806	0	0	-4,463	-3,806
-1,378	-1,299	-10,348	-9,638	1,847	2,008	-8,501	-7,629
-4,109	-3,584	-125,917	-111,489	10,144	9,030	-115,774	-102,459
-2,584	-2,007	1,743	1,543	0	0	1,743	1,543
-2,358	-1,789	6,206	5,349	0	0	6,206	5,349
0	0	0	0	0	0	0	0
0	0	-64	0	0	0	-64	0
731	663	1,118	1,028	-1,109	-1,024	8	5
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-444	-442	-2,231	-2,146	1,109	1,024	-1,121	-1,123
287	222	-1,177	-1,118	0	0	-1,177	-1,118
-2,296	-1,786	566	425	0	0	566	425
1	11	-110	-237	0	0	-110	-237
-2,295	-1,775	456	188	0	0	456	188
0	0	-9	-9	0	0	-9	-9
-2,295	-1,775	465	197	0	0	465	197

Segment reporting Quarters

	Advisortech		Advisory	
	Q3/2022 kEUR	Q3/2021 kEUR	Q3/2022 kEUR	Q3/2021 kEUR
Segment income				
Commission income	30,518	27,879	8,326	8,885
of which with other segments	253	359	3,756	2,066
Total segment income	30,518	27,879	8,326	8,885
Capitalised services	379	272	0	0
Other income	18	26	38	39
Segment expenses				
Commissions	-22,261	-20,925	-5,962	-6,159
Personnel expenses	-4,796	-4,004	-1,247	-1,155
Depreciation and amortisation	-1,194	-979	-300	-323
Other	-2,385	-2,203	-840	-911
Total segment expenses	-30,636	-28,111	-8,349	-8,548
EBIT	279	66	15	376
EBITDA	1,473	1,045	315	699
Income from investments	0	0	0	0
Share of result of associated companies	-64	0	0	0
Other interest and similar income	128	122	1	0
Yield on other securities	0	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	-445	-426	-159	-148
Financial result	-381	-304	-158	-148
Segment earnings before tax (EBT)	-102	-238	-143	228
Tax expenses	95	79	-132	-158
Segment net profit	-7	-159	-275	70
Minority interests	-47	-9	0	0
Segment net profit after minority interests	40	-150	-275	70

Holding		Total reportable segments		Transfer		Total	
Q3/2022 kEUR	Q3/2021 kEUR	Q3/2022 kEUR	Q3/2021 kEUR	Q3/2022 kEUR	Q3/2021 kEUR	Q3/2022 kEUR	Q3/2021 kEUR
467	566	39,311	37,330	-4,476	-2,890	34,835	34,440
467	466	4,476	2,891	-4,476	-2,890	0	0
467	566	39,311	37,330	-4,476	-2,890	34,835	34,440
0	0	379	272	0	0	379	272
0	0	56	65	0	0	56	65
0	0	-28,223	-27,084	3,905	2,195	-24,318	-24,889
-914	-784	-6,957	-5,943	0	0	-6,957	-5,943
24	-75	-1,470	-1,377	0	0	-1,470	-1,377
-527	-520	-3,752	-3,634	570	695	-3,182	-2,939
-1,417	-1,379	-40,402	-38,038	4,476	2,890	-35,926	-35,148
-950	-813	-656	-371	0	0	-656	-371
-974	-738	814	1,006	0	0	814	1,006
0	0	0	0	0	0	0	0
0	0	-64	0	0	0	-64	0
252	223	381	345	-376	-341	5	4
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-144	-149	-748	-723	376	341	-373	-382
108	74	-431	-378	0	0	-432	-378
-842	-739	-1,087	-749	0	0	-1,088	-749
-2	36	-39	-43	0	0	-39	-43
-844	-703	-1,126	-792	0	0	-1,127	-792
0	0	-47	-9	0	0	-47	-9
-844	-703	-1,079	-783	0	0	-1,080	-783

Consolidated Balance Sheet

Assets	30/09/2022 KEUR	31/12/2021 KEUR
Non-current assets		
Intangible assets	65,062	66,423
Fixed assets	4,493	5,584
Financial assets	500	417
	70,055	72,424
Deferred taxes	2,580	3,089
Long-term non-current assets		
Accounts receivable	1,162	1,122
Other assets	239	1,390
	1,401	2,512
Total non-current assets	74,036	78,025
Current assets		
Accounts receivable	16,884	19,205
Other assets	4,347	2,226
Securities	40	0
Cash and cash equivalents	17,743	21,906
Deferred charges	1,084	391
Total current assets	40,098	43,728
Total assets	114,134	121,753

Liabilities	30/09/2022	31/12/2021
	kEUR	kEUR
Equity		
Subscribed capital	13,668	13,668
Own Shares	-580	-505
Capital reserves	28,038	29,153
Other retained earnings	425	425
Other equity components	-3,484	-3,924
Total equity	38,067	38,817
Non-current liabilities		
Deferred taxes	5,497	6,168
Bonds	19,614	19,491
Liabilities due to banks	0	0
Accounts payable	12,739	11,513
Other liabilities	3,347	7,357
Accruals	1,383	1,494
Total non-current liabilities	42,580	46,023
Current liabilities		
Bonds	0	0
Accrued taxes	472	545
Liabilities due to banks	32	1,015
Accounts payable	18,872	23,796
Other liabilities	13,315	10,842
Deferred income	796	715
Total current liabilities	33,487	36,913
Total equity and liabilities	114,134	121,753

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

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