EQS GROUP

Building a Global RegTech

Annual Report 2019

CORPORATE COMPLIANCE INVESTOR RELATIONS

» Corporate Profile «

EQS Group is a leading international provider of regulatory technology (**RegTech**) in the fields of **corporate compliance** and **investor relations**. In working with EQS Group, thousands of companies worldwide inspire trust by fulfilling complex national and international disclosure obligations, minimizing risks and communicating transparently with stakeholders.

EQS Group's products are pooled in the **cloud-based** software **EQS COCKPIT**. They ensure the professional control of compliance workflows in the fields of whistleblower protection and case management, policy management, insider list management and disclosure obligations. In addition, listed companies benefit from a global newswire, investor targeting and contact management, IR websites, digital reports and webcasts for efficient and secure investor communications.

EQS Group was founded in 2000 in Munich, Germany. Today the group **employs over 350 professionals** and has offices in the **world's key financial markets**.

» Key Figures (IFRS) «

Profit figures	***FY 2019***	***FY 2018***	***+/-***
Revenues	**35,367**	36,210	-2%
Revenues (pro forma without ARIVA)	**31,869**	28,813	11%
EBITDA*	**2,546**	239	>100% **
EBITDA (adjusted for IFRS 16)*	**496**	239	>100% **
EBIT	**-3,184**	-2,120	-50% **
Group net income	**-1,412**	747	>-100% **
Asset figures	**Dec. 31, 2019**	**Dec. 31, 2018**	**+/-**
Balance sheet total	**49,935**	48,469	3% **
Equity	**26,107**	28,125	-7% **
Equitiy ratio (%)	**52%**	58%	-
Liquid funds	**1,184**	1,308	-9%
Group employees (pro forma without ARIVA)	**FY 2019**	**FY 2018**	**+/-**
Average of the reporting period	**364**	336	8%
Personnel expenses	**19,831**	17,502	13% **
	Dec. 31, 2019	**Dec. 31, 2018**	**+/-**
Earnings per share (EUR)	**-0.90**	0.53	>-100% **
Market capitilisation (million EUR)	**89.69**	100.45	-12%

Unless expressly otherwide stated, all data are in thousand Euros (except for the number of employees)

* Limited comparability due to new IFRS Accounting for Leases (IFRS 16) as of Jan 1, 2019

** Prior-year figures adjusted. We refer to Point 2. „Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

» Index «

» Foreword, Achim Weick, CEO «

Dear shareholders, employees, partners and friends of EQS Group AG!

The **business year of 2019** was very **challenging** but also **successful**. Challenging because we showed longer development cycles than planned when it came to product development, which led to delays in launching the new COCKPIT functions and thus in onboarding our customers. Successful because we exceeded the peak of our Cloud 2020 investment offensive, reversed the trend when it came to the development of our earnings and increased our financial leeway by selling ARIVA.DE AG.

On our way to becoming the leading **cloud provider** in Europe for global **investor relations-** and **corporate compliance solutions**, we achieved significant milestones and are benefitting in the long term from three megatrends: digitisation, regulation and globalisation.

For the last 20 years, we have promoted **digitisation** in investor relations and set industrial standards. Right from the start, we understood that our publicly listed customers need an efficient, integrated communications solution that covers all **disclosure, notification and documentation requirements** while enabling **active communication** with global investors, employees and other stakeholders.

After almost three years of intensive development and a good six month delay, we were able to **launch our new COCKPIT with all the relevant features**. It is the world's first cloud platform that digitally maps investor relations managers' most important work processes and intelligently links them to **global investor data** – a true **"game changer"** in times of MIFID 2, when contact between companies and investors is being reorganised.

We've been gradually migrating our customers since September. This presented us with two challenges. Firstly, to convince our customers to sign our new **cloud software licence agreement (SaaS)**, which guarantees us additional recurring revenue (ARR) without abandoning our proven, usage-based pricing model for disseminating news. And secondly to deal with the **aftermath** following the launch of our COCKPIT quickly. We're making very good progress in both regards and are very optimistic about successfully completing the switching of customers over the course of the year.

For about two years, we've been concentrating on a second customer target group: **corporate compliance**. These departments, new in many companies, rely on digital processes right from the start and often have the same or similar requirements as the investor relations departments. **Data security and data protection** (GDPR) in particular play a significant role when it comes to selecting providers. Our excellent reputation and wealth of experience, as well as our ISO certification, are significant competitive advantages when compared with European start-ups or US suppliers.

The steadily growing **regulation** of financial markets and companies continues to buoy us with a tailwind, especially in Europe.

The EU Parliament passed a comprehensive Directive for the protection of whistleblowers, which must be converted into national law in all of the Member States by November 2021. We are perfectly positioned with our SaaS solution **Integrity Line**, primarily for big groups, and are progressing well in our key European markets. We were, for example, able to gain the European Central Bank (ECB) as a customer after more than two years of due diligence. In order to be able to serve the emerging mass market, we want to further standardise and simplify the solutions.

Another new EU Regulation for which we are able to offer a new product is **ESEF**. As of 1 January 2020, all issuers in Europe are obligated to generate and publish their annual financial reports in accordance with the ESEF Regulation. In time for the launch, we will provide a convenient XBRL filing service, which includes conversion and complex tagging.

In the coming years, the new COCKPIT will be expanded into a central platform for corporate compliance. For this purpose, we're developing three additional workflow solutions. In addition to the existing Integrity Line (including case management) and Policy Manager modules, this includes **Approval Manager** (being launched this year), as well as **Risk Manager** and **Third Party Manager**, both of which are already in the design phase.

Digitalisation and regulation go hand in hand with advancing **globalisation**. Even if this is increasingly questioned in this age of trade wars and the coronavirus, our customers are active all over the world and are thus subject to countless local regulations, which must be met in as efficient and legally watertight a way as possible. In addition, they have communication strategies to reach and convince investors, customers and employees.

In our core, **German-speaking market (Germany, Austria and Switzerland)**, we remain the undisputed market leader for digital investor relations. So, all Dax-30 companies use our COCKPIT and we're delighted by the high levels of customer satisfaction we've enjoyed for years, even if that has sometimes been tested during this switchover to the new COCKPIT.

We see our greatest growth potential in **Europe**. The increase in EU-wide regulation is leading to the strong **standardisation of transparency requirements**. There is still no pan-European supplier. In addition, our US competitors have not been able to offer their full range of products in Europe yet. In light of this, we took a major step forward in Europe last year. We have already acquired 125 customers in **France**, including half of the CAC-40 companies. In the **UK**, we expect to break even by the end of the year, and we're growing very profitable in **Russia**.

We cover our global investor and media network with our key pillars in **New York** and **Hong Kong**. In both markets, we are concentrating on investor relations. While in China, the budgets are at a very low level by international standards, we were able to reposition ourselves and lay the foundations for profitable growth by focussing on profitable business areas and reducing the team. In the USA, we have gained important reference customers in VMware, KKR and Dollar General and are very confident that we will gain a permanent foothold in the world's biggest IR market.

One important pillar of our expansion strategy is the further expansion of our **technology site in Kochi**, India. In the last six years, this has not only been established as a successful supplier of standardised IR solutions for our global markets. Meanwhile, many employees are working on developing new products hand-in-hand with their colleagues in Munich.

This would not be possible without the passion and team spirit of our **highly qualified and committed employees**. At the same time, our strategy offers our employees a challenging, international working environment that encourages them to perform at their best and strengthens our success factors: innovative products, top quality and the best service. How **strong our appeal is as an employer** is confirmed both by external evaluation platforms and by our annual employee survey.

Our **heartfelt thanks** go to all those who support us in building this great company: our highly motivated employees, our long-standing customers and business partners, with whom we work together in a spirit of trust, and our loyal shareholders who support the geographic expansion and encourage us in pursuing this path. Despite the challenges for health and the overall economy from the Coronacrisis we look to the future with great optimism and look forward to continuing to have you by our side.

Sincerely yours,

Achim Weick, CEO

Munich, March 2020

» Investor Relations «

On the last trading day of 2019, **EQS Group shares** closed on the XETRA at **€62.50**, approximately -7% lower than at the beginning of 2019 (€67.50). Throughout 2019, the share price ranged from €54.50 to €75.00. The share's performance throughout 2019 was significantly weaker than the TecDAX, which saw gains of +23%. As of December 31, 2019, EQS Group had a market capitalization of €90 million. However, the price decrease of EQS shares was accompanied by less Xetra trading volume over the previous year (-40%).

EQS is a member of **Scale**, the **quality segment** for small and medium-sized enterprises (SMEs) as well as of the Scale30-Index. In 2019 four independent research houses —Baader Bank, GBC, GSC Research and Edison Investment Research — regularly issued **analyst reports** on EQS Group. In recent publications, all institutions gave a "buy" recommendation. All recommendations are available on the EQS Group website in the Investor Relations section.

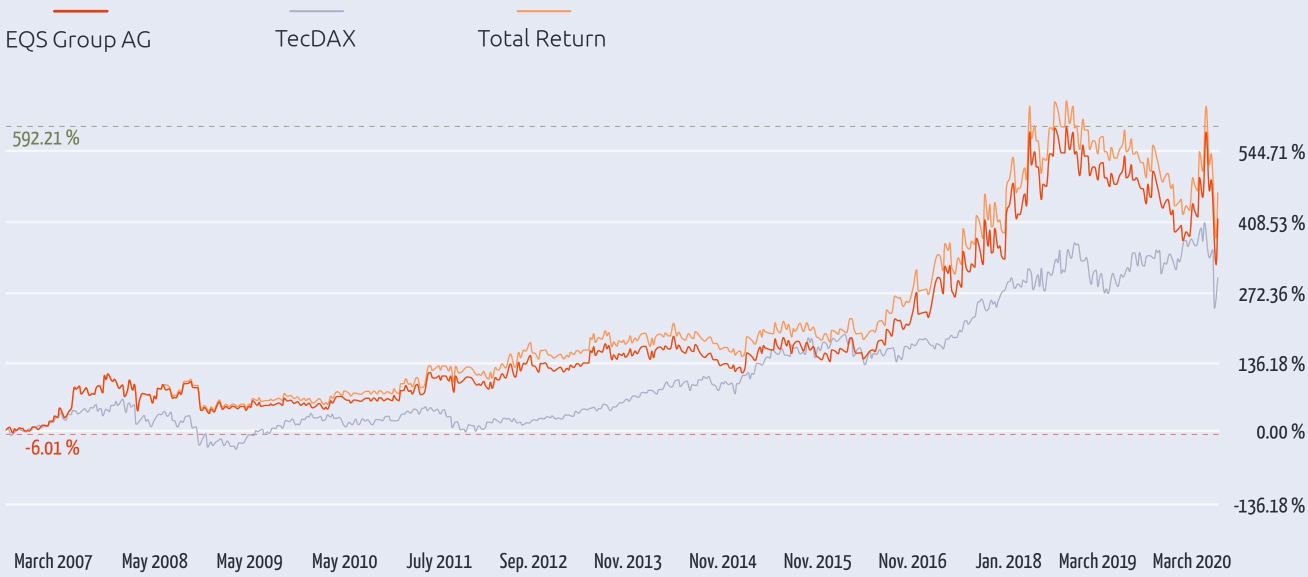
In 2019, the Management presented the company at numerous **investor conferences**, including the Equity Forum and the Quirin Champions conference in Frankfurt as well as the Baader Investmentconference and the MKK in Munich. Each quarter, EQS Group AG issued **interim figures** and held a detailed conference call with analysts and investors on the same day. The **audio webcast** recordings are available in the Investor Relations section of our **corporate website**.

In addition to the presence event, the **Annual General Meeting (AGM) 2019** was conducted as a **complete online AGM** including video streaming. As far as we know, we are still the only public company in Germany that enables full participation via the Internet.

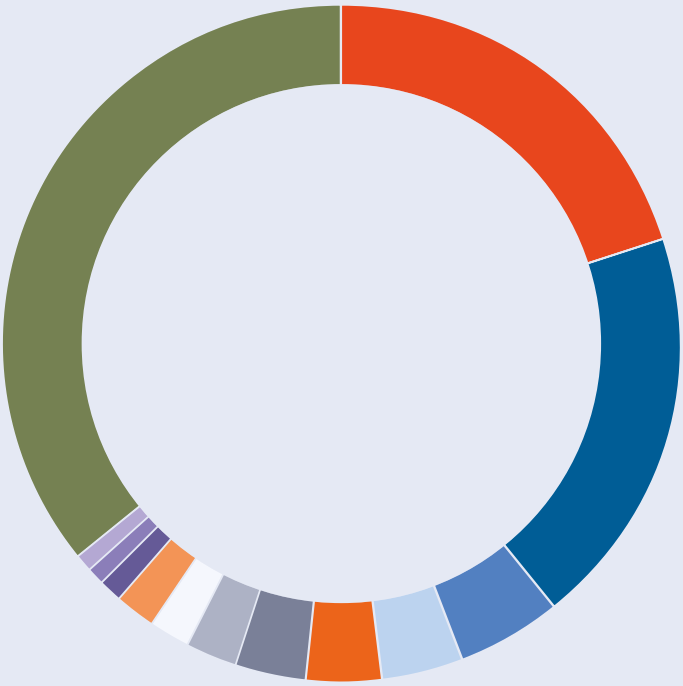
We at EQS believe that **radical transparency** and **compliance** create the most important corporate capital:

TRUST

» Share price performance since IPO «



» Shareholder structure of EQS Group AG «



- Achim Weick: 21%
- Investmentaktiengesellschaft für langfristige Investoren TGV: 20%
- EIFFEL INVESTMENT GROUP SAS: 5%
- Allianz Global Investors: 4%
- Berenberg Europ. Micro: 4%
- Shareholder Value: 4%
- Rony Vogel: 3%
- Peter Conzatti: 2%
- Robert Wirth: 2%
- André Marques: 1%
- Christian Pfleger: 1%
- Marcus Sultzer: 1%
- Free Float: 32%

Institutional Investors >3% & Management and Board of directors

» Dialogue with the Executive Board «

EQS Group AG generated €35.37 million in revenue in the business year 2019. This is equivalent to a 2 percent decline in revenue. The management board is usually reporting on new records at this stage. Why is that not the case on this occasion?

Achim Weick: *“The slight decline in revenue is the result of the sale of ARIVA.DE AG at the midway point of the year. We sold our shares because we want to concentrate entirely on our own business. Since 2017, we’ve been investing heavily in our cloud platform in order to also be able to offer highly available and safe software as a service in our new business area of corporate compliance. We think EQS Group has a bright future here. Whenever we make an investment decision, we ask ourselves where our euros will deliver the highest sustainable returns for our shareholders. We concluded that this is in the areas of compliance and investor relations. Thinking this through to the end, selling a business which is currently delivering low returns, and is expected to do so in the future too, is the logical conclusion. By contrast, the buyer, wallstreet:online AG, has high synergy potential and can develop ARIVA.DE AG.”*

André Marques: *“Back to the revenue figures: Adjusted for the revenue for ARIVA.DE AG, which we deconsolidated at the midway point of the year, our revenue grew by 11 percent on the previous year. That means that EQS business has grown.”*

But didn’t you promise higher growth rates at the start of the year?

André Marques: *“That’s right. We didn’t achieve our original revenue growth. We were able to launch the new COCKPIT in the fourth quarter of 2018 and were very confident for 2019. But things went wrong with individual modules.”*

What does that mean?

Christian Pfleger: *“COCKPIT is composed of various modules. Specifically, we were unable to meet the timetable for completing individual CRM and mailing features. The Customer Relationship Management tool helps IR managers maintain contact data for analysts, fund managers, investors and all stakeholders, and is also a database for the mailing system. Our customers use this mailing tool to simultaneously send out all kinds of notices on their mailing list set up in COCKPIT.”*

Marcus Sultzer: *“Postponing the release wasn’t easy for us, but it was the only correct decision from our perspective. Both modules are very important for our customers. Happy customers – or better yet, delighted customers – are our most important asset. EQS stands for top quality and premium products. The postponement resulted in a delayed start to the process of onboarding our customers with the new platform.”*

What does the delay in onboarding have to do with lower revenue?

Marcus Sultzer: *“When going live with the new COCKPIT, we provide our customers with additional modules, for example a global investor database with shareholder structures. For that reason, we also brought in a new price model. Until now the pricing model was essentially transaction-based. Simply put, it was designed based on invoicing for news dissemination. The new pricing now also includes an annual fee for COCKPIT. As we started converting our customers’ contracts to the new COCKPIT later due to the delay, we were also unable to charge the fee. That meant that, unfortunately, the planned increase in revenue for this period did not happen. But once again: we’re thinking long term. The postponement is very annoying. The lower growth is annoying. But the most important thing is that our customers are not annoyed about a half-baked product. They’re using the COCKPIT they already know, and they’ll just switch to the new COCKPIT a bit later.”*

Christian Pfleger: *“But the fee isn’t justified based solely on these additional features; it is also justified because the requirements in terms of technology, data protection and IT security are constantly growing internationally.”*

Achim Weick: *"So we’re establishing a subscription model for IR COCKPIT with sustainably recurring revenue. The customers pay for the service in advance. The cashflow from this can be predicted very easily. An attractive model for us and our shareholders, and the companies are also used to it in this age of cloud technology. The KPI of ARR, i.e. Annual Recurring Revenue, will significantly increase as a result.”*

How many customers have already switched their contracts?

Marcus Sultzer: *“At the end of March 2020, we’re at more than 300 new COCKPIT contracts. Our aim is to switch all the contracts over this year.”*

Will the compliance COCKPIT also be provided as a subscription model?

Marcus Sultzer: *"That's the plan. We don't yet have a compliance COCKPIT with all the services. But we're developing the modules bit by bit. The modules available up until now are already being offered as subscription models."*

Which modules are already available?

Christian Pfleger: *"We've had the Insider Manager and whistleblowing product Integrity Line on the market for some time. The Policy Manager was the third one added, and we'll be launching the first release of Approval Manager in the middle of this year."*

Could you quickly describe what these modules do?

Christian Pfleger: *"Insider Manager is a workflow tool for digitally processing insider data and is very successful in Europe. With Integrity Line, our whistleblower system, customers, suppliers and employees can make companies aware of any abuses. The European Union finally adopted the Directive regarding this in December. The Policy Manager organises corporate policies for our customers. This is often managed centrally by the compliance department, and includes sending guidelines to various groups of employees and the employees sending return confirmations. The consequence is a significant increase in efficiency and transparency. The same applies to Approval Manager. This module facilitates all kinds of approval processes in companies, such as receiving employee gifts or invitations to events as well as reports of conflicts of interest."*

Who needs approval processes for gifts?

Marcus Sultzer: *"French companies do. An anticorruption law is in force there. Amongst other things, it prescribes guidelines for how to handle gifts and invitations. Companies have to prove this. The anticorruption authority AfA published guidelines last year and is now checking whether the processes and requirements have been implemented. That meant we were able to sign agreements with big companies in the fashion and luxury goods industries before the product was launched."*

Executive Board of EQS Group AG
(l.t.r.): Achim Weick, CEO
Marcus Sultzer, CRO
André Silverio Marques, CFO
Christian Pfleger, COO

How has the sector developed overall?

André Marques: *"The revenue in the compliance sector has grown by 15 percent, adjusted for the ARIVA.DE AG revenue. We're very confident that the speed of growth will increase in the coming year. Christian has already spoken about the Directive on whistleblowers."*

Marcus Sultzer: *"The EU Directive on protecting whistleblowers came into force in December 2019. That means that the Directive must be implemented in the national laws of all EU Member States within 2 years at the latest. For EQS Group AG, this means that a secure legal framework has been set up which obliges companies to introduce reporting channels in the future. As a result, our whistleblower tool is coming into focus for larger companies proactively preparing for the Directive to be implemented. As soon as the Directive is implemented in each Member State, we will experience increased demand from every European country."*

How has business abroad developed in the last year?

Marcus Sultzer: *"Revenue has grown by 18 percent up to € 8.82 million. France, the UK and the USA are in development. Russia is going brilliantly. Asia has had to struggle with declining sales but is stabilising. We're optimistic that we'll grow even more in 2020."*

How high will investments be in 2020?

André Marques: *"Our Cloud 2020 investment programme exceeded the investment peak. In 2019, additional ramp-up investments only grew by € 1.6 million having grown by € 6.1 million in 2018. With this, the investments for transforming into a technology company have just been concluded and we're moving back towards a stable level of investment to continue running the business and to promote individual projects or products. Accordingly, we also have our cost developments fully under control. The total expenditure has now grown at a slower rate than revenue for three quarters in a row. That will continue."*

The proliferation of the coronavirus is a central issue throughout the world. What precautions has EQS Group taken and are there any indications as to any effects on ongoing business?

Achim Weick: *"EQS Group AG has a corporate pandemic plan. We're orienting toward Robert Koch Institute's checklist. The health of our employees is top priority. At the start of March, we had two exercises to train all our employees for such an event. We're also avoiding business trips for the time being. Every employee who doesn't absolutely have to work in the office has been instructed to work from home. Up to this point, it has had no negative effects on our ongoing business. However, there is the possibility that customers shift projects into the future, we would feel that during the course of the year. Also we do not expect any IPOs in the next quarters."*

What can investors expect in the 2020 financial year?

André Marques: *"Even if the uncertainty has increased significantly due to the corona epidemic: We're planning for an adjusted increase in revenue of 10 to 20 percent up € 35.1 million to € 38.2 million. The EBITDA should see a significant increase of € 3.5 million up to € 4.5 million. This is subject to no material effects of the Corona virus."*

Christian Pfleger: *"Onboarding our customers for the new IR COCKPIT and the development of the modules for the late compliance COCKPIT."*

Marcus Sultzer: *"320 to 400 new customers abroad and domestically and a significant increase in recurring revenue. Our KPI of new ARR, which quantifies the contractually agreed volume of recurring business, should be around € 4.5 million to € 5.5 million. The value is to be rated even more highly as the average, calculated customer retention period is over 10 years. That means business acquired for € 5 million has a value of around € 50 million for the next 10 years, discounted to € 25 million for today. That is also called lifetime value."*

Achim Weick: *"A passionate team that, thanks to its huge commitment, is bringing us a step closer to achieving our goal of becoming the leading European cloud provider for global investor relations and corporate compliance."*

» Supervisory Board Report «

Dear shareholders,

In the 2019 financial year, the Supervisory Board of EQS Group AG has dealt, in detail, with the situation and development of EQS Group. The Board supervised, closely accompanied and consulted the Management Board regarding important questions during the financial year and performed the duties entrusted to it by law, the Articles of Association, and the Rules of Procedure with a high degree of diligence.

Constructive cooperation between Management Board and Supervisory Board

The cooperation between the Supervisory Board and the Management Board has always been constructive and was based on open and trusting discussions. The Management Board informed the Supervisory Board regularly, in due time as well as comprehensively, both in writing and orally, about all relevant topics relating to the company's development and strategy. It discussed, in detail, the opportunities and risks associated therewith, the corporate plans, and the development of revenue, earnings, and liquidity. In addition, the Supervisory Board obtained information about any planned and ongoing investments, the fulfilment of the plans, the product segments and the risk management.

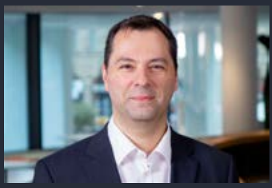
The Supervisory Board discussed, internally and intensively, with the Management Board the developments in the individual reporting quarters, the short-term and medium-term perspectives, as well as the long-term growth and earnings strategies on a regular basis. Such discussions also included information about deviations of the business development from the plans. The Supervisory Board was closely involved in all decisions which were of fundamental importance for the company. Supervisory Board and Management Board were in close contact, even outside of the regular meetings. The Supervisory Board accompanied the Management Board's work based on the monthly reports by the latter and decided on matters requiring their decision.

Meetings and focus

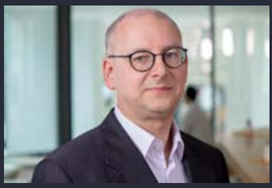
The Supervisory Board held a total of five ordinary meetings in the 2019 financial year (March, April, May, September, December) during which the Management Board informed the Supervisory Board about the economic situation and business development. All members of the Supervisory Board took part in these meetings. Apart from the meetings, the Supervisory Board passed resolutions on current topics in a written circulation procedure. The Supervisory Board did not create any committees, since it consists of a total of four members.

Supervisory Board of EQS Group AG

Rony Vogel (Chairman)



Robert Wirth (Deputy Chairman)



Peter Conzatti

Laurenz Nienaber

The meetings focused, in particular, on:

» analysis of the situation regarding the sale of ARIVA.DE AG;

» development of the new EQS Cockpits;

» effects caused by delays in the market launch of EQS Cockpits;

» adaptations in the business in the USA and in Asia;

» establishment of the inbound marketing for Compliance products;

» establishment of the Balance Scorecard system;

» requirements under the DCGK [German Corporate Governance Code] for the Supervisory Board;

» prolongation of the contracts of the members of the Management Board, Achim Weick and Christian Pfleger;

» ensurance of the corporate financing;

» cultural change in the direction of a software/tech company (probably better technology company?)

Deviations of the course of business from the annual targets were discussed and analysed, in detail, during the meetings of the Supervisory Board.

In addition, the following topics were discussed in the meetings:

» Financial Statements and Consolidated Financial Statements for the 2018 financial year;

» profit appropriation proposal for the 2018 financial year;

» convocation and items of the agenda for the ordinary General Meeting of 2019 with proposals for resolutions to the General Meeting and the Supervisory Board's report for the 2018 financial year;

» compliance statement with the German Corporate Governance Code;

» Group planning, revenue, earnings and investment plans for 2020 as well as continuous discussion of the current situation.

Members of the Management Board and Supervisory Board

The Management Board of EQS Group AG consisted of four persons in the 2019 financial year and no changes occurred with regard to this composition. The Supervisory Board also consists of four persons and was not subject to any changes.

Audit of the Financial Statements and Consolidated Financial Statements

The General Meeting of 17 May 2019 appointed the BDO Wirtschaftsprüfungsgesellschaft, Hamburg, Germany, as auditor for the 2019 financial year. It audited the Financial Statements and the Management Report of EQS Group AG for the year ended on 31 December 2019 and the Consolidated Management Report pursuant to IFRS for the year ended on 31 December 2019, including the Group Management Report and other explanations as of 31 December 2019 and awarded them the unqualified auditor's certificate.

The Supervisory Board received and personally audited the audited and certified Financial Statements and the Consolidated Financial Statements pursuant to IFRS as well as the Management Report in due time prior to the balance sheet meeting of 2 April 2020 and discussed the individual documents with the Management Board. The auditor took part in the meeting, reported, in detail, on their audit and the essential results of their audit, explained the audit report and answered all questions raised by the members of the Supervisory Board. The Supervisory Board audited the Financial Statements and the Management Report of EQS Group AG for the year ended on 31 December 2019, by taking into account the auditor's report, as well as the Consolidated Financial Statements pursuant to IFRS for the year ended on 31 December 2019, including the Consolidated Management Report and other explanations as of 31 December 2019 and satisfied itself of the correctness and completeness of the actual information. The Supervisory Board concurred with the result of the audit by the auditor and found no cause for objection. The Supervisory Board approved the 2019 Financial Statements and the Consolidated Financial Statements of EQS Group AG on the balance sheet meeting held on 2 April 2020. The 2019 Financial Statements are therefore approved as defined in Sec. 172 of the AktG [German Stock Corporation Act].

The Supervisory Board approves the proposal issued by the Management Board on the appropriation of the balance sheet profit of EQS Group AG.

During the 2019 financial year, the Supervisory Board has constantly deliberating the principles of good corporate management. In January 2020, the Supervisory Board and the Management Board issued a voluntary compliance statement pursuant to Sec. 161 of the AktG and made it permanently accessible for shareholders on EQS Group AG's website. EQS Group AG complies with the recommendations of the Government commission German Corporate Governance Code pursuant to the version of the Code published in the Federal Gazette in April 2017, to the exception of the deviations listed and justified in the compliance statement.

The Supervisory Board expresses it thanks to all globally active employees for their successful work and their high personal commitment. Simultaneously, the Supervisory Board expresses its appreciation and high esteem for the Management Board and the entire management for their excellent services.

The Supervisory Board is proud of being able to share the now 20 years of history of EQS Group AG.

Munich, April 1, 2020

Rony Vogel

Chairman of the Supervisory Board

» Values that lead us «

Team spirit

We have empathy and
support/respect each other

Passion

We love what we do and
are driven to achieve

Transparency

We are open-minded and
actively share information

Trust

We are honest, trust each other and
value a flat hierarchy

Ownership

We think/act like owners and
take responsibility for our tasks

» Highlights 2019 «

Trend reversal:
Revenue* increases
in 2019 by 11%

Op. Expenses
unchanged (0%)

New **COCKPIT**
205 **new**
SaaS-contracts

€ 3.80 **mln.**
newly acquired **ARR**

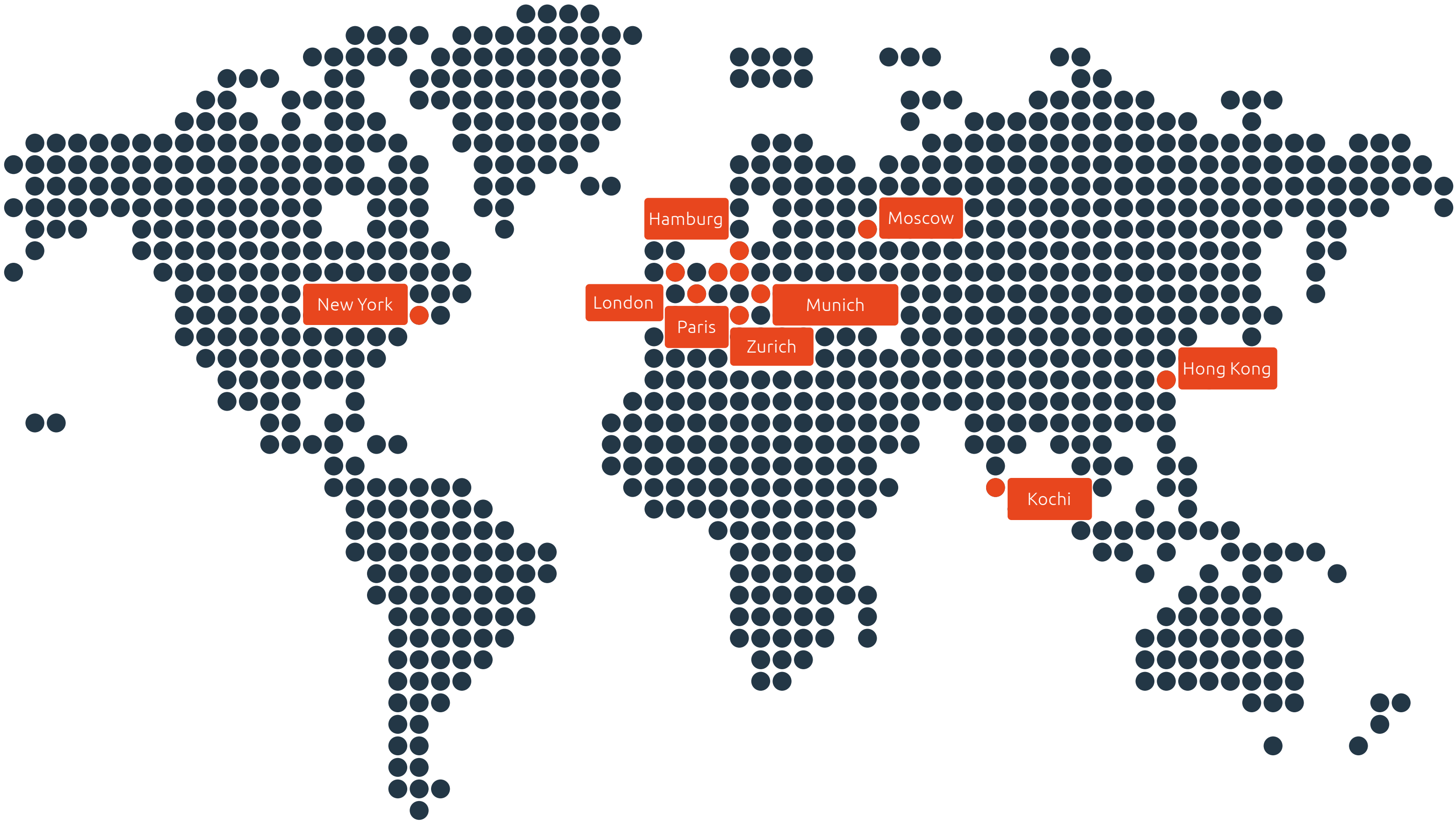
EBITDA increases to
€ 2.5 mln.

Revenue in the
Compliance
segment grew by
+15 %*

Revenue in the
Investor Relations
segment grew by
+5 %*

320
NEW **LARGE CAP**
CUSTOMERS

**Pro forma excl. ARIVA.DE AG*



» Corporate structure «

Parent

EQS Group AG

Germany
Austria

100%

EQS GROUP AG

Switzerland

100%

EquityStory RS, LLC

Russia

100%

EQS Asia Ltd.
(EQS TodayIR)

SAR Hong Kong
China

100%

EQS Group Ltd.

UK

100%

EQS Group Inc.

USA

100%

EQS Group SAS

France

100%

EQS Web Technologies Pvt. Ltd.

India

100%

EQS Financial Markets & Media GmbH

Germany
Austria
Switzerland

MANAGEMENT REPORT

(Start of the audited part of the annual report)

» Business model «

EQS Group AG is an international **technology provider** of **compliance and investor relations**.

In addition to its headquarters in Munich, the company has locations in the world's financial centres and a second technology centre in India.

Our **"Best Digital Solutions"** minimise risks by ensuring compliance with local regulations, reaching global investors and the media, as well as all relevant audiences. Our **vision** is to position EQS Group AG as the **leading European cloud provider** for **global investor relations & corporate compliance solutions** by **2025**.

We use the **capital of investors** to offer our customers digital platforms, products and services. Our employees create the necessary innovations and maintain the customer and partner relationships.

The EQS Group AG is a digital full-service provider: its **products** and **services** include a global newswire, reporting service, investor targeting and contact management, and insider list management. These are bundled in the **cloud-based platform EQS COCKPIT** to optimise the work processes of the investor relations, communications and compliance officers. EQS Group AG also offers innovative whistleblowing and case management software, websites, digital reports and webcasts.

The **Compliance segment** comprises all products for the **fulfilment of regulatory requirements**. Due to uniform legal requirements for all customers, only cloud solutions are offered in this area. To serve both small and medium-sized enterprises (SMEs) and Large Cap customers on an optimum basis, we also divide our sales and offering strategy in the area of Compliance into **"SMEs"** and **"Large Caps"**. Our marketing and sales activities are primarily aimed at listed issuers and groups of companies that maintain open and transparent corporate communications.

The **Investor Relations segment** includes the products in the area of **financial and corporate communications**.

We generate license revenues from the provision of cloud software, and we also receive recurring revenues for the conversion and delivery of reports to the Federal Gazette, for the completion of video and audio webcasts as well as ongoing subscription revenues for hosting and maintaining of these applications. In the area of news, we receive revenues per release, depending on the selected distribution network. One-off revenues result from the setup of websites, apps, charts, tools or digital reports.

We use financial and non-financial performance indicators to **measure our corporate success** at the Group and company levels.

The **key financial indicators** are **sales (growth) and EBITDA**.

EBITDA is calculated as total operating performance (sales revenues, other operating income and own work capitalised) less cost of services, personnel expenses and other operating expenses.

The **key non-financial indicator** is the **ARR**. The ARR is defined as newly acquired, recurring, annualised order volumes.

Other non-financial performance indicators include the **number of customers and/or new customers**, customer satisfaction and employee satisfaction.

We measure customer satisfaction by means of the Net Promoter Score, the difference between the customer recommendation rate and the rejection rate, using anonymous online questionnaires. The survey is aimed at Group customers in particular, and asks after their satisfaction with the services, new products and customer service.

Employee satisfaction is measured by a global survey in which the employees vote on a scale of 1 to 5 in an anonymous online questionnaire on satisfaction with the employer. The choice of 1 stands for very dissatisfied and 5 for very satisfied. The survey focuses on measuring employee satisfaction with their compensation, working hours, internal cooperation, internal communications and development opportunities.

Each indicator correlates directly with our ability to deliver returns of capital to our investors. Ultimately, however, dedicated employees are decisive for the loyalty of our customers and the success of the company.

» Research and development «

The ongoing development of existing products and the development of new cloud solutions ensure that applications meet current and future customer requirements and form the basis for our future growth.

As in the previous year, **2019** was marked by our product initiative and resulted in continued high product development expenses, albeit at a lower level than in 2018. This product initiative is the focus of the "EQS Cloud 2020" investment programme, with the goal of developing EQS Group AG into a technology company in the field of regulatory affairs (RegTech).

The **new development and expansion** of the **EQS COCKPIT**, our central web-based platform, was the core element here. The **IR COCKPIT** is a platform that brings together and coordinates investor data (Investors), contact management (Mailing & CRM), reporting obligations (Disclosure) and news distribution (Newswire) for investor relations on one user interface. In the second half of 2019, an initial version of the Mailing and CRM modules was completed, albeit with a six-month delay. The new EQS COCKPIT also constitutes the basic platform for modules and workflows for compliance, and is to be successively developed into a **Compliance COCKPIT**.

In total, **self-created intangible assets** to the amount of **€ 2.69 million** (2018: € 3.84 million), almost exclusively for the new COCKPIT (€ 2.24 million) and the Policy Manager (kEUR 337), were capitalised in the financial year. This corresponds to **52%** of the **R&D costs** of € 5.22 million. This also includes the development services of the wholly owned subsidiary EQS Webtechnologies Pvt. Ltd. in India, which were invoiced to EQS Group AG to the amount of 402 thousand. The exclusively scheduled amortisation amounted to 616 thousand in the reporting period (2018: kEUR 441).

» Our Purpose «

» As pioneers in digitization of corporate workflows our true passion is to make Investor Relations, Communications and Corporate Compliance Officers **BETTER IN CREATING TRUST.** «

» Economic and Regulatory Environment «

According to the half-yearly report of the World Bank[1] that was published in January 2020, **global economic** growth in **2019**, measured by real gross domestic product **(GDP)**, is expected to be **+2.4%**, which is below the previous year's level (+3.0%).

The main factors behind the slowdown were trade conflicts and an uncertain business climate, which led to a slowdown in investment across the different geographical regions. Growth in the USA and the European Union lost momentum, as did growth in the emerging markets of Asia and South America.

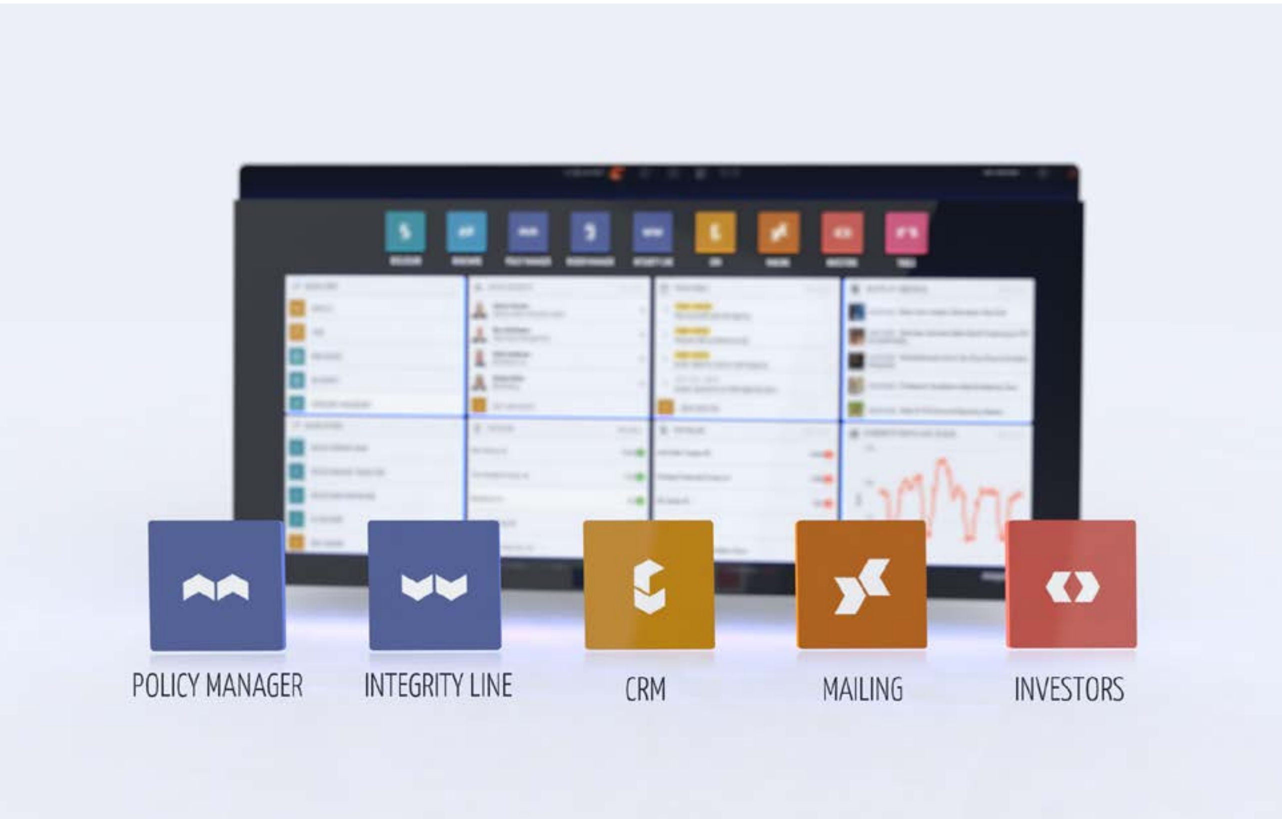
In line with the relatively weaker development of the euro zone compared with the USA, the euro depreciated slightly against the US dollar.

The economic situation in **Germany** in **2019** was also characterised by a significant slowdown in economic growth, due to a downturn in industrial exports and structural changes in the automotive industry. According to the calculations of the Bundesbank[2], gross domestic product **(GDP)** in 2019 was **+0.5%** higher than in the previous year (2018: +1.5%).

Contrary to the economic development, the **stock market prices** in Germany achieved one of the largest annual increases in its history. The German leading **DAX** index, for example, climbed **25%** from just under 10,580 points at the beginning of the year to **13,249 points** on December 31, 2019. Nevertheless, the number of **IPOs** and listings in Germany in the Prime and General Standard was significantly lower than in the previous year (15), at only five. As a result of delisting, the number of companies listed on the regulated market (Prime or General Standard) fell slightly again. As of December 31, 2019, there were three fewer companies, or 455, on the regulated market. As of December 31, 2019, 127 companies were listed in the OTC segments Scale and Basic Board (decrease compared with the previous year: -3).

[1] https://www.worldbank.org/en/news/feature/2020/01/08/january-2020-global-economic-prospects-slow-growth-policy-challenges

[2] https://www.bundesbank.de/de/aufgaben/themen/bundesbank-prognose-deutsche-wirtschaft-ueberwindet-schwaechephase-818698



» Earnings situation «

With the strategic expansion of our business segments to include compliance, and our development into a technology company with revenues from **Software-as-a-Service (SaaS)**, we have introduced additional key performance indicators on our business development and therefore also in our reporting.

The focus here is on the **share of recurring revenues (RR ratio)**, which shows the quality of revenue and the scaling potential. The decisive factor for the growth dynamics is the newly concluded recurring business volume **(ARR)** as well as the **number of new and total customers** in the reporting period.

Due to the **sale of our subsidiary ARIVA.DE AG** and the associated **deconsolidation of the company as of July 1, 2019**, we not only will report the regular revenue figures, but also the sales adjusted for ARIVA.DE AG. This enables a better comparison with the previous year.

Consolidated sales revenues according to IFRS decreased by **-2%** to **€ 35.37 million** (2018: € 36.21 million). **Adjusted** for the deconsolidated subsidiary **ARIVA.DE AG, sales revenues** increased by **+11%**, and were therefore in line with the expectations adjusted in November 2019 (+10% to +15%) but below the targets set at the beginning of the year.

The expectation was adjusted due to **the late completion of the new CRM** (Customer Relationship Management) and **Mailing** modules in the COCKPIT and the **Policy Manager** as well as the associated late realisation of significant additional revenues from September 2019 onwards. At the same time, compensation by other means was limited due to the absence of IPOs, lower revenues from the XML submission service and longer sales processes at Integrity Line.

In contrast, the **ARR** of **€ 3.80 million gained** in the 2019 financial year is above the adjusted expectation of € 3.2 million to € 3.6 million. Due to the existing cloud solutions, the percentage **of recurring revenues** increased further to **83%** in Q4 2019 (Q4 2018: 79%). In 2019, we were able to acquire a further **320 Group customers** (expectation: 310 to 350). The total number of customers therefore rose to 2,470, considering a churn rate of 4.9%. The high churn rate is due to an active renunciation of unprofitable projects in Asia and inactive IR customers in the new markets of the UK and USA. In Germany, this is below 3%.

In 2019 we were able to complete the missing functionalities in the new **COCKPIT modules CRM** and **Mailing**. Therefore, in 2019, **development services** in the amount of **€ 2.69 million** were **capitalised** and led to a lesser extent than in 2018 (€ 3.84 million), the peak of the investment programme. The introduction of these new cloud products is associated with an expansion of subscription revenues and a further increase in the share of recurring revenues.

» Segment Revenues «

In line with our markets, we have divided our product offering into two segments: **Compliance** and **Investor Relations**.

The **Compliance** segment comprises all products for the **fulfilment of a legal or regulatory obligation**. In addition to the **proven portfolio products**, this includes reporting obligations in the news area (Disclosure), the filing with the Federal Gazette and LEI, as well as the **new SaaS products** for the implementation of compliance tasks such as Insider Manager, Integrity Line, Policy Manager and Approval Manager. Due to uniform legal requirements for all customers, only cloud solutions are offered in this segment.

The **Investor Relations** segment includes the products in the area of voluntary **investor and corporate communications as well as investor data**. The **existing products** of News, Websites, Webcasts and Media have been joined by the **SaaS products** of Investors, CRM and Mailing.

In the **Compliance segment**, we achieved a revenue increase of **+4%** to **€ 19.21 million** (2018: € 18.50 million) in 2019. **Adjusted for ARIVA.DE AG**, the increase in revenues amounted to **+15%** and was therefore below initial expectations. While our new SaaS products of **Integrity Line (+44%)** and **Insider Manager (+26%)** as well as **LEI (+31%)** (due to pull-forward effects), grew significantly in double digits, the growth in revenues in the portfolio business of Disclosure and XML was lower, at +7% in each.

The **number of Large Cap customers** rose by **138** in 2019 to a total of **1,280 customers**, most of whom are from Europe (Germany, Switzerland, France and the UK). Although the new customers for the Compliance solutions are not yet fully reflected in the revenue growth, this will increase the sales revenue carried forward to the coming quarters.

As a result of the disproportionate revenue growth (ex ARIVA) as well as the IFRS 16 lease accounting effects, the **EBITDA** in the Compliance segment scaled significantly by **+76%** to **€ 2.86 million** (2018: € 1.62 million*).

In the **Investor Relations segment**, the number of Large Cap **customers** in 2019 increased by **134** to **2,172** compared to the previous year. This is due to the significant increase in new customers in Germany, the UK and the USA. Nevertheless, **segment revenues** declined by **-9%** to **€ 16.08 million** (2018: € 17.71 million) due to the **deconsolidation** of **ARIVA.DE AG** as of July 1, 2019. **Adjusted** for **ARIVA.DE AG**, revenue growth was **+5%** and therefore below the targets at the beginning of the year due to the delayed completion of the SaaS products of IR COCKPIT. After completion, sales growth from Q4 2019 onwards gained considerable momentum as expected due to the gradual migration of customers to the new COCKPIT. The **revenue recorded** with the **new software modules** in the IR COCKPIT was **kEUR 604**. By the end of 2019, however, SaaS contracts for the new COCKPIT had been signed with **205** companies.

The initial capitalisation of leasing contracts (IFRS 16) led to an improvement in **EBITDA** in 2019 to **kEUR -316** (2018: € -1.39 million*). However, the segment once again generated an operating loss as a result of continued high investments in the new COCKPIT in 2019 and lower than expected sales growth.

Segments 2019	*Compliance*	*%*	*Investor Relations*	*%*
Revenue Large Caps	€ 9.33 mln.	18%	€ 14.00 mln.	5%
Large Cap Customers	1,280	12%	2,172	7%
Revenue XML	€ 6.47 mln.	7%		
Clients XML (annual basis)	4,771	11%		
Revenue LEI	€ 2.07 mln.	31%		
LEIs issued	37,575	26%		
Revenue ARIVA	€ 1.43 mln.	-52%	€ 2.07 mln.	-53%
Customers ARIVA	19	0%	69	1%
Total Revenue	**€ 19.29 mln.**	**4%**	**€ 16.08 mln.**	**-9%**
EBITDA*	€ 2.86 mln.	76%	€ -0.32 mln.	77%

* Prior-year figures adjusted. We refer to Point 2. „Significant accounting and valuation methods“ (2.4 Changes in the previous year's figures) in the notes

» Geographical revenues «

Domestic business

The **domestic business** recorded a **decline in revenues** of **-8%** to **€ 26.55 million** (2018: € 28.75 million) in 2019 as a result of the deconsolidation of ARIVA.DE AG on July 1, 2019. **Adjusted** for the revenue of the sold ARIVA.DE AG, the increase in revenues was **+8%**. In 2019, **113 new Large Cap customers** (excluding individual customers LEI-Service & XML-Service) were **acquired** in Germany. The **number of customers** increased by 80 to **1,246** compared with 2018, taking into account 33 customer departures (churn rate 2019: 2.8%). As a rule, these are not cancellations, but mainly customers who have been inactive for 12 months and, for example, have not sent any news via the COCKPIT or have submitted their financial report later.

EQS Group AG increased its sales in the 2019 financial year by **+8%** to **€ 22.67 million** (2018: € 20.99 million). The reason for the sluggish growth is the **delayed completion of the new software modules** CRM (Customer Relationship Management) and Mailing in the COCKPIT and of the Policy Manager, and the associated delayed realisation of significant additional revenues from these. Since its provision in September 2019, **164 customer contracts** for the new COCKPIT had already been **concluded** in **Germany** by the end of the year. During the course of the year all the customers in Germany should have signed new contracts.

As a result of the first-time capitalisation of rental contracts (IFRS 16), EBITDA in Germany was significantly higher than in the same period of the previous year (€ 2.02 million) at € 3.04 million.

Our Mission

We deliver the

BEST DIGITAL SOLUTIONS

- to minimize risks by complying with **local regulations**,
- to reach stakeholders **globally** and
- to **save time** and **money** by managing workflows digitally

International Business

Our **international business** shows an **increase in revenues** of **+18%** to **€ 8.82 million** (2018: € 7.46 million) in 2019 and was therefore at the lower end of our expectations. In 2019, our foreign companies were able to **acquire 207 new Large Cap customers**. Taking customer departures into account, the **number of customers** increased by another 130 companies to **1,224**. At 7.0%, the churn rate in 2019 was higher than in Germany. The high churn rate is due to an active renunciation of unprofitable projects in Asia and inactive IR customers in the new markets UK and USA. All foreign locations with the exception of Hong Kong and Switzerland were able to increase their sales revenues in double figures, although France and the USA started from a low base. In Hong Kong, on the other hand, there was a slight decline in revenues.

The operating loss abroad, measured by **EBITDA**, improved significantly to **kEUR -497** as a result of lower expenses for geographic expansion and the effects of the first-time capitalisation of rental contracts (IFRS 16) compared to the previous year (€ -1.78 million*). In 2019, three locations remained under construction, France, the UK and the USA, which is why the share of foreign revenues in 2019 increased, but only amounts to 25% in total.

Geographic Market	***Domestic***	*%*	*International*	*%*
Revenues 2019 (ex ARIVA)	€ 23.05 mln.	8%	€ 8.82 mln.	18%
Large Cap Customers	1,246	7%	1,224	12%
EBITDA*	€ 3.04 mln.	51%	€ -0.50 mln.	72%

* Prior-year figures adjusted. We refer to Point 2. „Significant accounting and valuation methods“ (2.4 Changes in the previous year’s figures) in the notes

» Our principles «

Put the client first (company, result)

Be ambitious and humble

Challenge decisions, but once they're made, commit wholly to them

Have integrity and demand it from others

Confront brutal facts, yet never lose faith

Take responsibility for poor results ("look in the mirror")

Give praise for good results ("look out of the window")

Make mistakes, but learn from them ("fail well")

Support and develop your team members

Lead by example

In dedicating ourselves to the EQS values, we practice 10 work principles for successful collaboration

» Development of expenses «

As a result of a **change in the IFRS accounting policy for leases (IFRS 16)** effective as of Jan. 1, 2019 and the related capitalisation of our long-term leases, there has been a change in the determination and reporting of expenses in the reporting period. Therefore, **other operating expenses (2019: € -2.05 million)** will decrease, whereas **depreciation and amortisation (2019: € +1.96 million)** and **financial expenses (2019: kEUR +124)** will increase slightly. In total, operating expenses are only slightly lower, but the change has a **significant impact on** our key figure **EBITDA**, which is why we are also reporting it on an adjusted basis.

The **operating expenses** (cost of services, personnel expenses and other operating expenses) decreased significantly in 2019 by **-11%** to **€ 35.99 million** (2018: € 40.27 million*) due to the deconsolidation of ARIVA.DE AG as of July 1, 2019 and the effects of IFRS 16. Even **adjusted** for the expenses of **ARIVA.DE AG** in the previous year and for the **IFRS 16 effects**, the expenses of **+6%** developed disproportionately slowly in relation to revenues (+11%). The main reason for the disproportionately slow development of expenses was the gradual reduction of freelancers and the decline in consulting and recruiting expenses.

The largest expense item, **personnel expenses**, decreased in 2019 by **-2%** to **€ 22.34 million** (2018: € 22.70 million*). The decline is due in particular to the deconsolidation of ARIVA.DE AG. The Group employed an average of 414 people worldwide during the year (2018: 447). **Adjusted for ARIVA**, personnel expenses rose by **+13%**, as expected, at a faster rate than total operating performance. The increase in personnel expenses (adjusted) is primarily due to the expansion of the development centre in Munich in the first half of the year compared with the same period of the previous year (base effect).

With the completion of the new modules for the IR COCKPIT and the associated gradual reduction of freelancers, **cost of services** decreased by **-11%** to **€ 6.59 million** (2018: € 7.44 million) or adjusted, by **-6%**. These were increasingly built up from the second quarter of 2018 onwards, resulting in an increase in Q1 2019 due to the base effect. Since Q2 2019, however, the cost of services have fallen continuously.

Other operating expenses decreased by **-30%** to **€ 7.06 million** (2018: € 10.13 million). This is due to the effects of IFRS 16 (€ -2.05 million) and the deconsolidation of ARIVA.DE AG. In addition, the absence of one-off services for consulting and recruiting led to a decline. As a result, **EBITDA** rose to € 2.55 million (2018: kEUR 239*). **Adjusted for the effects of IFRS 16, EBITDA** for **2019** is **kEUR 496**. In **Q4 2019**, the adjusted EBITDA increased disproportionately at **€ 1.19 million (kEUR 681)**.

The **depreciation and amortisation** increased significantly to **€ 5.73 million** (2018: € 2.36 million). In addition to the **first-time capitalisation of leasing contracts (IFRS 16)** to the amount of **€ 1.96 million**, the increase is due to the **unscheduled amortisation of** goodwill at the subsidiary **EQS Asia Ltd**. (kEUR 782) and at the German subsidiary **EQS Financial Markets & Media GmbH** (kEUR 779). In Asia, the planned cross-selling of products to the acquired TodayIR customers did not materialise as expected. At our subsidiary EQS Financial Markets & Media GmbH, the expected recovery of media budgets of advertising customers failed to materialise for two consecutive years. Therefore, both goodwill was adjusted to the current value (discounted cash flow valuation). All acquired customer bases are subject to scheduled amortisation. The **EBIT** therefore amounted to **€ -3.18 million** and was thus below the previous year's level (€ -2.12 million*).

As a result of the **sale of ARIVA.DE AG**, an **extraordinary income** of **€ 2.27 million** was recorded in the **financial result**. Taking into account the net interest expense (kEUR 270), of which kEUR 124 due to IFRS 16, this results in an income of **€ 2.10 million** (2018: € 1.95 million). The result before taxes was accordingly € -1.09 million (2018: kEUR -166). Deferred tax liabilities also led to tax expenses of EUR -322 thousand (2018: kEUR 913). This resulted accordingly in a **net loss for the year** of **-1.41 million** (2018: income of kEUR 747*).

* Prior-year figures adjusted. We refer to Point 2. „Significant accounting and valuation methods“ (2.4 Changes in the previous year's figures) in the notes

» Development of assets and financial position «

The **balance sheet total** has increased slightly to **€ 49.93** million (31.12.2018: € 48.47 million*) due to a change in the IFRS accounting guidelines for the capitalisation of leasing contracts (IFRS 16) as of Jan 1, 2019 and the associated capitalisation of our long-term rental contracts despite the sale of ARIVA.DE AG as of December 31, 2019. The capitalisation of the leasing contracts led to an increase in **property, plant and equipment** to **€ 8.84 million** as of the balance sheet date (31.12.2018: € 2.24 million).

Compared to the end of the previous year, **intangible assets** decreased significantly from € 37.29 million to **€ 32.01** million due to the sale of ARIVA.DE AG and unscheduled amortisation of goodwill (EQS Financial Markets & Media GmbH, EQS Asia Ltd.). Intangible assets include acquired customer bases with a book value as of 31 December 2019 of € 6.72 million, which are amortised on a straight-line basis over a total term of 15 years, as well as purchased software (Integrity Line) and internally developed software to the amount of € 7.53 million.

Compared to the previous year, the **trade receivables** were down **-24%** to **€ 3.76 million** (31.12.2018: € 4.92 million) as of the reporting date. The decline is due in particular to the deconsolidation of ARIVA.DE AG as of July 1, 2019. At the same time, the share of customer prepayments for annual fees (deferred income) is increasing with the newly developed cloud products. The **other assets** amounting to **€ 1.02 million** (31.12.2018: EUR 939 thousand) consist, among other things, of advance payments.

As a result of the net loss for the year and the deconsolidation of ARIVA.DE AG, the **balance sheet profit** as of 31.12.2019 fell to **€ 6.53 million** (31.12.2018: € 8.04 million*). **Equity** decreased to **€ 26.11 million** (31.12.2018: 28.13 million*). The **equity ratio** fell to **52%** (31.12.2018: 58%*).

The provisions decreased due to less annual bonuses (levy on the fixed salary) by -31% to **€ 1.77 million** (31.12.2018: € 2.57 million).

Net financial liabilities (financial liabilities less cash and cash equivalents and current securities) rose to € 13.47 million as of 31.12.2019 (31.12.2018: € 9.13 million). The inclusion of long-term rental obligations in financial liabilities due to the change in the IFRS accounting policy for leases (IFRS 16) as January 1, 2019 increased net financial liabilities compared with the end of the year.

In contrast, the **repayment of bank loans in the course of the sale of ARIVA.DE AG** and the regular repayment in 2019 led to a significant reduction in bank debt. As a result, the fixed repayments to be made in 2020 and beyond will also decrease significantly.

Adjusted for the effects of IFRS 16 (€ 7.71 million), net financial liabilities amounted to **€ 5.76 million** and were therefore **significantly lower** than on the same date last year (€ 9.13 million). The financial liabilities also include contractually guaranteed working capital lines to the amount of € 3.00 million, € 2.77 million of which were used in connection with rental guarantees and bank accounts with a negative balance. At the same time, **cash** and cash equivalents of **€ 1.18 million** (31.12.2018: € 1.31 million) existed as of December 31, 2019 and EQS Group AG also holds a **secured interest-bearing receivable** against the buyer of ARIVA.DE AG to the amount of **€ 2 million**.

All loans are denominated in euros. Due to the still small volume of foreign currency sales (20% to 25%), which are predominantly in hard currencies (CHF, GBP, HKD, USD) and are partly characterised by opposing developments, **no exchange rate hedging transactions** are carried out.

To **manage liquidity**, the Group uses short-term liquidity planning and rolling multi-year liquidity planning. The subsidiaries also plan their liquidity in coordination with the parent company.

* Prior-year figures adjusted. We refer to Point 2. „Significant accounting and valuation methods“ (2.4 Changes in the previous year‘s figures) in the notes

» Employees «

As the peak of the investment programme was exceeded, the number of employees stabilised to a large extent in the first half of 2019 and finally decreased with the **sale of ARIVA.DE AG** (1.7.2019). On average over the year (2019) EQS Group AG employed 414 people (2018: 447). A significant decline results from the deconsolidation of ARIVA.DE AG from 1.7.2019. The number of permanent **employees** therefore fell to **353** as of the balance sheet date (2018: 478). The number of full-time equivalents **(FTE)** as of Dec. 31, 2019 was **322** (31.12.2018: 431). In Germany, the number of employees remained largely constant at 194 (-7). The technology site in Kochi was further expanded to 86 employees (+13).

	Development	*Data/ Content/ Services*	*Marketing/ Sales*	*Management/ Administration*	*Total*
Dec. 31, 2019	167	89	58	39	**353**
Dec. 31, 2018	240	99	82	57	**478**

» Conclusion «

2019 was a **successful and eventful financial year** for us, which was at the **heart of** the investment programme **"EQS Cloud 2020"**. Our goal is to develop EQS Group AG into the leading European cloud provider for global investor relations and corporate compliance solutions (RegTech).

We have reached decisive milestones for the company in this respect. In the second half of 2019, the first release of **Mailing and CRM modules** were successfully **launched**, albeit with a six-month delay. In the area of compliance, our new SaaS products Integrity Line and Insider Manager and, as a result of pull-forward effects, LEI achieved significant double-digit growth.

The consolidated sales revenues according to IFRS decreased by -2% to € 35.37 million (2018: € 36.21 million) dueto the **profitable sale of our subsidiary ARIVA.DE AG** and the associated deconsolidation of the company as of July 1, 2019.

Adjusted for the revenues of the subsidiary ARIVA.DE AG, however, **sales revenues** increased by **+11%** compared to the previous year. The **ARR** acquired in the 2019 financial year amounted to **€ 3.80 million**. We were able to acquire **320 new Large Cap customers**. **Operating expenses** developed at a **lower rate than revenues**. We have now passed the peak of the investment phase.

» Outlook 2020 «

New-**ARR**

€ 4.5 mln. - € 5.5 mln.

10%-20%*

REVENUE GROWTH

320-400

new Large Cap Customers

Stable

Net

Promoter

Score

Constant

LEVEL

of employee satisfaction

€3.5 mln. to €4.5 mln.

EBITDA

pro forma excl. ARIVA.DE AG

» Forecast report «

As a result of the **dynamic spread of the Corona virus** from January 2020 on, the forecasts for global economic growth for 2020 have been adjusted. For the **German economy** expects the Kiel Institute for the World Economy (IfW)[3] now a **decline** in gross domestic product (**GDP**) by **4.5 percent in the favorable and just under 9 percent in an unfavorable case**. In view of the dynamics of expansion, the difficulty to protect against transmission and to reduce the danger of the virus, governments and national authorities take measures that impacts public life and the economy (including goods and trade in goods) significantly. **The end of this development is not foreseeable**.

At the moment, we do not feel any significant impact on our business. However, it is possible that this may happen at a later date in the year. We do not expect **any IPOs** on the domestic stock market in 2020. We also do not expect a significant number of delistings. In Germany, we will also benefit in 2020 from further European regulations such as MiFID II, ESEF and the Act Implementing the Second Shareholders' Rights Directive (ARUG II).

Under the condition that the corona crisis will not led to significant adjustments, the Management Board is therefore planning for the 2020 financial year, adjusted for the sales of ARIVA.DE AG, with an increase in revenues of **+10% to +20%** to between **€ 35.1 million and € 38.2 million**. The expected revenue change according to IFRS is -1% to +8%.

For the **Compliance segment**, we forecast an **increase in revenues** of **+5%** to **+15%** for the 2020 financial year. While we expect additional revenue growth from the compliance software modules Integrity Line, Policy Manager and Approval Manager, the LEI issuing service may experience a decline in sales revenues due to anticipatory effects in 2019 and a lack of impetus.

For the **Investor Relations segment**, we expect significant **revenue growth** of **+15% to +25%**. This increase is due in particular to the planned revenue growth with existing customers through the new COCKPIT.

In the case of the key figure **ARR**, which quantifies the newly concluded recurring business volume, we expect a volume of **€ 4.5 million to € 5.5 million**. In addition, **320 to 400 new customers** (Large Caps) are to be acquired.

Due to lower investments in product development, we expect a clearly disproportionate increase in **EBITDA** for **2020** to **between € 3.5 million and € 4.5 million**.

For 2020 we expect a **consistently high level of employee satisfaction** (2019: 3.86 out of a maximum score of 5).

For **customer satisfaction** measured by the Net Promoter Score we expect a **stable high value** for 2020 (2019: 36% with 163 participants).

However, the forecasts made are based on the **assumption** that there are **no material negative effects of the corona virus** on our business. If this changes, this may lead to lower than expected sales growth, ARR and the number of new customers. The EBITDA forecast can remain achievable through reductions on the expenses side.

[3] https://www.finanzen.net/nachricht/aktien/prognose-korrigiert-ifw-deutsches-bip-duerfte-2020-bis-zu-9-prozent-einbrechen-8647106

» Risk Report «

EQS's risk philosophy is an integral element of our comprehensive company philosophy. Our goal: to increase company value with the most durable commensurate returns possible. Because the pursuit of our goal is directly connected to potential risks, approaching these risk responsibly is the cornerstone of our risk policy.

Systematic risk management in identifying and evaluating risks early, as well as the use of appropriate measures to reduce overall risk, is a permanent priority and task of both EQS's Management and of each business unit. The Group's risk policy also understands the importance of taking risks as a necessary condition of exploiting valuable opportunities.

Environmental risks

The long-term development of EQS Group AG is significantly influenced by the **economic conditions** in the markets at home and abroad. Economic developments, the legal framework and capital market trends play a role in this context. Brexit has so far not had any negative impact on the business of EQS Group AG. In general, the regulations in the financial market in the UK will remain at a comparable level. Due to a stabilisation of the political development in Russia and Asia, what probability to be rated as very low. On the other hand, the recent global spread of the corona virus has increased the probability of damage in terms of economic development.

In the area of legal framework conditions, the continuous extension of reporting and compliance obligations (e.g. MAR, MiFID II, ESEF, ARUG II, EU-Whistleblower Directive) for listed companies and other financial market participants as well as non-listed companies leads to additional business opportunities for EQS Group AG. As a result, the potential customer base and the portfolio of products and services of EQS Group AG has further increased. In the course of the European regulatory initiatives, the product portfolio (including New COCKPIT, Insider Manager, LEI, XBRL, Integrity Line) was significantly expanded and the market-leading position in the D-A-CH region was consolidated. The expansion of the business to the compliance area and, in connection with this, to non-listed companies, increases the share of non-cyclical revenues.

The **competition risk**, in particular through lower prices, represents a significant risk for EQS Group AG. Our range of product bundles enable us to defend our prices and deliver added value for the customer. Thanks to new solutions (e.g. whistleblowing software, investor data), the customer benefit of the product bundle was further increased and customer loyalty strengthened. The risk of competition has therefore decreased. For the future, we see the further expansion of our differentiation from our competitors as the key to success. The risk of EQS Group AG in the area of **market and industry development** continues to be rated as low, although the probability of damage has decreased. In total, the environmental risks have increased compared to the previous year due to the progression of the spread of the corona virus.

Company-specific risks

The term company-specific risks covers risks such as growth, product, performance, management and personnel risks.

Potential risks arise primarily in the areas of internationalisation and product development. The analysis of company-specific risk factors in the reporting period showed a slightly lower risk level than in the previous year. This is due in particular to the sale of the subsidiary ARIVA.DE AG and the associated reduction of the strategic risk. EQS Group AG's numerous **growth activities** are continuously reviewed using market research, business case calculations and extensive communication between sales, development and management.

The **internationalisation strategy** of EQS Group AG is well underway. In 2019, no further locations were added and the existing locations are efficiently positioned. The operational break-even of a new location is expected after about five years. The continuous expansion of the locations will reduce the losses from international expansion in the years to come. Nevertheless, due to the higher operating losses in 2019, the level of losses can currently be classified as extremely high.

In the area of investor relations, the expansion of business relations with existing customers and the significant acquisition of new customers following the entry into force of the Market Abuse Regulation (07/2016) confirmed our **market position**. At the same time, sales to customers are highly diversified: 95% of our customers account for less than one percent of sales, and in no case does the sales share of a single customer exceed five percent of total sales. By **entering the compliance market** and other regulations, products are also being offered to non-listed companies. According to Gartner, the governance, risk and compliance market is currently growing by an average of 13.4%, which is significantly faster than the IR market.

The extensive **new development** of the **COCKPIT platform**, product adjustments in the context of our global expansion and new products in the compliance market mean that the risk assessment in the area of product and performance risks remains high. On the other hand, the likelihood of damage decreases because the development focus is on standardised cloud software instead of project services for individual customers. A channelled product development of standardised products and an agile product development for new products was introduced, which continuously takes all target groups into account such as customers, product managers and sales.

A **need for skilled workers**, increased staff turnover and key employees in the Group represent a risk situation in the area of personnel. The risk probability regarding the **loss of key personnel** is higher than in the previous year. The shortage of skilled workers in the IT sector is also still acute. At the same time, the dependence on the German labour market and therefore the Group risk is further reduced by the continuous expansion of the technology location in India.

Revenue growth and extensive investments in new products, business units and geographical markets also **increase** the **complexity of management**. To take account of the increased complexity, additional control structures have been successively introduced, such as fortnightly strategy meetings, quarterly review meetings of the individual companies and comprehensive cost controlling. Overall, the growth of the company has resulted in a structural increase in company-specific risks and the associated level of damage. As a result of the sale of the subsidiary ARIVA.DE AG, the continued diversification of the business and the expansion of the monitoring and reporting structures, a slight decline in company-specific risks was nevertheless achieved.

Information technology risks

In the area of **information technology risks**, the risk level remained stable during the period under review. As a technology company, we attach great importance to the continuous modernisation of our IT infrastructure in order to optimise the factors of security, high availability and speed and to map efficient work processes. This was underpinned by our ISO 27001 certification in 2019. Likewise, our global cybersecurity insurance provides us with comprehensive protection against damage from internal or external cyber-attacks (sum insured: € 5 million). Nevertheless, we are continuously working on improving existing IT processes and on our Information Security Management System (ISMS) to reduce risks.

Moreover, the international roll-out of this infrastructure as part of our global expansion, as well as continuously increasing customer demands concerning the reliability and security of our software, increase the risk.

The risk situation for the **Systemic Risk** division has therefore not changed compared with the previous year. Furthermore, we have increased the risk assessment in the area of data security and intellectual property rights, as it was possible for EQS to become more focused on attacks on the server infrastructure due to the growth of the company. For example, additional security measures were introduced in 2019 to protect our systems even better against external attacks.

Financial risks

Financial risks include investment risks, liquidity risks, credit risks as well as non-payment risks, liability risks and exchange rate risks.

The **investment risks** as well as the profitability risk of investments have increased as a result of the increase in investments compared to the previous year and are now rated as extremely high. However, extensive experience within or in related areas of our operating business and software development that is closely aligned with the customer requirements help us to manage investment risks and to continue to keep the probability of damage low.

The probability of a **liquidity risk** is high, similar to the previous year, due to increased investment in product development and internationalisation. The **sale of ARIVA.DE AG** also enabled a significant reduction in bank debts and future repayments. This means that the probability of a credit and/or solvency risk has decreased compared with the previous year. The use of short-term financing, by contrast, increases the amount of possible damage.

Our risk of non-payment is diversified by the relatively low sales per individual customer and the high credit-worthiness of listed companies and groups compared to the market. To minimise risk, agreements on advance payment and credit card payments are also used in some areas.

The risk potential from **exchange rate risks** results mainly from balance sheet items of the parent company in relation to the subsidiaries (including intercompany loans). The extent of the damage caused by the exchange rate risks of the intercompany loans increases with the higher utilisation. Nevertheless, the volume of external foreign currency transactions is limited, as bank loans are denominated exclusively in euros and the share of foreign currency sales is 20%-25%. At the same time, the various currency transactions with CHF, GBP, USD, among others, result in limited mutual hedging.

Other risks

With regards to the **organisational and management risk**, there was no substantial change compared with the previous year in the areas of documentation, control and management risk and information and communication management. Due to the sale of ARIVA.DE AG, however, we adjusted the general buffer in line with the size of the company.

Overall risk situation

The assessment of the **overall risk** for **EQS Group AG** is based on the risk management system. Through the combination of the planning, management and control systems used and the quantification of risk in the form of allocated risk capital as well as the analysis of risk correlations, a realistic statement on the overall risk situation of EQS Group AG and its development can be made at the present time.

The increased personnel risks may primarily affect the feasibility and therefore the sales targets. The increase in information technology risks may result in both lower sales and higher expenses than planned. The increased financial risks not only have an impact on the success of the business, but also increase the solvency risk.

The **total risk of EQS Group AG** has increased slightely as of the balance sheet date Dec. 31, 2019. Firstly, risks as a result of corporate growth, as well as investments in product development, are unavoidable within the framework of the overall strategy. Secondly, it is precisely the expansion into new markets and product diversification that reduces dependence on the domestic market and successively ensures risk diversification. The focus on the core business and the associated sale of ARIVA.DE AG have led to a reduction of the company-specific risk in 2019. In contrast, the progression of the spread of the corona virus led to an increase in environmental risks. At the present time, however, no risks are known which, individually or in interaction with other risks, could lead to a permanent impairment of the net assets, financial position and results of operations.

» Opportunities Report «

In addition to risks, the opportunities for the company resulting from the strategy are also assessed regularly. We divide these into three categories: opportunities from the development of general conditions, strategic corporate opportunities and performance-related opportunities.

Opportunities from the development of general conditions

This opportunity category describes value growth potential based on favourable market developments, legislative adjustments, changes in the regulatory environment or trends in the industry environment and customer behaviour.

The following opportunities arise in this area in the current financial year:

The trend towards further **increasing regulation of listed companies** by legislators, regulators and stock exchanges leads to additional revenues potential for EQS Group AG. The potential for opportunities remains high compared to the previous year. The additional revenues resulting from ESEF (XML, XBRL) is between € 0.5 million and € 1.5 million for 2020.

There is also a trend towards **increasing regulation in the area of governance, risk and compliance for companies**. EQS Group AG has been active in this area since 2017. We estimate the potential at an additional kEUR 500 to € 1.0 million for 2020.

In the area of investor relations, the **demands made on companies by institutional investors** are constantly increasing. This results in voluntary "best practice" standards in investor communication. This leads to the opportunity of an increasing demand for existing solutions of the Investor Relations segment of EQS Group AG. The probability can be classified as very high and leads to an additional sales potential of kEUR 100 to kEUR 500 for 2020.

We are also benefiting from the increasing **digitalisation of corporate communications**, which is leading to a shift in budget shares towards digital solutions.

Corporate strategy opportunities

Corporate strategy opportunities arise from the implementation of overarching Group strategies.

The **expansion of our COCKPIT platform** offers a high additional sales potential in the medium term. From 2020, a significant increase in recurring revenues will be achieved, which could lead from around € 1.5 million in 2020 to up to € 7.5 million per year in the medium term.

Increasing the share of license revenues by expanding the product range to include compliance software will lead to higher average sales per customer and new customers in 2020. From this, annual sales revenues of kEUR 500 to € 1.0 million are highly probable.

The acquisition of additional new customers through extended legal obligations under the **Market Abuse Regulation** (MAR, INSIDER MANAGER) is also very likely to generate additional revenues of kEUR 250 to kEUR 750 in 2020.

The increased marketing of **premium distribution** (Newswire) in the Investor Relations segment also offers growth opportunities. Here, the market potential makes it highly probable that further sales growth will be possible in 2020. The estimated amount here is kEUR 150 to kEUR 300 for 2020.

Performance-related opportunities

Performance-related opportunities are closely linked to the Company's business activities. These include efficiency improvements as well as potential for value enhancement, although the monetary effect is not directly quantifiable here.

These opportunities include the introduction of a **balanced scorecard system** for the efficient management of the employees' targets. This was introduced in 2018 and is intended to enable improved control of corporate objectives at departmental level in the future.

The introduction of the **quarterly review of business and product development** based on relevant key figures is another opportunity. This contributes to better and quicker decisions. The introduction of **continuous cost budgeting** provides additional support for the efficient use of resources.

Munich, March 31, 2020

Achim Weick (CEO)	Christian Pfleger (COO)	André Silvério Marques (CFO)	Marcus Sultzer (CRO)

» Our Vision «

EQS Group is the

LEADING

EUROPEAN

CLOUD PROVIDER

FOR CORPORATE COMPLIANCE

& GLOBAL INVESTOR RELATIONS

SOLUTIONS

EQS Group 2025

CONSOLIDATED FINANCIAL STATEMENTS

» Consolidated income statement FY 2019 «

	From continued operations		*From discontinued operations ***			*Group total*	
	FY 2019 EUR	*FY 2018 EUR*	***FY 2019 EUR***	*FY 2018 EUR*	*Note*	***FY 2019 EUR***	*FY 2018 EUR*
Revenues	31,869,490	28,813,081	3,497,165	7,396,874	7	35,366,655	36,209,955
Other income	415,571	529,819	62,554	-70,467	8	478,125	459,352
Own cost capitalised	2,644,891	3,267,082	46,825	572,551	9	2,691,716	3,839,633
Cost of services	-6,127,311	-6,479,135	-467,395	-963,451	10	-6,594,706	-7,442,587
Personnel expenses	-19,830,931	-17,501,940	-2,509,074	-5,199,830	11	-22,340,006	-22,701,770 *
Other expenses	-6,682,744	-8,575,879	-373,256	-1,549,865	13	-7,056,001	-10,125,744
EBITDA	**2,288,965**	**53,028**	**256,818**	**185,812**		**2,545,783**	**238,839 ***
Depreciation & amortisation	-5,162,438	-1,701,907	-567,473	-656,969	12	-5,729,911	-2,358,875
Operating result (EBIT)	**-2,873,473**	**-1,648,879**	**-310,655**	**-471,157**		**-3,184,128**	**-2,120,036 ***
Interest income	65,867	30,290	13,305	4,716	14	79,172	35,005 *
Interes expenses	-322,809	-174,182	-26,478	-34,307	15	-349,287	-208,489 *
Income from shareholdings	0	36,903	0	0	16	0	36,903
Other financial income	2,722,691	2,647,260	0	0	17	2,722,691	2,647,260
Other financial expenses	-358,026	-555,622	-381	-728	18	-358,407	-556,349
Profit before tax (EBT)	-765,750	335,770	-324,209	-501,476		-1,089,960	-165,706 *
Income taxes	-326,704	758,111	4,835	154,581	19	-321,869	912,692 *
Group net income	**-1,092,454**	**1,093,881**	**-319,374**	**-346,896**		**-1,411,829**	**746,986 ***
- thereof attributable to the owner of the company	-1,053,797	1,093,818	-237,078	-326,995		-1,290,874	766,823 *
- thereof attributable to non-controlling interests	-38,657	63	-82,297	-19,901		-120,954	-19,838
Items that may be reclassified subsequently to profit or loss:							
Currency translations	-9,557	-34,325	0	0	34	-9,557	-34,325 *
Fair Value throgh OCI securities	0	-1,296,910	0	0		0	-1,296,910
Revaluation IAS 19	95,130	-106,948	0	0	2.4	95,130	-106,948 *
Other comprehensive income	85,573	-1,438,183	0	0		85,573	-1,438,183 *
Comprehensive income	-1,006,881	-344,301	-319,374	-346,896		-1,326,256	-691,197 *
- thereof attributable to the owner of the company	-968,222	-344,361	-237,078	-326,995		-1,205,300	-671,356 *
- thereof attributable to non-controlling interests	-38,659	59	-82,297	-19,901		-120,956	-19,841
Earnings per share - basis and diluted	-0.73	0.76	-0.17	-0.23	20	-0.90	0.53 *

* Prior-year figures adjusted. We refer to Point 2. „Significant accounting and valuation methods“ (2.4 Changes in the previous year’s figures) in the notes

** Please refer to note 4

» Consolidated balance sheet as of December 31, 2019 «

Assets

	Note	Dec. 31, 2019 EUR	Dec. 31, 2018 EUR	Jan. 1, 2018 EUR
Non-current assets				
Intangible assets	22	**14,252,788**	16,673,777	11,551,490
Goodwill	22	**17,755,693**	20,619,383	15,110,730
Tangible assets	23	**8,837,621**	2,241,024	2,048,016
Long-term financial assets	25	**2,721,018**	1,350,005	6,122,700
Other long-term assets	26	**274,115**	334,500 *	775,058*
Deferred tax assets	19	**0**	0	171,445*
		43,841,236	41,218,689 *	35,779,440*
Current assets				
Trade accounts receivables	27	**3,764,878**	4,921,752	4,296,966
Construction contracts	28	**75,975**	108,722	161,271
Tax assets	19	**48,559**	62,031	896,082
Current financial assets	25	**271,967**	245,110	212,331
Other current assets	26	**748,699**	604,738	594,564
Cash and cash equivalents	29	**1,183,641**	1,307,718	6,374,332
		6,093,718	7,250,070	12,535,546
Total assets		**49,934,954**	**48,468,759 ***	**48,314,986***

Equity and Liabilites

	Note	Dec. 31, 2019 EUR	Dec. 31, 2018 EUR	Jan. 1, 2018 EUR
Equity				
Issued capital	30	**1,434,978**	1,434,978	1,434,978
Treasury shares	30	**-1,850**	0	-639
Capital surplus	31|32	**17,904,382**	17,955,328 *	17,804,754*
Retained earnings	**33**	**6,534,411**	8,036,664 *	6,300,691
Currency translation	**34**	**269,177**	278,734 *	313,058
Valuation recurities Fair value through OCI		**0**	0	1,296,910
Non-controlling interests	**35**	**-34,168**	419,688	1,922,245
		26,106,930	28,125,392 *	29,071,997*
Non-current liabilities				
Non-current provisions	**36**	**590,500**	683,150 *	1,207,940*
Non-current financial liabilities	**37**	**7,480,865**	3,475,101	3,945,547
Other non-current liabilities	**39**	**0**	212,077	296,837
Deferred tax liabilities	**19**	**1,166,286**	1,643,098 *	2,233,254*
		9,237,651	6,013,427 *	7,683,578*
Current liabilities				
Current provisions	**36**	**1,180,513**	1,888,271	1,162,694
Trade account payable	**38**	**1,847,855**	1,471,988	1,100,953
Liabilities from percentage-of-completion		**0**	0	2,300
Current financial liabilities	**37**	**7,173,134**	6,960,746	5,985,531
Income tax liabilities	**19**	**45,657**	129,491	289,502
Other current liabilities	**39**	**4,343,214**	3,879,443	3,018,430
		14,590,372	14,329,939	11,559,410
Total equity and liabilities		**49,934,954**	**48,468,759 ***	**48,314,986***

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

» Consolidated Cash flow statement FY 2019 «

		FY 2019 '000	FY 2018 '000
	Group earnings	-1,412	747 *
+/-	Income taxes	322	-913
+	Interest expenses	349	204
-	Interest income	-80	-20
-/+	Profit/loss on disposals of property, plant and equipment	-1	6
-	Profit from the disposal of consolidated companies	-2,267	0
-	Other non-cash income	-853	-754 *
+	Depreciation on fixed assets	5,730	2,359
-/+	Change in provisions	-712	277
-	Increase of inventories, trade accounts receivables and other assets not attributable to investment or financing activities	-467	-327
+	Increase of trade payables and other liabilities not attributable to investment or financing activities	2,240	1,320
-	Interest expenses paid	-323	-187
+	Interest income paid	59	18
-	Income tax paid	-188	-135
=	Operating Cash Flow	2,397	2,595 *
	thereof attributable to discontinued operation	275	-7
-	Purchase of property, plant and equipment	-387	-972
+	Proceeds from disposals of property, plant and equipment	1	0
-	Purchase of intangible assets	-2,734	-4,469
+	Proceeds from disposals of non-current financial assets	26	2,744
-	Acquisition of subsidiaries and business units	0	-5,115
+	Proceeds from deconsolidated companies	4,888	0
-	Payments from contingent purchase price liabilities	-2,162	-595
+	Dividends received	0	37
=	Cash Flow from investment activities	-368	-8,370
	thereof attributable to discontinued operation	-133	22
-	Cash payments to owners and minority shareholders (dividends, acquisition of entity's shares, redemption of shares, other distributions)	-283	-227
+	Cash proceeds from issuing bonds/loans and short or long-term borrowings	5,958	4,841
-	Cash repayments of bonds/loans or short or long-term borrowings	-5,893	-3,813
-	Decrease of liabilities from finance-lease	-1,989	-167
=	Cash Flow from financing activities	-2,207	634
	thereof attributable to discontinued operation	-141	-15
=	Change in cash funds from cash relevant transactions	-178	-5,141
+	Cash funds at the beginning of period	1,308	6,374
+	Change in cash funds from exchange rate movements	53	75
=	**Cash funds at the end of period**	**1,183**	**1,308**

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

» Consolidated statement of changes in equity FY 2019 «

	Issued capital EUR '000	Treasury shares EUR '000	Capital surplus EUR '000	Retained earnings EUR '000	Currency translations EUR '000	Fair Value through OCI securities EUR '000	Attributable to owners of the parent EUR '000	Non-controlling interests EUR '000	Total equity EUR '000
As of Dec. 31, 2017	**1,435**	**-1**	**18,096**	**6,301**	**313**	**1,297**	**27,441**	**1,922**	**29,363**
Adjustmjents IAS 19 as of Jan 1, 2018	0	0	-291	0	0	0	-291	0	-291 *
Change of treasury shares	0	1	-152	0	0	0	-151	0	-151
Share-based payment for employees	0	0	118	0	0	0	118	0	118
Right to tender with non-controlling share-holders	0	0	0	726	0	0	726	-1,483	-757
Deconsolidation subsidi-ary in Dubai	0	0	0	-8	0	0	-8	0	-8
Comprehensive income 2018	0	0	184	1,018	-34	-1,297	-129	-20	-149 *
As of Dec. 31, 2018	**1,435**	**0**	**17,955**	**8,037**	**279**	**0**	**27,706**	**419**	**28,125 ***
Change of treasury shares	0	-2	-272	0	0	0	-274	0	-274
Share-based payment for employees	0	0	126	0	0	0	126	0	126
Deconsolidation subsidi-ary ARIVA.DE AG	0	0	0	-212	0	0	-212	-333	-545
Comprehensive income 2019	0	0	0	-1,291	0	0	-1,291	-120	-1,411
Other comprehensive income 2019	0	0	95	0	-10	0	85	0	85
As of Dec. 31, 2019	**1,435**	**-2**	**17,904**	**6,534**	**269**	**0**	**26,140**	**-34**	**26,106**

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

» Consolidated Notes of EQS Group AG for the Financial Year 2019 «

General Information

» 1. General Information «

EQS Group AG ("Parent") was established by notarised agreement (RoD no. 409/200 of Notary Dr Oliver Vossius, Munich) dated 3 February 2000. It is based in Karlstraße 47, 80333 Munich, Germany, and has been entered in the commercial register of the Munich Local Court under HRB 131048. The consolidated financial statement comprises the company and its subsidiaries (jointly "Group" and individually "Group companies"). The Group operates on a global scale in the field of compliance, Investor Relations and Corporate Communications.

The consolidated financial statement was compiled in line with the International Financial Reporting Standards (IFRS), as to be applied in the European Union, and the regulations under commercial law to be complementarily applied under Section 315e (1) HGB (German Commercial Code).

Functional currency of EQS Group AG and reporting currency of the consolidated financial statement is the Euro. Unless stated otherwise, figures are rounded to thousands of euros.

Roundings may result in individual figures herein not exactly adding up to the specified total and percentages presented not exactly reflecting the absolute values they relate to.

» 2. Substantial Accounting Policies «

2.1 Basics for the Compilation of the Financial Statement

The consolidated financial statement was compiled based on the historical acquisition and manufacturing costs. This does not include specific financial instruments applied at fair value on the balance sheet date. A corresponding explanation is provided as part of the relevant accounting policies.

Historical acquisition or manufacturing costs are generally based on the fair value of the consideration paid in return for the asset.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies irrespective of whether the price is directly observable or had been estimated in application of a measurement method.

When determining the fair value of an asset or a liability, the Group takes account of specific characteristics of the asset or liability (e.g. condition and location or sales or usage restrictions) if market participants would take account of such characteristics when determining the price for the acquisition of the relevant asset or transfer of the liability as of the measurement date as well. In this consolidated financial statement, the fair value for the measurement and/or disclosure purposes is basically determined on this basis.

This does not apply to

a) share-based payments within the scope of IFRS 2,

b) Operating leases within the scope of IAS 16 and

c) measurement standards resembling, but not corresponding to the fair value, e.g. the value in use in IAS 36.

The fair value is not always available as market price. It must often be determined based on different measurement parameters. Depending on the availability of observable parameters and the significance of such parameters for determining the fair value as a whole, the fair value is allocated to the levels 1, 2 or 3. This division is subject to the following proviso:

» Level 1 input parameters are quoted (unadjusted) prices in active markets for identical assets or liabilities that the company can access at the measurement date.

» Level 2 inputs are input parameters other than quoted market prices included within level 1 that are either directly observable for the asset or liability or indirectly derivable from other prices.

» Level 3 input parameters are unobservable parameters for the asset or liability.

The substantial accounting policies are explained below.

2.2 Amendment to Accounting Policies - Amended Standards and Interpretations

In the current financial year, the entity initially applied the following new or amended standards and interpretations:

IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-Term Investments in Associates and Joint Ventures
Annual Improvements to IFRS	Cycle 2015 – 2017: Improvements to IFRS 3, IFRS 11, IAS 12 and IAS 23
IFRIC 23	Uncertainty over Income Tax Treatments

IFRS 16 - Leases

The new standard replaces IAS 17 Leases and related interpretations.

IFRS 16 is generally applicable to all leases. A lease is an agreement that gives the lessee the right to use an identified asset for a specified period of time and in return the lessor receives consideration from the lessee. An asset is generally considered to be identified when it is explicitly specified in the agreement or when it is implicitly identified at the time it is made available for use by the customer. Control of the leased asset is deemed to have been transferred if the lessee has the right to dispose of the leased asset and receives substantially all the economic benefits incidental to ownership of the asset during the lease term.

For an agreement that contains both lease and non-lease components – such as the rental of an asset and the provision of a maintenance service – the lessee shall allocate the consideration payable based on the relative individual selling prices of the components. If observable prices are not readily available, they must be estimated. Alternatively, the lessee may choose not to separate the lease and non-lease components and treat both components as lease components and account for them in accordance with IFRS 16. The lessor must allocate the consideration in accordance with IFRS 15 Revenue from Contracts with Customer.

According to IFRS 16, the commencement of the lease is the date on which the lessee obtains control of the leased asset from the lessor, i.e. when the lessor makes the leased asset available to the lessee. The commencement of the lease is then the date of acquisition from an accounting perspective.

The term of a lease is defined as the non-cancellable period during which the lessee has the right to use the leased asset, taking into account renewal options and termination rights, provided that the lessee is sufficiently certain to exercise (renewal option) or not to exercise (termination right) them.

Accounting by the lessee

The lessee recognises a right-of-use asset (hereinafter a RoU asset) and a lease liability at the inception of the lease.

The IASB grants the lessee two accounting options. Accordingly, short-term lease agreements and lease agreements for low-value assets may not be recognised. Leases which have a term as per the standard of a maximum of twelve months, taking into account renewal and termination options, are defined as short-term leases. The size, industry sector or business model of the lessee is not relevant for the assessment of whether assets are low-value as per the standard. However, regardless of the valuation date, the replacement value of the underlying asset is decisive. If one of the accounting options is exercised, the lessee shall recognise lease payments on a straight-line basis as an expense or on another systematic basis that more closely matches the pattern of benefits. For rights of use over intangible assets that are not already excluded from the scope of IFRS 16, there is also the option of not accounting for them according to the rights of use model.

The value initially recognised for the liability is also the starting point for determining the cost of the right of use. The cost of the right of use also includes initial direct costs and expected costs arising from an obligation to dismantle the asset, if these do not relate to a tangible asset. Prepayments increase and leasing incentives received reduce the value initially recognised. In principle, the RoU asset is measured at amortised cost in subsequent periods. The IASB provides for exceptions to the cost model in only two cases:

» The lessee applies the fair value model in IAS 40 Investment Property and the RoU asset meets the definition of investment property. In this case, the fair value model must also be applied to the RoU asset.

» The lessee applies the revaluation model in IAS 16 Property, Plant and Equipment to a particular class of assets. In this case, the lessee may also account for all RoU assets in that class using the revaluation model.

A liability for the lease agreements is recognised in the amount of the present value of the existing payment obligation. The payments are discounted at the interest rate underlying the lease, if this can be determined. If the lessee is unable to determine this, the lessee shall use an incremental borrowing rate in line with the risk and yield of the lease. The lease payments, which represent the starting point for determining the present value, are made up of the following components:

» Fixed payments including in-substance fixed lease payments and less any incentive payments to be received

» Variable payments that depend on the development of an index or price

» Amounts that the lessee is expected to pay under residual value guarantees

» Exercise price of a call option if the lessee is sufficiently certain to exercise this option

» Penalties for the termination of the lease if the lease term indicates that the lessee exercises this option

» In-substance fixed lease payments are formally variable payments, which, however, are inevitable from an economic perspective.

After initial recognition, the carrying amount of the lease liability is increased by applying the interest rate used for discounting and reduced by the lease payments made (interest expense therefore decreases regularly over time).

The lease liability is revalued if there are changes in the lease payments. A corresponding adjustment is recorded as a correction to the RoU asset. If such an adjustment reduces or has already reduced the RoU asset to zero and a further adjustment to the lease liability is made, the amount is recognised in the income statement.

The current portion of the lease liability to be shown separately in the balance sheet is determined by the repayment portion of the next twelve months included in the lease instalments.

Amendments to IFRS 9

The objective of the changes to IFRS 9 is to measure financial assets with so-called symmetrical termination rights at amortised cost or at fair value with no effect on profit or loss.

Prior to the changes, the wording of IFRS 9 was unclear with regard to the fulfilment of the cash flow condition if the lender had to make a compensation payment in the event of termination by the borrower (sometimes referred to as early repayment gain). The change may also result in a negative compensation payment.

First-time adoption is retrospective for financial years beginning on or after Jan 1, 2019.

The amendments do not have any material impact on the consolidated result.

Amendments to IAS 19

The objective of the changes to IAS 19 for an adjustment, curtailment or settlement of a defined benefit plan is to standardise the currently partly inconsistent accounting practices and to provide more useful information.

The changes require that when a defined benefit plan is amended, curtailed or settled, the current service cost and net interest for the remaining financial year must be recalculated using the current actuarial assumptions used to make the necessary revaluation of the net liability (net asset). Also, additions have been made to clarify how a plan amendment, curtailment or settlement affects the requirements for the asset ceiling.

The changed provisions are to be applied to plan amendments, curtailments or settlements in financial years beginning on or after Jan 1, 2019. Retrospective application is therefore not provided for.

The amendments do not have any material impact on the consolidated result.

Amendments to IAS 28

The changes to IAS 28 relate to non-current investments in an associate or joint venture that represent a substantial portion of the net investment in the associate or joint venture but are not accounted for using the equity method.

The changes clarify that IFRS 9, including its impairment provisions, must be applied as a matter of priority to such non-current investments before any recognition of any share of losses equal to or exceeding the carrying amount of the investment and before the impairment provisions in IAS 28 are applied to the net investment.

The changes shall be applied retrospectively for financial years beginning on or after Jan 1, 2019 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Some transitional arrangements must be observed for first-time adoption.

The amendments do not have any material impact on the consolidated result.

Annual Improvements to IFRS Cycle 2015 - 2017:

IFRS 3 Business Combinations	An acquirer that obtains control of a jointly controlled entity that is a business is required to apply the requirements of IFRS 3 on a business combination achieved in stages, i.e. the acquirer shall remeasure its previously held equity interest at fair value on obtaining control.
IFRS 11 Joint Arrangements	An entity does not remeasure its previously held interests when it obtains joint control of a jointly controlled entity that is a business.
IAS 12 Income Taxes	Clarification that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits.
IAS 23 Borrowing Costs	Clarification that loans taken out specifically for the purpose of obtaining a qualifying asset are only excluded from the interest rate calculation if the qualifying asset is not yet in its intended usable or saleable condition. If, however, this condition is achieved through appropriate activities, any remaining borrowings that were originally made specifically for the purpose of obtaining the qualifying asset should be treated as part of the general borrowings and should be included in the determination of the interest rate.

The amendments do not have any material impact on the consolidated result.

IFRIC 23

IFRIC 23 explains accounting of current and deferred tax liabilities for which there are uncertainties regarding their income tax handling.

Such uncertainties occur if application of the respective applicable tax law to a specific transaction is not unambiguous and is therefore (also) depending on interpretation by the tax office which is not yet known to the company at preparation of the annual statement, however.

A company only considers these uncertainties in the tax liabilities or assets recorded in the balance sheet if it is likely that the respective tax amounts are paid or reimbursed. It must be assumed that the tax authorities will exert their right to review the declared amounts and have full knowledge of all associated information.

If facts or circumstances on which assessment of the uncertainty were based have changed or if new relevant information is available, the assessment must be reviewed and adjusted if necessary.

The interpretation does not contain any additional disclosure requirements beyond the requirements of IAS 12. However, information about discretionary decisions and uncertainties may be required under IAS 1 Presentation of Financial Statements in respect of income tax accounting.

Application of the interpretation is mandatory for the first time for financial years beginning on or after Jan 1, 2019. The interpretation may be applied in full retrospectively (if possible without the use of hindsight) or retrospectively with recognition of the cumulative effect of first-time application directly in opening retained earnings in the year of first-time adoption without restatement of comparative prior year figures.

The amendments do not have any material impact on the consolidated result.

2.3 New Standards and Interpretations Not Yet to be Mandatorily Applied

The new or amended standards or interpretations below have already been adopted by the IASB, but have not yet come into mandatory effect. The entity has not applied the rules prematurely.

Amendments to IAS 1 and IAS 8	Definition of Material (#1)
Amendments to References to the Conceptual Framework in IFRS	(#1)
Amendments to IAS 39, IFRS 7 and IFRS 9	Interest Benchmark Reform (#1)
Amendments to IFRS 3	Definition of a Business (#1,5)
IFRS 17	Insurance Contracts (# 2,5)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventrue (#4,5)

#1 To be applied for financial years starting on or from Jan 1, 2020.
#2 To be applied for financial years starting on or from Jan 1, 2021.
#3 To be applied for financial years starting on or from Jan 1, 2022.
#4 Date of initial application indefinitely postponed.
#5 EU endorsement is still pending.

Amendments to IAS 1 and IAS 8

The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors serve to refine the definition of 'materiality' by aligning the wording of the different IASB standards and pronouncements in the 'materiality' definition and to clarify terms associated with the definition. In doing so, the term 'obscuring' is introduced and illustrated by examples.

The revised definition is focused on the materiality of information. Accordingly, information is material if omitting, misstating and/or obscuring it could reasonably be expected to influence decisions that the primary users of IFRS financial statements make on the basis of those financial statements.

In future, only IAS 1 will continue to include the definition of 'materiality'. IAS 8 solely refers to the fact that 'material' is defined in IAS 1 and that IAS 8 is to be applied in the same sense.

The amendments must be applied for the first time to financial years starting on or after Jan 1, 2020 (prospective application). Premature application is permitted and must be disclosed accordingly.

The Management board assumes that the amendments do not have any material impact on the consolidated result.

Amendments to References to the Conceptual Framework in IFRS

The amendments result from the fundamentally revised IASB 2018 framework ("Conceptual Framework for Financial Reporting") published at the end of March 2019. Since the 2018 framework is to be applied by the IASB and the IFRS Interpretations Committee (IFRS IC) immediately after its publication as part of their activity, it does not contain either any fixed initial application date or any transitional provisions. Any adoption into European law (endorsement) is not provided for either.

The amendments to the references had become necessary, since numerous standards and other IASB pronouncements contain quotations from or references to the framework. Besides these to some extent editorial amendments, the amendment standard contains, in particular, clarifications on the framework version to be applied in a given case. Consequently, applying entities need to consider the framework in the versions of 2001, 2010 or 2018, depending on the object covered by the regulation.

Where required, the framework contains an initial application date for the amendments which had been laid down uniformly for financial years starting on or after Jan 1, 2020. Premature application is permissible, where this is made for all amendments to this standard and disclosed in the Notes.

The Management board assumes that the amendments do not have any material impact on the consolidated result.

Amendments to IAS 39, IFRS 7 and IFRS 9

The changes to IAS 39, IFRS 7 and IFRS 9 are intended to mitigate the effects of the so-called IBOR reform on financial reporting (in the period before an existing reference interest rate is replaced by an alternative interest rate – phase 1). The changes are aimed at ensuring that hedge accounting relationships continue to exist or can be designated despite the expected replacement of various reference interest rates. The use of these schemes is accompanied by additional information.

The changes are mandatory for financial years beginning on or after Jan 1, 2020. Early application is permissible and must be disclosed accordingly.

The Management Board assumes that the changes will not have a material impact on the consolidated result.

Amendments to IFRS 3

The amendments to IFRS 3 Business Combinations serve to clarify the definition of a business.

A business continues to be defined unchanged by three elements: input factor(s), process(es) and output. In this context, the input factors and processes applied to them are to be used such that they can contribute to the creation of output. The amended output definition focuses on goods and services provided to the customer, but additionally also comprise investment income like dividends, interest and other income. Cost reductions, in turn, do no longer serve as a feature of output.

The amendments clarify that to be considered a business, an acquisition must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Accordingly, the existence of processes is ultimately the difference between the acquisition of a business and the acquisition of a group of assets. The relating test depends on whether or not the acquired group of activities and assets already generates output.

In addition, a concentration test was introduced as a transactional option that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This is the case where the fair value of substantially all acquired gross assets concentrates on an individual identifiable asset (or a group of comparable identifiable assets).

The Management board assumes that the amendments do not have any material impact on the consolidated result.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that the accounting companies provide relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the company's financial position, financial performance and cash flows.

The amendments do not have any impact on the Group, since it does not issue any insurance contracts.

Amendments to IFRS 10 and IAS 28

The changes to IFRS 10 and IAS 28 clarify that for transactions with an associate or joint venture, the extent to which income is recognised depends on whether the assets sold or contributed constitute a business as defined in IFRS 3.

The changes to IFRS 10 relate in detail:

» Inclusion of an exception to the general requirement to recognise in full the gain or loss on loss of control of a subsidiary that does not have business operations when control is lost as a result of a transaction with an associate or joint venture accounted for using the equity method.

» Inclusion of new guidelines that require gains and losses on such transactions to be recognised in the income statement of the parent entity only to the extent of the interest in the associate or joint venture held by unrelated third-party investors. Gains and losses from the fair value measurement of retained interests in subsidiaries that have become associates or joint ventures and are accounted for using the equity method are also to be treated.

The following changes were made to IAS 28:

- Amendment to the rule with regard to gains and losses from transactions between an entity and its associate or joint venture so that it now refers to assets that do not constitute a business operation.
- Addition of a new requirement that gains and losses on transactions with associates and joint ventures relating to assets that constitute a business operation should be recognised in full in the investor's financial statements.
- Inclusion of the requirement for an entity to assess whether assets that are sold or contributed in separate transactions constitute a business operation and should be accounted for as a single transaction.

Subsequently, it became apparent that the new guidelines in IFRS 10 conflict with existing regulations in IAS 28. After the IASB had decided to address this problem area as part of its research project on equity accounting, the date of first-time adoption of the changes to IFRS 10 and IAS 28 in December 2015 was postponed indefinitely. Nevertheless, voluntary earlier adoption remains permissible.

The Management Board assumes that the changes will not have a material impact on the consolidated result.

2.4 Change in previous year's figures according to IAS 8 – error correction

Swiss pension plans under the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision are considered defined benefit plans because of the statutory minimum interest rate and conversion rate guarantees in accordance with IAS 19. For IFRS financial statements, the benefit obligations are therefore calculated using actuarial methods in accordance with the requirements of IAS 19.

As EQS GROUP AG (CH) has so far recognised these pension obligations as defined contribution plans, the above is an error in accordance with IAS 8.41 et seq. which has been corrected retrospectively as of Jan 1, 2018.

The correction affects the following balance sheet items as of December 31, 2018:

As of Dec. 31, 2018	*Before adjustments EUR*	*Errors - IAS 8 EUR*	*After adjustments EUR*
Consolidated Balance Sheet			
Other long-term assets	35,361	299,139	334,500
Capital surplus	18,062,276	-106,948	17,955,328
Retained earnings	8,100,672	-64,008	8,036,664
Currency translation	294,111	-15,377	278,734
Non-current provisions	162,818	520,332	683,150
Deferred tax liabilities	1,677,959	-34,860	1,643,099
Consolidated income statement			
Personnel expenses	-22,639,466	-62,304	-22,701,770
EBITDA	301,143	-62,304	238,839
Interest income	31,637	3,368	35,005
Interest expenses	-203,616	-4,873	-208,489
Profit before tax	-101,898	-63,809	-165,707
Income taxes	912,891	-199	912,692
Group net income	810,993	-64,007	746,986
Currency translations	-18,947	-15,378	-34,325
Revaluation IAS 19	0	-106,948	-106,948
Other comprehensive income	-1,315,858	-122,325	-1,438,183
Comprehensive income	-504,864	-186,333	-691,197
Earnings per share	0.75	-0.22	0.53
Consolidated statement of changes in equity	*EUR '000*	*EUR '000*	*EUR '000*
Capital surplus	18,062	-107	17,955
Retained earnings	8,101	-64	8,037
Currency translation	294	-15	279
Consolidated Cash flow statement	*EUR '000*	*EUR '000*	*EUR '000*
Group net income	811	-64	747
Other non-cash income	-818	64	-754

2.5 Consolidation

2.5.1 Subsidiaries

The consolidated financial statement comprises the financial statement of EQS Group AG and of the companies controlled by it. The entity gains control where it

- can exercise power of control over the investee,
- is exposed to variable returns from its investment and
- has the ability to affect those returns through its power of control.

The entity reassesses whether or not it controls an investee where facts or circumstances indicate that one or several of the three control criteria referred to above has/have changed.

If the entity does not have a voting majority, it controls the investee nonetheless where, due to its voting rights, it has the practical possibility of unilaterally determining the relevant activities of the investee. When assessing whether the voting right is sufficient for the power of control, the entity takes account of all facts and circumstances, including:

- the extent of the voting rights held by the entity in proportion to the extent and distribution of the voting rights of other voting right holders,
- potential voting rights of the entity, other voting right holders and other parties,
- rights from other contractual agreements and
- further facts and circumstances indicating that the entity has or does not have the current possibility of determining the relevant activities as of the dates on which decisions must be made, taking into account the voting behaviour at previous general or shareholders' meetings.

The subsidiary will be included in the consolidated financial statement from the date on which the entity gains control over a subsidiary until the date on which the control by the entity ends. In this context, the results of the subsidiaries acquired or sold during the year are recorded accordingly in the consolidated statement of comprehensive income from the actual acquisition date or up to the actual disposal date.

The profit or loss and any component of the other comprehensive income must be assigned to the shareholders of the Parent and to the non-controlling shareholders. This applies even if this results in the non-controlling shareholders showing a negative balance.

Where necessary, the subsidiaries' annual financial statements are adapted to align the accounting policies with the policies applied in the Group.

Any and all Group-internal assets, liabilities, equity, income, expenses and cash flows in connection with transactions between Group companies are fully eliminated as part of the consolidation.

Changes in the Parent's Ownership Interest in Existing Subsidiaries

Changes in the Parent's ownership interest in subsidiaries that do not result in the Parent losing control of the subsidiary are accounted for as equity transaction. The carrying amounts of the interests held by the Parent and of the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recorded directly in equity and attributed to the Parent's shareholders.

If the entity loses control of a subsidiary, the deconsolidation profit or loss is recorded through profit or loss. It is determined from the difference between

- the total amount of the fair value of the consideration received and the fair value of the interests retained and
- the carrying amount of the assets (including goodwill), the
- subsidiary's liabilities and all non-controlling interests.

All amounts disclosed in the other comprehensive income in connection with this subsidiary are accounted for as this would be the case if the assets were sold, i.e. reclassified into the consolidated statement of comprehensive income or directly transferred into the retained earnings.

Where the entity retains interests in the previous subsidiary, they are recognised at the fair value established as of the date of the loss of control. This value represents the acquisition cost of the interests which, depending on the level of control, are subsequently measured pursuant to IAS 39 Financial Instruments: Recognition and Measurement or under the regulations for associates or joint ventures.

Acquisition of Subsidiaries

The acquisition of businesses is accounted for using the acquisition method. The consideration transferred in case of a business combination is measured at the fair value which is determined by the total of the fair values of the transferred assets valid at the acquisition date, the liabilities assumed from the previous owners of the acquired company and the equity instruments emitted by the Parent in exchange for the control of the acquired company. Transaction cost associated with the business combination are recorded through profit or loss at accrual.

The acquired identifiable assets and assumed liabilities are measured at their fair values. In this context, the following exceptions apply:

» Deferred tax assets or liabilities and assets or liabilities in connection with agreements for employee benefits are recognised and measured pursuant to IAS 12 or IAS 19.

» Liabilities or equity instruments relating to share-based payments or to the replacement of share-based payments by the Parent are measured as of the acquisition date pursuant to IFRS 2.

» Assets classified as 'held for sale' pursuant to IFRS 5 are measured pursuant to this IFRS.

Goodwill results as excess of the total from the transferred consideration, the amount of all non-controlling interests in the acquired company and the fair value of the equity interest previously held by the acquirer in the acquired company over the fair values of the acquired identifiable assets and assumed liabilities determined as of the acquisition date. In the event that the resulting difference is negative, it is directly recorded as income through profit or loss.

Interests in non-controlling shareholders currently conveying ownership rights and granting the holder the right, in case of the liquidation, to acquire a proportional interest in the company's net assets are measured upon receipt either at the fair value or at the corresponding interest of the identifiable net assets. This option can be newly exercised at each business combination. Other components of interests of non-controlling shareholders are measured at their fair values or the benchmarks resulting from other standards.

If the transferred consideration includes a contingent consideration, the latter is measured at the fair value applicable acquisition date. Changes in the fair value of the contingent consideration within the measurement period are corrected retroactively and posted accordingly against goodwill. Corrections during the measurement period are adaptations to reflect additional information about facts and circumstances existing as of the acquisition date. However, the measurement period must not exceed one year from the acquisition date.

Accounting for any changes in the fair value of the contingent consideration that do not depict corrections during the measurement period is made depending on how the contingent consideration is to be classified. If the contingent consideration is equity, no subsequent measurement is effected on subsequent dates of financial statements; its fulfilment if accounted for in equity. A contingent consideration depicting an asset liability is measured on subsequent dates of financial statements acc. to IAS 39 or IAS 37, where applicable, and any resulting profit or loss is recorded in the consolidated statement of comprehensive income

In case of a successive business combination, the equity interest previously held by the entity in the acquired company is remeasured at the fair value applicable as of the acquisition date. Any resulting profit or loss is recorded through profit or loss.

Any changes in value in the equity interests previously held in the acquired company that had been recorded in the other comprehensive income prior to the acquisition date are transfer posted into the consolidated statement of comprehensive income once the entity gains control of the acquired company.

If the initial accounting for a business combination has not yet been completed at the end of the financial year, the entity states provisional amounts for the items accounted for in this way.

Where any new information becomes known during the measurement period that sheds light on the circumstances as of the acquisition date, the provisionally recognised amounts are corrected or additional assets or liabilities are recognised, if necessary.

2.5.2 Associates

An associate is a company over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the company, in which the investment is held. It is not control or joint control of those policies

The results, assets and liabilities of associates have been included in this financial statement using the equity method, unless the interests are classified as 'held for sale'. In this case, they are accounted for in accordance with IFRS 5.

Under the equity method, interests in associates must be included in the consolidated balance sheet at their acquisition cost, adjusted thereafter for the post-acquisition changes in the Group's interest in the associate's profit or loss and other comprehensive income. Any losses of an associate that exceed the Group's interest in the associate are not recorded. They are recorded only if the Group has made legal or factual loss assumption commitments or effects payments in lieu of the associate.

An investment in an associate is accounted for under the equity method as from the date on which the conditions for an associate are satisfied. Any excess of the acquisition cost of the interest acquisition over the acquired interest in the fair values of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Goodwill is a component of the carrying amount of the investment and is not separately reviewed for the existence of an impairment.

Following renewed assessment, any excess of the Group's interest in the fair values of the identifiable assets, liabilities and contingent liabilities over the acquisition cost of the acquired interest (negative difference) is immediately recorded as profit.

The regulations of IAS 39 are used to determine whether there are any indicators that the interests in associates are impaired. Where an impairment test is to be performed, the carrying amount of the investment (including goodwill) is tested for impairment under the regulations of IAS 36. To that end, the recoverable amount, i.e. the higher of value in use and fair value less costs of disposal, of the investment is compared with the carrying amount of its investment. The established need for impairment is offset against the carrying amount of the investment. Any allocation of the impairment expense to the assets included in the carrying amount of the interest including goodwill is not effected. Where the recoverable amount increases again in subsequent years, any impairment loss is reversed in line with IAS 36.

The Group terminates the application of the equity method as from the date on which its investment does no longer constitute an associate or the investment is to be classified as 'held for sale' under IFRS 5. Where the Group retains an interest in the former associate and such interest is an asset within the meaning of IAS 39, it is measured at its fair value as of the initial recording date. The difference between the associate's previous carrying amount as of the date of termination of the equity method and the fair value of a retained interest and any revenue from the disposal of any part of the interests in the associate must be taken into consideration when determining the profit/loss on sale. Additionally, the Group accounts for all amounts recorded so far in the other comprehensive income in relation to such associate as this would be required if the associate had directly sold the assets or liabilities. Accordingly, upon termination of the equity method, any profit or loss that would be recorded by the associate in the other comprehensive income to date and transfer posted into the consolidated statement of comprehensive income upon sale of the assets or liabilities must be transfer posted by the Group from the equity into the consolidated statement of comprehensive income.

Where the Group's ownership interest in an associate changes, but the Group continues to apply the equity method, any part of the profit or loss previously recorded in the other comprehensive income that relates to the decrease in the ownership interest is transfer posted as expense or income if such profit or loss would have to be transfer posted as expense or income upon sale of the associated assets and liabilities.

Where a Group company enters into business relationships with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

2.5.3 Foreign Currency

When compiling the financial statements of each individual Group company, transactions denominated in currencies other than the Group company's functional currency (foreign currency) are translated at the rates applicable on the transaction day. On each date of financial statements, foreign currency monetary items are translated using the applicable closing rate. Foreign currency non-monetary items carried at fair value are translated at the rates applicable when the fair value was determined. Non-monetary items carried at acquisition or manufacturing cost are translated using the exchange rate at the date of initial balance sheet recording.

Exchange differences from monetary items are recorded through profit or loss in the period of their accrual. This does not apply to:

» any exchange differences from borrowings denominated in foreign currency accruing in the creation process of assets intended for productive use that are allocated to the manufacturing cost if they depict adaptations of the interest expense from such borrowings denominated in foreign currency;

» exchange differences from transactions entered to hedge specific foreign currency risks;

» any exchange differences from monetary items to be received from or paid to a foreign business the fulfilment of which is neither scheduled nor likely and which are thus part of the net investment in such foreign business that are initially recorded in the other comprehensive income and transfer posted from equity into consolidated statement of comprehensive income upon sale.

To compile the consolidated financial statement, the assets and liabilities of the Group's foreign businesses are translated into euros using the exchange rates applicable on the date of the financial statement, except for the equity, which is translated using historical rates. Income and expenses are translated at the average rate of the period, unless the exchange rates were subject to strong fluctuations during the period. In this case, the exchange rates as of the transaction date are applied. Exchange differences from the translation of foreign businesses into the Group's currency are recorded in the other comprehensive income and accumulated in equity.

Any goodwill resulting from the acquisition of a foreign business, as well as adaptations to the fair values of the identifiable assets and liabilities are treated as assets or liabilities of the foreign business and translated at the closing rate. Resulting exchange differences are recorded in the reserve from the currency translation.

The exchange rates underlying the currency translation are as follows:

	EUR/RUB	EUR/HKD	EUR/CHF	EUR/INR	EUR/GBP	EUR/USD
Exchange rate as of Dec. 31, 2019	69.96	8.75	1.09	80.19	0.85	1.23
Exchange rate as of Dec. 31, 2018	79.72	8.97	1.13	79.73	0.89	1.15
Average exchange rate 2019	72.46	8.77	1.11	78.84	0.88	1.12
Average exchange rate 2018	74.04	9.26	1.16	80.73	0.88	1.18

2.6 Revenue from Contracts with Customers

The turnover is quantified based on the consideration determined in a contract with a customer. The Group records revenue when transferring the control of the good or service to a customer.

2.6.1 Contract Manufacturing of IR Applications

In the contract manufacturing of IR applications, an asset is created without alternative use and a payment claim exists for services already rendered. For such contracts, IR applications are manufactured according to customer specifications, and when a contract is terminated by the customer, the Group is entitled to reimbursement of the costs incurred so far, including a reasonable margin. Revenue and associated costs are recorded over a specific period. The progress of performance is determined based on the cost-to-cost method.

2.6.2 IR Applications

Performance obligations from a licence granting a customer the right of access to intellectual prop-erty are fulfilled over a specific period, since the benefit from the Group's service accrues to the customer, who uses the service while it is rendered. For such contracts, the Group provides appli-cations to the customer's benefit. The Group records the revenue from IR applications over a given period.

2.6.3 Licences

For the licences granted by the Group, the customer acquires the power of disposition of the intellectual property at the beginning of the period for which a right of use of the intellectual property was granted to the customer. Accordingly, the Group records revenue as of the date on which the power of disposition passes to the customer.

2.6.4 Other Services

For its other performance obligations, the Group analysis whether the benefit from the Group's service accrues to the customer and that the customer concurrently uses the service while it is rendered. Where this criterion is met, the Group records relevant revenue over a given period. Otherwise, the Group determines the date, on which the power of disposal passed to the customer, and records the revenue from the contract with the customer on such date.

2.6.5 Dividends and Interest Income

Dividend income from shares are recorded once the entity's legal entitlement to payment has arisen. This is subject to the condition of it being likely that the economic benefit will accrue to the Group and the amount of income can be reliably determined.

Interest income is recorded where it is likely that the economic benefit will accrue to the Group and the amount of income can be reliably determined. Interest income is deferred in accordance with the outstanding nominal amount using the relevant effective interest rate. The effective interest rate is the interest rate that is used to exactly discount the expected future deposits over the term of the financial asset on the net carrying amount of the asset upon initial recording.

2.6.6 Rental Income

The Group's accounting policies for recording income from operating leases are described in 2.13.

2.7 Obligations from employee benefits

The Group has defined benefit pension plans in Switzerland.

The amount of the benefits depends on the length of employment and salary of the beneficiaries in the years before retirement and guarantees them life-long pension payments. Retirement age is 65 for men and 64 for women; early retirement is possible from the age of 58. The insured salary is 100% of the basic salary, reduced by the coordination deduction under the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision. However, at least 100% of the minimum insured salary and limited to the maximum insurable salary according to the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision.

The defined benefit plans are managed by a single fund which is legally independent of the Group. The Board of Directors of the pension fund must act in the interests of the fund and its relevant beneficiaries, i.e. active employees, inactive employees, pensioners and employers, in accordance with the law and its statutes. The Board of Directors is responsible for determining the investment policy for the fund's assets.

These defined benefit plans expose the Group to actuarial risks such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Funding

The funding requirements are based on the actuarial valuation framework of the fund, which is laid down in the funding guidelines of the plan. Employees and employers each pay half of the total contributions.

The Group expects contributions of kEUR 52 to be paid into the defined benefit plans in 2020.

Balance sheet amounts

The following table shows the reconciliation of the opening balance to the closing balance for the net liability (net asset) from defined benefit plans and their components.

Change in net debt from defined contribution plans	*Performance-oriented commitment*		*Fair Value of plan assets*		*Net debt from defined contribution plans*	
EUR	***Dec. 31, 2019***	***Dec. 31, 2018***	***Dec. 31, 2019***	***Dec. 31, 2018***	***Dec. 31, 2019***	***Dec. 31, 2018***
Balance as of Jan. 1	**520,331.88**	**1,046,921.83**	**-299,139.23**	**-700,921.66**	**221,192.66**	**346,000.17**
Recognised in Profit or Loss						
Current service costs	129,458.83	85,303.90	0.00	0.00	129,458.83	85,303.90
Past service costs	-11,960.63	28,988.74	0.00	0.00	-11,960.63	28,988.74
Interest expenses (interest income)	2,968.36	4,872.73	-1,940.85	-3,367.97	1,027.51	1,504.76
Administrative costs	0.00	0.00	0.00	0.00	0.00	0.00
	120,466.56	**119,165.37**	**-1,940.85**	**-3,367.97**	**118,525.71**	**115,797.40**
Recognised in other complehensive income						
Loss (Profit) from revaluation			-18,487.06	37,600.87	-18,487.06	37,600.87
- Actuarial loss (profit) from:			0.00	0.00	0.00	0.00
- demographic acceptance	0.00	0.00	0.00	0.00	0.00	0.00
- financial acceptance	35,373.07	-16,969.70	0.00	0.00	35,373.07	-16,969.70
- experience adjustments	-118,503.24	-219,661.47	0.00	0.00	-118,503.24	-219,661.47
- Income on plan assest without interest income	0.00	0.00	0.00	0.00	0.00	0.00
Net exchange differences	17,340.74	27,887.11	-9,965.53	-17,472.98	7,375.21	10,414.13
	-65,789.43	**-208,744.06**	**-28,452.59**	**20,127.89**	**-94,242.01**	**-188,616.17**
Others						
Pension contributions paid by the employer	-193,137.36	-486,938.53	132,731.03	434,949.78	-60,406.33	-51,988.74
Pension contributions paid by the employee	53,128.37	49,927.27	-53,129.27	-49,927.27	-0.90	0.00
Balance as of Dec. 31	**435,000.02**	**520,331.88**	**-249,930.90**	**-299,139.23**	**185,069.12**	**221,192.66**

Plan assets

The plan assets comprise:

Plan assets	***Dec. 31, 2019***	*Dec. 31, 2018*
Shares	**29.6%**	27.5%
Obligations	**34.1%**	31.5%
Real estate	**13.4%**	13.2%
Mortgages	**6.0%**	6.3%
Alternative investments	**16.3%**	16.2%
Others	**0.1%**	1.5%
Liquid funds	**0.5%**	3.8%

Defined benefit obligation

The principal actuarial assumptions (in the form of weighted averages in percent) used as of the balance sheet date are specified below.

	Dec. 31, 2019	*Dec. 31, 2018*
Discount factor	**0.20%**	0.80%
Inflation rate	**0.80%**	1.10%
Future growth rates of salary	**1.60%**	2.10%
Future growth rates of pensions	**0.00%**	0.00%

Assumptions on future life expectancy are based on published statistics and mortality tables.

At Dec. 31, 2019, the weighted average term of the defined benefit obligation was 21.3 years (2018: 19.0 years).

If the other assumptions had remained constant, the changes in one of the relevant actuarial assumptions that would have been possible under reasonable consideration at the balance sheet date would have affected the defined benefit obligation by the amounts shown below:

Sensitivity analysis	*Change in acceptance*		*Increase of acceptance*		*Depreciation of acceptance*	
	Dec. 31, 2019	**Dec. 31, 2018**	*Dec. 31, 2019*	*Dec. 31, 2018*	*Dec. 31, 2019*	*Dec. 31, 2018*
Discount factor	**0.50%**	**0.50%**	-9.59%	-8.61%	11.79%	10.50%
Expected growth rates of salary (incl. Inflation)	**0.50%**	**0.50%**	4.15%	3.60%	-4.03%	-3.33%
Expected growth rates of pensions	**0.50%**	**0.50%**	4.37%	3.90%	-3.94%	-3.53%
Changes in life expectancy	**1 Jahr**	**1 Jahr**	1.38%	1.24%	-1.40%	-1.27%

Although the analysis does not take into account the full distribution of expected cash flows under the plan, it provides an approximate measure of the sensitivity of the assumptions presented.

2.8 Income Taxes

The income tax expense is the total of the current tax expense and the deferred taxes.

Current or deferred taxes are recorded in the consolidated statement of comprehensive income, unless they are connected with items recorded either in the other comprehensive income or directly in equity. In this case, the current and deferred tax is recorded in the other comprehensive income or directly in equity as well. If current or latent taxes result from the initial accounting for a business combination, the tax effects are included in the accounting for the business combination.

2.8.1 Current Taxes

The current tax expense is determined based on the taxable income for the year. The taxable income differs from the net income for the year from the consolidated statement of comprehensive income due to expenses and income taxable or tax-deductible in subsequent years or never. The Group's liability for the current taxes is calculated based on the tax rates applicable currently or in the near future.

2.8.2 Deferred Taxes

Deferred taxes are recorded for the differences between the carrying amounts of the assets and liabilities in the consolidated financial statement and the corresponding tax valuations in the calculation of the taxable income. Deferred tax liabilities are accounted for, in general, for all taxable temporary differences; deferred tax assets are recorded to the extent that it is likely that taxable profits are available for which the deductible temporary differences can be used. Such deferred tax assets and liabilities are not recognised if the temporary differences result from goodwill or from the initial recording (except for business combinations) of other assets and liabilities resulting from incidents affecting neither the taxable income nor the net income for the year.

Deferred tax liabilities are formed for taxable temporary differences arising from interests in subsidiaries or associates, unless the Group is able to manage the reversal of the temporary differences and it is likely that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from temporary differences in connection with interests in subsidiaries or associates are recorded only to the extent that it is likely that sufficient taxable income is available to use the claims from the temporary differences. Moreover, it must be possible to assume that such temporary differences will reverse in the foreseeable future.

The carrying amount of the deferred tax assets is analysed each year on the date of the financial statement and reduced in value where it is no longer likely that sufficient taxable income is available to settle the claim in whole or in part.

Deferred tax liabilities and assets are determined based on the expected tax rates and the tax laws presumably applicable at the time of settlement of the liability or recovery of the asset. The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Group expects on the date of the financial statement to settle the liability or to recover the asset.

2.9 Earnings per Share

The basic earnings per share are determined by dividing the earnings share after taxes of the Parent's shareholders by the weighted average number of shares outstanding during the financial year. The diluted earnings per share are calculated assuming that all potentially diluting securities and share-based payment plans will be converted or exercised.

2.10 Intangible Assets

Separately Acquired Intangible Assets

Intangible assets with a finite useful life that are acquired separately, i.e. not in a business combination, are recorded at acquisition cost, less accumulated amortisations and impairments. The amortisations are recorded as expense on a straight-line basis over the expected useful life. The expected useful life and the amortisation method are reviewed at each date of the financial statement, and all changes in estimates are prospectively taken into account.

The following useful lives were used as a basis of calculation for the amortisation:

IT software	**3 – 5 years**
Industrial property rights	**2 – 10 years**
Licences	**3 years**
Customer bases	**15 years**

Goodwill

Goodwill resulting from a business combination is accounted for at acquisition cost minus any necessary impairments and separately recognised in the consolidated balance sheet.

For impairment testing purposes, goodwill upon acquisition is allocated to those cash-generating units of the Group that are expected to benefit from the synergies of the combination.

Cash-generating units, to which goodwill has been allocated to some extent, must be tested for impairment at least annually. If there are indications that a unit is impaired, it may be necessary to perform impairment tests more frequently. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment expense must initially be allocated to the carrying amount of any goodwill allocated to the unit and then proportionally to the other assets based on the carrying amounts of each asset in proportion to the total carrying amount of the assets within the unit. In this case, the recoverable amount is the higher of value in use and fair value less costs of disposal.

Any impairment expense of goodwill is directly recorded in the consolidated statement of comprehensive income. Impairment expense recorded for goodwill must not be reversed in future periods.

Upon disposal of a cash-generating unit, the attributable amount of goodwill is taken into account when determining the disposal gain.

Self-Created Intangible Assets - Research & Development Costs

Costs for research activities are charged to expense in the period of their accrual.

Any self-created intangible asset resulting from the development activity or from the development phase of an internal project is accounted for once the following evidence has been provided:

- » Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- » The entity intends to complete and to use or sell the intangible asset.
- » The entity is able to use or sell the intangible asset.
- » The intangible asset is expected to generate future economic benefit.
- » There are adequate technical, financial and other resources available in order to complete the development and to use or sell the intangible asset.
- » The entity is able to reliably determine the attributable expenses when developing the intangible asset.

The amount at which a self-created intangible asset is initially capitalised is the total of expenses incurred from the date on which the intangible asset initially meets the conditions above. Where a self-created intangible asset cannot be capitalised or no intangible asset yet exists, the development costs are recorded through profit or loss in the period of their accrual. Development expenses in the amount of kEUR 2,554 (2018: kEUR 2,117) were recorded as expense.

In subsequent periods, self-created intangible assets are accounted for, analogously to acquired intangible assets, at manufacturing costs, less accumulated amortisations and impairments. The Group usually amortises capitalised development costs on a straight-line basis over a useful life of 5 to 10 years.

Intangible Assets Separately Acquired in a Business Combination

Intangible assets acquired in a business combination are recorded separately from goodwill and measured at their fair value on the acquisition date.

In subsequent periods, intangible assets acquired in a business combination are measured at their acquisition cost minus accumulated amortisations and any accumulated impairments, just like separately acquired intangible assets.

Derecognition of Intangible Assets

An intangible asset must be derecognised upon its disposal or where no further economic benefit is expected from its use or disposal. The profit or loss from the derecognition of an intangible asset, measured at the difference between the net disposal revenue and the carrying amount of the asset, is recorded in the consolidated statement of comprehensive income upon derecognition of the asset. This is disclosed in the other income or other expenses.

2.11 Property, Plant & Equipment

Office and business equipment as well as commercial buildings in the previous year are disclosed at acquisition or manufacturing cost less accumulated scheduled depreciations and recorded impairments.

Depreciations are such that the acquisition or manufacturing cost (except for assets under construction) less their residual values are depreciated on a straight-line basis over their useful lives. The expected useful lives, residual lives and depreciation methods are reviewed at each date of financial statements. All necessary changes in estimates are prospectively taken into account.

The scheduled depreciations are based on the following useful lives of the assets:

Commercial buildings	**35 – 60 years**
Computers, IT equipment	**3 – 7 years**
Office equipment	**10 – 13 years**
Leasehold improvements	**5 – 13 years**

Rights of use recognised in accordance with IFRS 16 are not shown separately but under property, plant and equipment and are amortised linearly over the term of the contract in the same way as assets owned by the Group. Where it is not sufficiently certain that ownership will pass to the lessee at the end of the lease, however, the assets are depreciated over the shorter duration of lease term and expected useful life.

An item of property, plant, and equipment is derecognised either upon disposal or if it is no longer expected that the further use or disposal of the asset will generate any economic benefit. The profits and losses resulting from the derecognition of the asset are determined as difference from net disposal revenue and carrying amounts of the assets and recorded through profit or loss in the statement of comprehensive income in the period in which the asset is derecognised.

2.12 Impairments of Property, Plant & Equipment and Intangible Assets, Except for Goodwill

As of each date of financial statements, the Group reviews the carrying amounts of property, plant and equipment and of the intangible assets to determine whether there are any indications that such assets have been impaired. Where such indications exist, the recoverable amount of the asset is estimated to determine the extent of any impairment expense. If the recoverable amount for the individual asset cannot be estimated, the recoverable amount of the cash-generating unit, to which the asset belongs, is estimated. Where it is possible to determine a reasonable and consistent basis for distribution, the joint assets are distributed to the individual cash-generating units. Otherwise, they are distributed to the smallest group of cash-generating units for which a reasonable and consistent basis for distribution can be determined.

For intangible assets having an indefinite useful life or not yet available for use, an impairment test is performed at least annually or whenever there is any indication of an impairment.

The recoverable amount is the higher of the fair value less disposal costs and the value in use. When determining the value in use, the estimated future cash flows are discounted at a pre-tax rate. Such pre-tax rate takes account, on the one hand, of the current market assessment of the time value of money and, on the other hand, of the risks inherent in the asset, unless they had already been taken into account in the estimate of the cash flows.

If the estimated recoverable amount of an asset or a cash-generating unit falls below the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount. The impairment expense is immediately recorded through profit or loss, unless the corresponding asset is recognised at its remeasurement amount. In such a case, the impairment expense is to be treated as decrease in the remeasurement reserve.

Where the impairment expense subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the latest estimate of the recoverable amount. In this case, the increase in the carrying amount is limited to the value that would have arisen if no impairment expense had been recorded for the asset or cash-generating unit in previous years. A reversal of impairment losses is directly recorded through profit or loss, unless the asset is recognised at its remeasurement amount. In such a case, the reversal of impairment losses is to be treated as increase in the remeasurement reserve.

2.13 Leasing

The Group applied IFRS 16 for the first time as of Jan. 1, 2019.

The Group has applied IFRS 16 using the modified retrospective method, according to which the cumulative effect of first-time application is recognised as of 1 January 2019. Therefore, the comparative information for 2018 has not been restated, i.e. as previously presented in accordance with IAS 17 and related interpretations. Details of the changes in accounting policies are set out below. In addition, the disclosure requirements of IFRS 16 have not generally been applied to comparative information.

Definition of a lease

In the transition to IFRS 16, the Group decided to apply the grandfathering clause. At the time of first-time adoption, no reassessment was made for existing agreements as to whether or not these agreements constituted a lease on the basis of the criteria of IFRS 16. Instead, the previous assessment under IAS 17 and IFRIC 4 is retained.

Lessee

As a lessee, the Group mainly leases real estate, motor vehicles and office equipment. In accordance with IFRS 16, the Group recognises rights of use and lease liabilities for all lease agreements. The distinction previously made under IAS 17 between finance and operating leases no longer applies.

Leases previously classified as operating leases under IAS 17

Previously, the Group classified real estate leases as operating leases in accordance with IAS 17. Upon transition, the lease liabilities for these leases were measured at the present value of the remaining lease payments discounted at the Group's incremental borrowing rate as of Jan. 1, 2019. The weighted average interest rate is 1.45%. Rights of use are measured at an amount equal to the lease liability, adjusted by the amount of lease payments made or deferred in advance.

The Group tested its rights of use for impairment at the time of transition and concluded that there were no indications of impairment of the rights of use. The Group has applied the following simplified requirements of IFRS 16:

» neither rights of use nor lease liabilities are recognised for leases whose term ends within 12 months after the date of first-time application,

» neither rights of use nor lease liabilities are recognised for leases where the underlying asset is of low value, and

» the initial direct costs are not taken into account in measuring the right of use at the date of first-time application.

Leases previously classified as finance leases under IAS 17

The Group leases certain parts of its operating and office equipment. These lease agreements were classified as finance leases in accordance with IAS 17. For these finance leases, the carrying amount of the value in use and the lease liability as of Jan. 1, 2019 was recognised at the carrying amount of the leased asset and the lease liability immediately before that date in accordance with IAS 17.

Effects on the financial statements at the time of transition

Upon transition to IFRS 16, the Group recognised additional rights of use and additional lease liabilities.

As a result of a change in the IFRS accounting policy for leases (IFRS 16) effective January 1, 2019 and the related capitalization of our long-term rental agreements, there is a change in the way we determine and report expenses in the reporting period. For example, property, plant and equipment increased by kEUR 10,303 and the total amount of financial liabilities by kEUR 10,772.

Other operating expenses (FY 2019: € -2.05 million) also declined, whereas depreciation and amortisation (FY 2019: € +1.96 million) and financial expenses (FY 2019: kEUR +124) increased slightly. In total, operating expenses are only slightly lower, but the change has a significant impact on our key figure EBITDA, which is why we are reporting it additionally adjusted.

	Jan. 1, 2019 EUR '000
Financial obligatons from operating leases according to IAS 17 as of Dec. 31, 2018	12,808
Changes resulting from the reassessment (of duration)	-459
Separation of lease and non-lease components	-1,198
Practical remedy for leases of low value assets	-10
Practical remedy for short term leases	-26
Operating leases as of Jan. 1, 2019	11,115
Less effect from discounting	-699
Cash value of operating leases Jan. 1, 2019	10,416
Finance leases as of Dec. 31, 2018	356
Total lease liability as of Jan. 1, 2019	**10,772**

2.14 Borrowing Costs

Borrowing costs directly relating to the acquisition, construction or production of qualifying assets are added on the manufacturing costs of such assets up to the date on which the assets are substantially available for their intended use or for sale. Qualified assets are assets that take a substantial period of time to get ready for their intended use or sale.

Income generated from the interim investment of specifically raised borrowed capital up to its expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

The Group recorded all borrowing costs through profit or loss in the period of their accrual.

2.15 Financial Instruments

2.15.1 Recognition and Initial Measurement

Trade receivables are recognised from their date of accrual. All other financial assets and liabilities are initially recognised on the trading day when the company becomes a contracting party under the contractual terms of the instrument.

Upon initial recognition, a financial asset (except for a trade receivable without material financial component) or a financial liability is measured at fair value. For an item not measured at FVTPL, the transaction costs directly attributable to its acquisition or expenditure are added on. Upon initial recognition, trade receivables without material financial component are measured at the transaction price.

2.15.2 Classification and Subsequent Measurement

Financial Assets

Upon initial recording, a financial asset is classified and measured as follows:

- at amortised cost
- FVTOCI debt instruments (investments in debt instruments measured at fair value through other comprehensive income)
- FVTOCI equity investments (equity investments measured at fair value through other comprehensive income)
- FVTPL (at fair value through profit or loss)

Financial assets are not reclassified after their initial recognition, unless the Group changes its business model to manage the financial assets. In this case, all relevant financial assets are reclassified on the first day of the period under review following the change in business model.

A financial asset is measured at amortised cost if both of the following conditions are met and the asset had not been designated as FVTPL:

- The objective of the business model, within the framework of which it is held, is to hold financial assets to collect the contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is designated at FVTOCI if both of the following conditions are met and it had not been designated as FVTPL:

- The objective of the business model, within the framework of which it is held, is both to hold financial assets to collect the contractual cash flows and to sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If an equity investment is not held for trading, the Group can make an irrevocable election at initial recognition to show subsequent changes at the fair value of the investment in the other comprehensive income. This election is made for each investment on a case-by-case basis.

All financial assets not measured at amortised cost or at FVTOCI are measured at FVTPL. This includes all derivative financial assets. Upon initial recognition, the Group can make an irrevocable election to designate at FVTOCI financial assets otherwise meeting the conditions for the measurement at amortised cost or at FVTOCI if doing so eliminates or significantly reduces otherwise arising accounting mismatch.

Financial Assets – Business Model Assessment

The objectives of the business model, in which the financial asset is held, are assessed by the Group on portfolio level, since this reflects best the manner the business is managed and information is provided to the management. The information to be taken into account include:

- the specified policies and objectives for the portfolio and the implementation of such polities in practice, comprising whether the management's strategy is geared to collecting the contractual interest income, maintaining a specific interest rate profile, reconciling the term of a financial asset with the term of a related liability or the expected cash outflows or generating cash flows by selling the assets;
- how the portfolio results are evaluated and reported to the Group's management;
- the risks impacting the results of the business model (and the financial assets held according to such business model) and how such risks are managed;
- how the managers are paid, e.g. whether the payment is based on the fair value of the managed assets or on the collected contractual cash flows; and
- frequency, scope and date of sales of financial assets in previous periods and the expectations regarding future sales activities.

In line with the Group continuing to account for financial assets transferred to unrelated third parties by transfers not resulting in derecognition are not deemed to be sales for such purpose.

Financial assets held or managed for trading and whose performance is evaluated based on the fair value are measured at FVTPL.

Financial Assets – Assessment Whether the Contractual Cash Flows are Exclusively Payments of Principal and Interest

For such assessment purposes, the "principal amount" is defined as fair value of the financial assets upon initial recognition. "Interest" is defined as fee for the time value of money and for the default risk associated with the principal amount outstanding over a specific period, as well as for other fundamental credit risks, costs (for example liquidity risk and administrative costs) and a profit margin.

When assessing whether the contractual cash flows are exclusively payments of interest and principal on the principal amount, the Group takes account of the contractual agreements of the instrument. This comprises an assessment whether the financial asset includes a contractual agreement likely to change the date or amount of the contractual cash flows so that they no longer meet these conditions. When making its determination, the Group takes account of

- certain events that would change the amount or date of the cash flows,
- conditions that would adjust the interest rate, including variable interest rates,
- options for premature repayment and extension and
- conditions restricting the Group's claim to cash flows of a specific asset.

An option for premature repayment is in line with the criterion of exclusive payments of interest and principal if the amount of the premature repayment substantially comprises payments of interest and capital not made on the outstanding principal amount, which may include a reasonable additional fee for the premature termination of the contract.

In addition, a condition is addressed as in line with the criterion for a financial asset acquired against a premium or discount on the contractual nominal amount which allows or requires premature repayment for an amount substantially depicting the contractual nominal amount plus accrued (but not paid) contractual interest (which may include a reasonable fee for the premature termination of the contract), unless the fair value of the option for premature repayment is significant at the outset.

Financial assets - impairment

The Group has two types of financial assets that are subject to the new expected credit loss model:

- trade receivables, and
- contract assets

Cash and cash equivalents are also subject to the impairment provisions of IFRS 9; however, due to the short-term instruments and their probability of default, there was no need to form risk provisions.

The Group applies the simplified approach under IFRS 9 to measure expected credit losses; accordingly, expected credit losses over the term of all trade receivables and contract assets are applied.

To measure expected credit losses, trade receivables and contract assets were combined on the basis of common credit risk characteristics and days past due. Contract assets relate to work in progress that has not yet been invoiced, and essentially have the same risk characteristics as trade receivables for the same types of contract. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of revenues over a period of 12 months prior to Dec. 31, 2019 and the corresponding historical defaults in this period. Historical loss rates are adjusted to reflect current and forward-looking information about macroeconomic factors affecting the ability of customers to repay their loans and advances. The Group has identified the ifo business climate index as the most relevant factor and adjusts the historical loss ratios based on expected changes in this factor.

On this basis, the allowance for trade receivables and contract assets was calculated as follows as of Dec. 31, 2019 and Dec. 31, 2018:

Application of Average Loss Rate on 2019 Values

Dec. 31, 2019	*0*	*1-22*	*22-30*	*30-60*	*60-180*	*>180*	***Total***
Gross Trade Receivables	3,406,567	803,134	68,727	177,163	288,107	359,852	**5,103,551**
Loss Rate (historical)	0.63%	1.89%	3.59%	3.89%	4.95%	8.92%	
Loss Rate adjustment (forward looking info)	0.51%	1.53%	2.90%	3.14%	4.00%	7.21%	
Expected Credit Losses for Bucket 2 (IFRS 9)	17,320	12,281	1,995	5,571	11,537	25,948	**74,653**
Expected Credit Losses for Bucket 3 (IFRS 9)							**73,541**
Total ECL (IFRS 9)							**148,194**

Application of Average Loss Rate on 2018 Values

Dec. 31, 2018	*0*	*1-22*	*22-30*	*30-60*	*60-180*	*>180*	***Total***
Gross Trade Receivables	4,549,676	856,472	46,084	254,750	314,432	197,469	**6,218,884**
Loss Rate (historical)	0.33%	1.22%	2.51%	2.66%	3.99%	10.34%	
Loss Rate adjustment (forward looking info)	0.24%	1.22%	2.51%	2.66%	3.99%	10.34%	
Expected Credit Losses for Bucket 2 (IFRS 9)	11,011	10,476	1,158	6,784	12,541	20,417	**62,387**
Expected Credit Losses for Bucket 3 (IFRS 9)							**105,675**
Total ECL (IFRS 9)							**168,062**

Financial Liabilities - Classification, Subsequent Measurement and Profits & Losses

Financial liabilities are classified and measured at amortised cost or at fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, is a derivative or designated as derivative upon initial recognition.

Financial liabilities at FVTPL are measured at fair value, and net profits or losses, including interest expenses, are recorded in profit or loss.

Other financial liabilities are measured at amortised cost using the effective interest method in the subsequent measurement. Interest expenses and foreign currency translation differences are recorded in profit or loss. Profits or losses from derecognition are recorded in profit or loss as well.

Derecognition

The Group derecognises a financial asset where the contractual rights regarding the cash flows from the financial asset expire or it transfers the rights to receive the cash flows in a transaction, in which all substantial rewards and risks associated with the ownership of the financial asset are transferred as well.

Derecognition is also made where the Group neither transfers nor retains all substantial rewards and risks associated with the ownership and does not retain control of the transferred asset.

The Group performs transactions in which it transfers accounted assets, but either retains all or all substantial rewards and risks from the transferred asset. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability where the contractual obligations have either been discharged or cancelled or expired. Furthermore, the Group derecognises a financial liability if its contractual terms are amended and the cash flows of the adapted liability are significantly different. In this case, a new financial liability based on the adapted terms is recorded at fair value.

When derecognising a financial liability, the difference between the carrying amount of the redeemed liability and the paid fee (including transferred non-cash assets or assumed liabilities) is recorded in profit or loss.

Derivative Financial Instruments

Derivatives are measured at fair value upon initial recognition. As part of the subsequent measurement, derivatives are measured at fair value. Resulting changes are principally recorded in profit or loss.

Cash and Cash in Bank

Cash and cash in bank are measured at cost. They include cash in hand, cash in bank available on call and other short-term highly liquid financial assets having a maturity of three months at maximum at the time of acquisition.

2.16 Equity

An equity instrument is a contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments are recorded at the received issuing revenue less directly attributable issuing costs. Issuing costs are costs that would not have incurred if the equity instrument had not been issued.

Redemptions of treasury equity instruments are directly deducted from equity. Neither purchase nor sale, issuance or collection of treasury equity instruments are recorded in profit or loss.

Debt and equity instruments issued by a Group company are classified as financial liabilities or equity according to the economic content of the contractual agreement and the definitions.

2.17 Share-Based Payments

Share-based payments with compensation by equity instruments to employees are measured at the grant-date fair value of the equity instrument.

The fair value determined upon granting of the share-based payments with compensation by equity instruments is accounted for as expense on a straight-line basis over the vesting period with the equity being increased accordingly and is based on the Group's expectations regarding the equity instruments likely to vest. As of each date of financial statements, the Group must review its estimates regarding the number of vesting equity instruments. The impact of the changes in the initial estimates, if any, must be recorded through profit or loss. They are recorded such that the total expenditure reflects the change in estimates and results in the reserve being adapted by equity instruments accordingly.

2.18 Other Provisions

Provisions are formed where the Group has a present (legal or constructive) obligation as a result of a past event, it is probable that the fulfilment of the obligation will be associated with an outflow of resources and the amount of the provision can be estimated reliably.

The amount recognised as a provision is the best estimate resulting on the date of the financial statement for the performance to be rendered to fulfil the present obligation. At the same time, risks and uncertainties inherent in the obligation must be taken into account. If a provision is measured based on the cash flows estimated for the fulfilment of the obligation, such cash flows must be discounted where the interest effect is substantial.

Where it can be assumed that the economic benefit required to settle the provision will be reimbursed by an external third party in whole or in part, such claim is capitalised as an asset if reimbursement is virtually certain and its amount can be estimated reliably.

Onerous Contracts

Present obligations associated with onerous contracts are recorded as provision. The existence of an onerous contract is assumed if the Group is contracting partner of a contract where it is expected that the non-avoidable costs required to perform the contract will exceed the economic benefit accruing from the contract.

Dismantling Obligations

A provision for the leased office spaces' dismantling expenses is recorded where the Group has set up a dismantling schedule that has been agreed in writing through the lease's contractual obligation. When measuring a dismantling provision, only the direct expenses for the dismantling work are entered. These are therefore just amounts that are caused by the dismantling work.

Severance Payments

A liability for benefits in the event of terminating an employment relationship is recorded where the Group can no longer withdraw the offer of such benefits.

2.19 Contingent Purchase Price Payments Resulting from a Business Combination

Contingent purchase price payments resulting from a company acquisition are qualified at fair value at the time of acquisition as part of the acquisition costs upon initial recognition and therefore increase the goodwill to be recognised. The contingent acquisition costs are also subsequently measured at fair value, with its change being considered through profit or loss. There is just one exception for adjustments within 12 months of the company acquisition. Here, an adjustment leads to an adjustment of the acquisition costs and therefore the goodwill, if they require the reassessment of valuations and do not result from post-acquisition (value-changing) events.

2.20 Estimation Uncertainties and Discretionary Decisions

When compiling the consolidated financial statement, the management board is required to assess facts, perform estimates and make assumptions relating to the carrying mounts of any assets and liabilities that cannot be determined from other sources without more ado. The estimates and their underlying assumptions result from past events and further factors deemed relevant. The actual values may differ from the estimates.

The assumptions underlying the estimates are subject to regular review. Where changes in estimates newly affects a period, they are taken into account only in the period affected. If the changes affect both the current and the following periods under review, they are taken into account in the current and in the following periods accordingly.

2.20.1 Significant Exercise of Discretion by the Management board When Applying the Accounting Principles

The following paragraphs illustrate the significant exercises of discretion by the management board when applying the company's accounting principles and the most substantial impact of these exer-cises of discretion on the amounts disclosed in the consolidated financial statement. The illustration does not include exercising of discretion that include estimates.

Provisions for Bonuses/Commissions

The Group's employees receive a voluntary payment for the past financial year. Determination of the amount of the provision is an exercise of discretion by the respective company management of the involved entities as of Dec. 31, 2019, the total was kEUR 697 (2018: kEUR 1,037).

Contract Manufacturing Percentage of Completion

Revenue recognition for long-term contracts, which was previously based on the percentage of completion method, is also recognized in accordance with IFRS 15 guidelines for performance obligations that are fulfilled over a certain period of time. There were therefore no changes to the consolidated statement of comprehensive income in this respect. In the consolidated balance sheet, the amounts recognized as gross amount due from customers for construction contracts under the PoC method are recognized as contract assets in accordance with IFRS 15.

For fixed-price contracts, the percentage of completion is principally determined by the costs incurred to date in proportion to the total costs (cost-to-cost method). In individual cases, however, it is necessary to estimate the percentage of completion according to the overall progress, since determination under the cost-to-cost method would not lead to meaningful results. Selection of the method to determine the percentage of completion is at the discretion of the executive management and is made individually, depending on the existing project, together with the project manager in charge. Construction contracts with an asset-side balance towards customers amount to kEUR 76 (2018: kEUR 109). Construction contracts where the advance payments exceed the asset-side balance are disclosed as trade payables in the amount of kEUR 47 (2018: kEUR 71).

Self-Created Intangible Assets

To capitalise the self-created intangible assets, there is margin of discretion in the demarcation between research and development which exists between capitalisation and non-capitalisation of the costs incurred. The carrying amount of the self-created intangible assets is kEUR 7,069 (2018: kEUR 6,400).

Leases

Please refer to our comments in section 2.13.

2.20.2 Major Sources of Estimation Uncertainties

The following paragraphs specify the main forward-looking assumptions and the other major sources of estimation uncertainties as of the end of the period under review that are likely to generate a considerable risk that a substantial adaptation of the disclosed assets and liabilities will become necessary in the next financial years.

Impairment of Self-Created Intangible Assets

During the financial year, the management board reassessed the impairment of the self-created intangible assets. An impairment exists if the carrying amount of an asset exceeds its recoverable amount. In this case, the recoverable amount is the higher of the fair value less disposal costs the and value in use. As of the balance sheet date, kEUR 7,069 of self-created intangible assets have been accounted for, whereof kEUR 782 are still in development (2018: kEUR 6,400, thereof kEUR 4,165 still in development).

The project developments have been satisfactory, and the customer feedback confirmed the preceding estimates of the management board regarding the expected revenue from the projects as well. The future market situation will continue to be closely monitored, and adaptations will be made in the following financial years, where they appear appropriate.

Useful Life and Impairment of Intangible Assets and Goodwill

To ascertain the existence of an impairment in goodwill, it is necessary to determine the value in use of the cash-generating unit to which such goodwill is to be assigned. The calculation of the value in use requires an estimate of the future cash flows from the cash-generating unit and of a suitable discounting rate for the cash value calculation. If the actually expected future cash flows turn out to be lower than estimated so far, this may result in a substantial impairment. As of the balance sheet date, goodwill of kEUR 17,756 has been accounted for (2018: kEUR 20,619).

The Group reviews the useful lives of intangible assets on each date of financial statements. For the customer base of kEUR 6,724 (2018: kEUR 9,575), the management board is still assuming that a useful life of 15 years is appropriate as a result of the existing customers' very low termination rates.

Assets that are subject to scheduled depreciation are tested for impairment pursuant to IAS 36 where corresponding events or changes in circumstances indicate that the carrying amount is potentially no longer recoverable. An impairment loss is recorded to the extent the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less disposal costs and the value in use.

Details of the impairment tests are shown in Point 22. In the fiscal year there was a need to write down goodwill in the amount of EUR 1,562 million (2018: 0 kEUR).

Useful Life and Impairments of Property, Plant & Equipment

The Group reviews the estimated useful lives of property, plant and equipment on each date of financial statements. As of the balance sheet date, property, plant and equipment of kEUR 8,838 (2018: kEUR 2,241) have been accounted for. During the current financial year, there were no changes in this regard. The increase is mainly due to the new rules of IFRS 16. Details are shown in Point 24.

The useful lives underlying the scheduled depreciations are based on estimates and are reviewed on each date of financial statements. The useful lives are reasonably considered in the current financial year. Changed assumptions or circumstances might require future changes.

Assets that are subject to scheduled depreciation are tested for impairment pursuant to IAS 36 where corresponding events or changes in circumstances indicate that the carrying amount is potentially no longer recoverable. An impairment loss is recorded to the extent the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less disposal costs and the value in use.

There was no depreciation needed in the financial year and the previous year.

Measurements at Fair Value and Measurement Methods

Some of the Group's assets and liabilities are measured at fair value. To determine the fair value of assets and liabilities, the Group uses observable market data as far as possible. If such level 1 input parameters are not available, the Group engages qualified external experts to perform the measurements. Further details are illustrated in paragraphs 2.20, 3, 37 and 40.10.

Capitalisation of Deferred Taxes

Deferred tax assets are accounted for to the extent that the management board considers their future realisation to be probable. The estimate is governed by the extent to which future tax profits will be generated and can be offset against the tax losses carried forward not used to date and that temporary differences will reverse. This requires assumptions regarding the interpretation of the tax regulations and the development of the taxable income of the respective Group entities. The management reviews the estimate of insecure income tax items at annual intervals, taking into account the expected tax payments.

Acquisition of Subsidiaries

The determination of the fair value of the transferred consideration (including contingent considerations) and the provisional determination of the fair values of the identifiable acquired assets and assumed liabilities are subject to a significant risk of estimation.

Impairment Measurement Due to the Expected Credit Losses for Trade Receivables and Contract Assets

The determination and derivation of key assumptions to determine the weighted average loss rate are subject to a high risk of estimation.

» 3. Acquisition of Subsidiaries «

Acquired Subsidiaries

Reporting year

None

Previous year

Company	*Principal activity*	*Date of acquisition*	*Proportion of voting equity interests acquired (%)*
Integrity Line GmbH Zurich, Switzerland	Provider of internal reporting systems for reports of wrongdoing and misconduct	Jan. 1, 2018	100.000

Integrity Line GmbH	*EUR '000*
Cash	5,621
Contingent consideration arrangements	1,542
	7,163

The retained purchase price in the amount of CHF 701,421.50 was due and paid on July 1, 2019, as no warranty claims had been asserted against the seller by that date.

Within the scope of the agreement on the contingent consideration, the Group is obliged to pay to the seller an additional amount of CHF 69,113.33 for each percent by which the sales performance in the 2018 financial year outperforms a fixed reference value by more than 35%, but not exceeding CHF 1,036,700.00.

The payment to the seller was made on Dec. 23, 2019 in the amount of CHF 860,000.00.

Non-Controlling Interests

Reporting year

The Amendment Agreement II to the Share Purchase & Assignment Agreement dated November 18, 2018 concluded in the previous year was fulfilled in full. The minority interest was subsequently reduced to a total of 8.16%. With the purchase agreement of June 24, 2019, the shares in ARIVA.DE AG amounting to 91.85% in total were sold. See also section 4 Discontinued operations.

Previous year

Due to Amendment Agreement II to the Share Purchase & Assignment Agreement dated Nov. 18, 2018, 74.91% of the minority shareholders offered the shares held by them. The attributable purchase price amounts to kEUR 756 and was disclosed as financial liability. The transfer of ownership is conditional upon the payment of the purchase price, which is due for disbursement by no later than Jan. 5, 2021. The overall weighing of the distribution of risks and rewards indicates that, as a result of the Amendment Agreement, the Group controls the majority of risks and rewards related to the interests. It thus appears appropriate to apply the anticipated acquisition method regarding the additionally acquired shares.

Effects of the Acquisition on the Group Results

Reporting year

Income of kEUR 159 from the reversal of the contingent consideration from the acquisition of Integrity Line GmbH, which was not due for payment, is included in consolidated net income.

Previous year

The consolidated net income includes kEUR -292 and the consolidated sales include kEUR 1,685 from the business generated by Integrity Line GmbH.

» 4. Discontinued Operations «

Reporting year

The Group sold the subsidiary ARIVA.DE AG with effect from July 1, 2019 because the business segment had not evolved as expected. This means that the subsidiary will be reported as a discontinued operation in the reporting period.

As a result, all assets and liabilities of the subsidiary were sold and thus deconsolidated as of July 1, 2019. ARIVA.DE AG was not previously classified as a discontinued operation or held for sale.

Financial information on the discontinued operation for the period up to the date of disposal is specified below.

Financial performance and cash flow information

Adjusted for intercompany transactions	*H1 2019* *EUR*	*2018* *EUR*
Revenues	3,497,165	7,396,874
Other income	62,554	-70,467
Own cost capitalised	46,825	572,551
Cost of services	-467,395	-963,451
Personnel expenses	-2,509,074	-5,199,830
Other expenses	-373,256	-1,549,865
EBITDA	**256,818**	**185,811**
Depreciation & amortisation	-567,473	-656,969
Operating result (EBIT)	**-310,655**	**-471,158**
Interest income	13,305	4,716
Interes expenses	-26,478	-34,307
Other financial income	-381	-728
Profit before tax (EBT)	**-324,209**	**-501,477**
Income taxes	4,835	154,581
Loss from discontinued operations	**-319,374**	**-346,896**
Earnings per share	-0.22	-0.24

	H1 2019 *EUR '000*	*2018* *EUR '000*
Operating Cash Flow	275	318
Cash Flow from investment activities	-133	-818
Cash Flow from financing activities	-144	458
Net increase in cash generated by the subsidiary	**-2**	**-42**

Information on the sale of the subsidiary

	EUR '000
Sales proceeds	6,888
threrof looan wallstreet:online	-2,000
Cash outflow	-4
Net-inflow of Cash	**4,884**

The carrying amounts of assets and liabilities at the time of disposal are as follows:

	H1 2019 *EUR '000*
Fixed assets	-3,561
Trade accounts receivables and other current assets	-1,578
Cash and cash equivalents	-4
Trade accounts payables and other liabilities	3,259
Net assets and liabilities	**-1,884**
Goodwill from initial consolidation	-1,693
Customer base from inital consolidaton	-2,871
Minorities from initial consolidation including additional purchase	941
Deferred tax liabilities from initial consolidation	887
Disposal of balance sheet items	**-4,620**

Previous year

The Group dissolved the subsidiary in Dubai because the market had not evolved as expected. This means that the subsidiary will be reported as a discontinued operation in the reporting period.

Consequently, all assets and liabilities of the subsidiary were transferred to the Parent in Q4-2018.

Financial information on the discontinued operation for the period up to the date of liquidation is specified below.

Financial Performance and Cash Flow Information

	2018 *EUR '000*	*2017* *EUR '000*
Revenues	15	124
Expenses	-133	-237
Profit before tax	-118	-113
Income taxes	0	0
Income from discontinued operation after taxes	-118	-113
Loss from liquidation of discontinued subsidiary after income taxes	-218	-
Income from discontinued operation	**-336**	**-113**
Differences arising from the currency translation of discontinued operation	-1	6
Other comprehensive income from discontinued operation	**-1**	**6**
Operating Cash Flow	-7	-176
Cash Flow from investment activities	22	-23
Cash Flow from financing activities	-15	199
Net increase in cash generated by the subsidiary	**0**	**0**

Information on the Subsidiary’s Liquidation

	2018 *EUR '000*
Cash received from liquidation	15
Carrying amount of the liquidated net assets	-232
Income from the the sale before taxes	**-217**
Reclassification of currency translation reserve	-1
Tax expense from profit/loss	0
Loss on disposal after taxes	**-218**

The carrying amounts of the assets and liabilities as of the date of sale are as follows:

	Sep. 30, 2018 *EUR '000*
Trade accounts receivables	23
Other assets	15
Total	**38**
Provisions	-24
Trade account payable	-264
Other liabilities	-1
Total	**-289**
Net assets	**-251**

» 5. Subsidiaries «

As of the balance sheet date, the investment structure is as follows:

Name	Principal activity	Headquarter	Share in equity Dec. 31, 2019	Dec. 31, 2018
Subsidiaries included in the consolidated accounts:				
EQS Group AG	Investor Relations, Compliance	Munich, Germany	holding company	holding company
EQS Financial Markets & Media GmbH	Mediaplanning, Finacial Portal	Munich, Germany	100.00%	100.00%
EquityStory RS, LLC	Investor Relations, Compliance	Moscow, Russia	100.00%	100.00%
EQS GROUP AG	Investor Relations, Compliance	Zurich, Switzerland	100.00%	100.00%
EQS Asia Limited	Holding	Hong Kong	100.00%	100.00%
EQS Web Technologies Pvt. Ltd.	Development	Kochi, India	99.96%	99.96%
EQS TodayIR Limited	Investor Relations	Hong Kong	100.00%	100.00%
EQS Group (Shenzhen) Ltd.	Investor Relations, Development	Shenzhen, China	100.00%	100.00%
TodayIR Holdings Limited (Taiwan)	Investor Relations	Hong Kong	100.00%	100.00%
EQS Digital IR Pte. Ltd.	Investor Relations	Singapore	100.00%	100.00%
EQS Group Ltd.	Investor Relations, Compliance	London, Great Britain	100.00%	100.00%
EQS Group Inc.	Investor Relations, Compliance	New York, USA	100.00%	100.00%
ARIVA.DE AG	Financial Portal, Regulatory Services, Investor Relations	Kiel, Germany	-	67.50%
EQS Group SAS	Investor Relations, Compliance	Paris, France	100.00%	100.00%
EQS Blockchain Media GmbH	Financial Portal	Munich, Germany	87.50%	-
Subsidiaries not included in the consolidated accounts:				
ZV Zertifikate Verlag GmbH	Financial Information	Kiel, Germany	-	100.00%

Regarding non-controlling interests, please refer to point 35.

Changes in the Ownership Interest of Group Subsidiaries

Reporting year

The forward transaction existing in the previous year for the acquisition of a further 24.35% of the shares in ARIVA.DE AG was fulfilled. The shareholding increased to 91.84%. Following the purchase, the entire holding was sold on July 1, 2019.

Previous year

During the 2018 financial year, the Parent additionally purchased 24.35% interests of ARIVA.DE AG by means of a forward transaction which led to an increase in the ownership interest under the anticipated acquisition method. See Note 3 for further details.

Changes in the scope of consolidation

Reporting year

ARIVA.DE AG, in which there was a 91.843% holding, was sold with effect from July 1, 2019.

By notarial deed dated Jan. 17, 2019. EQS Blockchain Media GmbH was founded as a sub-subsidiary of EQS Group AG. The indirect shareholding via EQS Financial Markets & Media GmbH amounts to 87.5%.

Previous year

The wholly-owned subsidiary EQS Group FZ-LLC was liquidated in the reporting year and has therefore been completely deconsolidated.

The acquired Integrity Line GmbH from Switzerland was included as subsidiary as of Jan. 1, 2018. EQS Group AG (CH) has a 100% shareholding. As a merger into EQS Group AG (CH) took place in the reporting year with retroactive effect from Jan. 1, 2018, there was no change in subsidiaries.

» 6. Segment Information «

For corporate management purposes, the Group is organised in business units by products and services and has reportable operating segments.

The Compliance segment comprises all products required to fulfil a statutory or regulatory obligation. This includes the reporting obligations in News (disclosure), the submission to the Federal Gazette (filing), the new Insider Manager, Integrity Line and LEI products. Due to harmonised legal requirements for all customers, this offering exclusively includes cloud solutions. To perfectly serve both small and medium-sized enterprises (SMEs) and Group customers, we will also subdivide the sales and offer strategy in Compliance into “SMEs” and “Groups”.

The Investor Relations segment includes the products in the area of voluntary investor and corporate communications as well as investor data. The existing products News, Websites, Webcasts and Media have been joined by the new SaaS products Investors, CRM and Mailing.

The accounting policies for the reportable segments comply with the consolidated accounting policies described in Point 2. To measure the earnings power of the segment and to decide about the type of allocation of resources, EBITDA is used. EBITDA is calculated as total operating performance (sales revenues, other operating income, own cost capitalised) less cost of services, personnel expenses and other operating expenses.

The segments’ earnings power is thus measured in the same manner as the company’s earnings power.

As the management board does not manage according to segment assets or segments liabilities, the information was not provided.

A detailed statement of the sales revenue from external customers per product/service or groups of these is not made in accordance with IFRS 8.32, since the information is not available and the costs to produce this would be excessively high.

The information about geographical sales required according to IFRS 8.33 is not provided, since this information cannot be taken from the incorporated subsidiaries’ current finance information systems and the costs to produce this information would therefore be excessively high.

In 2019, the income statement only includes the income and expenses of ARIVA.DE AG up to and including June 30, 2019, as the company was sold on July 1, 2019.

FY 2019	Compliance EUR '000	Investor Relations EUR '000	Group EUR '000
Revenues			
Large Caps	9,332	14,003	23,335
XML	6,465	0	6,465
LEI	2,070	0	2,070
ARIVA	1,425	2,072	3,497
Total revenues	**19,292**	**16,075**	**35,367**
Other income	261	217	478
Own cost capitalised	444	2,248	2,692
Operating expenses	-17,135	-18,856	-35,991
EBITDA	**2,862**	**-316**	**2,546**

FY 2018	Compliance EUR '000	Investor Relations EUR '000	Group EUR '000
Revenues			
Large Caps	7,877	13,305	21,182
XML	6,056	0	6,056
LEI	1,575	0	1,575
ARIVA	2,996	4,401	7,397
Total revenues	**18,504**	**17,706**	**36,210**
Other income	243	216	459
Own cost capitalised	3,082	758	3,840
Operating expenses	-20,207 *	-20,063 *	-40,270 *
EBITDA	**1,622 ***	**-1,383 ***	**239 ***

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

» 7. Revenues «

The consolidated revenues for the financial year can be broken down as follows:

	Reportable segments			
	Compliance		*Investor Relations*	
EUR '000	***2019***	*2018*	***2019***	*2018*
Primary geographical markets				
National	16,072	16,345	10,478	12,400
International	3,220	2,159	5,597	5,306
Total	**19,292**	**18,504**	**16,075**	**17,706**
Important product and service lines				
Revenues				
Large Caps	9,331	7,877	14,002	13,305
XML	6,466	6,056	0	0
LEI	2,070	1,575	0	0
ARIVA	1,425	2,996	2,073	4,401
Total	**19,292**	**18,504**	**16,075**	**17,706**
Realisation of revenues				
Services realised at one point (LEI)	2,070	1,575	0	0
Services provided over a period of time	17,222	16,929	16,075	17,706
Total	**19,292**	**18,504**	**16,075**	**17,706**
Revenues from contracts with customers	**19,292**	**18,504**	**16,075**	**17,706**

» 8. Other Income «

	2019 EUR '000	*2018 EUR '000*
Benefits in kind	**23**	46
Income from insurance reimbursements	**0**	196
Income from the reversal of provisions	**48**	44
Rental income	**6**	12
Income from the sale of tangible assets	**31**	4
Impairments IFRS 9	**0**	5
Income of amounts previously written-off	**37**	19
Non-period income	**127**	112
Income from contingent purchase price	**159**	0
Others	**47**	21
Total	**478**	**459**

Except for the profits and losses specified under clauses 8, 13 and 18, and the impairment losses recorded for trade receivables, no further income and expenses from credits and receivables were recorded.

The income from conditional purchase price payments (kEUR 159) relates to the reversal of the conditional consideration from the acquisition of Integrity Line GmbH that was not due for payment.

KEUR 100 of the income relating to other periods results from ARIVA.DE AG and relates to the derecognition of other loans.

» 9. Own Cost Capitalised «

	2019 EUR '000	*2018 EUR '000*
Own software	**2,692**	3,840

In the reporting year, the following items were created as new substantial projects: the new COCKPIT at kEUR 1,863 (2018: kEUR3,132), additional products for the new COCKPIT at kEUR 357, the new Policy Manager at kEUR 337 and ARIVA workflows at kEUR 47 (2018: kEUR 548).

» 10. Cost of services «

	2019 EUR '000	*2018 EUR '000*
Cost of services	**6,595**	7,443

The higher cost of services in the previous year mainly result from the product developments (freelancers) and a base effect from the Integrity Line, which was consolidated for the first time. In the reporting year these expenses were reduced due to lower product development costs and the deconsolidation of ARIVA from the second half of the year.

» 11. Personnel Expenses «

	2019 EUR '000	*2018 EUR '000*	
Wages/Salaries	**19,160**	19,553	
Equity-settled share-based payments	**126**	118	
Legal social expenses	**2,611**	2,698	
Voluntary social expenses	**143**	151	
Defined contribution plans	**300**	182	*
Total	**22,340**	**22,702**	*****

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

In the reporting year, kEUR 0 (2018: kEUR 4) of government grants were posted in the personnel expenses.

» 12. Depreciation «

	2019 EUR '000	2018 EUR '000
Depreciation on tangible assets	**610**	775
Depreciation on IFRS 16 - assets	**1,959**	0
Depreciation on intangible assets	**1,599**	1,584
Extraordinary depreciation on goodwill	**1,562**	0
Total	**5,730**	**2,359**

The depreciation on intangible assets include scheduled depreciation on the acquired customer bases of kEUR 743 (2018: kEUR 821) and own cost capitalised of kEUR 616 (2018: kEUR 441).

In addition, the change in the standard from IAS 17 to IFRS 16 resulted in the recognition of depreciation and amortisation of values in use (depreciation and amortisation of IFRS 16 - non-current assets) of kEUR 1,959 (2018: kEUR 0).

Furthermore, as part of the impairment test in accordance with IAS 36, the goodwill of the subsidiary EQS Asia Ltd. in the amount of kEUR 782 and of Financial Markets & Media GmbH in the amount of kEUR 779 was written down. For specified information, see Note 22.

» 13. Other Expenses «

	2019 EUR '000	2018 EUR '000
Rental expenses	**425**	2,375
Insurances/contributions/fees	**243**	245
IT-costs/maintenance	**2,008**	1,877
Advertising and travel expenses	**1,743**	2,517
Telecommunication/office	**428**	711
Consulting fees	**1,079**	1,605
Losses on receivables/provisions for bad debts	**224**	97
Outside services	**307**	143
Non-period expenses	**218**	251
Others	**381**	305
Total	**7,056**	**10,126**

The decline in the cost of premises of kEUR 1,936 is related to the new application of IFRS 16, under which rented office premises are declared as finance leases on the basis of their expected useful life and are therefore capitalised and depreciated over their term.

IT infrastructure expenses/repairs mainly include IT services from external partners as well as provider and service costs of kEUR 1,354.

The consulting costs are composed of legal and consulting costs as well as accounting costs and costs for the financial statements and audit.

In general, other expenses are declining overall due to the savings scenarios implemented.

» 14. Interest Income «

	2019 EUR '000	2018 EUR '000
Loans	79	34 *
Others	0	1
Total	**79**	**35 ***

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

» 15. Interest Expenses «

	2019 EUR '000	2018 EUR '000
Loans and bank overdrafts	213	130
Finance costs - value in use (IFRS 16)	124	0
Finance leases	11	26
Compounding of liabilities	1	38
Others	0	14
Total	**349**	**208**

The weighted average financing cost rate used as a basis to determine the fair value of the loan liabilities from credit institutions amounts to 2.14% p. a. (2018: 1.41%). The repercussions are included in the other interest expenses.

» 16. Income from Shareholdings «

	2019 EUR '000	2018 EUR '000
Dividends	0	37

The income from investments in the previous year related to the dividends received from the Issuer Direct Corporation.

» 17. Other Financial Income «

	2019 EUR '000	*2018 EUR '000*
Release of Put-Option ARIVA	**0**	2,141
Proceeds from sale of ARIVA	**2,267**	0
Net profit from the sale of securities	**0**	57
Net profit from currency translations	**455**	449
Total	**2,722**	**2,647**

With regard to the proceeds from the sale of ARIVA, we refer to section 4. The purchase price was kEUR 6,888.

The most important items for the foreign currency translation are the exchange rate changes of the Swiss franc to the Euro of kEUR 293, of the Hong Kong dollar to the Euro of kEUR 93, of the British pound to the Euro of kEUR 92 and of the Russian ruble to the Euro of kEUR -29 (2018: Swiss franc of kEUR 274, Hong Kong dollar of kEUR 139, US dollar of kEUR 30).

» 18. Other Financial Expenses «

	2019 EUR '000	*2018 EUR '000*
Call-Option ARIVA	**358**	301
Loss from the liquidation of subsidiaries	**0**	255
Total	**358**	**556**

As part of the increase in the stake in ARIVA.DE AG as of Jan. 1, 2017, EQS Group AG was granted the option to acquire further interests in ARIVA.DE AG at a price which is approximate interests' market value (call option). Due to the sale of ARIVA as of July 1, 2019, the call option was fully released to income in the amount of kEUR 358. The call option's market value as of Dec. 31, 2018 is kEUR 358 (2018: kEUR 659), which resulted in expenses of kEUR 301 in the previous year.

» 19. Income Taxes «

Income Taxes Recorded in the Consolidated Statement of Comprehensive Income

	2019 EUR '000	2018 EUR '000
Current tax		
In respect of the current year	**103**	118
In respect of the previous year	**26**	45
Deferred tax		
In respect of the current year	**180**	-1,076
In respect of the previous year	**13**	0 *
Total	**322**	**-913**

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

The consolidated tax ratio is calculated according to the taxable income pursuant to tax regulations. The expected income tax rate includes the statutory German corporation tax, the solidarity surcharge and the trade tax, totalling 32.95% (2018: 32.95%), and can thus differ from the actual consolidated tax ratio at the end of the year. The tax rates of the included companies range from approx. 16% to 33%.

The differences between the actually posted and the expected income tax expense are disclosed in the reconciliation below. The expected income tax expense results from the earnings before income taxes, multiplied by the expected income tax rate.

	2019 EUR '000	2018 EUR '000
Profit before tax	**-1,090**	-166 *
Income tax expense calculated at 32.95% (2018: 32.95%)	**0**	0
Effect of differing foreign tax rates	**-133**	-251
Effect of expenses that are not deductible in determining taxable profit	**76**	31
Effect of tax loss relating to current year	**-635**	-369
Effect of tax loss relating to earlier periods	**958**	-370
Actual expenses relating to income tax from earlier periods	**25**	51
Actual refund relating to income tax from earlier periods	**0**	-7
Others	**31**	2
Total	**322**	**-913**
Effective tax rate	**n.a.**	**n.a.**

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

Income Taxes Recorded in the Other Comprehensive Income

	2019 **EUR '000**	2018 EUR '000
Deferred tax		
Revaluation IAS 19	**-9**	-19 *
Total	**-9**	**-19 ***

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

Current Tax Refund Assets & Liabilities

	Dec. 31, 2019 **EUR '000**	Dec. 31, 2018 EUR '000
Current tax assets		
Tax refund receivable	**49**	62
Current tax liabilities		
Income tax payable	**46**	129

Deferred Tax Assets & Liabilities

The deferred tax assets and liabilities in the consolidated balance sheet are analysed as follows:

	Dec. 31, 2019 *EUR '000*		*Dec. 31, 2018* *EUR '000*	
	Deferred tax assets	*Deferred tax liabilities*	*Deferred tax assets*	*Deferred tax liabilities*
Intangible assets	0	-3,355	0	-3,953
Tangible assets	-167	-1,463	0	-11
Financial assets	0	-52	32	-165 *
Receivables	1	-23	0	-20
Cash	61	-2	45	0
Provisions	160	0	122	0
Liablities	1,709	0	142	0
Loss carried forward	1,964	0	2,165	0
	3,728	**-4,895**	**2,506**	**-4,149 ***
Thereof non-current	3,347	-4,157	0	0
Balancing	-3,728	3,728	-2,506	2,506
Total	**0**	**-1,167**	**0**	**-1,643 ***

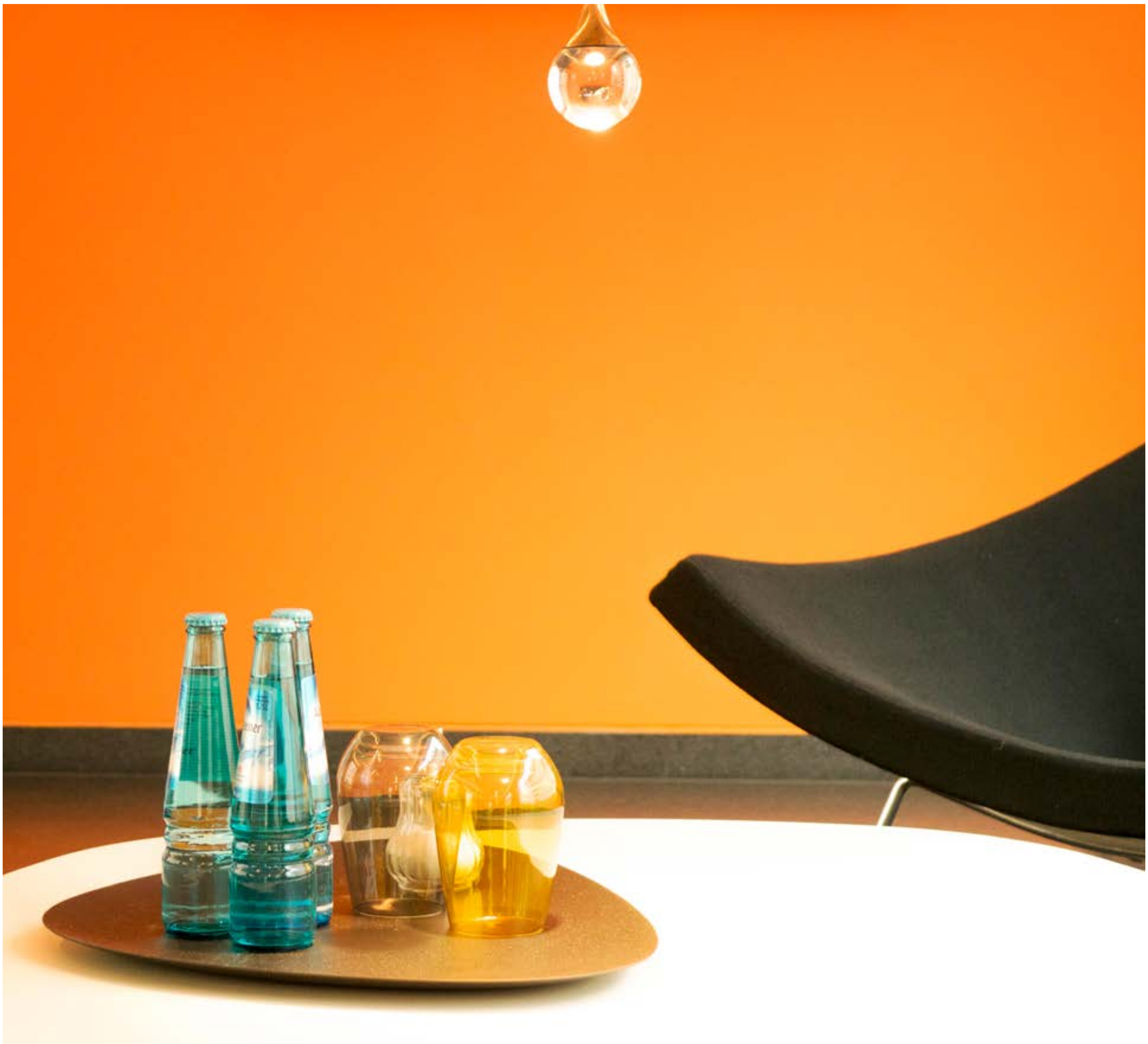
* Prior-year figures adjusted. We refer to Note 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

Unused Tax Losses

It was not possible to some extent to capitalise any deferred taxes on foreign losses carried forward in the reporting year. Among others, this is due to only partial availability of losses carried forward within the planning period or tax losses not usable in principle according to the individual foreign tax legislation. Nonetheless, the losses can be used indefinitely.

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Non deferred tax assets recognised for unused tax losses	**1,664**	739

There were no outside basis differences formed, since there are no plans for distributions or sales of subsidiaries. The related temporary differences amount to kEUR 68 (2018: 33).



» 20. Earnings per Share «

The following table contains the amounts used as a basis of calculation for the diluted and undiluted earnings per share:

	2019 *EUR '000*	*2018* *EUR '000*
Profit of the year attributable to owners of the Company	**-1.291**	767 *
	in thousand	in thousand
Weighted average number of ordinary shares adjusted for the dilution	**1,435**	1,435
Earnings per share (diluted and undiluted)	**-0.90**	**0.53 ***

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

» 21. Dividend «

Dividend on the ordinary shares decided in the general meeting:	*EUR '000*
Dividend for 2018: EUR 0.00 per share	**0**
Dividend on the ordinary shares proposed in the general meeting: (not reported as a liability as of December 31)	
Dividend for 2019: EUR 0.00 per share	**0**

CONSOLIDATED BALANCE SHEET

» 22. Intangible Assets and Goodwill «

	Own software EUR '000	*Other software and licences EUR '000*	*Customer base EUR '000*	*Goodwill EUR '000*	***Total EUR '000***
Acquisition and/or manufacturing costs:					
As of January 1, 2018	3,515	2,486	10,082	15,111	31,194
Additions 2018	3,839	70	0	0	3,909
Addition by first consolidation 2018	0	455	2,156	5,158	7,769
Disposals 2018	0	47	0	0	47
Currency difference	0	14	218	350	582
As of December 31, 2018	7,354	2,978	12,456	20,619	43,407
Adjustment of reporting	-162	-1,537	-497	0	-2,196
Additions 2019	2,692	42	0	0	2,734
Disposals 2019	0	0	0	0	0
Disposals from deconsolidation 2019	1,739	190	2,296	1,693	5,918
Currency difference	0	21	244	391	656
As of December 31, 2019	**8,145**	**1,314**	**9,907**	**19,317**	**38,683**
Depreciation & amortisation and valuation allowances:					
As of January 1, 2018	513	2,000	2,019	0	4,532
Depreciation & amortisation 2018	441	322	821	0	1,584
Disposals 2018	0	47	0	0	47
Currency difference	0	4	41	0	45
As of December 31, 2018	954	2,279	2,881	0	6,114
Adjustment of reporting	-162	-1,537	-497	0	-2,196
Depreciation & amortisation 2019	616	243	743	1,562	3,164
Disposals 2019	0	0	-8	0	-8
Disposals from deconsolidation 2019	333	138	0	0	471
Currency difference	0	8	48	0	56
As of December 31, 2019	**1,075**	**855**	**3,183**	**1,562**	**6,675**
Book value:					
As of December 31, 2019	**7,070**	**459**	**6,724**	**17,755**	**32,008**
As of December 31, 2018	6,400	699	9,575	20,619	37,293
As of January 1, 2018	3,002	486	8,063	15,111	26,662

The largest adjustments relate to the addition of capitalized software and the disposals due to the deconsolidation of ARIVA.DE AG. In addition, in the year under review, a write-off of goodwill was carried out at the subsidiaries EQS Asia Ltd. and EQS Financial Markets & Media GmbH.

Allocation of Goodwill to the Cash-Generating Units

Goodwill was allocated to the cash-generating units for impairment testing purposes. With goodwill, the cash-generating unit (CGU) is the segment within a Group entity and not the individual entity itself.

Goodwill of DGAP mbH acquired in 2005 has been taken into account in the EQS Group AG CGU.

Goodwill of Financial.de AG acquired in 2007 has been mapped in EQS Financial Markets & Media GmbH.

Goodwill of EquityStory RS LLC (Russia) established in 2008 has been taken into account in the EquityStory RS LLC CGU.

Goodwill of triplex – agentur für neue medien GmbH acquired in 2011 has been mapped in the EQS Group AG Investor Relations CGU.

Goodwill of TodayIR Ltd. acquired in 2014 has been taken into account in the EQS Asia Ltd. CGU.

Goodwill of Obsidian IR Ltd. acquired in 2015 has been mapped in the EQS Group Ltd. CGU.

Goodwill of Tensid AG (Switzerland) acquired in 2016 has been taken into account in the EQS GROUP AG (Switzerland) Investor Relations CGU.

Goodwill of ARIVA.DE AG acquired in 2016 was taken into account in the ARIVA.DE AG Investor Relations CGU. It was deconsolidated as a result of the sale on July 1, 2019.

Goodwill of Integrity Line GmbH (Switzerland) acquired in 2018 has been taken into account in the EQS GROUP AG (Switzerland) Compliance CGU.

Chronoligical order by date of acquisition	*Segement*	***Book value Goodwill Dec. 31, 2019 EUR '000***	*Book value Goodwill Dec. 31, 2018 EUR '000*
CGU EQS Group AG Compliance	Compliance	**4,761**	4,761
CGU EQS Financial Markets & Media GmbH	Investor Relations	**1,654**	2,434
CGU EquityStory RS, LLC	Investor Relations	**14**	14
CGU EQS Group AG Investor Relations	Investor Relations	**460**	460
CGU EQS Asia Ltd.	Investor Relations	**2,768**	3,463
CGU EQS Group Ltd.	Investor Relations	**484**	460
CGU EQS GROUP AG (Switzerland) Investor Relations	Investor Relations	**2,126**	2,047
CGU ARIVA.DE AG Investor Relations	Investor Relations	**0**	1,693
CGU EQS GROUP AG (Switzerland) Compliance	Compliance	**5,489**	5,287
Total		**17,756**	**20,619**

A two-stage discounted cash flow model was used to determine the fair values, which is based on a detailed planning of the total income and total expenses for 5 years and perpetual annuity taking a long-term growth rate into account.

The sales planning for the individual CGUs considers the following future potential:

» For the EQS Group AG Compliance CGU, we are expecting positive influences on sales growth from financial market regulations and expansion into the compliance market.

» For the EQS Financial Markets & Media GmbH CGU, we are expecting successive recovery from the current low level by expanding the offering to the Blockchain subject area.

» For the EquityStory RS LLC P&S, Russia CGU, we are expecting continuation of sales growth as a result of our position as a market leader.

» For the EQS Group AG Investor Relations CGU, we are expecting additional sales through cross-selling with the new products Investors, CRM and Mailing.

» For the EQS Asia Ltd., Asia CGU, we are planning growth with new customers through the new COCKPIT over the next few years.

» For the EQS Group Ltd. CGU, we are anticipating a significant cross-selling potential for existing customers and market share increases by the new COCKPIT.

» For the EQS Group AG (Switzerland) Investor Relations, Switzerland CGU, we are anticipating a significant cross-selling potential for existing customers and market share increases by the new COCKPIT.

» For our EQS GROUP AG (Switzerland) Compliance, Switzerland CGU, we are expecting continuation of revenue growth as a result of our position as a market leader.

The related EBIT(DA) planning for the individual CGUs is based on historic empirical values for the individual products' EBIT(DA) margins and their current business volume. Depending on the development phase of the CGUs' business volume and their business focus, there is a higher margin development in the detailed planning phase and a higher margin in perpetual annuity.

For the EQS Asia Ltd., Asia CGU, taking into account a growth in perpetuity of 1% and pre-tax WACC of 7.6%, the value in use is kHKD 6,840 lower than the carrying amount. In Asia, the planned cross-selling of products to the acquired TodayIR customers did not materialise as expected. The goodwill for the CGU was adjusted accordingly.

For the EQS Financial Markets & Media GmbH CGU, the value in use is kEUR 779 lower than the carrying amount, taking into account a growth in perpetuity of 1% and pre-tax WACC of 7.5%. Here, the expected recovery of media budgets of advertising customers failed to materialize for two consecutive years. The goodwill for the CGU was adjusted accordingly.

The fair value underwent a sensitivity analysis as well.

The result is that EQS GROUP AG (Switzerland) Investor Relations, with a reduction in growth in perpetuity from 1% to 0% and an increase in pre-tax WACC from 7.4% to 8.4%, has a value in use kCHF 386 lower than the carrying amount.

The result is that EQS GROUP AG (Switzerland) Compliance with a reduction of growth in perpetuity from 1% to 0% and an increase in pre-tax WACC from 7.4% to 8.4%, the Value in Use is kCHF 1,030 lower than the carrying amount.

As a result of the above, the CGU EQS Financial Markets & Media GmbH was exceptionally reduced by kEUR 779 and the CGU EQS Asia Ltd. by kEUR 782 in the reporting year.

Substantial Intangible Assets

The substantial additions to the intangible assets in the reporting year result from the additions to the self-created software. Regarding this, please refer to Note 9.

The customer bases developed as follows:

	Book value Goodwill Dec. 31, 2019 EUR '000	*Book value Goodwill Dec. 31, 2018 EUR '000*	*remaining amortization period as of Dec. 31, 2019*
TodayIR Ltd.	**1,473**	1,589	Apr. 30, 2029
Tensid AG	**1,356**	1,425	Dec. 31, 2030
ARIVA.DE AG	**0**	2,393	Jun. 30, 2031
Obisidian IR Ltd.	**355**	369	Nov. 30, 2030
news aktuell GmbH	**1,552**	1,737	Mar. 31, 2028
Integrity Line GmbH	**1,988**	2,062	Dec. 31, 2033
Total	**6,724**	**9,575**	

Customer bases are amortised to a term of 15 years on schedule.

» 23. Tangible Assets «

	Furniture and office equipment EUR '000
Acquisition costs:	
As of January 1, 2018	4,886
Additions 2018	969
Disposals 2018	197
Currency difference	25
As of December 31, 2018	5,683
Adjustment of reporting	-1,427
Additions 2019	11,257
Disposals 2019	61
Disposals from deconsolidation 2019	4,511
Currency difference	45
As of December 31, 2019	**10,986**
Depreciation & amortisation and valuation allowances:	
As of January 1, 2018	2,838
Depreciation & amortisation and valuation allowances 2018	775
Disposals 2018	186
Currency difference	15
As of December 31, 2018	3,442
Adjustment of reporting	-1,427
Depreciation & amortisation and valuation allowances 2019	2,569
Additions 2019	46
Disposals from deconsolidation 2019	2,408
Currency difference	18
As of December 31, 2019	**2,148**
Book value:	
As of December 31, 2019	**8,838**
As of December 31, 2018	2,241
As of January 1, 2018	2,048

As of the balance sheet date, contractual obligations of kEUR 12 (2018: kEUR 14) exist in the form of orders for the acquisition of property, plant and equipment.

The addition mainly relates to the application of IFRS 16 since Jan. 1, 2019.

» 24. Leases «

Leasing activities of the Group and their accounting treatment

The Group leases various office buildings and vehicles. Leases are usually concluded for fixed periods of up to 10 years, but may have renewal options.

Agreements can contain both leasing and non-leasing components. The Group makes use of the option not to separate leasing and non-leasing components, only for the subsidiary in India, but to account for the agreement as a lease agreement in its entirety.

Leases are recognised as rights of use and corresponding lease liabilities at the time when the leased asset is available for use by the Group. Lease liabilities are recognised at present value and include the following lease payments:

» fixed payments (including in-substance fixed payments, less any lease incentives to be received)

» variable lease payments linked to an index or (interest) rate, initially valued at the index or interest (rate) on the commitment date

The measurement of the lease liability also includes lease payments based on a sufficiently certain utilisation of renewal options. Lease payments are discounted at the lessee's incremental borrowing rate in line with the risk and yield of the lease.

In order to determine the incremental borrowing rate on debt, the Group uses the terms and conditions of financing taken out with third parties.

The Group is exposed to possible future increases in variable lease payments that may result from a change in an index. These possible changes in lease instalments are not included in the lease liability until they become effective. As soon as changes in an index or (interest) rate affect the lease instalments, the lease liabilities and rights of use are recognised in accordance with the provisions of IFRS 16. Lease instalments are divided into principal and interest payments. The interest portion is recognised in the income statement over the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The current portion of the lease liability to be shown separately in the balance sheet was determined by the repayment portion of the next twelve months included in the lease instalments.

Rights of use are measured at cost, which is comprised as follows:

» the value initially recognised for the lease liability

» all lease payments made at or before the provision, less any lease incentives received

» all initial direct costs incurred by the lessee, and

» estimated costs arising from decommissioning obligations where these do not relate to a tangible asset

Rights of use are depreciated on a straight-line basis over the shorter of the useful life and the term of the underlying lease agreement. If exercising a purchase option is sufficiently certain from the Group's perspective, the right of use is depreciated over the useful life of the underlying asset.

Payments for short-term leases of real estate and leases based on low-value assets are recognised as expenses in profit or loss on a straight-line basis. Leases with a term of up to 12 months are classified as short-term leases. Low-value assets of up to kUSD 5 include operating and office equipment.

Renewal and termination options

A number of the Group's real estate lease agreements contain renewal and termination options.

In determining the term of leases, management considers all facts and circumstances that provide an economic incentive to exercise renewal options or not to exercise termination options. Changes to the term resulting from the exercise of renewal or termination options are only included in the term of the agreement if a renewal or non-exercise of a termination option is sufficiently certain. In connection with the leasing of real estate, the following considerations apply when determining the term of the leases:

- If the Group incurs significant costs in connection with the termination of the lease, such as relocation costs or higher lease payments for the alternative property, in the event that a termination option is exercised or a renewal option is not exercised, it is generally considered sufficiently certain that the Group will not terminate or renew the agreement.

- Where leasehold improvements have been made that have a significant residual value, it is generally considered sufficiently certain that the Group will renew or not terminate the agreement.

As of Dec. 31, 2019, there are future cash inflows of kEUR 4,687 (undiscounted) that have not been included in the lease liability as it is not sufficiently certain that the leases will be renewed (or not terminated).

The initial measurement of the lease is reviewed if a renewal option is actually exercised (or not exercised) or the Group is obliged to do so. The original assessment is reassessed if a significant event or change in circumstances occurs that could influence the previous assessment – provided this is within the control of the lessee. In the current reporting period, there were no adjustments to the contractual terms in this regard.

Amounts recognised in the balance sheet

	Dec. 31, 2019 EUR '000	*Jan. 01, 2019 EUR '000*
Right of use asset		
Buildings	7,271	10,239
Cars	0	25
Office equipment	26	39
Total	**7,297**	**10,303**
Additions to right of use assets		
Additions	557	0
Disposals from deconsolidation ARIVA.DE AG	-1,604	0
Total	**-1,047**	**0**
Leasing Liability		
Current	1,767	2,110
Non-current	5,947	8,663
Total	**7,714**	**10,773**

We refer to Point 40.9 regarding the maturity structure.

Amounts recognised in the statement of comprehensive income

	2019 EUR '000	*2018 EUR '000*
Depreciation & amortisation		
Buildings	1,937	0
Cars	10	0
Office equipment	12	0
Total	**1,959**	**0**

	2019 EUR '000	*2018 EUR '000*
Interes expenses		
Interest expenses on leasing liabilities	124	0

	2019 EUR '000	*2018 EUR '000*
Practical remedy		
Expenses for short-term leases	26	0
Expenses for low value leases	10	0
Total	**36**	**0**

» 25. Financial Assets «

Financial Assets Measured at Fair Value Through Profit or Loss

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Call-Option ARIVA.DE AG	**0**	358

As part of the increase in the stake in ARIVA.DE AG as of Jan. 1, 2017, EQS Group AG was granted the option to acquire further interests in ARIVA.DE AG at a price which is approximate interests' market value (call option). The call option's market value as of Dec. 31, 2019 is kEUR 0 (2018: kEUR 358), as the entire holding was sold on July 1, 2019. The expense resulting from the subsequent measurement of kEUR 358 was recorded in other financial income and expenses in the financial year.

Credits and Receivables Measured at Amortised Cost

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Loans to related parties	0	250
Loans to foreign Managing Directors and employees in managerial positions	671	700
Deposit	297	287
Purchase price loan	2,025	0
Total	**2,993**	**1,237**

The loans of kEUR 1,070 were initially granted to foreign managing directors and senior executives. They are used to finance the purchase of up to 1% of the shares in the Parent in each case. The interest rates are 2%. Repayments must be effected by no later than 2022. The loans have been collateralised.

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Current	272	245
Non-current	2,721	1,350
Total	**2,993**	**1,595**

» 26. Other Assets «

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Advance payments	**644**	527
Plan assets	**250**	299 *
VAT	**73**	50
Receivables from health insurance/insurances	**8**	4
Others	**48**	59
Total	**1,023**	**939 ***

The prepayments relate to services rendered after Dec. 31, 2019.

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Current	749	605
Non-current	274	334 *
Total	**1,023**	**939 ***

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

» 27. Trade Accounts Receivables «

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Trade accounts receivable	**4,069**	5,090
Valuation allowances on receivables	**-304**	-168
Total	**3,765**	**4,922**

In principle, a payment target of 21 days is granted. In keeping with practice in the foreign markets, however, this can vary. For trade receivables that are older than 90 days, common practice is to make impairments based on historically documented experiences regarding the counterparty, taking into consideration the counterparty's current financial position.

There is no customer (2018: 1 customer) that represent more than 5% of the aggregate of trade receivables.

Age Structure of Past Due, but Non-Impaired Receivables

EUR '000 Dec. 31, 2019	*Not overdue*	*Overdue in days*					***Total***
	0	***1-22***	***22-30***	***30-60***	***60-180***	***>180***	
Gross carrying amount trade accounts receivables	2,372	803	69	177	288	360	**4,069**
Gross carrying amount contract assets (IFRS 15)	0	0	0	0	0	0	**0**
Default rate (%)	-0.72%	-1.49%	-2.90%	-3.39%	-4.17%	-70.83%	
Expected credit losses over the term	-17	-12	-2	-6	-12	-255	**-304**

EUR '000 Dec. 31, 2018	*Not overdue*	*Overdue in days*					***Total***
	0	***1-22***	***22-30***	***30-60***	***60-180***	***>180***	
Gross carrying amount trade accounts receivables	3,422	856	46	255	314	197	**5,090**
Gross carrying amount contract assets (IFRS 15)	0	0	0	0	0	0	**0**
Default rate (%)	-0.32%	-1.17%	-2.17%	-2.75%	-4.14%	-63.96%	
Expected credit losses over the term	-11	-10	-1	-7	-13	-126	**-168**

Changes in Impairments

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Balance at beginning of the year	**168**	124
Impairment losses recognised on receivables	**148**	71
Amounts written off during the year as uncollectible	**-12**	-27
Balance at the end of the year	**304**	**168**

When determining the impairment of trade receivables, any change in credit-worthiness from granting of the target term to the reporting date is taken into account. There is no significant concentration of the credit risk due to the fact that the customer base is broadly diversified and only a low correlation exists.

» 28. Construction Contracts «

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Construction contracts with a debit balance	**114**	377
Already invoiced revenues	**-2**	-20
Advance payment received	**-36**	-248
Total	**76**	**109**

The construction contracts mainly relate to the Group's entitlements to consideration for services neither completed nor settled as of the reporting date from contract manufacturing of IR development services. The amount of the contract assets was not influenced by any impairment as of Dec. 31, 2019.

The acquisition of the subsidiary did not have any impact on the contract assets.

The contract assets are reclassified into receivables where the rights become unreserved. This is usually the case if the Group issues an invoice to the customer.

The contract liabilities mainly relate to the down payments received from customers for contract manufacturing of IR development services, for which revenues are generated over a specific period.

The amount of kEUR 67 (2018: kEUR 29) disclosed in the contract liabilities at the beginning of the period was recorded as revenues in the 2019 financial year. The revenue recorded in the 2019 financial year from the performance obligations fulfilled (or partially fulfilled) in previous periods is kEUR 109 (2018: kEUR 161).

As permissible under IFRS 15, no information is provided on the remaining performance obligations as of Dec. 31, 2019 with an expected initial term of one year or less.

» 29. Cash and Cash Equivalents «

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Cash in banks	**1,184**	1,308

As of Dec. 31, 2019, the Group had unused credit facilities of kEUR 226 (2018: kEUR 2,795).

» 30. Issued Capital / Treasury Shares «

The issued capital is as follows:

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Ordinary shares at EUR 1.00 each	**1,435**	1,435
Treasury shares	**-2**	0
Total	**1,433**	**1,435**

The Parent's **issued capital** is EUR 1,434,978.00 and has been paid up in full. It is divided into 1,434,978 no-par value registered shares. As of the balance sheet date, the company held 1,850 treasury shares which are openly deducted from the issued capital.

By resolution of the general meeting of May 18, 2018, the existing authorised capital (2017 authorised capital pursuant to the resolution of the general meeting of May 17, 2017) was cancelled and creation of new authorised capital with the option for pre-emptive right preclusion pursuant to Section 186 (3) sentence 4 AktG (German Stock Corporation Act) as resolved. The management board was authorised to increase the entity's share capital by up to EUR 717,489.00 with the supervisory board's consent until May 17, 2023 by issuing new no-par value registered shares and/or new no-par value registered shares preferential shares without voting right in exchange for contributions in cash and/or in kind once or several times while precluding the shareholders' pre-emptive right under certain conditions **(2018 authorised capital)**.

By resolution of the general meeting of May 18, 2018, the management board was authorised to issue bearer option and/or convertible bonds in a total nominal amount of up to EUR 100,000,000 with or without term limitation and to grant the bearers of option bonds option rights and the bearers of convertible bonds convertible rights to up to 717,489 non-par value registered shares of the entity with a pro-rata amount of the share capital totalling up to EUR 717,489.00 until May 17, 2023 with the supervisory board's consent once or several times. Accordingly, the entity's share capital was increased by up to EUR 717,489.00 by issuing up to 717,489 no-par value registered shares with profit participation from the beginning of the financial year contingent upon their issuance **(2018 contingent capital)**. So far, no share options arising from the 2018 contingent capital have been issued.

Moreover, the management board was authorised to also issue any bearer convertible bonds until May 17, 2023 with the supervisory board's consent where the bearers of the convertible bonds are obliged to convert the bonds into new shares in the entity during or at the end of the conversion period due to the convertible terms. The convertible and/or option bonds can also be issued by direct or indirect EQS Group AG holding companies; in this case, the management board was authorised to take over the guarantee for the option bonds and convertible bonds with conversion rights / obligations for the entity and to grant their owners option rights and/or conversion rights to the new EQS Group AG shares with the supervisory board's consent.

By resolution of the general meeting of May 18, 2018, the management board was authorised to acquire treasury shares of stock of up to a total of 10% of the share capital existing at the time the resolution is passed with the supervisory board's consent purs. to Section 71 (1) (8.) AktG by expiry of May 17, 2023. This authorisation is to give the management board the chance to offer entity shares to institutional investors in Germany and abroad to buy and to safeguard the entity's interests by flexibly adjusting the equity to the respective business requirements and being able to react quickly to stock market situations. Furthermore, the authorisation of the entity allows for its treasury shares of stock to be used as consideration for the acquisition of companies or investments in companies to be used as an acquisition currency. The entity is to have the chance to sell shares as employee shares to the entity's employees or those of the entity's affiliated enterprises as defined by Sections 15 et seqq. AktG or to meet the obligation from security loans.

In the 2017 financial year, the Parent purchased 3,061 **treasury shares** of stock (EUR 3,061.00 of the share capital = 0.24% of the share capital) at a market value between EUR 49.71 and EUR 64.35 per share; in the 2018 financial year, further 2,772 shares (EUR 2,772.00 of the share capital = 0.19% of the share capital) were purchased at a market value of EUR 72.00 per share and issued to employees as part of a bonus programme.

In the financial year 2019, 2,115 treasury shares (EUR 2,115.00 of the share capital = 0.15%) were purchased at a market value between EUR 71.00 and EUR 71.50 and issued to employees as part of a bonus program. A further 1,850 shares (EUR 1,850.00 of the share capital = 0.13%) were purchased at a market value of EUR 66.50 and issued to employees in January 2020 as part of a bonus program. As of the balance sheet date, the company held 1,850 treasury shares. The effect for the financial year is shown in the capital reserve.

» 31. Capital Surplus «

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
As of January 1	**17,955**	18,096
Share-based compensation	**126**	118
Change of treasury shares	**-272**	-152
Reserve for pension obligations	**95**	-107 *
Total	**17,904**	**17,955 ***

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

» 32. Share-Based Payment «

Description of the Share-Based Payment Agreement

The Group has set up a share participation programme for employees. Pursuant to the resolution, matching shares are granted to participants when certain prerequisites are met. The matching shares are issued to any employees of EQS Group AG and its subsidiaries who acquire EQS shares over a period of a maximum of 12 months as a personal investment as part of the participation programme and do not dispose of them within the investment period and for a holding period of 12 months afterwards. Students, interns and management board members are not eligible for participation. The personal acquisition of each individual share entitles the participant to obtain another EQS share at a 1:1 ratio in accordance with the plan terms. The personally acquired and the granted shares are kept in a bank deposit for the entire term. Where the plan terms are met in full at the end of the holding period, the matching shares are distributed to the participants.

Fair Value of the Matching Shares

The fair value of the employee share programme was determined under the Monte Carlo simulation.

The following parameters were used to determine the grant-date fair values of the share-based payment plans with compensation by equity instruments:

	Grant date Jan., 2019	*Grant date Jan., 2018*
Fair value at grant date	68.50	65.34
Expected volatility (%)	45.00	33.00
Expected life (years)	2.00	2.00
Expected dividend (EUR)	0.00	2.09
Risk-free interest rate (%)	-0.58	-0.75

The expected volatility is based on an assessment of the historic volatility of the company's share price, especially in the period corresponding to the expected term.

Reconciliation of the Outstanding Matching Shares

The number of matching shares develops as follows:

	2019	*2018*
Outstanding as of Jan. 1	**5,070**	1,921
Agreed during the year	**1,921**	0
Confirmed during the year	**2,242**	3,149
Outstanding as of Dec. 31	**5,391**	5,070
Exercisable as of Dec. 31	**0**	0

Expenses Recorded in Profit or Loss

The impact in the net profit or loss for the period and in the capital surplus is kEUR 140 (2018: kEUR 118).

» 33. Retained Earnings «

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
As of January 1	**8,037**	6,301
Purchase of minority interests	**0**	726
Deconsolidation subsidiary in Dubai	**0**	243
Deconsolidation subsidiary ARIVA.DE AG	**-212**	0
Period result	**-1,291**	767 *
Total	**6,534**	**8,037 ***

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

» 34. Currency Translation «

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
As of January 1	279	313
Currency translations	-10	-34 *
Total	**269**	**279 ***

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

Exchange differences from the translation of the functional currency of foreign businesses into the Group's reporting currency (euro) are recorded in the consolidated financial statement directly in the other comprehensive income and accumulated in the reserve from foreign currency translation. Exchange differences previously recorded in the reserve from foreign currency translation are transferred to the statement of comprehensive income where the foreign business is sold in whole or in part.

» 35. Non-Controlling Interests «

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
As of January 1	**419**	1,922
Acquisition of non-controlling interests	**4**	0
Comprehensive income	**-120**	-20
Transactions with non-controlling shareholders	**0**	-1,483
Deconsolidation with not-controlling shareholders	**-337**	0
Total	**-34**	**419**

With effect from July 1, 2019, all shares in ARIVA.DE AG were sold, resulting in a reduction of the minority interest.

A new minority interest of 17.5% in EQS Blockchain Media GmbH was established in the 2019 financial year.

The share of consolidated result attributable to the non-controlling interests is kEUR -120 (2018: kEUR -20).

The following table illustrates the key financial indicators of EQS Blockchain Media GmbH (prior to the consolidation):

EQS Blockchain Media GmbH	*Dec. 31, 2019 EUR '000*
Non-current assets	**66**
Current assets	**11**
Current liabilities	**-272**
Net asset	**-195**

EQS Blockchain Media GmbH	*2019 EUR '000*
Revenues	**0**
Profit	**-221**

» 36. Provisions «

	As of Jan. 1, 2019 EUR '000	Relases from deconsolidation 2019 EUR '000	Consumption 2019 EUR '000	Reversal 2019 EUR '000	Additions 2019 EUR '000	Compounding/ Discounting 2019 EUR '000	Currency translation 2019 EUR '000	**As of Dec. 31, 2019 EUR '000**
Storage of business documents	22	-8	0	0	0	0	0	14
Dismantling obligation	141	0	0	0	0	1	0	142
Pension obligation	520	0	0	-295	186	0	24	435 *
Employer's liability insurance association	56	0	-56	0	64	0	0	64
Bonuses/commissions	1,037	0	-746	-10	396	0	20	697
Outstanding invoices	611	-32	-599	-12	250	0	1	219
Annual/consolidated financial statements fees	83	0	-63	-20	86	0	2	88
Annual/consolidated financial statements audit fees	101	0	-95	-6	112	0	0	112
Total	**2,571**	**-40**	**-1,559**	**-343**	**1,094**	**1**	**47**	**1,771 ***

	Dec. 31, 2019 EUR '000	Dec. 31, 2018 EUR '000
Current	**1,180**	1,888
Non-current	**591**	683 *
Total	**1,771**	**2,571 ***

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

Retention of Business Documents

The provision was formed due to the legal obligation to retain business documents which provides for a retention period of up to 10 years.

Office Premises Dismantling Obligation

The dismantling obligation results from the relocation of the Parent's business premises and the associated change in the expenses for the dismantling measures.

Obligations similar to pensions

The Group has defined benefit pension plans in Switzerland.

Employers' Liability Insurance Association

The provision was estimated based on the previous year's contribution assessment notice incl. the changes in the workforce and in the salary structure for the reporting year.

Bonuses / Emoluments / Commissions

This relates to the bonus or emolument/commission payments for the current employees. The bonuses are disbursed with the salary statement for April. The decision in favour of the bonus payments is the responsibility of the management board. The bonuses for the management board members are approved by the supervisory board.

Outstanding Invoices

The expenditure not yet invoiced for services received in the period under review was estimated and posted into a provision to ensure that the expenditure of the financial year can be properly deferred.

Compilation & Audit Costs for Annual & Consolidated Financial Statements

This relates to the anticipated fee for the compiler of the financial statements and for the auditor for the compilation/audit of the annual and consolidated financial statements as of December 31, 2019.

» 37. Financial Liabilities «

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Unsecured - at amortised cost		
Current account credit / Credit card statements	**1,337**	1,357
Other loans	**1,250**	0
Loans from banks	**4,301**	6,310
Debtors' credit balances	**52**	26
Trade account payable	**1,847**	1,560
	8,787	**9,253**
Secured - at amortised cost		
Deposit	**0**	1
Leasing liabilities	7,714	356
	7,714	**357**
Designated at fair value		
Contingent consideration arrangements	**0**	2,298
	0	**2,298**
Total	**16,501**	**11,908**

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Current	**9,020**	8,433
Non-current	**7,481**	3,475
Total	**16,501**	**11,908**

The credit card statements are the amounts not yet debited as of the balance sheet date of Dec. 31, 2019.

The bank credits are fixed interest bearing loans obtained from credit institutions with maximum terms of 5 years (2018: 5 years). The credits' weighted average effective interest yield is 2.14% p. a. (2018: 1.41% p. a.).

The contingent considerations related to the last tranche of the acquired Integrity Line GmbH and the purchase price liability to the existing shareholders of ARIVA.DE AG.

Reconciliation pursuant to IAS 7:

			non-cash changes			
	Dec. 31, 2018 EUR '000	*Cash changes EUR '000*	*Acquisitions EUR '000*	*Currency translations EUR '000*	*Fair value adjustments EUR '000*	*Dec. 31, 2019 EUR '000*
Non-current loans	2,490	-960	-	-	-	1,530
Current loans	5,169	-1,065	-	-	-	4,104
	7,659	**-2,025**	**0**	**0**	**0**	**5,634**

» 38. Trade Account Payables «

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Trade account payables	**1,800**	1,401
Advanced payments received on account of contruction contracts	**47**	71
Total	**1,847**	**1,472**

Trade payables do not bear interest and generally have an average maturity of 30 days.

» 39. Other Liabilities«

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
VAT	**320**	282
Tax on wages	**305**	294
Advance payment from customers	**3,376**	2,708
Vacation	**161**	269
Rent-free periods	**0**	302
Personnel costs/Travel expenses	**145**	176
Supervisory board	**36**	58
Others	**0**	2
Total	**4,343**	**4,091**

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Current	**4,343**	3,879
Non-current	**0**	212
Total	**4,343**	**4,091**

ADDITIONAL REPORTING COMPONENTS

» 40. Further Information on Financial Instruments «

40.1 Capital Risk Management

The Group controls its capital to ensure that all Group companies are able to operate under the going-concern forecast while maximising the income of the company investors by optimising the debt-to-equity ratio. The Group's overall strategy has remained unchanged compared to the previous year.

The Group's capital structure consists of net debt (borrowings less cash and bank balances) and the Group's equity. This consists of issued shares, capital reserves, retained earnings, foreign currency differences and non-controlling interests.

The Group is not subject to any externally imposed capital requirements.

The management board monitors its capital using a leverage, the net financial liabilities to total from equity and net financial liabilities ratio. The net financial liabilities comprise interest-bearing loans, trade receivables plus other liabilities and minus cash. The equity includes equity attributable to the Parent's stock-holders.

	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*
Financial liabilities	**16,501**	11,908
Income tax liabilities and other current and non-current liabilities	**5,555**	5,946 *
Cash	**-1,184**	-1,308
Net debt	**20,872**	**16,546 ***
Equity	**26,107**	28,125 *
Equity and net debt	**46,979**	**44,671 ***
Net debt to equity ratio	**44.4%**	37.0% *

* Prior-year figures adjusted. We refer to Point 2. "Significant accounting and valuation methods" (2.4 Changes in the previous year's figures) in the notes

40.2 Categories of Financial Instruments

	Dec. 31, 2019 EUR '000	Dec. 31, 2018 EUR '000
Financial assets		
Valuated at amortised cost:		
-Cash and bank balances	**1,184**	1,308
-Trade receivables	**3,765**	4,922
-Loans and receivables	**2,993**	1,237
Designated as at fair value through profit and loss		
-Call-Option ARIVA.DE AG	**0**	358
Financial liabilities		
Valuated at amortised cost:		
Current account credit / Credit card statements	**1,337**	1,357
Other Loans	**1,250**	0
Loans from banks	**4,301**	6,310
Debtors' credit balances	**52**	26
Trade account payables	**1,847**	1,560
Leasing liabilities	**7,714**	357
Designated as at FVTPL		
Contingent consideration	**0**	2,298

The net loss from financial assets measured at amortised cost is kEUR 121 (2018: kEUR 44).

The loss from the call option's fair value measurement of kEUR 358 (2018: kEUR 301) has been recognised in the other financial expenses.

40.3 Financial Risks Management Objectives

The Parent's finance department coordinates the access to national and international finance markets for the whole Group. Financing is organised by the Parent. Besides, the finance department monitors and controls the financial risks associated with the Group's divisions together with the management board by constantly discussing the liquidity, exchange rate, payment default, interest and price risks. In particular, weekly reports on outstanding receivables, short-term and long-term liquidity plans and estimates for exchange rate development by mandated banks are used for this.

40.4 Market Risk

The market risk is the risk that a financial instrument's fair value or future cash flows fluctuate(s) as a result of changes in the market prices. The market risk includes the following three types of risk: exchange rate risk, interest rate risk and other price risks, such as the share price risk. Financial instruments exposed to the market risk include, amongst others and interest-bearing loans.

Each of the sensitivity analyses in the following paragraphs relates to the status as of December 31, 2019 respectively 2018.

The sensitivity analyses were compiled on the basis of Dec. 31, 2019 on the assumption that the net debts, the fixed to variable interest yield of liabilities ratio and the interest in financial instruments in foreign currency remain steady.

40.5 Exchange Rate Risk Management

Some transaction in the Group are denominated in foreign currency. This results in risks from exchange rate fluctuations. Translation-related risk from the inclusion of foreign subsidiaries into the consolidated financial statement (translation risks) remain unconsidered.

There are currently no safeguards used to hedge the currency risk.

The carrying amount of the Group's monetary assets and liabilities denominated in foreign currency on the reporting date are as follows:

		Liabilities		*Assets*
	Dec. 31, 2019 EUR '000	*Dec. 31, 2018 EUR '000*	*Dec. 31, 2019 EUR '000*	*Dec. 31, 2018 EUR '000*
CHF	2,397	1,959	434	263
GBP	543	107	333	202
HKD	530	367	376	498
RUB	357	98	736	382
USD	211	15	168	166
INR	1,207	75	249	208

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to the exchange rate risk of the foreign currencies indicated in the table above.

The following table illustrates the Group's view of the sensitivity of a 10% increase or decrease in the euro against the respective foreign currency. The 10% change is the value applied as part of the internal reporting of the exchange rate risk to the management board and depicts the estimation of the management board regarding a reasonable potential change in the exchange rate. The sensitivity analysis solely includes outstanding monetary items denominated in foreign currency and adapts their translation as of the end of the period pursuant to a 10% change in the exchange rates. The sensitivity analysis includes external loans if the loan is denominated in a currency other than the functional currency of the lender or borrower. If a figure specified below is positive, this indicates an increase in the annual result or in equity if the euro increases by 10% against the respective currency. If the euro decreased by 10% against the respective currency, this has a comparable impact on the annual result or equity, with the items below being negative.

	Group earnings		*Equity*	
	2019 EUR '000	*2018 EUR '000*	*Dec. 31, 2019 EUR '000*	*Dec. 31, 2018 EUR '000*
Impact CHF	-	-1	178	154
Impact GBP	-	-1	19	-9
Impact HKD	-	-	14	-12
Impact RUB	-	-	-34	-26
Impact USD	-	-26	4	-14
Impact INR	-	-	87	-12

From the point of view of the management board, the sensitivity analysis does not depict the actual foreign exchange risk, since the risk as of the end of the period under review does not reflect the risk during the year.

40.6 Interest Risk Management

The interest risk is the risk that a financial instrument's fair value or future cash flows fluctuate(s) as a result of changes in the market interest rates. On the balance sheet date, there are no risks for the long-term loans, since they have a firmly guaranteed interest rate of 1.0% - 3.5% over the remaining term (up to max. 3 years). There is also no significant fair value risk as a result of the short term. Besides this, only short-term overdraft facilities are used, if at all, which do not entail an interest rate risk.

40.7 Share Price Risk

Listed equity titles are susceptible to market price risks resulting from the uncertainty of future performances of such securities. As of the balance sheet date, the Group has treasury shares of stock of kEUR 2 (2018: kEUR 0).

40.8 Default Risk Management

Default risk is the risk of a loss for the Group where a contracting party fails to meet its contractual obligations. The Group anticipates to enter into business relationships only with creditworthy contracting parties and, if appropriate, by providing collaterals to reduce the risks of a loss from the non-fulfilment of obligations. The Group only enters into business relationships with solvent companies.

The Group applies the simplified approach under IFRS 9 to measure expected credit losses; accordingly, expected credit losses over the term of all trade receivables and contract assets are applied.

To measure expected credit losses, trade receivables and contract assets were combined on the basis of common credit risk characteristics and days past due. Contract assets relate to work in progress that has not yet been invoiced, and essentially have the same risk characteristics as trade receivables for the same types of contract. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of revenues over a period of 12 months prior to 31 December 2019 and the corresponding historical defaults in this period. Historical loss rates are adjusted to reflect current and forward-looking information about macroeconomic factors affecting the ability of customers to repay their loans and advances. The Group has identified the ifo business climate index as the most relevant factor and adjusts the historical loss ratios based on expected changes in this factor.

Outstanding receivables from customers are monitored regularly, so that the Group is not exposed to any significant default risk. In the case of foreign customers, business transactions in the parent company are increasingly handled on the basis of advance payment.

The Group is not exposed to substantial default risks (> 5% of the total receivables volume) of a contracting party.

The default risk from liquid funds is low, since the contracting parties are banks with excellent credit ratings by international credit rating agencies.

The Group does not have collaterals or other credit improvement measures likely to reduce the default risk from financial assets.

40.9 Liquidity Risk Management

In the final analysis, the responsibility for liquidity risk management lies with the management board, who set up a reasonable concept to manage the short-, medium- and long-term financing and liquidity requirements. The Group manages its liquidity risks by holding appropriate reserves, credit lines with banks and further facilities, constantly monitoring the forecast and actual cash flows and coordinating the maturity profiles of financial assets and liabilities. Furthermore, there are additional, unused credit lines available to the Group to reduce liquidity risks even further.

The tables below illustrate the contractual remaining terms of the Group's non-derivative financial liabilities. The tables are grounded on undiscounted cash flows of financial liabilities based on the earliest day on which the Group can be obliged to pay. The table contains payments of both interest and principal. The contractual maturities are based on the earliest possible date on which the Group can be obliged to pay.

Financial year as of Dec. 31, 2019	*Weighted average effective interest %*	*Less than 1 month EUR '000*	*1-3 months EUR '000*	*4-12 months EUR '000*	*1-5 years EUR '000*	*more than 5 years EUR '000*	*Total amount EUR '000*	***Carrying amount EUR '000***
Non-interest bearing	-	1,912	0	0	0	0	1,912	**1,912**
Liability from leasing liabilities	-	156	312	1,404	5,725	493	8,090	**7,714**
Fixed interest rate instruments	2.14	0	218	4,165	2,609	0	6,992	**6,875**
Total		**2,068**	**530**	**5,569**	**8,334**	**493**	**16,994**	**16,501**

Financial year as of Dec. 31, 2018	*Weighted average effective interest %*	*Less than 1 month EUR '000*	*1-3 months EUR '000*	*4-12 months EUR '000*	*1-5 years EUR '000*	*more than 5 years EUR '000*	*Total amount EUR '000*	***Carrying amount EUR '000***
Non-interest bearing	-	1,552	6	1,572	805	0	3,935	**3,015**
Finance lease liability	3.00	36	35	159	137	0	367	**356**
Fixed interest rate instruments	1.41	18	2,846	2,312	2,528	0	7,704	**7,617**
Total		**1,606**	**2,887**	**4,043**	**3,470**	**0**	**12,006**	**10,988**

The Group can avail of credit lines, as described in Note 29. As of the end of the period under review, they are unused in an amount of kEUR 226 (2018: kEUR 2,795). The Group expects to be able to meet its other obligations by operating cash flows and received revenues upon maturity of financial assets.

40.10 Measurements at Fair Value

Fair Value of Financial Assets and Liabilities Regularly Measured at Fair Value

Some of the Group's financial assets and liabilities are measured at fair value on the balance sheet date. The following table contains information on how the fair values of such financial assets and liabilities were determined.

Financial assets Financial liabilities	*Fair value as of*					
	Dec. 31, 2019	*Dec. 31, 2018*	*Fair value hierarchy*	*Valuation technique(s) and key input(s)*	*Significant unobservable inputs(s)*	*Relationship of unobservable inputs to fair value*
Call-Option ARIVA.DE AG	-	Assets kEUR 358	Level 3	Simulation of expected, discounted cash flows	Volatility, risk-neutral interest; discounting rate; peer group multiples;	An increase in the discounting rate would lead to a decrease in the fair value
Contingent consideration in a business combination	-	Liabilities kEUR 1.542	Level 3	Discounted cash flow method	Discount rate 0.00%	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value.
Purchase price liability ARIVA.DE AG	-	Liabilities kEUR 756	Level 3	Discounted cash flow method	Discount rate 0.00%	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value.

Level 1 input factors are quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date.

Level 2 input factors are quoted market prices other than those included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 input factors are unobservable inputs for the asset or liability.

No transfers between the levels were made during the period under review.

Fair Value of Financial Assets and Liabilities not Measured at Fair Value Where the Fair Value Must be Indicated

The management board considers the carrying amounts of the financial assets and liabilities not presented at fair value in the consolidated balance sheet to be a good approximation to their fair values.

» 41. Cash and Cash Equivalents «

For consolidated cash flow statement purposes, the cash and cash equivalents comprise cash on hand and balances on bank accounts. The cash and cash equivalents at the end of the financial year, as illustrated in the consolidated cash flow statement, can be reconciled to the associated items in the consolidated balance sheet accordingly.

» 42. Transactions with Related Parties «

Balances and transactions between the entity and its subsidiaries as related parties were eliminated in the course of consolidation and are not explained in this Note. Details on transactions between the Group and other related parties can be found below.

Trading Operations

In the course of the financial year, Group companies conducted the following transactions with related parties which are not members of the Group's consolidated companies:

	Sales of fixed assets		*Purchase of fixed assets*	
	2019 EUR'000	*2018 EUR'000*	*2019 EUR'000*	*2018 EUR'000*
Related parties/institutions	-	-	-	-
Related parties/institutions from subsidiaries	-	-	-	-

The following balances were outstanding at the end of the period under review:

	Receivables due from related parties		*Liabilities towards related parties*	
	Dec. 31, 2019 EUR'000	*Dec. 31, 2018 EUR'000*	*Dec. 31, 2019 EUR'000*	*Dec. 31, 2018 EUR'000*
Related parties/institutions	-	-	-	-
Related parties/institutions from subsidiaries	-	-	-	-

Services

	Sales of services		Purchase of services	
	2019 EUR'000	2018 EUR'000	2019 EUR'000	2018 EUR'000
Related parties/institutions	-	-	190	157
Related parties/institutions from subsidiaries	-	-	-	221

	Receivables due from related parties		Liabilities towards related parties	
	Dec. 31, 2019 EUR'000	Dec. 31, 2018 EUR'000	Dec. 31, 2019 EUR'000	Dec. 31, 2018 EUR'000
Related parties/related institutions	-	-	143	113
Related parties/institutions from subsidiaries	-	-	-	-

Dividends and interests

	Dividends and interest	Dividends and interest
	2019 EUR'000	2018 EUR'000
Related parties/institutions	51	-
Related parties/institutions from subsidiaries	-	5

	Receivables due from related parties		Liabilities towards related parties	
	Dec. 31, 2019 EUR'000	Dec. 31, 2018 EUR'000	Dec. 31, 2019 EUR'000	Dec. 31, 2018 EUR'000
Related parties/related institutions	-	-	-	-
Related parties/institutions from subsidiaries	-	-	-	-

Sales and purchases of related parties are effected at usual market terms. The related parties include the management board, supervisory board members and immediate family members of such persons.

The accounts receivable are uncollateralised. Guarantees were neither provided nor received. No impairments were effected in the current or previous financial year for uncollectible or doubtful receivables from related parties.

Loans to Related Parties

	Dec. 31, 2019 EUR'000	*Dec. 31, 2018 EUR'000*
Loan receivable related parties/institutions from subsidiaries	274	250

As of the balance sheet date, a loan receivable of kEUR 274 was due from the Management Board member André Silvério Marques for the purchase of 11,900 shares of EQS Group AG with a term until April 30, 2022. The loan carries an interest rate of 2%.

Loans payable to Related Parties / institutions from subsidiaries

	Dec. 31, 2019 EUR'000	*Dec. 31, 2018 EUR'000*
Loan receivable related parties/institutions from subsidiaries	1,250	-

This is the provision of a short-term loan. The interest rate is 3.5%. The loan will be repaid on on Sept. 30, 2020.

Emoluments of Key Employees

The management board's emoluments in the 2019 financial year were kEUR 1,411 (2018: kEUR 921), thereof variable ones of kEUR 138 (2018: kEUR 70). This includes amounts of kEUR 112 (2018: kEUR 12) for insurances. In addition to the insurance for the company pension scheme, the increase is due to the full-year inclusion of the Management Board members Marcus Sultzer and André Silvério Marques, who were appointed to the Management Board on July 1, 2018 (basis effect).

The supervisory board members receive a fixed remuneration totalling kEUR 150 for the 2019 financial year.

» 43. List of Shareholdings «

Name	*Principal activity*	*Headquarter*	*Share in equity Dec. 31, 2019*
Direct Participation			
EQS Financial Markets & Media GmbH*	Mediaplanning, Finacial Portal	Munich, Germany	100.00%
EquityStory RS, LLC	Compliance, Investor Relations	Moscow, Russia	100.00%
EQS GROUP AG	Compliance, Investor Relations	Zurich, Switzerland	100.00%
EQS Asia Limited	Holding	Hong Kong	100.00%
EQS Web Technologies Pvt. Ltd.	Development	Kochi, India	99.96%
EQS Group Ltd.	Compliance, Investor Relations	London, Great Britain	100.00%
EQS Group Inc.	Compliance, Investor Relations	New York, USA	100.00%
EQS Group SAS	Compliance, Investor Relations	Paris, France	100.00%
Indirect Participation			
EQS TodayIR Limited	Investor Relations	Hong Kong	100.00%
EQS Group (Shenzhen) Ltd.	Investor Relations, Development	Shenzhen, China	100.00%
TodayIR Holdings Limited (Taiwan)	Investor Relations	Hong Kong	100.00%
EQS Digital IR Pte. Ltd.	Investor Relations	Singapore	100.00%
EQS Blockchain Media GmbH	Financial Portal	Munich, Germany	87.50%

* Profit and loss transfer agreement

» 44. Employees «

	Development	*Marketing/ Sales*	*Data Services*	*Management/ Administration*	*Design/ Content*	*Newsroom/ ERS-System*	*Total*
Dec. 31, 2019	**167**	**58**	**41**	**39**	**42**	**6**	**353**
Dec. 31, 2018	240	82	31	57	59	9	**478**

» 45. Fee of the Auditor of the Consolidated Financial Statement «

The total fee of the auditor for the 2019 financial year is kEUR 80 (2018: kEUR 98), which relate exclusively to auditing services.

» 46. Entity Bodies «

The **management board** had the following members in the financial year:

- Dipl.-Kfm. Achim Weick, Chief Executive Officer, München
- Dipl.-Kfm. Christian Pfleger, Chief Operating Officer, München
- Dipl.-Kfm., MBA, André Silvério Marques, Chief Financial Officer, München
- Dipl. BW (BA), MBA, Marcus Sultzer, Chief Revenue Officer, Pullach i. Isartal

The **supervisory board** had the following members in the financial year:

- Rony Vogel, Dipl.-Ing., MBA, Entrepreneur and Investor, Munich (Chairman)
- Robert Wirth, Dipl.-Medienmarketingfachwirt BAW, Investor, Amberg
- Peter Conzatti, M.A. and MBA, Funds Manager, Bad Homburg
- Laurenz Nienaber, M.Sc. Investor and management director of LMN Capital GmbH

» 47. Subsequent Events «

Although it is difficult to assess the impact, the corona virus is likely to affect the global economy on both the demand and the supply side. Nevertheless, no significant effects on business are currently expected.

» 48. Availment of Exemption Regulations by Subsidiaries «

The fully consolidated entity EQS Financial Markets & Media GmbH, Munich, HRB 199404 (formerly financial.de Aktiengesellschaft, Munich, HRB 170868), makes avail of the exemption pursuant to Section 264 (3) HGB to compile, arrange for the auditing and disclose a comprehensive annual financial statement and a management report under the regulations for share capital companies pursuant to Sections 264 et seqq. HGB.

» 49. Approval of the Financial Statement «

The management board approved and released the financial statement for publication on March 31, 2020.

Munich, March 31, 2020

Achim Weick (Founder and CEO)	Christian Pfleger (COO)	André Silvério Marques (CFO)	Marcus Sultzer (CRO)

» Financial Calendar of EQS Group AG «

April 3, 2020	Publication of Annual Report
May 15, 2020	Publication of quarterly statement (call-date Q1)
TBD	Annual General Meeting
August 14, 2020	Publication of half-yearly financial statements
Nov. 13, 2020	Publication quarterly statement (call-date Q3)

» Stock exchange data of EQS Group AG «

Share	**EQS Group AG**
WKN	**549416**
ISIN	**DE0005494165**
Ticker Symbol	**EQS**
Type of Shares	**Ordinary shares**
Sector	**RegTech**
Initial listing	**June 8, 2006**
Stock Exchange Listing	**Open Market, Frankfurter Wertpapierbörse m:access, Börse München**
Market segment	**Scale**
Company headquarter	**Munich**
Number of Shares	**1,434,978 Units**
Amount of Nominal Capital	**1,434,978 Euro**
Designated Sponsor	**Baader Bank AG, Unterschleißheim**

The official version of the EQS Group annual report is in German. The English translation is provided as a convenience to our shareholders. While we strive to provide an accurate and readable version of our report in English, the technical nature of anreport often yields awkward phrases and sentences. We understand this can cause confusion. So, please always refer to the German report for the authoritative version.

Register court:
Amtsgericht Munich

Register number:
HRB 131048

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[German Turnover Tax Law]:
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