Annual Report 2018

Content

JDC Group AG at a glance 4
Highlights 2018 6

Management Board letter to shareholders 15

The Group 18
Business concept and structure 19
Business units 22
Company history and development 24
Shareholder structure 26
Share price performance 27

Group management report 28
Business and general conditions 29
The Group's Business modell 29
Research and development 29
Economic report 30
Macroeconomic framework 30
Sector-specific framework 31
Business Performance of group and segments 33
Company situation 34
Major key figures 34
Net asset position 34
Financial position 35
Earnings performance 35
Segment reporting 36
Opportunities and risk report 36
Outlook 38
Macroeconomic outlook 38
Markets and sector outlook 39
Outlook for the JDC Group 39
Expected business performance 39

Supervisory Board and Management Board 40
Report of the Supervisory Board 41
Management Board 45
Supervisory Board 46

Consolidated financial statements 47
Consolidated income statement 48
Consolidated statement of comprehensive income 49
Segment reporting 50
Consolidated balance sheet 52
Consolidated cash flow statement 54
Consolidated statement of changes in equity 55

Notes 56
Appendix 1 to the notes: statement of changes in consolidated fixed assets as of 31 December 2018 110
Appendix 2 to the notes: statement of changes in the net book values of consolidated fixed assets as of 31 December 2018 112
Appendix 3 to the notes: list of shareholdings as of 31 December 2018 113
Appendix 4 to the notes: Financial instruments IFRS 9 as of 31 December 2018 114

Certification notation 116

Contact 120

JDC Group
Leader in Advisortech.

The future of financial sales is personal and digital.

JDC Group AG

At a glance

Adjusted P&L in kEUR*	31/12/2018 kEUR	31/12/2017 kEUR	Changes compared to previous year in %
Revenues	95,029	84,475	12.5
Gross margin	29,546	27,597	7.1
Gross margin in %	31.1	32.7	–4.9
Total operational costs	29,394	26,732	9.9
Operational EBITDA [1]	3,310	3,853	–14.1
Operational EBITDA margin in %	3.5	4.6	–23.9
Operational EBIT [1,2]	1,402	1,965	–28.7
Operational EBIT margin in %	1.5	2.3	–36.6
[1] adjusted by one-off costs*	1,848	663	
[2] adjusted by amortisation of customer base	1,250	1,100	

P&L in kEUR*	31/12/2018 kEUR	31/12/2017 kEUR	Changes compared to previous year in %
Revenues	95,029	84,475	12.5
Gross margin	29,546	27,597	7.1
Gross margin in %	31.1	32.7	–4.9
Total operational costs	31,242	27,395	14.0
EBITDA	1,462	3,190	–54.2
EBITDA margin in %	1.5	3.8	–60.5
EBIT	–1,696	202	> –100
EBIT margin in %	–1.8	0.2	> –100
Net profit	–4,343	–1,681	> –100
Number of shares in thousands (end of period)	13,128	11,935	10.0
Earnings per share in EUR	–0.33	–0.14	> –100

Cash flow/Balance in kEUR	31/12/2018 kEUR	31/12/2017 kEUR	Changes compared to previous year in %
Cash flow from operating activities	1,574	3,207	–50.9
Total equity and liabilities	85,547	75,157	13.8
Equity	33,344	28,032	18.9
Equity ratio in %	39.0	37.2	4.8

*2018: adjusted by one-off projects costs related to key client retention amounting to around EUR 1.1 million and expenses from contractual warranties from past company sales amounting to EUR 0.7 million
2017: adjusted by non-recurring expenses in connection with key account projects as well as implementation of legal changes under European directives MiFID II and IDD amounting to around EUR 0.7 million

JDC Group AG

Business units and brands

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

About 16,000 Independent financial advisors …

Diversified asset classes via different sales channels …

Highlights 2018

New major shareholder

Canadian Great-West Lifeco. is taking a 28 % stake in the JDC Group, thereby becoming the company's largest shareholder. Great-West Lifeco Group, with EUR 1 trillion in managed customer assets, is one of the world's leading insurers. For JDC, Great-West Lifeco's investment means both stability and a seal of approval.

Press Report

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

Key Client Retention

In a letter of intent (LOI), JDC and comdirect have agreed to form a partnership. The online bank comdirect, with its 2.4 million customers, is planning to expand its product portfolio to include insurance and intends to manage its customers' insurance portfolios using JDC's own customer and contract management software, iCRM.

Technology

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

Highlights 2018

Key Client Retention

JDC acquired the Sparda Bank Baden-Württemberg as its latest new key client. The Sparda Bank will acquire the white label version of the finance app allesmeins for its consultants and customers. Sparda Bank consultants will then be able to use JDC's proprietary client and contract management software, iCRM, to have a perfect overview of their customer and contract data at all times.

Service

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

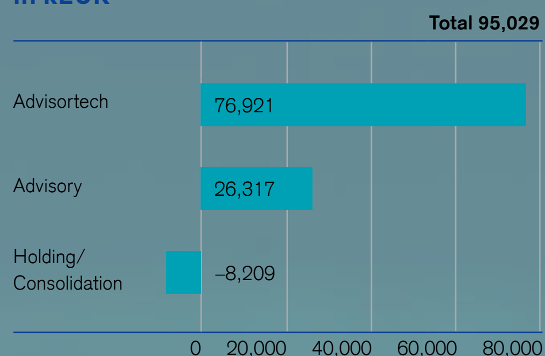
Key Client Retention

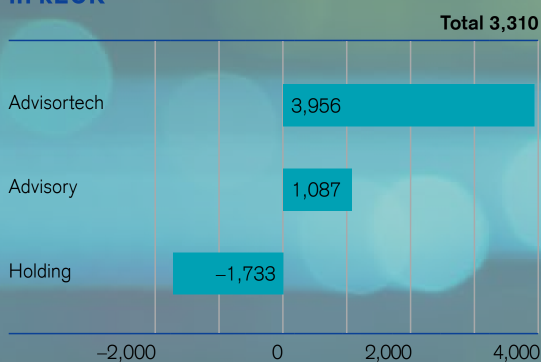
JDC and BMW subsidiary Bavaria Wirtschaftsagentur GmbH signed a letter of intent for the purpose of forming a long-term partnership involving the outsourcing of an administrative and sales-support platform as well as related processes used in brokering financial products.

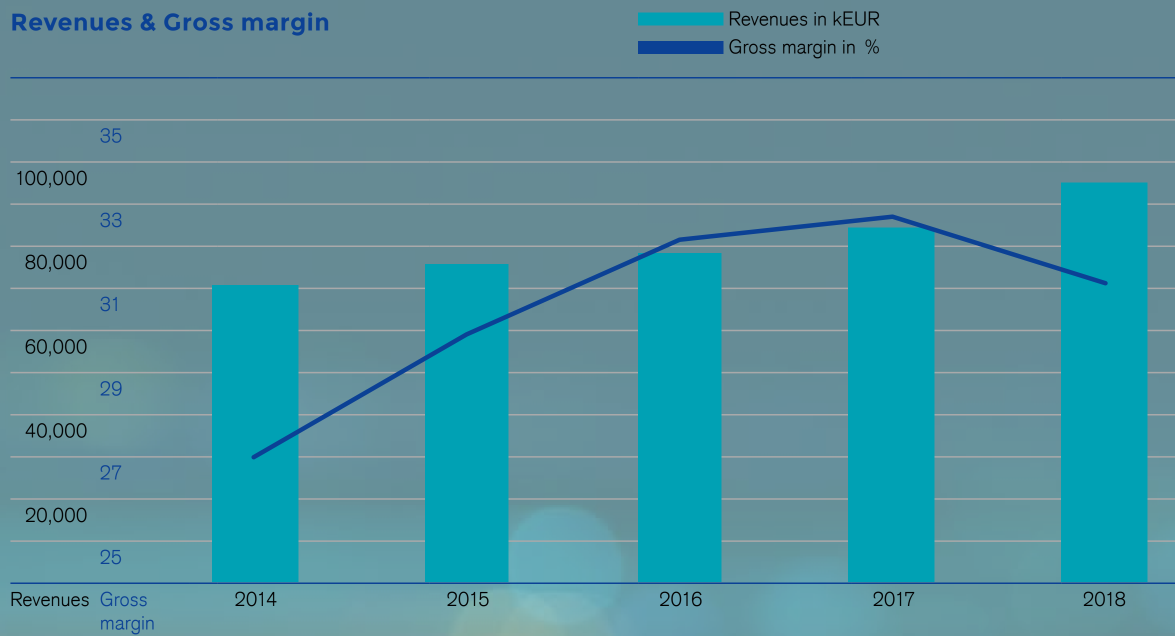
New market segment: exclusive sales

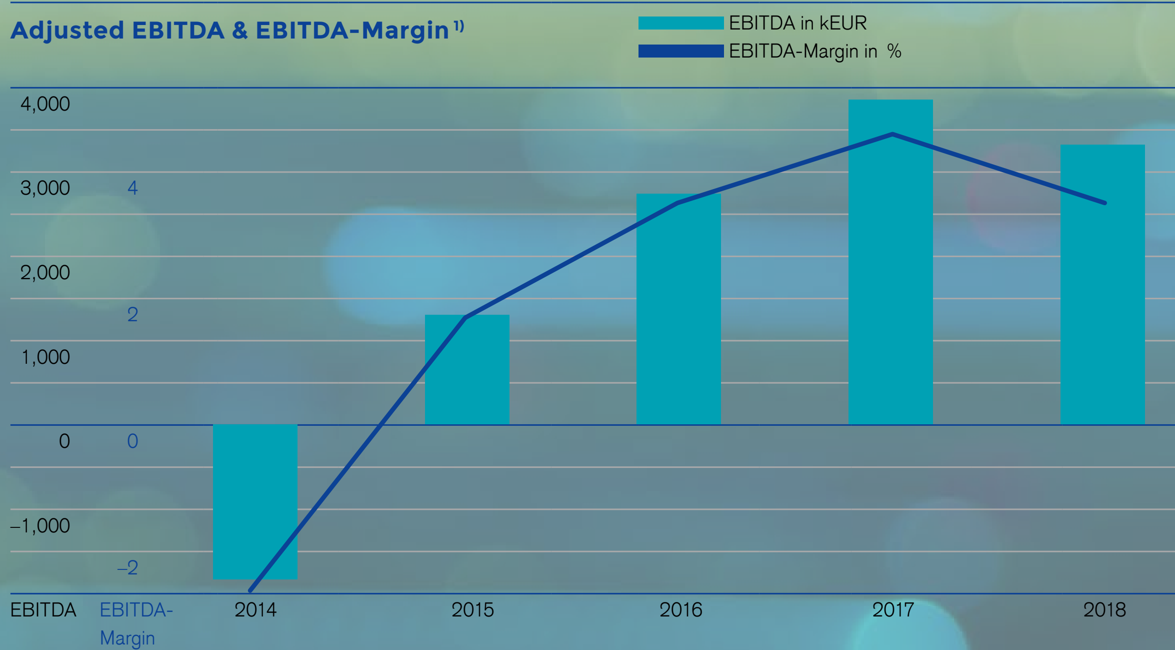
JDC concludes strategic cooperation agreement with RheinLand Versicherung (Insurance) and will supply RheinLand sales with JDC technology. RheinLand's exclusive sales will for the first time be able to offer its clients a wide range of products and services.

Highlights 2018



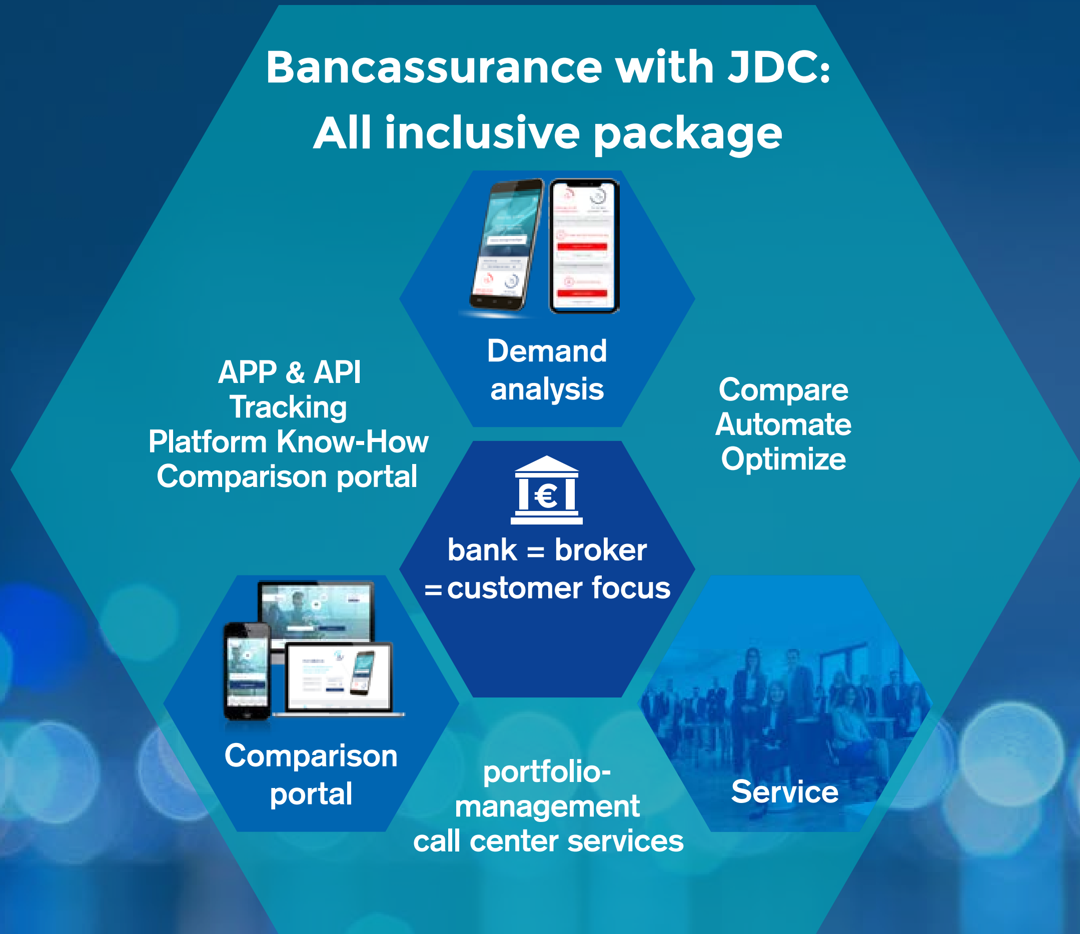


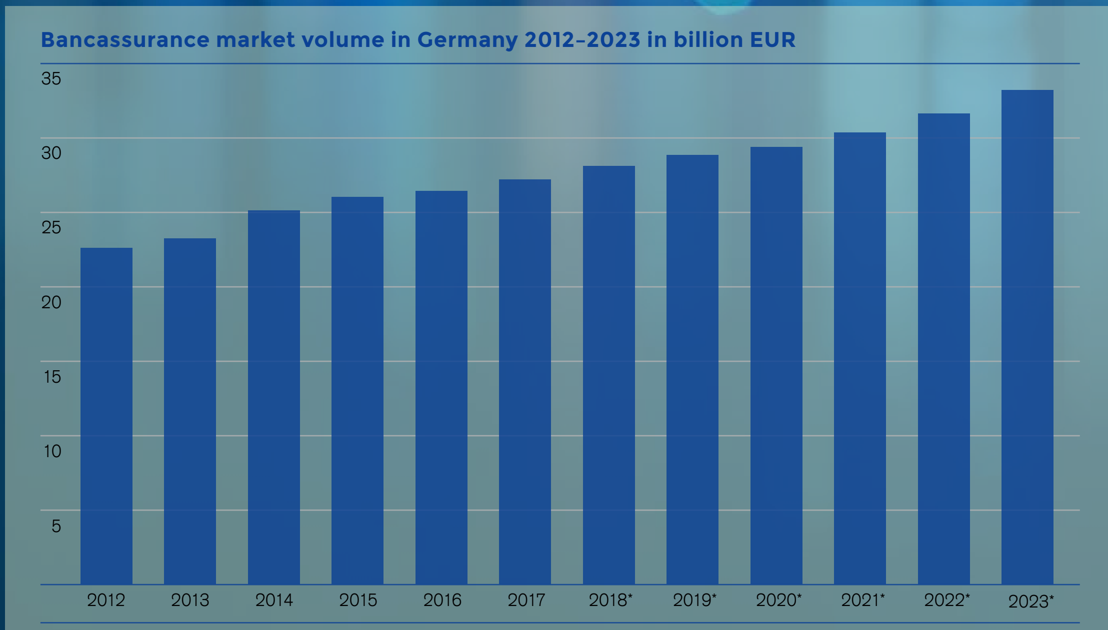




[1] previous years figures adjusted

Highlights 2018





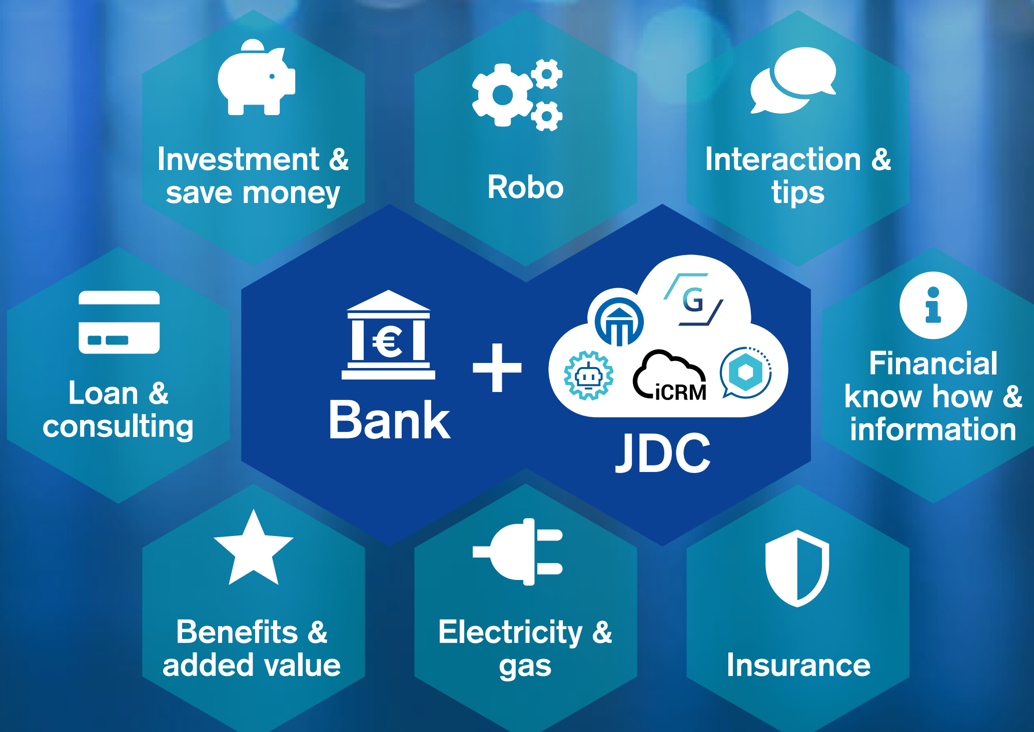
*forecast; source: BisReport Economy Research Center 01/2018

Bancassurance is THE issue in 2019

As a consequence of PSD2 regulation and customer demand for comprehensive digital solutions for all financial matters, bancassurance is seeing a real surge in interest. All in all, bancassurance posted strong growth in premiums worldwide. From 2011 to 2017, the growth of the bancassurance channel exceeded that of other channels in life and non-life products. For life insurance products, other sales channels achieved 3.7 % growth in premiums (see growth for non-life products of 5.6 %), whereas for bancassurance, this amounted to 6.0 % (see growth for non-life products of 5.8 %).*

JDC's bancassurance and white label services are the smartest way of reaching out to customers on- or offline to provide them with a comprehensive survey of financial products, including insurance. Only JDC is able to offer a combination consisting of the allesmeins insurance folder, Geld.de optimisation as well as the internally developed customer and proprietary contract management platform, iCRM.

* Quelle: McKinsey analysis 2018



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

Management board letter

DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

The JDC Group AG concluded fiscal year 2018 with a marked increase in sales. In comparison to the previous year sales rose by around 13 percent, to 95 million Euro, and will increase by more than 15 percent per year in the coming years. Our company has therefore entered into a period of sustained double-digit sales growth.

Organic growth and efficiency

Our company's organic growth is being driven by the rapidly increasing volumes of transactions on the JDC platform, with a 30 percent rise in the number of new orders along with an increase of more than 50 percent in the number of managed insurance contracts. This is a consequence of the company's focus on platform and outsourcing transactions: We not only managed to bring the Lufthansa subsidiary Albatros Versicherungsdienste GmbH on board our platform, we also concluded cooperation agreements or statements of intent with other affiliated brokers such as the BMW Group's subsidiary Bavaria Wirtschaftsagentur GmbH, and for the first time with bank partners, such as comdirect bank AG as well as Sparda-Bank Baden-Württemberg. With RheinLand Versicherungs AG we were able to acquire the first exclusivity organisation of an insurance company as a key client. Additional major names will follow.

And even though no business was transacted by these key clients in 2018, key growth figures already demonstrated favourable trends in 2018: We were able to increase order volume by 30 percent and the volume of managed insurance contracts rose by more than 50 percent. We currently manage nearly 650,000 more insurance contracts than a year ago. In 2018, therefore, our insurance portfolio grew for the first time ever to a net annual contribution of over half a billion Euros.

Our company's core mission is now directed toward translating this growth into profitability. This is why we launched internal efficiency and automation projects in 2018 and added additional personnel, so that we can handle the significant volume growth while maintaining at least the same level of quality without driving up related costs.

Of course, all of these measures generated costs in 2018, which depressed profitability over the short term in 2018. Earnings from the new key clients will only show up from 2019. The success of the efficiency and automation projects we initiated in 2018, together with growth, will soon result in the profitability we envisage. Admittedly somewhat later than we expected, but more sustainably and on a long-term basis due to the long-term cooperation agreements and large volume.

The following noteworthy milestones were achieved from 2018 to now

CONSOLIDATION AND INORGANIC GROWTH

As part of the consolidation of the brokerage market, JDC recently acquired the Stuttgart-based investment pool KOMM Investment & Anlagenvermittlungs GmbH. With fund holdings of 550 million Euro and approx. 250 associated brokers, the pool will profitably strengthen brokerage business and contribute approx. 5 million Euro in annual sales at significant profitability.

RELEASE OF THE NEW ADVISOR AND WHITE LABEL PLATFORM

Another milestone achieved in the last 12 months was the release of the new advisor platform iCRMweb as well as the complete white-labelling of the Geld.de platform. These two steps make it possible for JDC to provide companies like comdirect bank AG and Sparda-Bank Baden-Württemberg with fully individualised white label platforms for their banking customers. Currently there is a great deal of interest on the part of all banking groups in our white label platform. It is unique in terms of scope and value creation, in particular in the bancassurance segment, and offers a significant advantage over insurtechs. Through comdirect and Sparda we intend to go live with two banks by mid-2019. Considering their marketing potential, that will constitute a significant expansion of business for us.

NEW MAJOR SHAREHOLDER

In Canadian-based Great-West Lifeco, JDC was able to acquire a new major shareholder and thereby further significantly bolster Group stability. With a managed volume of around 1 billion Euros, Great-West is ranked among the top 20 insurers worldwide. The investment in the amount of 28 percent took place following extensive due diligence and at a valuation significantly above the current market value of JDC Group.

Results of Fiscal Year 2018

Consolidated sales increased significantly in 2018, by around 12.5 percent, to 95.0 million Euro (2017: 84.5 million Euro). In the seminal platform segment (advisortech segment), sales rose even more significantly by 15.5 percent, to 76.9 million Euro. The advisory segment was again able to compensate for a weak third quarter, and with sales of 26.3 million Euro ended 2018 nearly at prior-year levels in terms of sales.

In preparation for the major growth in managed contract volume that has already occurred and which is expected to continue, significant investments were made in IT and in the transaction platform in 2018 (in particular in the second half-year through statements of intent by partners with millions of clients).

Adjusted by amortisation for acquired client portfolios and non-recurring costs, operative EBITDA fell by 14.1 percent to 3.3 million Euro (2017: 3.9 million Euro). EBIT adjusted in similar manner fell from 2.0 million Euro to 1.4 million Euro. Adjusted non-recurring costs include a guarantee payment from the sale of an equity holding and expenses in connection with established key client and bancassurance business.

Outlook

The company anticipates sales of more than 110 million Euro for 2019. A significant improvement of EBITDA is expected.

Thanks to our employees and shareholders

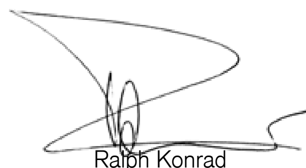
Last but not least, we would again like to offer our heartfelt thanks to the employees and sales partners of both JDC Group AG and its subsidiaries, because our success is a product of their commitment and motivation.

We would also like to extend thanks to our shareholders, who continue to have faith in our business model and support and approve the actions taken by our executive and supervisory boards.

We would be very pleased to enjoy your continued support.

Sincerely,

Dr. Sebastian Grabmaier



Ralph Konrad

Stefan Bachmann

The group

The group

Business concept and structure	19
Business units	22
Company history and development	24
Shareholder structure	26
Share price performance	27

Business concept and structure

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

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

In 2018, JDC Group AG continued to focus on its core businesses. Those involve brokering financial products via independent brokers (broker pool and technical platform – Jung, DMS & Cie. AG). In this core segment JDC Group AG expanded its leading market position based on the 5-year contract for full outsourcing of transaction processing with Lufthansa subsidiary Albatros and the acquisition of the Assekuranz Herrmann retail customer business. Another core area is the mediation of financial products through intermediaries (financial product sales – FiNUM.Private Finance AG and FiNUM.Finanzhaus AG). Both core areas are expected to continue growing organically.

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

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

ADVISORTECH

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

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

Insurance comparison platform

ADVISORY

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

Insurances, securitites, material values, financing

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

Dr. Sebastian Grabmaier

"Our many new key clients from a range of segments, including staff brokers, banks and, more recently, insurance companies, attest to the fact that the JDC Group has established itself as the leading service and technology platform for large intermediaries. Going forward, the support we provide to the business processes of major brokerage organisations, banks and insurance companies will be our primary growth driver and supply us with increasing profit contributions."

Business Units

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

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

Since early 2016, the JDC Group has been offering a digital financial manager in the segment Advisortech. The **"allesmeins"** app gives end customers a quick overview of their entire insurance contracts with the relevant contract documentation. In contrast to conventional anonymous Fintech solutions, with allesmeins, customers can stay with their individual insurance and investment consultants with whom they have built a trusting relationship over years or even decades, so they can continue to draw on their specialised expertise.

In 2016, the JDC Group also acquired the Geld.de online comparison platform. With **Geld.de**, JDC Group AG has an excellent brand for direct mediation of financial products to end customers. Today, Geld.de stands not only for the mediation of insurance products, we have added electricity, gas, DSL and other products. Prospectively, the customer will find everything at Geld.de that he is concerned about when it comes to his money. Real estate, capital investments and other functions are in preparation.

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

ADVISORY – INDEPENDENT PENSION AND INVESTMENT ADVISORY FOR PRIVATE CUSTOMERS

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

FiNUM.Private Finance AG, Berlin, FiNUM.Private Finance AG, Wien and FiNUM.Finanzhaus AG act as independent financial and investment advisors for high-net-worth customers. FiNUM.Private Finance can look back on a track record of nearly 20 years in both countries and is currently represented by more than 290 experienced and registered advisors throughout Germany and Austria. These advisors provide a current total of more than 72,000 customers with integral and product-independent advice covering all financial matters and all asset classes. FiNUM.Finanzhaus AG supplements the other two FiNUM companies. It focuses on providing integral, product-independent advisory, which is backed up by scientific research. Furthermore, it is closely aligned to customer protection criteria and has its main focus in the insurance business.

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

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

History

2015

05/2015
JDC Group subsidiary Jung, DMS & Cie. Pool GmbH places a corporate bond of 10.0 million.

06/2015
JDC Group subsidiary Jung, DMS & Cie. Pool GmbH stocks up corporate bond to 15.0 million.

07/2015
Aragon AG is renamed as JDC Group AG: "new" JDC Group to focus in future on its two sales subsidiaries Jung, DMS & Cie. and FiNUM and on offering Advisortech solutions for standalone financial sales operations.

10/2015
Smart fintech for advisors: launch of "allesmeins", JDC's Advisortech app. With this, JDC Group AG offers its first innovative customer app for its hybrid advisory model – technology PLUS advice.

12/2015
More than 16,000 finance brokers and asset advisors support more than 900,000 end customers.

2016

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

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

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

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

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

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

2017

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

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

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

11/2017
JDC acquires Assekuranz Herrmann retail customer business.

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

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

2018

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

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

11/2018
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12/2018
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12/2018
JDC is folding client consultation into its advanced customer service centre, rounding out its line of products and services for major clients.

Ralph Konrad

"JDC is undergoing major change. Having laid the cornerstone in past years for long-term growth, we're now focusing on improving efficiencies in administration. Our long-term aim is to significantly lower our unit costs through internal automation."

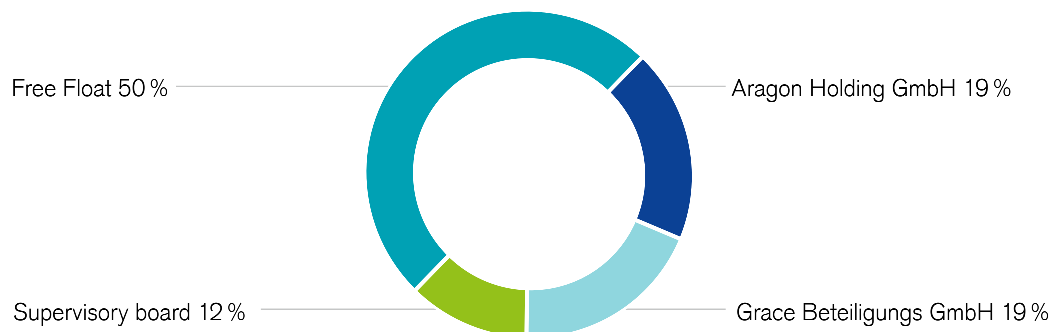
Shareholder structure 2018

The stable shareholder structure is still the basis for long-term and continuous growth of JDC Group AG and its subsidiaries.

The management members Dr. Sebastian Grabmaier (Grace Beteiligungs GmbH) and Ralph Konrad (Aragon Holding GmbH) each hold 19 percent from JDC Group AG. Approximately 12 percent from JDC Group AG are held by members of the supervisory board.

The current free float of 13,128,461 shares is approximately 50 percent.

The Canadian-based Great-West Lifeco Group plans to acquire 28 percent of the share capital from the Management Board. All purchase agreements are still subject to the approval of the supervisory authorities.



Overall, JDC Group AG has subscribed capital represented by 13,128,461 shares with a market capitalization of approximately EUR 92 million (Status: April 2019).

Share price performance

JDC Group AG's share price performance was after a positive blockchain-based development dominated by the negative stock market performance worldwide. At year-end, the price of the share (EUR 7.14) decreased by 22 percent in relation to the beginning of the year (EUR 9.14). In comparison to this, the Scale comparative index decreased by 23 percent during the comparative period. The price performance is therefore above that of the reference index.

The current share price is at EUR 7.00 (April 2019). Therefore the performance is presently harmonising with the Scale index. However, we are optimistic that the price trend will move away positively from the index again in 2019.

Performance analysis in %
21/03/2017 – 01/04/2019/Source: finanzen.net

Group management report

Situation of the group 29
The Group’s Business modell 29
Research and development 29

Economic report 30
Overall economic conditions 30
Sector-specific conditions 31

Business Performance of group and segments 33

Company situation 34
Major key figures 34
Asset situation 34
Financial situation 35
Earnings situation 35

Segment reporting 36

Opportunities and risk report 36

Outlook 38
Macroeconomic outlook 38
Markets and sector outlook 39

Outlook for the JDC Group 39
Expected business performance 39

Group management report

SITUATION OF THE GROUP

The Group's Business modell

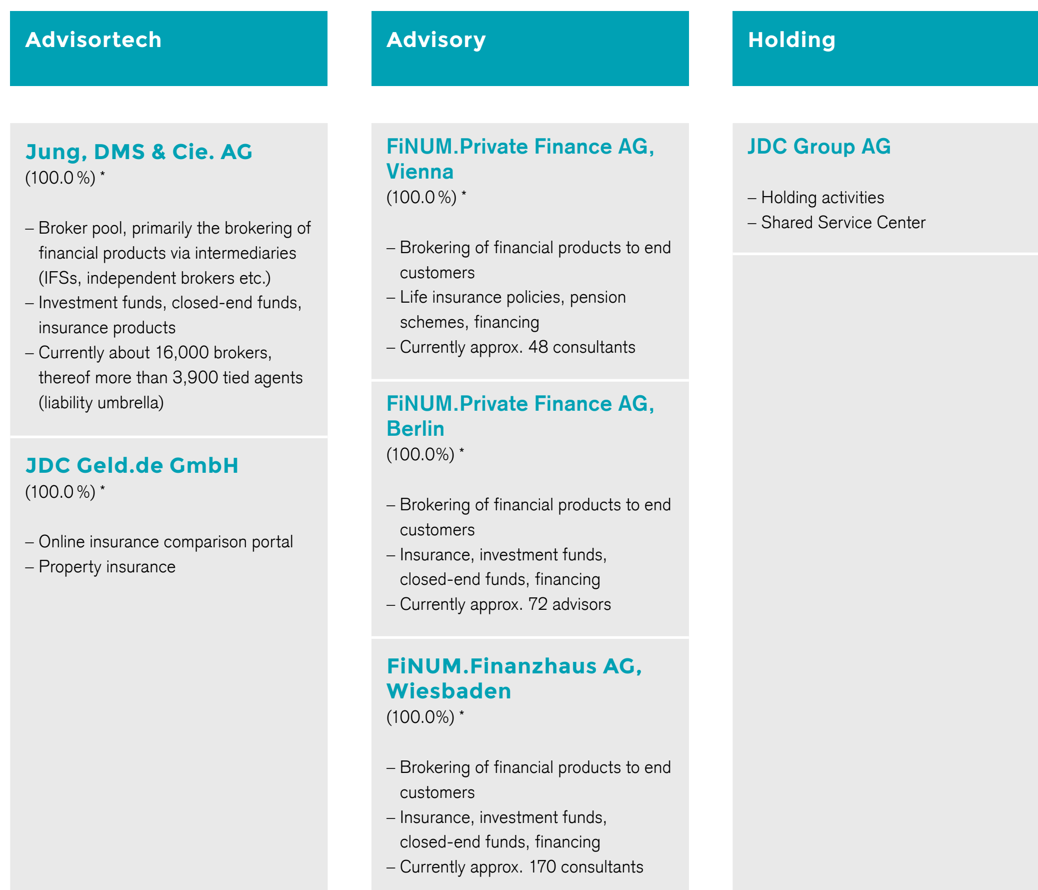
JDC Group AG stands for modern financial advice and intelligent financial technology for advisors and customers. In the "Advisortech" business unit, we provide our customers and advisors with modern advisory and administration technology using the Jung, DMS & Cie. Group. While many sales and distribution partners perceive the technological transformation as a problem and the young fintech companies as the new competitors, we perceive the "technology" factor to be a great opportunity. Solutions from the "Advisortech" business unit will help advisors in the future to take even better care of their customers and generate increased sales as a result. In the "Advisory" segment, we broker financial products to private end customers via independent advisors, brokers and financial distributors using the FiNUM. Group. With over 16,000 connected sales partners, we are one of the market leaders in the German-speaking area.

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

Research and development

Jung, DMS & Cie. Group offers within the business unit „Advisortech" modern advisor and administration technologies for customers and advisors. In this context JDC Group runs the development of internally generated software solutions. In business year 2018 within this context kEUR 741 in own performance were activated. Futhermore we refer to the detailed explanations in the appendix of the consolidated financial statement.

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



* Ownership interest held by JDC Group AG to 31 December 2018

ECONOMIC REPORT

Overall economic conditions [1)]

Global economic growth was quite stable during 2018. On balance, the industrialised countries still profited from the low oil price and the expansionary monetary policy. Expressed in figures, this means that global economic growth in 2018 of 3.7 percent was maintained at the previous year's level. Growth in the euro zone decreased to 1.8 percent after 2.7 percent in the previous year. In Germany, the economy decreased to 1.5 percent after 2.2 percent in the previous year. As already in the previous year, the reason for this was the domestic consumption.

1) Unless indicated otherwise, all data referred to in the following description of the overall economic conditions was taken from the accompanying materials of the press conference of the federal office of statistics from 15 January 2019 plus IWF statement in January 2019.

Sector-specific conditions

THE MARKET FOR INVESTMENT PRODUCTS [2]

As of 31 December 2018, the German investment fund industry managed total assets of EUR 2,954 billion, equivalent to an decrease of 1.6 percent in comparison to 31 December 2017.

As of 31 December 2018 (figures as of 31 December 2017 in brackets), EUR 974 billion (EUR 1,022 billion) was invested in retail funds and EUR 1,619 billion (EUR 1,593 billion) in special funds. EUR 361 billion (EUR 385 billion) was managed for institutional investors in assets outside of investment funds.

The fund volumes of the retail funds were allocated to individual asset classes as follows as of 31 December 2018 (figures as of 31 December 2017 in brackets):
- Equity funds: EUR 337.4 billion (EUR 394.0 billion)
- Bond funds: EUR 202.6 billion (EUR 213.8 billion)
- Money market funds: EUR 21.6 billion (EUR 9.3 billion)
- open-ended real estate funds: EUR 98.2 billion (EUR 89.2 billion)
- Mixed and other funds: EUR 313.7 billion (EUR 315.7 billion)

Persistently low interest rates present challenges for many investors. This applies to all groups of investors, whether they are institutional investors, such as pension institutions and insurance companies, or private savers. Money market funds and real estate funds in particular therefore reported strong growth in 2018.

For 2019, the Federal Government expects further increasing economic growth of 1.0 percent. The current trend in Germany shows stable private consumption and a strong labour market with the highest employment figures ever achieved. However, energy prices are rising and inflation is gaining momentum.

Despite all uncertainties surrounding the development of capital markets, the market for investment funds is expected to continue to offer a positive environment in 2019 in comparison to previous years.

THE MARKET FOR INSURANCE PRODUCTS [3]

The insurance sector remains on its growth path in 2018. The industry expects an increase in premiums of at least 2 percent across all sectors. In indemnity and accident insurance, revenues grew by around 3 percent, while in life insurance, premiums grew by 1.4 percent compared to the weak previous year. In total, the insurers reported an increase of 2.1 percent to EUR 202.2 billion. The industry also expects moderate growth in 2019.

[2] Unless indicated otherwise, all data referred to in the following description of the investment product market was taken from the BVI annual press conference on 06 February 2019.

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

Premium income for life insurers and pension funds grew by around 1.4 percent to EUR 91.9 billion in 2018. One-off contributions developed better than expected and grew by 3.7 percent to EUR 27.2 billion. Income from current premiums grew by 1.9 percent to EUR 5.3 billion. As in the previous year, the cancellation rate should remain at 2.6 percent. In view of the low interest rates and political uncertainty, the result of life insurers is by all means respectable.

With property and accident insurance, income grew by 3.3 percent to EUR 70.6 billion, thus more strongly than in the previous year. According to projections, the paid benefits rose by 6.8 percent to EUR 53.5 billion.

The companies in private health insurance earned 1.7 percent more than in the previous year, namely EUR 39.7 billion.

COMPETITIVE POSITION

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

Competitors in the Advisortech segment

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

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

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

Competitors in the Advisory segment

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

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

BUSINESS PERFORMANCE OF THE GROUP AND ITS SEGMENTS

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

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

All in all, the Management Board looks back on a period of mixed performance. Earnings performance in the reporting year was encumbered by one-time special effects. Group earnings performance is negative at kEUR –4,343 (2017: kEUR –1,681). Group sales nevertheless rose by 12.5 percent. The rise in revenues was based essentially on conclusion of the partnership agreement with Albatros Versicherungsdienste GmbH. However, growth lagged behind forecast levels of approx. 18 percent. Contrary to the significant improvement expected, EBITDA was below prior-year levels owing to costs associated with the purchase of holdings and personnel expenses associated with the integration of key clients. As a consequence, the expected positive business trends for the Group as a whole failed to materialise as planned during the fiscal year.

For further comments we refer to the following illustrations to the situation of JDC Group concern.

COMPANY SITUATION

Major key figures

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

From 2016 to 2018, key indicators for the JDC Group demonstrated the following trends:

Key performance indicators of JDC Group	2016 kEUR	2017 kEUR	**2018 kEUR**	Changes 2017 to 2018 kEUR
Total non-current assets	53,089	51,427	**53,068**	1,641
Total current assets	19,833	23,730	**32,479**	8,749
Equity	29,713	28,032	**33,344**	5,312
Non-current liabilities	24,077	29,190	**27,034**	–2,156
Current liabilities	19,132	17,935	**25,169**	7,234
Total assets	72,922	75,157	**85,547**	10,390
Revenues	78,052	84,475	**95,029**	10,554
Commission expenses	55,306	59,011	**67,280**	8,269
Gross margin	22,746	25,464	**27.749**	2,285
Personnel expenses	13,113	14,440	**16,580**	2,140
Other operating expenses	11,976	12,955	**14,662**	1,707
EBITDA	2,720	3,190	**1,462**	–1,728
Result of ordinary operations	–700	–879	**–2,960**	–2,081

Asset situation

Long-term Group assets as at 31 December 2018 in the amount of EUR 53.1 million (2017: EUR 51.4 million) consist of around EUR 46.1 million (2017: EUR 43.8 million) in intangible assets. The increase in Group long-term assets resulted primarily from the acquisition of clients and initial consolidation with the Assekuranz Herrmann Group amounting to around EUR 2.8 million.

Current assets rose to EUR 32.5 million (2017: EUR 23.7 million). The primary reason for this is the significant increase in deposits with banks. Bank deposits rose by EUR 5.4 million to EUR 11.8 million.

The balance sheet total rose from EUR 75.2 million in 2017 to EUR 85.5 million in 2018 – largely as the result of a capital increase. Equity capital rose from EUR 28.0 to EUR 33.3 million. This results primarily from the capital increase and annual profit.

In all, long-term borrowed capital fell from EUR 29.2 million in 2017 to EUR 27.0 million in the reporting year. This is essentially due to the reallocation of liabilities owed to banks in the amount of EUR 2.5 million to current borrowed capital.

Current borrowed capital rose from EUR 17.9 million to EUR 25.2 million. This includes EUR 17.5 million from trade accounts payable and EUR 4.7 million from other liabilities.

The equity capital ratio at the JDC Group rose as at the reporting date to 39.0 per cent (2017: 37.2 per-cent) of the balance sheet total. The increase in the equity capital ratio in the year-on-year comparison results primarily from the capital increase.

Financial situation

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

Cash flow from ongoing business activity fell over the course of the fiscal year by kEUR 1,633, from kEUR 3,207 to kEUR 1,574. This is primarily attributable to current net profit.

Cash flow from investment activity is negative at kEUR 4,925. The reason has primarily to do with higher payments for investments in intangible assets, in particular client lists, as compared with the previous year. A positive cash flow of kEUR 8,821 is derived from financing activity, which essentially results from incoming payments from a capital increase in the amount of kEUR 9,986. This was offset in particular by interest paid in the amount of kEUR 1,073 and kEUR 92 concerning repayment of loans.

Cash and cash equivalents at the close of the fiscal year stood at kEUR 11,801.

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

The equity capital ratio as at the reporting date is 39.0 percent (2017: 37.2 percent) with an increase of roughly EUR 10 million in the balance sum as compared to the previous year. As at the reporting date, medium and long-term borrowed capital comprises 31.6 percent of the balance sum, or in absolute figures EUR 27.0 million, and reflects EUR 14.8 million per corporate bond, which is due for repayment on 21 May 2020.

Earnings situation

Operating performance by investments did not turn out as planned during the reporting year. Revenues increased owing to the incorporation of major clients and the acquisition of holdings, but even so the Group result was negative.

Group earnings rose by 12.5 per cent to EUR 95.0 million (2017: EUR 84.5 million).

Commission expenses fell by 14.1 per cent from EUR 59.0 million in the previous year to EUR 67.3 million.

The resulting gross profit increased from EUR 25.5 million in the previous year to EUR 27.7 million in the current fiscal year. In relation to revenues, the margin is 29.2 percent (previous year: 30.1 percent).

Of other expenses, personnel costs account for EUR 16.6 million (2017: EUR 14.4 million) and other operating expenses for EUR 11.5 million (2017: EUR 10.0 million). The annual average (full-time equivalent) was 262 (2017: 232) employees.

Fiscal year amortisations rose to EUR 3.2 million due to investments (2017: EUR 3.0 million).

The largest items among other operating costs were advertising and travel costs at EUR 1.3 million (2017: EUR 1.4 million), EDP costs at EUR 3.1 million (2017: EUR 2.2 million), costs for office space at EUR 1.5 million (2017: EUR 1.4 million) and legal and consulting costs at EUR 1.5 million (2017: EUR 1.5 million).

Year-on-year, EBITDA fell to EUR 1.5 million (2017: EUR 3.2 million). EBIT likewise fell to EUR –1.7 million (2017: EUR 0.2 million). Results from normal business activity fell from EUR –0.9 million to EUR –3.0 million.

SEGMENT REPORTING

Advisortech segment

Earnings in the advisortech segment improved significantly to EUR 76.9 million, compared to EUR 66.6 million in the previous year. EBITDA fell to EUR 2.7 million following EUR 3.3 million in the previous year. EBIT stands at EUR 0.1 million, compared to EUR 0.8 million in the previous year.

Advisory segment

Earnings in the advisory segment declined slightly. Segment earnings fell to EUR 26.3 million as compared with EUR 26.7 million in the previous year. EBITDA remained relatively constant at EUR 1.1 million as compared with EUR 1.2 million in the previous year. EBIT fell slightly to EUR 0.6 million as compared to EUR 0.7 million in the previous year.

Holding segment

Revenues in the holding segment remained constant. Segment earnings fell slightly from EUR 2.1 million to EUR 1.9 million. The key indicators EBITDA and EBIT decreased to EUR –2.4 million as compared with EUR –1.3 million in the previous year.

OPPORTUNITIES AND RISK REPORT

The future business performance of our company involves all opportunities and risks associated with the sale of financial products and the acquisition, management and sale of companies. The risk management system at JDC Group AG is structured to facilitate the early detection of risks and the derivation of suitable measures to minimize such risks. Financial instruments are exclusively used for hedging purposes. In order to identify possible problems in the affiliated companies and their investments at an early stage, the most important key figures are collected and evaluated on a monthly basis.

JDC Group AG is managed by means of a monthly reporting system, which includes the most important key figures and takes particular account of the liquidity situation. Furthermore, the Management Board is kept informed of the current liquidity situation on a daily basis.

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

- When brokering financial products and insurance policies, the possibility cannot be excluded that cancellations will give rise to expenses that are not covered by corresponding recourse claims towards brokers. The increased insurance revenue in the JDC Group means the recovery of this type of recourse claim is set to play a more important role. In the context of its sales arrangement with insurance companies, JDC Group AG in some cases issues letters of comfort for its subsidiaries.
- Claims may be asserted against the JDC Group in connection with incorrect information or advisory provided by its sales partners. Whether the risks involved are covered by existing insurance cover or recourse claims towards brokers can only be assessed on a case-by-case basis.
- Volatility on the capital markets and the difficulty in forecasting product turnover place high requirements on liquidity management. Lack of liquidity could pose a threat to the Group's continued existence.
- Seller guarantees customary to the market were granted upon execution of the company sales. Any infringement of these seller guarantees may lead to unscheduled expenses for the JDC Group.

Relevant market-related risks are as follows:

- The company's business success is basically dependent on economic developments.
- Developments in national and global financial and capital markets are of considerable importance to the success of JDC Group AG and the consolidated group. Persistent volatility or negative developments could impact negatively on the profitability of JDC Group AG.
- The stability of the legal and regulatory framework in Germany and Austria is a factor of great importance. Particularly changes at short notice to the underlying framework for financial services companies, brokers and financial products could impact negatively on the business model of JDC Group AG.

Relevant regulatory risks are as follows:

- Under the MIFID II discussions, portfolio commissions are to be paid only when used to improve the quality of client services. Precisely how this is to operate is unclear. Consequently, this could result in short-term reductions in revenue in the investment segment.
- Implementation of the EU's GDPR (General Data Protection Regulation) affects those businesses in the financial services sector that make considerable use of personal data. We will be subject to comprehensive information and documentation obligations, which must also be implemented in the Group's IT systems. This will result in an increase in IT costs.

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

The Management Board sees the following **opportunities**: Currently, many financial services providers are in a financially weakened position. Along with poor sales in recent years, regulatory requirements have significantly increased. As a result, the financial resources of many competitors are exhausted and the pressure to consolidate has increased – which is to the benefit of large market participants, including JDC Group companies.

In 2018, the JDC Group made some important changes that will have a decisive effect in the coming years. During the reporting year, the acquisition of client bases with the Assekuranz Herrmann Group allowed us to tap into additional sales and earnings potential. In addition, cooperation negotiations with Bavaria Wirtschaftsagentur GmbH and comdirect were announced. In 2019, exclusive cooperation agreements were concluded with RheinLand Versicherungs AG and Sparda-Bank Baden-Württemberg. Moreover, Jung, DMS & Cie. took control of the investment pool KOMM Invest GmbH in 2019.

The Management Board believes all of these developments will produce positive results for the JDC Group AG's investments and therefore for the JDC Group AG itself in fiscal year 2019.

OUTLOOK

Economic outlook

According to IMF forecasts, global economic growth should slow to 3.5 percent in 2019. The favourable economic environment could produce increased inflation, in particular due to increasing costs of raw materials.

Per IMF expectations, growth in the eurozone will drop to 1.6 percent in 2019. The inflation rate is expected to be well below 2 percent.

For 2019, the IMF forecasts economic growth in Germany at 1.3 percent. Private consumption will remain strong, but will slowly decline. The labour market remains strong. Risks arise as a consequence of increasing energy prices.

In view of numerous risks, the uncertainty of global forecasts is relatively high. The financial markets could react much more negatively than assumed if the surge in growth anticipated by the US government fails to be as strong as expected or if protectionist measures are taken. On the other hand, acceleration in US growth could produce a sharper than expected rise in interest rates. This could have negative consequences worldwide in terms of household and corporate spending. In Europe, there is still the risk of an unregulated Brexit, and this carries with it significant potential to interfere with our forecast.

Markets and sector outlook

It is expected that the market will continue to have plenty of liquidity, which will continue to boost the stock and real estate markets. However, an unregulated Brexit together with effects that have not yet been priced in by the capital markets can have negative effects on consumer willingness to spend. Should the US further expand its protectionist trade policies, this could put a brake on economic momentum. Multiple trouble spots around the world could have a negative effect on the global economic situation.

OUTLOOK FOR THE JDC GROUP

Expected business performance

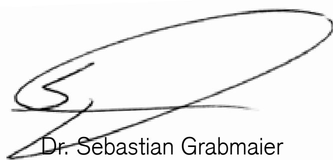
Expectations with regard to the performance of the JDC Group for 2019 are based on the macroeconomic assumptions presented in the Group Management Report. The expansion of political crises, not least owing to continued protectionist trade policies of the United States as well as an unregulated Brexit, can have a significant impact on the financial, asset and earnings position of the JDC Group. Corporate planning occurred on the basis of detailed surveys and assumptions that the JDC Group AG views as realistic.

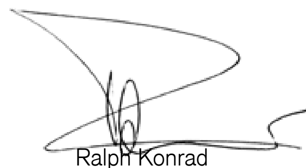
Clear and sustainable improvement in business operations will be paramount for the JDC Group in 2019. In 2019, the Group will focus on

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

Specifically, we expect Group revenue in 2019 to be around 15 percent higher than in 2018, that absolute gross profit will rise and that the Group will achieve an EBITDA significantly above that of the previous year. In all, the Management Board is expecting positive business performance by the Group as a whole.

Wiesbaden, 18. April 2019


Dr. Sebastian Grabmaier


Ralph Konrad

Stefan Bachmann

Supervisory Board and Management Board

Supervisory Board and Management Board

Report of the Supervisory Board	41
Management Board	45
Supervisory Board	46

Report of the Supervisory Board

DEAR SHAREHOLDERS,

The Supervisory Board regularly monitored the work of and provided advice to the Management Board during the 2018 fiscal year on the basis of in-depth reports provided by the Management Board in both written and oral form. The Supervisory Board was involved in decisions of major importance to the company. In addition, information was regularly exchanged between the chair of the Supervisory Board and the chair of the Management Board as well as the other members of the management board. In this manner, the Supervisory Board was kept apprised of proposed business policies, company planning, including financial, investment and personnel planning, company profitability and the course of business as well as the status of the company and the group.

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

Progress report

During the 2018 fiscal year, the Supervisory Board held seven meetings. Average attendance in the meetings of the Supervisory Board in the 2018 fiscal year stood at more than 94 percent. Matters relating to strategy and business performance as well as impacts from changes to the regulatory environment (MiFID II) were the primary focus of deliberations by the Supervisory Board. Two issues to which the Supervisory Board gave special attention, devoting several sessions to each, should be highlighted: on the one hand, the ongoing development of organic and inorganic growth and the examination of additional acquisitions. This involved, among other things, preparations for a capital increase. On the other hand, IT and other measures to improve efficiency and productivity in order to successfully execute large-scale projects and improve earnings.

MEETING HELD ON 12 MARCH 2018

The Management Board reported on current business performance and continued expansion of the block chain lab in Liechtenstein and possible issuance of tokens. With the completion of the site closure in Leipzig, the Geld.de operations are focused on the Dresden site. Attendance at this meeting of the Supervisory Board was 100 percent.

MEETING HELD ON 25 APRIL 2018

The subject of the meeting, which was attended by the auditor, involved an in-depth discussion annual financial statements and the consolidated financial statements for 2017, as well as the adoption of related resolutions. Other important agenda items included the restructuring of marketing processes as well as reporting by the Management Board on the current status of growth projects with major clients. Attendance at the Supervisory Board meeting was 80 percent.

MEETING HELD ON 21 JUNE 2018

This meeting was marked by the discussion of current business performance and progress on major projects. Along with preparations for the general shareholders meeting, the Supervisory Board discussed current opportunities and risks for a JDC B-LAB ICO in the present market environment. Attendance at this meeting of the Supervisory Board was 80 percent.

MEETINGS HELD ON 23/24 AUGUST 2018

In two back-to-back meetings, the Supervisory Board dealt with the company's 10 percent capital increase and adopted the necessary resolutions. Attendance at each of these meetings of the Supervisory Board was 100 percent.

MEETING HELD ON 17 SEPTEMBER 2018

The Management Board delivered a presentation on the new IT system (iCRM4All), which marks a major step for the JDC Group, as this harmonisation of the IT system environment will eliminate a significant number of inefficiencies. Business performance in Austria fell off slightly, however profit contributions remained positive owing to improved margins. Alongside growth opportunities in projects with additional potential major clients, the Management Board reported on current acquisition opportunities and successes to date with inventory purchases. Attendance at the Supervisory Board meeting was 100 percent.

MEETING HELD ON 11 DECEMBER 2018

The Supervisory Board discussed current financial figures and growth from major clients, which has already resulted in a more than 50 percent increase in business volume (number of orders). Negotiations are being finalised with additional clients. The Supervisory Board discussed in depth the premises behind planning for fiscal 2019. Additional investments in expanding IT aimed at improving productivity are needed in order to manage growth more cost-effectively while avoiding a rise in personnel costs. The business plan for 2019 was adopted. Part of the agenda was also devoted to a presentation on the potential acquisition of a company operating in the investment pool sector. A resolution was not yet adopted. Attendance at this Supervisory Board meeting was 100 percent.

Collectively, the Supervisory Board participated in decisions of the Executive Board within the scope of its statutory and regulatory responsibilities and is satisfied that management performed its responsibilities lawfully, properly and efficiently. During fiscal year 2018, no audit measures were required pursuant to section 111 (2)(1) of the German Stock Corporation Act (AktG).

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

Changes in the Management Board and Supervisory Board

The general shareholders meeting on 24 August 2018 enacted a change to the articles of association. As a consequence, the Supervisory Board shall accordingly consist of only five rather than six members, as was previously the case.
Mr de Vigo y zu Loewenstein relinquished his seat on the Supervisory Board as at 1 September 2018 for personal reasons. The Supervisory Board retains a quorum with its remaining four active members, with plans for a replacement to be chosen during the next general shareholders meeting.
On 31 December 2018, the Supervisory Board consisted of six members: Jens Harig (Chairman), Emmerich G. Kretzenbacher (Deputy Chairman), Klemens Hallmann and Jörg Keimer.

There were no changes to the Management Board during the reporting period.

Annual and consolidated audit for 2018

The consolidated financial statements and the consolidated management report were prepared in accordance with International Financial Reporting Standards (IFRS). The annual financial statements and the management report were prepared in accordance with the rules of the German Commercial Code (HGB). The annual and consolidated annual financial statements, as well as the management report and consolidated management report for the 2018 fiscal year, were approved by the auditing firm (Dr. Merschmeier + Partner GmbH, Wirtschaftsprüfungsgesellschaft, Münster) elected by the Annual General Meeting on 24 August 2018 and appointed by the Supervisory Board, and were issued with an unqualified audit opinion.

The audit certifications for the 2018 fiscal year for the consolidated and annual financial statements were signed 18 April 2019/8 April 2019 by the auditors Michael Jäger and Werner Kortbuß.

The aforementioned documents and the audit reports of the auditors were made available to the members of the Supervisory Board. The Supervisory Board examined the documents relating to the annual and consolidated financial statements and discussed them at its meeting on 23 April 2019 with the auditors in attendance. The auditors reported on the key findings of their audit. The accounting and auditing officer also reported on the results of his review. The findings of the review did not produce any objections. At his recommendation, we approved the review findings and endorsed the annual financial statements and the consolidated financial statements prepared by the Management Board. The annual financial statements were thereby adopted.

Our thanks to the Management Board and the employees.

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

On behalf of the Supervisory Board
Wiesbaden, 23 April 2019

Jens Harig
Chairman of the Supervisory Board

MANAGEMENT BOARD

Dr. Sebastian Grabmaier
Grünwald
Management Board Chairman – CEO

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

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

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

Ralph Konrad
Mainz
Management Board – CFO

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

After two years of corporate consultancy work in the SME sector (studying in parallel for some of the time), Ralph Konrad worked for three years at a venture capital company of the savings banks, initially as a project assistant and subsequently as project manager. In these roles, he implemented growth and venture financing projects. Ralph Konrad then set up a holding company based in Cologne as a partnership, where he was the sole Management Board member for a period of four years. Ralph Konrad has been a member of the JDC Group Management Board since September 2005. He has more than 15 years of experience in the private equity industry and has played an active role in IPOs, mergers and acquisitions and company restructuring projects.

Stefan Bachmann

"In 2018, JDC made preparations to offer the smartest bancassurance solution available in the market, with a complete value chain for our partners. We won over both online and brick-and-mortar banks and were able to apply the integrated solutions allesmeins and Geld.de in strengthening the banks' role as the customer's "smart financial home," including insurance overview and optimisation. As brokers, banks are able to join forces with customers and work together with us, and by applying digital products create a new and improved model for one-stop financial services."

Stefan Bachmann
Frankfurt
Management Board – CDO

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

Stefan Bachmann studied Finance & Economics at the Goethe University in Frankfurt, at Boston College and at the London School of Economics (LSE). Before joining the board of directors of JDC Group AG in June 2018 as CDO, Bachmann gained experience in the financial sector at Google over the past nearly seven years, where he headed the division Fintech sales consulting services. Previously he was active in the lifestyle sector with his own digital platform.

SUPERVISORY BOARD

Jens Harig
Kerpen
Independent entrepreneur
Chairman

Emmerich Kretzenbacher
Hamburg
Graduated Certified Accountant
Deputy Chairman

Klemens Hallmann
Vienna
Independent entrepreneur

Jörg Keimer
Wiesbaden
Attorney

Cristobal Mendez de Vigo y zu Loewenstein
London
Independent entrepreneur (until 01/09/2018)

Consolidated financial statements

Consolidated financial statements

Consolidated income statement	48
Consolidated statement of comprehensive income	49
Segment reporting	50
Consolidated balance sheet	52
Consolidated cash flow statement	54
Consolidated statement of changes in equity	55
Notes to the consolidated financial statements	**56**
Appendix 1 to the notes: statement of changes in consolidated fixed assets as of 31 December 2018	110
Appendix 2 to the notes: statement of changes in the net book values of consolidated fixed assets as of 31 December 2018	112
Appendix 3 to the notes: list of shareholdings as of 31 December 2018	113
Appendix 4 to the notes: Financial instruments IFRS 9 as of 31 December 2018	114

Consolidated income statement

	Notes	**01/01/ – 31/12/2018 kEUR**	01/01/ – 31/12/2017 kEUR
1. Revenues	[1]	95,029	84,475
2. Capitalised services	[2]	741	832
3. Other operating income	[2]	1,056	1,301
4. Commission expenses	[3]	–67,280	–59,011
5. Personnel expenses	[4]	–16,580	–14,440
6. Depreciation and amortisation of tangible and intangible assets	[5]	–3,158	–2,988
7. Other operating expenses	[6]	–11,504	–9,967
8. Other interest and similar income	[7]	20	21
9. Interest and similar expenses	[7]	–1,284	–1,102
10. Operating profit/loss		–2,960	–879
11. Income tax expenses	[8]	–1,153	–795
12. Other tax expenses	[8]	–230	–7
13. Net profit		–4,343	–1,681
thereof attributable to parent company's shareholders		–4,343	–1,681
14. Earnings per share	[9]	–0.35	–0.14

Consolidated statement of comprehensive income

	01/01/ – 31/12/2018 kEUR	01/01/ – 31/12/2017 kEUR
Profit or loss for the period	**–4,343**	–1,681
Other income		
In following periods in the profit and loss account to be reclassified into other result	0	0
In following periods in the profit and loss account to be reclassified into other result	0	0
Other income after taxes	0	0
Total income after taxes	**–4,343**	–1,681
Attributable to:		
– Parent company's shareholders	–4,343	–1,681

Segment reporting

	Advisortech		Advisory	
	2018 kEUR	2017 kEUR	**2018 kEUR**	2017 kEUR
Segment income				
Revenues	76,921	66,581	26,317	26,658
of which with other segments	1,067	1,336	7,142	7,499
Total segment income	**76,921**	66,581	**26,317**	26,658
Capitalised services	741	832	0	0
Other income	674	1,134	369	116
Segment expenses				
Commission expenses	–56,040	–47,923	–18,871	–19,319
Personnel expenses	–11,590	–9,929	–2,993	–2,610
Depreciation and amortisation	–2,640	–2,486	–508	–485
Other	–7,973	–7,430	–3,735	–3,666
Total segment expenses	**–78,243**	–67,768	**–26,107**	–26,080
EBIT	**93**	779	**579**	694
EBITDA	**2,733**	3,265	**1,087**	1,179
Income from investments	0	0	0	0
Other interest and similar income	699	726	56	55
Yield on other securities	0	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	–1,625	–1,505	–739	–620
Financial result	**–926**	–779	**–683**	–565
Segment earnings before tax (EBT)	**–833**	0	**–104**	129
Tax expenses	–1,010	–576	–222	–225
Segment net profit from continuing operations	**–1,843**	–576	**–326**	–96
Segment net profit from discontinued operations	0	0	0	0
Minority interests	0	0	0	0
Segment net profit after minority interests	–1,843	–576	–326	–96
Additional information				
Investments in tangible and intangible assets	5,242	1,954	331	76
Shares in companies accounted for using the equity method	0	0	0	0
Other non-cash itemised expenses except for scheduled depreciation	–3,326	–612	–1,106	–624
Scheduled depreciation	–2,640	–2,486	–508	–485
Unscheduled depreciation	0	0	0	0
Total segment assets	**67,629**	66,060	**26,170**	10,620
Total segment liabilities	**41,964**	44,233	**31,115**	15,730

	Holding		**Total reportable segments**		**Transfer**		**Total**	
	2018 kEUR	2017 kEUR	**2018 kEUR**	2017 kEUR	**2018 kEUR**	2017 kEUR	**2018 kEUR**	2017 kEUR
	1,872	2,085	105,110	95,324	−10,081	−10,849	95,029	84,475
	1,872	2,014	10,081	10,849	−10,081	−10,849	0	0
	1,872	2,085	105,110	95,324	−10,081	−10,849	95,029	84,475
	0	0	741	832	0	0	741	832
	13	51	1,056	1,301	0	0	1,056	1,301
	0	0	−74,911	−67,242	7,631	8,231	−67,280	−59,011
	−1,997	−1,901	−16,580	−14,440	0	0	−16,580	−14,440
	−10	−17	−3,158	−2,988	0	0	−3,158	−2,988
	−2,246	−1,489	−13,954	−12,585	2,450	2,618	−11,504	−9,967
	−4,253	−3,407	**−108,603**	−97,255	**10,081**	10,849	**−98,522**	−86,406
	−2,368	−1,271	**−1,696**	202	**0**	0	**−1,696**	202
	−2,358	−1,254	**1,462**	3,190	**0**	0	**1,462**	3,190
	0	0	0	0	0	0	0	0
	1,003	1,051	1,758	1,832	−1,738	−1,811	20	21
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	−658	−788	−3,022	−2,913	1,738	1,811	−1,284	−1,102
	345	263	**−1,264**	−1,081	**0**	0	**−1,264**	−1,081
	−2,023	−1,008	**−2,960**	−879	**0**	0	**−2,960**	−879
	−151	−1	−1,383	−802	0	0	−1,383	−802
	−2,174	−1,009	**−4,343**	−1,681	**0**	0	**−4,343**	−1,681
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	−2,174	−1,009	−4,343	−1,681	0	0	−4,343	−1,681
	5	5	5,578	2,035	0	0	5,578	2,035
	0	0	0	0	0	0	0	0
	−164	−47	−4,596	−1,283	0	0	−4,596	−1,283
	−10	−17	−3,158	−2,988	0	0	−3,158	−2,988
	0	−798	0	−798	0	798	0	−798
	22,477	38,484	**116,276**	115,164	**−30,729**	−40,007	**85,547**	75,157
	−2,910	14,960	**70,169**	74,923	**−17,966**	−27,798	**52,203**	47,125

Consolidated balance sheet

Assets	Notes	31/12/2018 kEUR	31/12/2017 kEUR
Non-current assets			
Intangible assets	[10]	46,136	43,761
Fixed assets	[11]	759	717
Financial assets	[12]	148	143
		47,043	44,621
Deferred taxes	[8]	2,700	3,315
Long-term non-current assets			
Accounts receivable	[13]	1,068	1,009
Other assets	[13]	2,257	2,482
		3,325	3,491
Total non-current assets		**53,068**	51,427
Current assets			
Accounts receivable	[14]	16,657	14,081
Other assets	[14]	3,759	3,092
Cash and cash equivalents	[15]	11,801	6,362
Deferred charges		262	195
Total current assets		**32,479**	23,730
Total assets		**85,547**	75,157

Liabilities

	Notes	31/12/2018 kEUR	31/12/2017 kEUR
Equity			
Subscribed capital	[16]	13,128	11,935
Capital reserves	[16]	21,638	12,845
Other retained earnings	[17]	445	766
Other equity components	[17]	–1,867	2,486
Total equity		**33,344**	28,032
Non-current liabilities			
Deferred taxes	[8]	1,665	1,408
Bonds	[18]	14,813	14,702
Liabilities due to banks	[18]	107	2,649
Accounts payable	[18]	8,810	8,477
Other liabilities	[18]	184	927
Provisions	[19]	1,455	1,027
Total non-current liabilities		**27,034**	29,190
Current liabilities			
Provisions	[20]	334	117
Liabilities due to banks	[20]	2,584	133
Accounts payable	[20]	17,508	13,967
Other liabilites	[20]	4,729	3,686
Deferred income	[20]	14	32
Total current liabilities		**25,169**	17,935
Total equity and liabilities		**85,547**	75,157

Consolidated cash flow statement

			01/01/– 31/12/2018 kEUR	01/01/– 31/12/2017 kEUR	Changes compared to previous year kEUR
1.		Result for the period	–4,343	–1,681	–2,662
2.	+	Depreciation and amortisation of fixed assets	3,158	2,988	170
3.	–/+	Decrease/increase of provisions	78	–600	678
4.	–/+	Other non-cash itemised income/expenses	1,006	630	376
5.	–/+	Profit/loss from disposals of fixed assets	0	0	0
6.	–/+	Increase/decrease of inventories, accounts receivable as well as other assets	–1,806	–1,421	–385
7.	–/+	Decrease/increase of accounts payable as well as other liabilities	3,481	3,291	190
8.	**=**	**Cash flow from operating activities**	**1,574**	3,207	–1,633
9.	+	Cash receipts from disposals of intangible assets	1	0	1
10.	–	Cash payments for investments in intangible assets	–2,491	–1,812	–679
11	+	Cash receipts from disposals of fixed assets	1	14	–13
12.	–	Cash payments for investments in intangible assets	–278	–223	–55
13.	+	Cash receipts from disposals of financial assets	0	0	0
14.	–	Cash payments for investments in financial assets	–5	0	–5
15.	+	Cash receipts from the disposal of consolidated companies	0	0	0
16.	–	Cash payments for the acquisition of consolidated companies	–2,153	0	–2,153
17.	–	Cash payments for investments funds within the borders of short-term finance disposition	0	0	0
18.	+	Cash receipts from investments funds within the borders of short-term finance disposition	0	0	0
19.	**=**	**Cash flow from investment activities**	**–4,925**	–2,021	–2,904
20.	+/–	Cash receipts/payments to equity	9,986	0	9,986
21.	+	Cash receipts from issuance of bonds	0	1,621	–1,621
22.	–	Cash receipts from borrowings	0	2,450	–2,450
23.	–	Cash payments from loan redemptions	–92	–842	750
24.	–	Paid interests	–1,073	–992	–81
25.	**=**	**Cash flow from financing activities**	**8,821**	2,237	6,584
26.		Changes in cash and cash equivalents (total of pos. 8, 19, 25)	5,470	3,423	2,047
27.	+	Cash and Cash equivalents at the beginning of the period	6,331	2,908	3,423
28.	**=**	**Cash and Cash equivalents at the end of the period**	**11,801**	6,331	5,470

Breakdown of cash and cash equivalents	31/12/2018 kEUR	31/12/2017 kEUR	Change kEUR
Cash and cash in banks	11,801	6,362	5,439
Current liabilities due to banks	0	–31	31
	11,801	6,331	5,470

Consolidated statement of changes in equity

	Number of shares	Sub-scribed capital kEUR	Capital reserve kEUR	Other retained earnings kEUR	Cash flow hedge marked to market kEUR	Securities marked to market kEUR	Other equity com-ponents kEUR	Shares without domi-nating influence	**Total equity kEUR**
As of 01/01/2017	**11,934,971**	**11,935**	**45,851**	**283**	**0**	**0**	**–28,356**	**0**	**29,713**
Result as of 31/12/2017							–1,681		–1,681
Capital increase									0
Other equity changes			–33,005	483			32,523		0
Retained earnings									0
– Allocation from earnings									0
As of 31/12/2017	**11,934,971**	**11,935**	**12,845**	**766**	**0**	**0**	**2,486**	**0**	**28,032**
As of 01/01/2018	**11,934,971**	**11,935**	**12,845**	**766**	**0**	**0**	**2,486**	**0**	**28,032**
Result as of 31/12/2018							–4,343		**–4,343**
Capital increase	1,193,490	1,193	8,793						**9,986**
Other equity changes				–321			–10		**–331**
Retained earnings									**0**
– Allocation from earnings									**0**
As of 31/12/2018	**13,128,461**	**13,128**	**21,638**	**445**	**0**	**0**	**–1,867**	**0**	**33,344**

Notes to the consolidated financial statements

1 General information **58**

1.1 Declaration of compliance by the Management Board **58**

2 Summary of significant accounting policies **59**

2.1 Principles of financial-statement preparation **59**
2.1.1 Standards, interpretations and changes to standards and interpretations applicable for the first time during the financial year 59
2.1.2 Standards, interpretations and amendments published but not yet applied 63
2.2 Information regarding consolidation **68**
2.2.1 Reporting entity 68
2.2.2 Principles of consolidation 69
2.3 Currency translation **71**
2.4 Intangible assets **71**
2.4.1 Goodwill 71
2.4.2 Other intangible assets 72
2.5 Property, plant and equipment **73**
2.6 Leased items **74**
2.7 Non-current assets and disposal groups held for sale **75**
2.8 Impairment in value of intangible asset items and property, plant and equipment **75**
2.9 Financial instruments **76**
2.10 Other financial instruments **78**
2.10.1 Classification of the maturities for assets 78
2.10.2 Trade receivables 78
2.10.3 Derivative financial instruments 78
2.10.4 Cash and cash equivalents 79
2.10.5 Financial obligations 80
2.11 Impairment of financial assets **80**
2.12 Liabilities **81**
2.12.1 Classification of the maturities for liabilities 81
2.12.2 Other provisions 81
2.12.3 Pension provisions 82
2.12.4 Income tax liabilities 83
2.12.5 Contingent liabilities and receivables 83
2.12.6 Equity options 83
2.13 Income and expenses **84**
2.13.1 Income 84
2.13.2 Expenses under finance leases 84
2.13.3 Expenses under operating leases 84
2.13.4 Income taxes 84
2.13.5 Results from discontinued operations 85
2.14 Significant assumptions and estimates **86**

3 Notes to the consolidated financial statements 88

3.1 Notes to the consolidated income statement 88

3.1.1 Revenues [1] 88

3.1.2 Other capitalised services/operating income [2] 88

3.1.3 Commission expenses [3] 89

3.1.4 Personnel expenses [4] 89

3.1.5 Depreciation, amortisation and impairment [5] 89

3.1.6 Operating expenses [6] 90

3.1.7 Financial result [7] 91

3.1.8 Income and other taxes [8] 91

3.1.9 Earnings per share [9] 93

3.2 Notes to the consolidated balance sheet 93

3.2.1 Non-current assets [10–13] 93

3.2.2 Current assets [14–15] 96

3.2.3 Equity [16–17] 97

3.2.4 Non-current liabilities [18] 98

3.2.5 Provisions [19] 99

3.2.6 Current liabilities [20] 99

3.2.7 Changes in liabilities from financing activities 100

3.3 Disclosures on leases 100

3.4 Contingencies 101

3.5 Contingent liabilities 102

3.6 Related parties 102

3.7 Significant events after the reporting date 103

3.8 Statement of changes in equity 103

3.9 Notes to the consolidated cash flow statement 103

3.10 Segment reporting 104

4 Additional information 106

4.1 Object of the business and key activities 106

4.2 Risk management, financial derivatives and other information on capital management 106

4.3 Risk management 107

4.4 Risk Management Objectives and Methods 108

4.5 Additional disclosures pursuant to section 315e (1) of the German Commercial Code (HGB) 108

1 General information

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

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

Kormoranweg 1
65201 Wiesbaden
Federal Republic of Germany

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

The Management Board prepared consolidated financial statements on 18 April 2019 and will release them for publication on 26 April 2019.

The consolidated financial statements for financial year 2018 are for the parent company and its subsidiaries on a consolidated basis.

1.1 DECLARATION OF COMPLIANCE BY THE MANAGEMENT BOARD

JDC Group's consolidated financial statements for financial year 2018 as well as the previous year have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), application of which is mandatory in the European Union (EU). The term IFRS also encompasses the International Accounting Standards (IAS) which are still in effect. All interpretations binding for financial year 2018 by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), as applicable in the EU have likewise been applied. In what follows, the term IFRS has been used throughout.

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

The 2018 financial year of the companies in the Group comprises the period from 1 January to 31 December 2018.

2 Summary of significant accounting policies

2.1 PRINCIPLES OF FINANCIAL-STATEMENT PREPARATION

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

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

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

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

As of 1 January 2018, JDC Group AG applied the following new and revised IASB standards for the first time during this financial year:

IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and valuation for fiscal periods beginning on or after 1 January 2018. The new standard combines all three aspects of accounting for financial instruments: Classification and valuation, depreciation and accounting for hedging transactions.

For the new standard IFRS 9, JDC Group AG made use of the option for simplified first-time application. The cumulative effect from retroactive application of the new rule is recognized in equity capital with no effect on profit or loss. Comparative figures from prior year periods were not adjusted.

The effects of first-time application of IFRS 9 as of 1 January 2018 are as follows:

	31/12/2017 kEUR	IFRS 9 kEUR	**01/01/2018 kEUR**
Assets			
Accounts receivable and other receivables	5,574	–403	5,171
Total assets	75,157	–403	**74,754**
Assets			
Deferred taxes	3,315	82	3,397
Total financial assets	3,315	82	**3,397**
Equity			
Retained Earnings	766	–321	445
Other equity components	27,266		27,266
Total adjustment of equity	28,032	–321	**27,711**

Essentially, first-time application of IFRS 9 by JDC Group AG results in an equity-reducing effect after deferred taxes in the amount of 321 kEUR.

The nature of these changes is described below:

(a) Classification and Valuation

Per IFRS 9, debt instruments are stated in subsequent valuation in other income at fair value through profit and loss, as amortised acquisition costs or at fair value with no effect on net income. Classification is based on two criteria: the corporate business model used in managing assets and the question of whether the contractual cash flows of the instruments represent exclusively payments of principal and interest on the principal amount outstanding.

Assessment of the corporate business model occurred on 1 January 2018 at the time of initial application. The assessment whether the contractual cash flows from debt instruments represent exclusively payments of principal and interest occurred on the basis of facts and circumstances that existed at the time of initial recognition of the assets.

The classification and valuation rules of IFRS 9 had no significant impact on the group. The following describes the changes in classification of corporate financial assets:

— Trade accounts receivable and other financial assets classified receivables as of 31 December 2017 are held to collect contractual cash flows and result in cash flows that represent exclusively payments of principal and interest. As of 1 January 2018, these items are classified and valued as assets measured at amortised costs. Reductions in book value result from the newly calculated risk provision.

— For equity assets that by reason of materiality are not included in the consolidated financial statement and were previously valued under IAS 39 as amortised costs, the simplifications per IFRS 9 B5.2.3 will be applied as of 1 January 2018 and continue to be valued as amortised costs.

— The Group did not classify any financial liabilities at fair value through profit or loss. The liabilities reported as amortised costs under IAS 39 shall continue to be reported as amortised costs under IFRS 9. There are no changes to the classification and valuation of corporate financial liabilities.

The following presents a transition from the figures reported per IAS 39 to the figures to be used per IFRS 9.

in kEUR	Kategorie	31/12/2017 IAS 39 Buchwert	Kategorie	01/01/2018 IFRS 9 Buchwert
Assets				
Non-current assets				
Financial assets				
Shares in affiliated companies	AfS	25	AC	25
Investments	AfS	118	AC	118
Accounts receivable	LaR	1.009	AC	1.009
Other assets	LaR	2.482	AC	2.079
Current assets				
Accounts receivable	LaR	14.081	AC	14.081
Other assets				
Other	LaR	3.092	AC	3.092
Cash and cash equivalents	LaR	6.362	AC	6.362
Liabilities				
Non-current liabilities				
Bonds	HtM	14.702	AC	14.702
Liabilities due to banks	FLAC	2.649	AC	2.649
Accounts payable	FLAC	8.477	AC	8.477
Other liabilities	FLAC	927	AC	927
Current liabilities				
Liabilities due to banks	FLAC	133	AC	133
Accounts payable	FLAC	13.967	AC	13.967
Other liabilities				
Other	FLAC	3.686	AC	3.686

Under IAS 39, investments not included in the consolidated financial statement for materiality reasons were valued as amortised acquisition costs. The simplifications per IFRS 9.B5.2.3 were adopted beginning 1 January 2018, and the valuation is carried under amortised acquisition costs.

Other assets and liabilities fulfil the payment stream criterion under IFRS 9 and will continue to be posted as amortised acquisition costs.

(b) Impairment

The first-time application of IFRS 9 fundamentally altered accounting for impairment costs with respect to corporate financial assets. In place of the incurred losses model applied per IAS 39, a forward-looking expected losses model is applied instead. Per IFRS 9, the group must record a value adjustment for expected credit losses for all debt instruments not held at fair value through profit or loss and for contractual assets.

When IFRS 9 is applied for the first time, the group records an additional depreciation expense for its trade receivables. As of 1 January 2018, this resulted of in a reduction in revenue reserves of kEUR 321.

The following table shows the transition of the closing balance of adjustments per IAS 39 to the opening balance of adjustments per IFRS 9.

in kEUR	Impairing loss according to IAS 39 on 31/12/2017	Revaluation	Expected credit defaults according to IFRS 9 on 01/01/2018
Receivables due to IAS 39/ investments rated with amortised costs according to IFRS 9	495	403	898

IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 replaces IAS 11 Production Contracts, IAS 18 Sales Revenues as well as related interpretations and applies, save for a few exceptions, for all revenues from contracts with customers. The standard introduces a five-stage model for accounting for revenues from contracts with customers. This involves recording revenue in the amount of the consideration that a company expects to receive in exchange for the transfer of agreed goods and services to the customer. IFRS 15 requires that a company make discretionary decisions when applying each stage of the model to contracts with customers taking into account all relevant facts and circumstances. Beyond that, the standard governs accounting of additional costs for initiating a contract and the costs directly relating to fulfilment of a contract. Lastly, the standard includes comprehensive disclosure requirements. The cumulative effect of the initial application of IFRS 15 shall be recorded at the time of initial application as an adjustment of the opening balance of retained earnings.

The initial application of IFRS 15 had no significant impacts as of 1 January 2018. Shown below are the amounts resulting for each affected end-of-year item from the first-time application of IFRS 15 as of 31 December 2018 and for the fiscal year from 1 January to 31 December 2018. Initial application of IFRS 15 had no significant impacts on other income or cash flows from corporate operations, investments or financing activities.

Specifically, initial application had the following effects:

In the current year, a capitalisation of contract initiation costs in intangible assets was effected in the amount of kEUR 166. Depreciation in the amount of kEUR 12 was effected with a useful life of 7 years. In addition, deferred tax liabilities in the amount of TEUR 49 were formed.

The reasons for the changes in the balance sheet as of 31 December 2018 and in the profit-and-loss statement for the fiscal year from 1 January to 31 December 2018 are discussed below.

The capitalised contract initiation costs relate to directly attributable external costs resulting in the conclusion of insurance contracts. The assets are amortised pursuant to an average holding period of 7 years.

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

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

IFRS 16 - LEASES

The new standard IFRS 16 – Leases replaces IAS 17 and the related interpretations (IFRIC 4, SIC-15, SIC-27). For lessees, the new standard requires a completely new approach to the financial reporting of leases. If, in accordance with IAS 17, the transfer of material risks and rewards of the leased asset was decisive for the recognition of leases by the lessee, then in principle every lease shall be recognised by the lessee as a financing transaction in the balance sheet. The new standard contains two exceptions to the recognition obligation for lessees: Leasing agreements for low-value assets (e.g. PCs), and short-term leases (i.e. leases with a maximum term of twelve months). At the beginning of the lease term, the lessee recognises a liability for the lease payments (i.e. the lease liability) and an asset for the granted right to use the leased asset during the term of the lease (i.e. the right to use the leased asset). Lessees must separately recognise the interest expense for the lease liability and the depreciation expense for the right to use the leased asset. In addition, lessees are required to re-evaluate the lease liability when certain events occur (for example, a change in lease maturity or in future lease payments due to a change in the index or interest rate used to determine the lease payments). The re-evaluated lease liability amount will generally be recognised by lessees as an adjustment to the right to use the leased asset.

For lessors, the accounting rules have remained unchanged for the most part. IFRS 16 requires lessees and lessors to provide more detailed information than IAS 17.

The standard shall be applied to fiscal years that begin on or after 1 January 2019. The transition to IFRS 16 beginning from 1 January 2019 to be undertaken per the modified retrospective approach. Comparative figures from prior year periods will not be adjusted.

The analysis of initial application of IFRS 16 showed that IFRS 16 will have the following impacts on elements of the consolidated financial statement and on accounting of asset, financial and earnings status.

Initial application of IFRS 16 as at 01/01/2019 results in an increase in fixed assets by approx. kEUR 500 and other liabilities by approx. kEUR 540. Interest expense for the years 2019–2021 is approx. kEUR 37. The cash flow statement shows a shift in cash flow from ongoing activities to cash flow from financing activities in the amount of the expected interest.

MODIFICATIONS TO IFRS 3 – DEFINITION OF BUSINESS OPERATIONS

The narrowly defined changes of IFRS 3 are aimed at resolving problems that arise when a company determines whether it has acquired a business or a group of assets. The problems result from the fact that the accounting rules for goodwill, acquisition costs and deferred taxes on acquiring a business are different than when acquiring a group of assets. The changes shall be applied starting from 1 January 2019. EU endorsement is still pending.

MODIFICATIONS TO IFRS 9 – PREPAYMENT ATTRIBUTES THAT RESULT IN NEGATIVE COMPENSATION

Per IFRS 9, a debt instrument can be assessed as amortised costs or at fair market value with no impact on income in other income if the agreed cash flows represent exclusively payment of principal and interest on the amount outstanding (so-called SPPI criterion) and the debt instrument is held as part of a business model that corresponds to this classification. The changes to IFRS 9 make clear that a financial asset fulfils the SPPI criterion regardless of which event or which circumstance brings about early termination of the contract and which contractual party pays or retains the relevant compensation for early termination of the contract. The changes shall be applied starting 1 January 2019 with retroactive effect. These changes have no impact on the consolidated financial statement.

MODIFICATIONS TO IAS 19 – PLAN ADJUSTMENTS, CURTAILMENTS OR SETTLEMENTS

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

— current servicing costs for the portion of the reporting period following the plan adjustment, curtailment or settlement using actuarial estimates used to revalue net debt (net assets) from performance-oriented plans. Here, net debt (or net assets) represents the benefits granted under the plan and plan assets after occurrence of the event.

— net interest cost for the portion of the reporting period following the plan adjustment, curtailment or settlement using net debt (net assets) from performance-oriented plans that corresponds to the benefits granted under the plan and the plan assets following occurrence of the event and the discount rate applied in revaluing net debt (net assets).

The changes also clarify that initially any past servicing cost or profit/loss from plan settlement shall be determined without taking into account the effects of the asset ceiling. The amount thereby determined shall be recognised as income. In the following step, the effects of the asset ceiling following the plan adjustment, curtailment or settlement shall be determined. Any deviation with respect to these effects shall be recognised in other income minus the amounts recognised in net interest.

The changes to IAS 19 are to be applied to plan adjustments, curtailments or settlements that occur after the start of the first fiscal year beginning on or after 1 January 2019. EU endorsement is still pending. These changes have no impact on the consolidated financial statement.

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

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

The changes further clarify that a company, in applying IFRS 9, shall not include losses of the associated company or joint-venture company or impairment losses from net investments that are recognised as adjustments of the net investment in the associated company or joint-venture company that result from the application of IAS 28 shares in associated company and joint-venture companies.
The changes shall be applied starting 1 January 2019 with retroactive effect. Given that the group has no such long-term shares in associated companies or joint-venture companies, these changes have no effect on the consolidated financial statement.

IFRS 17 – INSURANCE CONTRACTS

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard that includes policies for recognition, measurement, presentation and disclosure obligations with regard to insurance contracts. With its entry into force, IFRS 17 will replace IFRS 4 Insurance Contracts published in 2005. IFRS 17 is applicable to all types of insurance contracts (i.e. life insurance, property insurance, direct insurance and reinsurance) and to certain guarantees and financial instruments with discretionary participation features, regardless of the type of corporation. With regard to the scope, individual exemptions apply.

The overall objective of IFRS 17 is to create a more uniform and consistent accounting model for insurers. In contrast to the requirements of IFRS 4, which largely protect the grandfathering of previous local accounting standards, IFRS 17 provides a comprehensive model for insurance contracts that reflects all relevant accounting issues. The core of IFRS 17 is the general model, supplemented by

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

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

AMENDMENT TO IFRS 10 AND IAS 28 – SALES OR CONTRIBUTIONS OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE

The amendments address the inconsistency between the requirements of IFRS 10 and IAS 28 relating to the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the profit or loss on the sale or contribution of assets should be fully recognised in such cases, provided that the assets constitute a business operation within the meaning of IFRS 3. Any profit or loss from the sale or contribution of non-operating assets should be recognised only up to the amount of the other unrelated investors in the associate or joint venture. The IASB has postponed the date of first application of these amendments indefinitely.

IFRIC INTERPRETATION 23 – UNCERTAINTY REGARDING INCOME TAX TREATMENT

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

— Deciding whether a company should assess uncertain tax treatment individually
— Assumptions made by a company regarding auditing of tax treatment by the tax authorities
— Determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
— Consideration of changes in facts and circumstances

A company must determine whether it evaluates any uncertain tax treatment separately or together with one or more other uncertain tax treatments. In doing so, the approach that allows for better prediction with respect to the resolution of the uncertainty should be chosen. The interpretation becomes effective for reporting periods beginning on or after 1 January 2019. However, certain transitional benefits can be claimed. The group will apply IFRIC 23 upon its entry into force.

ANNUAL REVISIONS (2015–2017 CYCLE)

The revisions related to the following standards

- IFRS 3 Company Mergers_The changes clarify that a company that acquires control over a business operation that constitutes a joint activity shall apply the rules for a business mergers achieved in stages, which shall include the revaluation of previously held shares in the assets and liabilities of the joint activity at fair value. In doing so, the acquiring entity shall reappraise all its previously held shares in the joint activity. A company shall apply this change to business mergers that were acquired at the start of a year that falls on or after 1 January 2019 or any time thereafter. These changes also apply to future business mergers by the group.
- IFRS 11 Joint Agreements
  A party that is participating in a joint activity but which is not part of the joint management of that activity may acquire joint management of such a joint activity where such activity represents a business activity within the meaning of IFRS 3. The changes clarify that previously held shares in this joint activity need not be reappraised. A company shall apply these changes to transactions in which it acquired joint management at the start of the first fiscal year that begins on or after 1 January 2019. These changes do not currently apply to the group, but may apply to future transactions.
- IAS 12 Taxes on Profits
  The changes clarify that the tax consequences of dividends are more directly linked with past transactions or business events that generated distributable profits than with distributions to shareholders. Therefore, a company accounts for tax consequences of dividends in the profit-and-loss statement, in other income or in equity capital, depending on where the company originally recognised the past transactions or business events. The changes are effective for fiscal years beginning on or after 1 January 2019. Initially, the company applies these changes to the tax consequences of dividends that were recognised at or following the start of the earliest comparative period presented. Because the group's current approach is consistent with this change, the group does not anticipate any impacts on its consolidated financial statement.

— IAS 23 Borrowing Costs
  The changes clarify that a company that originally took on outside capital in order to develop a qualifying asset shall treat this outside capital as part of general borrowed funds if the whole of the activities necessary to prepare this asset for its intended use or sale have essentially been completed. A company shall apply these changes to outside capital costs that arise on or after the start of the fiscal year in which the company first applies the changes. The changes are effective for fiscal years beginning on or after 1 January 2019. Because the group's current approach is consistent with these changes, it does not anticipate any impacts on its consolidated financial statement.

EU endorsement of annual revisions (2015–2017 cycle) is still pending.

2.2 INFORMATION REGARDING CONSOLIDATION

2.2.1 Reporting entity

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

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

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

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

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

Subsidiaries	Capital share in %	Date of first-time consolidation
1. JDC Group-Konzern		
Jung, DMS & Cie. Aktiengesellschaft, Munich	100.0	31/03/2004
FiNUM.Private Finance Holding GmbH, Vienna/Austria	100.0	01/10/2009
FiNUM.Private Finance Holding GmbH, Wiesbaden	100.0	01/10/2011
JDC B-LAB GmbH, Liechtenstein	100.0	01/01/2018
2. Sub-group Jung, DMS & Cie. Aktiengesellschaft		
Jung, DMS & Cie. GmbH, Vienna/Austria	100.0	31/03/2004
Jung, DMS & Cie. Pool GmbH, Wiesbaden	100.0	07/05/2004
Jung, DMS & Cie. Fundmatrix AG, Wiesbaden	100.0	30/09/2007
Jung, DMS & Cie. Pro GmbH, Wiesbaden	100.0	17/01/2008
JDC plus GmbH, Wiesbaden	100.0	01/10/2013
JDC Geld.de GmbH, Wiesbaden	100.0	01/09/2010
3. Sub-group FiNUM.Private Finance Holding GmbH, Vienna/Austria		
FiNUM.Private Finance AG, Vienna/Austria	100.0	31/12/2009
Jung, DMS & Cie. Finanzservice GmbH, Vienna/Austria	100.0	01/09/2011
4. Sub-group FiNUM.Private Finance Holding GmbH		
FiNUM.Private Finance AG, Berlin	100.0	31/12/2011
FiNUM.Finanzhaus AG, Wiesbaden	100.0	12/07/2013
FiNUM.Pension Consulting GmbH, Wiesbaden	100.0	01/09/2012

2.2.2 Principles of consolidation

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

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

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

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

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

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

2.3 Currency translation

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

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

2.4 INTANGIBLE ASSETS

2.4.1 Goodwill

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

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

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

If the carrying value of the cash-generating unit to which the goodwill has been allocated exceeds the recoverable amount, the goodwill allocated to this cash-generating unit must be reduced and written down by the difference. Reductions in the value of goodwill may not be reversed. If the impairment in value of the cash-generating unit exceeds the carrying value of its allocated goodwill, any additional reduction in value must be recorded by a pro rata reduction of carrying values of the assets allocated to the cash-generating unit. The re-coverable amount of a cash-generating unit is calculated on the basis of its fair value minus the disposal costs. The fair value minus the disposal costs is usually calculated using the Discounted Cash Flow method (DCF). Underlying these DCF calculations are forecasts based on the financial plans approved by the Management Board which are also used for internal purposes. The planning horizon chosen reflects the assumptions regarding short- and medium-term market developments.

Cash flows beyond a forecast period of generally 3 years are calculated using suitable growth rates. The key assumptions on which the calculation of fair value minus disposal costs is based include assumptions about the number of agreements brokered, gross margin, payments for operating business activities, growth rates and the discount rate. External information is also included in the cash flow calculations.

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

2.4.2 Other intangible assets

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

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

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

The expected useful life is as follows:

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

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

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

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

2.5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

The expected useful life is as follows:

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

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

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

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

2.6 LEASED ITEMS

Leasing agreements are classified as "finance leases" if all risks and opportunities related to the economic ownership of the leased item pass mainly to the lessee. All other lease transactions are classified as "operating leases".

Assets to be capitalised as finance leases are reported in the amount of the fair value at the start of the lease relationship or at the amount, if lower, of the present value of the future minimum lease payments. This figure is reduced by accumulated amortisation and impairment. The corresponding liabilities due to the lessor are reported as current and non-current liabilities under leases. The lease payment to be made is divided into the repayment and interest component using the effective interest method. The repayment component reduces lease liabilities, whereas the interest component is reported as interest expense. Repayment of lease liabilities takes place over the term of the lease. The difference between total leasing liabilities and the fair value of the leased item corresponds to the financing costs, which are distributed over the term of the lease agreement and realised through profit or loss, so that a constant interest rate on the outstanding debt emerges over the term of the agreement.

The depreciation of the leased item over the estimated useful life is realised through profit or loss.

The lessor under a finance lease issues a claim corresponding to the net investment value from the lease agreement. Leasing agreements are divided into repayments of the leasing claim and financial earnings. The claim from the lease is repaid and updated using the effective interest method.

If the lessor bears the key opportunities and risks (operating lease), the leased item is recorded by the lessor in the balance sheet. The rental and lease payments made by JDC Group itself as part of operating leases are recorded over the contract term and realised in profit and loss.

2.7 NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

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

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

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

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

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

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

The calculated cash flows reflect the assumptions by the management.

2.9 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

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

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

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

2.10 OTHER FINANCIAL INSTRUMENTS

2.10.1 Classification of the maturities for assets

An asset is classified as current if

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

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

2.10.2 Trade receivables

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

2.10.3 Derivative financial instruments

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

For derivative financial instruments, fair value corresponds to the amount which JDC Group AG would either receive or have to pay upon termination of the financial instrument at the reporting date. This is

calculated using the relevant interest rates, exchange rates and credit quality of the contractual partners on the reporting date. Average rates are used for the calculations. For interest-bearing derivative financial instruments, a distinction is made between "Clean Price" and "Dirty Price". Unlike the "Clean Price", the "Dirty Price" also includes accrued interest. The fair values to be recorded correspond to the full fair value or the "Dirty Price".

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

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

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

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

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

2.10.4 Cash and cash equivalents

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

2.10.5 Financial obligations

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

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

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

2.11 IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

In stages 2 and 3, anticipated defaults for all receivables and other assets will be estimated across the entire term. The average defaults for the last five years were ascertained in order to complete the estimate. For 2018, this means an anticipated risk of default of 7% for receivables in stages 2 and 3.

2.12 LIABILITIES

2.12.1 Classification of the maturities for liabilities

A liability is classified as current if

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

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

2.12.2 Other provisions

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

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

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

2.12.3 Pension provisions

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

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

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

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

2.12.4 Income tax liabilities

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

2.12.5 Contingent liabilities and receivables

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

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

2.12.6 Equity options

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

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

2.13 INCOME AND EXPENSES

2.13.1 Income

Income is recorded when it is probable that an economic benefit will flow to the Group, the amount of which can be determined reliably. For the Group's material types of income, this implies the following:

Income from services is recorded according to the percentage of completion of the transaction on the reporting date. If the result of a service cannot be reliably estimated, income is only recorded to the extent that the expenses incurred are recoverable.

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

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

2.13.2 Expenses under finance leases

Expenses under finance leases are divided into interest expenses and repayment of existing liabilities. Interest expenses are allocated in each period according to the term of the lease in such a way that the interest rate for the residual liability under the lease is constant.

2.13.3 Expenses under operating leases

Payments under operating lease agreements are recorded on a straight-line basis over the term of the lease agreement and realised through profit or loss.

2.13.4 Income taxes

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

Active and passive deferred tax is recognised for all temporary taxable differences between the carrying value of an asset or a liability in the consolidated balance sheet and the tax balance sheet value. Deferred

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

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

2.13.5 Results from discontinued operations

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

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

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

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

2.14 SIGNIFICANT ASSUMPTIONS AND ESTIMATES

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

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

Material assumption and estimates relate to the following:

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

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

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

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

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

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

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

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

3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 NOTES TO THE CONSOLIDATED INCOME STATEMENT

Income by segments is shown in the segment report.

3.1.1 Revenues [1]

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

	01/01/–31/12/2018 kEUR	01/01/–31/12/2017 kEUR
Initial commission		
Insurance products	47,449	35,361
Investment funds	10,890	13,103
Closed-end funds	4,552	3,461
Follow-up commission	17,331	19,128
Overrides	6,490	5,664
Construction financing	2,739	1,432
Fee-based advisory	2,851	3,331
Other income	2,727	2,995
Total	**95,029**	84,475

Total revenues of the reporting year was with kEUR 95,029 und 12.5 percent over the previous year (kEUR 84,475).

3.1.2 Other capitalised services/other operating income [2]

	01/01/–31/12/2018 kEUR	01/01/–31/12/2017 kEUR
Capitalised services	741	832
Reversal of impairments/income from receivables written off	5	5
Income from provision's release	445	621
Income from security sales	0	0
Income from statute-barred debt	352	208
Income from benefits in kind	159	225
Other operating income	95	242
Total	**1,797**	2,133

Other own work services in the amount of kEUR 741 (previous year: kEUR 832) were mainly achieved by the development of in-house proprietary-use software solutions (Compass, World of Finance, iCRM, allesmeins and Portal GELD.de) (cf. Ref. 3.2.1.1.1 Concessions and licences).

The other operationg income of kEUR 1,056 (previous year: kEUR 1,301) relates essentially to income from from the reversal of provisions kEUR 445 (previous year: kEUR 621) and income from statute-barred liability kEUR 352 (previous year: kEUR 208).

3.1.3 Commission expenses [3]

The item contains mainly the commissions for independent brokers and trade representatives. The expenses increased by kEUR 8,269 to kEUR 67,280 (previous year: kEUR 59,011) comparing to the previous although sales increased.

3.1.4 Personnel expenses [4]

	01/01/–31/12/2018 kEUR	01/01/–31/12/2017 kEUR
Wages and salaries	14,112	12,285
Social security	2,468	2,155
Total	**16,580**	14,440

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

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

The average number of staff (full time equivalent) employed during the financial year is 262 (previous year: 232).

3.1.5 Depreciation, amortisation and impairment [5]

	01/01/–31/12/2018 kEUR	01/01/–31/12/2017 kEUR
Depreciation and amortization of intangible assets	–2,922	–2,782
Purchased software	–318	–562
Internally developed software	–1,163	–1,272
Insurance portfolios	–1,430	–948
Contract preparation costs	–12	0
Other intangible assets	0	0
Depreciation and amortization of property and equipment	–235	–206
Total	**–3,158**	–2,988

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

As a result of the first-time application of IFRS 15, costs for contracts with customers in the amount of kEUR 166 capitalized and amortized over a period of 7 years.

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

3.1.6 Operating expenses [6]

	01/01/–31/12/2018 kEUR	01/01/–31/12/2017 kEUR
Marketing costs	886	1,054
Travel costs	416	370
External services	984	673
IT costs	3,058	2,177
Occupancy costs	1,457	1,368
Vehicle costs	382	392
Office supplies	121	97
Fees, insurance premiums	724	713
Postage, telephone	273	282
Write-downs/impairments of receiveables	76	67
Legal and consulting costs	1,478	1,480
Training costs	54	66
Human resources	0	12
Supervisory boad compensation	90	107
Non-deductible input tax	241	191
Impairment IFRS 9	199	5
Other	1,065	913
Total	**11,504**	9,967

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

Occupancy costs include expenses for rent, incidental rental costs, energy supply and cleaning costs. Vehicle costs include expenses for the vehicle fleet, including vehicle leasing.

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

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

The valuation according to IFRS 9 results in expenses from value adjustments of kEUR 199 (previous year: kEUR 5).

3.1.7 Financial result [7]

	01/01/–31/12/2018 kEUR	01/01/–31/12/2017 kEUR
Income from closed-end fund investments	0	0
Interest and similar income	20	21
Interest and similar expenses	–1,284	–1,102
Total	**–1,264**	–1,081

The interest and similar expenses results mainly from the bond from subsidiary company Jung, DMS & Cie. Pool GmbH kEUR 1,011 (previous year: kEUR 963).

OF WHICH: FROM FINANCIAL INSTRUMENTS OF THE VALUATION CATEGORIES

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

	2018 kEUR	2017 kEUR
Loans and receivables (AC)	20	21
Held-to-maturity securities (AC)	0	0
Financial assets (AC)	0	0
Financial liabilities measured at amortised cost (AC)	–1,284	–1,102
Total	**–1,264**	–1,081

3.1.8 Income and other taxes [8]

Tax income and expenses are structured as follows:

	01/01/–31/12/2018 kEUR	01/01/–31/12/2017 kEUR
Current income tax	–198	–134
Deferred taxes	–955	–661
Total income tax	**–1.153**	–795
Other taxes	–230	–7
Total tax expenditure	**–1.383**	–802

For the financial years 2018 and 2017, using an expected tax rate of 31.72 percent (previous year: 31.72 percent), the tax expense deviates from the actual amounts as follows:

	01/01/–31/12/2018 kEUR	01/01/–31/12/2017 kEUR
Earnings before income taxes	–3,190	–886
Arithmetical tax expense at expected tax rate (31.72%, previous year: 31.72%)	0	0
Non-deductible expenses	0	0
Tax-exempt income components	0	0
Tax refunds and subsequent tax payments for previous years	0	
Evaluation of deferred taxes	–955	–661
Tax-rate based deviations (Austria)	0	0
Other	–198	–134
Income tax as stated in the income statement	**–1,153**	–795

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

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

	31/12/2018 kEUR	31/12/2017 kEUR
Deferred tax assets		
Tax reimbursement claims from loss carry-forwards	2,606	3,315
Tax reimbursement claims from financial liabilities	94	0
	2,700	3,315
Deferred tax liabilities		
Intangible assets (software/customer base)	1,617	1,408
From other recognition differences	48	0
	1,665	1,408

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

	31/12/2018 kEUR	31/12/2017 kEUR
Deferred tax assets		
Tax reimbursement claims from loss carry-forwards	–716	–533
Tax reimbursement claims from financial liabilities	19	1
	–697	–532
Deferred tax liabilities		
Intangible assets (software/customer base)	–210	187
From other recognition differences	–48	–58
	–258	129

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

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

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

3.1.9 Earnings per share [9]

	2018 kEUR	2017 kEUR
Consolidated net income	–4,343	–1,681
Weighted average number of shares (number)	12,432,259	11,934,971
Own shares	0	0
Earnings per share in EUR	–0.35	–0.14

No dividend was paid in financial year 2018.

3.2 NOTES TO THE CONSOLIDATED BALANCE SHEET

3.2.1 Non-current assets

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

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

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

3.2.1.1 INTANGIBLE ASSETS [10]

	31/12/2018 kEUR	31/12/2017 kEUR
Concessions, industrial property rights and similar rights and values	21,572	19,202
Goodwill	24,564	24,559
Total	**46,136**	43,761

3.2.1.1.1 Concessions and licences

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

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

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

In the financial year under review, internally generated software tools totalling kEUR1,942 (previous year: kEUR 1,445) were capitelised. These are essentially company-specific software applications (Compass, World of Finance, iCRM and allesmeins) to support financial products.

As of the reporting date, the carrying amount of internally generated software tools was kEUR 3,720 (previous year: kEUR 2,941).

3.2.1.1.2 Goodwill

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

	31/12/2018 kEUR	31/12/2017 kEUR
Advisortech	19,096	19,096
Advisory	5,461	5,461
Holding	7	2
	24,564	24,559

3.2.1.1.3 Impairment losses

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

Goodwill was subjected to an impairment test as of 31 December 2018. A possible impairment requirement results from the value comparison of the Carrying amount of the CGU or group of CGUs including the business assigned to it or Goodwill at its recoverable amount. If the book values exceed the recoverable amount, then one is Impairment of goodwill in the income statement. The recoverable amount is the maximum of the fair value less costs to sell and the value in use.

The achievable amount of the generating mediums of payment relevant entities Advisortech and Advisory are determined on basis of calculation of use value under applicaton of estimated cash flows before income taxes. The estimation are deviated from management and supervisory board approved detailed

budgeting of the group companies for the financial year 2019. For the financial years 2020 and 2021 moderate growth ratse (phase I) are assumed. For the subsequent periods, the cash flow was forecasted as perpetual annuity (phase II).

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

At one of the yield curve, risk-free base rate of 0.21 % (previous year: 0.80 %), a market risk premium of 6.07 % (previous year: 5.17 %) and taking into account a beta factor of the comparative investment from 0.95 (previous year: 1.01), a capitalization interest rate of 6.0 % (previous year: 6.0 %) is calculated. In the capitalization rate a growth discount is used to calculate the present value of the first cash flows of the perpetual annuity 1.0 % (previous year: 1.0 %). An additional, essential influence on the free cash flow is the assumptions for revenue growth and earnings development of the operating units.

The rise in the discount rate before taxes to 8.0 percent (viz. + 2 percent) does not mean a loss of value for the mediums of payment relevant entities. The decline of planned EBIT in the mediums of payment relevant entities by –20 percent does not require a loss of value. A significant reduction of the planned EBT growth beyond this may lead to the book value exceeding the achievable amount. However, as significant measures have already been initiated for increasing EBT, the Management Board regards this scenario as unlikely. For the cash-generating units Advisortech and Advisory, the fair value less the costs of disposal.

In the financial year, as in the previous year, none amortization of goodwill required.
As of December 31, 2018, the market capitalization was above the carrying amount of its equity.

3.2.1.2 PROPERTY, PLANT AND EQUIPMENT [11]

	31/12/2018 kEUR	31/12/2017 kEUR
Property, plant and equipment	759	717
Total	**759**	717

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

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

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

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

The changes in financial assets and other non-current assets are shown in the statement of changes in consolidated assets (Appendices 1 and 2). The additional disclosures regarding financial instruments in accordance with IFRS 7 are presented in Appendix 4.

The breakdown of carrying amounts is as follows:

	31/12/2018 kEUR	31/12/2017 kEUR
Available-for-sale		
Shares in affiliated companies	25	25
Investments	123	118
Total	**148**	143

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

3.2.1.4 RECEIVABLES AND OTHER ASSETS [13]

	31/12/2018 kEUR	31/12/2017 kEUR
Accounts receivables	1,068	1,009
Other assets	2,257	2,482
Total	**3,325**	3,491

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

3.2.2 Current other assets

3.2.2.1 RECEIVABLES AND OTHER ASSETS [14]

	31/12/2018 kEUR	31/12/2017 kEUR
Accounts receivable	16,657	14,081
Other assets		
Commission advances	262	195
Prepaid expenses	–420	0
Other	4,179	3,092
Total	**20,678**	17,368

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

The remaining other assets essentially relate to receivables to consultants.

Due to the first-time application of IFRS 9, risk provisions were added to other receivables for expected losses of 7%, which reduced other receivables by kEUR 420 (31.12.2017: kEUR 321).

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

3.2.2.2 CASH AND CASH EQUIVALENTS [15]

	31/12/2018 kEUR	31/12/2017 kEUR
Cash and cash equivalents	11,801	6,362
Total	**11,801**	6,362

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

3.2.3 Equity

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

	31/12/2018 kEUR	31/12/2017 kEUR
Subscribed capital	13,128	11,935
Capital reserves	21,638	12,845
Other revenue reserves	445	766
Other equity components	2,476	4,167
Net income/loss stated in the income statement	–4,343	–1,681
Total	**33,344**	28,032

3.2.3.1 SUBSCRIBED CAPITAL AND CAPITAL RESERVES [16]

Subsribed capital and capital reserves

The Company’s share capital is divided into 13,128,461 no-par-value ordinary bearer shares (previous year: 11,934,971) each representing a notional amount in the share capital of EUR 1.00 per share. The shares of JDC Group AG are admitted for the open market (Scale) on the Frankfurt stock exchange. Securities identification number: A0B9N3, ISIN: DE000A0B9N37. At year-end the company held none of its own shares.

The capital reserve is due to the issuing of new shares in the previous years above the mathematical value. In this regard, accrued costs for capital procurement amounted kEUR 1,409 were deducted from the capital reserve.

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

Contingent capital

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

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

Authorised capital

The Managment Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the company during the period until 30 August 2021, once or severally, in exchange for cash or in-kind contributions up to a total of EUR 4,773,995 by issuing up to a total of 4,773,995 of new no-par-value ordinary bearer shares (Authorised capital 2016).

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

The revenue reserves contain the subsidiaries' legal reserves of kEUR 445 (2017: kEUR 766).

As part of the first-time application of IFRS 9, EUR 321 thousand was transferred to retained earnings as of January 1, 2018 charged. Further effects of the IFRS can be found in the section 3.8.

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

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

3.2.4 Non-current liabilities [18]

	31/12/2018 kEUR	31/12/2017 kEUR
Bonds	14,813	14,702
Liabilities to banks	107	2,649
Accounts payable	8,810	8,477
Other liabilities		
Others	184	927
Total	**23,914**	26,755

Under the position bond is a corporate bond of the Jung, DMS & Cie. Pool GmbH from 2015 displayed in the balance sheet, it is shown in continued costs of purchase under usage of the effective interest method.

Under liabilities to banks is a loan from FiNUM.Private Finance AG, vienna, issued through Bank Austria.

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

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

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

3.2.5 Provisions [19]

	31/12/2018 kEUR	31/12/2017 kEUR
Pension provisions	421	0
Provisions with reversal liabilities	986	989
Asset Damage precaution	48	38
Total	**1,455**	1,027

Under provisions for cancellation liability is determined on basis of estimation and therefore not on personell classifiable parts of cancellation risks from business parts displayed. Furthermore are here provisions for threatened claims from financial loss displayed.

3.2.6 Current liabilities [20]

	31/12/2018 kEUR	31/12/2017 kEUR
Pension provisions	46	0
Provisions for taxes	288	117
Liabilities to banks	2,584	133
Accounts payable	17,508	13,967
Other current liabilities		
Puchase price liabilities	0	164
Interest-rate derivatives with a hedging purpose	0	0
loan liabilities	761	11
Other	3,968	3,511
Deferred income	14	32
Total	**25,169**	17,935

Pension provisions include current portion due for payment within one year. Tax provisions essentially comprise the expected final payments for corporate income tax, solidarity surcharge and trade tax for the 2017 and 2018 plus threatening additional tax payments for past periods.

Under liabilities to banks, the current portion of the Bank Austria loan and a loan from JDC Geld.de GmbH, Wiesbaden, issued through Fintechgroup Bank AG, referred to in 3.2.4 is mainly reported. Other accounts payable also comprise obligations under the cancellation reserve with a term of up to one year.

Other liabilities include, inter alia, liabilities from wage and church tax, as well as value-added tax, current interest liabilities from the corporate bond and liabilities for services already received.

3.2.7 Changes in liabilities from financing activities

	01/01/2018 kEUR	Cash-flows kEUR	Sonstige kEUR	**31/12/2018 kEUR**
Non-current bonds	14,702	0	111	**14,813**
Non-current liabilities due to banks	2,649	0	–2,542	107
Current liabilities due to banks	133	–92	2,543	2,584
./. Components of cash and cash equivalents	–31	31	0	0
	2,751	–61	1	**2,691**
Other liabilities				
Loan liabilities				
(Non-current portion)	927	0	743	184
(Current portion)	11	0	750	761
	938	0	7	**945**
Total liabilities from financing activities	**18,391**	**0**	**18,391**	**18,449**

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

3.3 DISCLOSURES ON LEASES

Where a lease agreement may not be classified as a finance lease, it constitutes an operating lease under which the lessor is the economic beneficiary of the leased item.

With the exception of an agreement for the use of IT hardware, all lease agreements concluded by Group companies are pure tenancy agreements. Generally the risks and rewards associated with ownership are not transferred under these agreements.

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

	31/12/2018 kEUR	31/12/2017 kEUR
Residual term		
up to one year	1,474	1,620
between two and five years	2,910	3,467
longer than five years	712	1,048
Total	**5,096**	6,135

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

The agreements have remaining terms of between 2 and 106 months (previous year: 2 to 118 months), whereby some contain extension and price adjustment clauses. None of these lease agreements contains contingent lease payments.

With regard to the introduction of IFRS 16 from 01.01.2019 we refer to chapter 2.1.2

3.4 CONTINGENCIES

a) Liability for products on the “master list”

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

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

b) Liability umbrella

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

c) Letters of comfort

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

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

d) Other contingencies

There are no other contingencies as of the reporting date.

3.5 CONTINGENT LIABILITIES

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

3.6 RELATED PARTIES

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

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

For JDC Group AG the following disclosure obligations arise for the financial year:
Both members of the managing board with their subsidiary companies Aragon Holding GmbH and Grace Beteiligungs GmbH are the biggest single shareholders each with approximately 19 percent, approximately 12 percent are held by supervisory board and further 50 percent are in the free-float.

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

	31/12/2018 kEUR	31/12/2017 kEUR
Supervisory Board		
Total remuneration	79	107
Management Board		
Total remuneration*	**880**	818

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

3.7 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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

3.8 STATEMENT OF CHANGES IN EQUITY

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

Changes in equity

	kEUR
Equity 31/12/2017	28,032
Capital increase	9,986
First-time application IFRS 9	–321
other equity movements	–10
Net profit	–4,343
Equity 31/12/2018	**33,344**

3.9 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The Group's changes in financial position are reflected in the cash flow statement, which forms part of the consolidated financial statements in accordance with IFRS. The cash flow from operating activities was positive at kEUR 2,230.

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

Cash and cash equivalents

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

Additional information on company acquisitions in the financial year

In January 2018, the Group acquired all the shares of the insurance company Assekuranz Herrmann GmbH and Wilhelm Hermann Assekuranz Makler GmbH (hereinafter: Assekuranz Herrmann Group). The JDC Group AG acquires the insurance portfolio of the insurance company Assekuranz Herrmann Group, especially in life, health and property insurance. The acquisition also transfers the existing distribution structure to JDC Group AG.

The fair values of the identifiable assets and assumed liabilities of the insurance company Assekuranz Hermann Group on the basis of a preliminary purchase price allocation and the cash outflows are as follows:

in kEUR	
Total purchase price	**2,812**
Activated customer base	2,809
Acquired payments	297
Other assets	448
Accruals	–566
Other liabilities	–176
Total net assets	**2,812**
Total purchase price	**2,812**
Cashflow in 2018	2,450
Acquired payments	–297
Arain of money	2,153

3.10 SEGMENT REPORTING

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

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

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

Advisortech

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

Advisory

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

Holding

The Holding Segment includes the JDC Group AG.

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

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

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

	2018	2017
Advisortech	211	189
Advisory	34	29
Holding	17	14
Total	**262**	232

Geographical segment information

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

4 ADDITIONAL INFORMATION

4.1 OBJECT OF THE BUSINESS AND KEY ACTIVITIES

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

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

Jung, DMS & Cie. AG acts as an operating investment holding company. The area of activity of this company and its subsidiaries consists of the operation of purchasing and settlement platforms for independent financial advisers, known as Advisortech, which take over key functions for independent brokers, such as product purchasing, marketing, central transaction processing and training. In return for the above services, the Advisortech retain a portion of the initial commission earned as well as a portion of the follow-up commission. The subsidiaries of Jung, DMS & Cie. AG maintain in excess of 16,000 pool partner relationships and currently have presences in Wiesbaden, Munich and Vienna.

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

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

4.2 CAPITAL MANAGEMENT

Capital Management deals with the needs-based management of funds in the Group, with the involvement of the selection and management of financing sources. The aim is to make the necessary funds available at the lowest costs. Here, management criteria are particularly the debit and credit interest rates. The volume of funds to be managed amounts to EUR 20 million (previous year: EUR 17 million). In order to fulfil this task, Capital Management has the daily and monthly reporting available to it with target-actual comparisons.

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

The success of the JDC Group depends largely on the financial performance of its subsidiaries and associated companies. Their performance in turn is linked to financial and capital market developments. The success of JDC Group AG depends directly on the financial products offered in the market. It cannot therefore be excluded that the market may stagnate or develop negatively which could result in the Group not being able to perform in line with expectations.

Relevant company-related risks are as follows:

- When brokering financial products and insurance policies, the possibility cannot be excluded that cancellations will give rise to expenses that are not covered by corresponding recourse claims towards brokers. The recovery of this kind of recourse claim is set to play a more important role. In the context of its sales arrangements with insurance companies, JDC Group AG in some cases issues letters of comfort for its subsidiaries.
- Claims may be asserted against the JDC Group in connection with incorrect information or incorrect advice provided by its sales partners. Whether the risks involved are covered by existing insurance cover or by recourse claims towards brokers then depends on the details of the individual case.
- Ongoing volatility on the capital markets and difficulty in forecasting product turnover place high requirements in liquidity management. Any lack of liquidity could pose a threat to the Group's continued existence.
- Seller guarantees customary to the market were granted upon the execution of company sales. Any infringement of these seller guarantees may lead to unscheduled expenses for the JDC Group.

Relevant market-related risks are as follows:

- The company's business success is basically dependent on macroeconomic developments.
- Developments in national and global financial and capital markets are of significant relevance for the success of the JDC Group and the consolidated group. Persistent volatility or negative developments could impact negatively on the earnings strength of JDC Group AG.
- The stability of the legal and regulatory framework in Germany and Austria is a factor of great importance. Any changes in the underlying framework for financial services companies, brokers, or financial products, especially any changes made at short notice, could impact negatively on the business model of JDC Group AG.

Relevant regulatory risks are as follows:

- Under the MIFID II discussions, portfolio commissions are to be paid only when used to improve the quality of client services. Precisely how this is to operate is unclear. Consequently, this could result in short-term reductions in revenue in the investment segment.
- Implementation of the EU's GDPR (General Data Protection Regulation) affects those businesses in the financial services sector that make considerable use of personal data. We will be subject to comprehensive information and documentation obligations, which must also be implemented in the Group's IT systems. This will result in an increase in IT costs.

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

4.4 RISK MANAGEMENT OBJECTIVES AND METHODS

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

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

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

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

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

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

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

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

The auditor of the consolidated financial statements for the financial year calculated total fee is kEUR 130 for auditor's services.

On average, the Group companies employed 262 staff – full-time equivalents – throughout the year (previous year: 232).

Executive Bodies of JDC Group AG

MANAGEMENT BOARD

Dr. Sebastian Grabmaier
Grünwald
Attorney
CEO

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

Stefan Bachmann
Frankfurt
Businessman
CDO

SUPERVISORY BOARD

Jens Harig
Kerpen
Independent entrepreneur
Chairman

Emmerich Kretzenbacher
Hamburg
Graduated Certified Accountant
Deputy Chairman

Klemens Hallmann
Vienna
Independent entrepreneur

Jörg Keimer
Wiesbaden
Attorney

Cristobal Mendez de Vigo y zu Loewenstein
London
Independent entrepreneur (until 01/09/2018)

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

Appendix 1

Statement of changes in consolidated fixed assets as of 31 December 2018

	Cost of Acquisition/production				
	01/01/2018 kEUR	Reclassifications kEUR	Additions kEUR	Disposals kEUR	**31/12/2018 kEUR**
I. Intangible assets					
1. Concessions, industrial property rights and similar rights and values	35,641	5,295	584	0	40,352
a) internally generated industrial property rights and similar rights and values	7,698	1,942	0	0	9,640
b) for remuneration aquired concessions and similar rights and values	9,569	265	584	0	9,250
c) Customer base	18,375	2,921	0	0	21,295
d) Contract preparation costs	0	166	0	0	166
2. Company Value	24,559	5	0	0	24,564
3. Payments made	0	0	0	0	0
	60,200	**5,300**	**584**	**0**	**64,915**
II. Property, plant and equipment					
1. Leasehold	51	14	0	0	66
2. Other equipment, operating and business equipment	2,974	264	28	0	3,210
	3,025	**278**	**28**	**0**	**3,275**
III. Financial assets					
1. Shares in affiliated companies	25	0	0	0	25
2. Closed-end fund investments	118	5	0	0	123
3. Securities held as fixed assets	0	0	0	0	0
	143	**5**	**0**	**0**	**148**
	63,368	**5,583**	**612**	**0**	**68,339**

	Depreciation/amortisation					Book value	
	01/01/2018 kEUR	Depreciation/ Amortisation in financial year kEUR	Disposals kEUR	Reclassifications kEUR	**31/12/2018 kEUR**	31/12/2017 kEUR	**31/12/2018 kEUR**
	16,440	2,923	583	0	18,780	19,202	21,572
	4,757	1,163	0	0	5,920	2,941	3,720
	8,386	318	583	0	8,121	1,183	1,129
	3,297	1,430	0	0	4,727	15,078	16,569
	0	12	0	0	12	0	154
	0	0	0	0	0	24,559	24,564
	0	0	0	0	0	0	0
	16,440	**2,923**	**583**	**0**	**18,780**	**43,761**	**46,136**
	2	5	0	0	7	49	59
	2,306	230	27	0	2,509	668	700
	2,309	**235**	**27**	**0**	**2,516**	**717**	**759**
	0	0	0	0	0	25	25
	0	0	0	0	0	118	123
	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**143**	**148**
	18,749	**3,158**	**610**	**0**	**21,296**	**44,621**	**47,043**

Appendix 2

Statement of changes in the net book values of consolidated fixed assets as of 31 December 2018

	Book value 01/01/2018 kEUR	Reclassifications kEUR	Additions/ Reclassifications kEUR	Disposals kEUR	Depreciation/ amortisation in the financial year kEUR	**Book value 31/12/2018 kEUR**
I. Intangible assets						
1. Concessions, industrial property rights and similar rights and values	19,202	0	5,295	1	2,923	21,572
a) internally generated industrial property rights and similar rights and values	2,941	0	1,942	0	1,163	3,720
b) for remuneration aquired concessions and similar values	1,183	0	265	1	318	1,129
c) Customer base	15,078	0	2,921	0	1,430	16,569
d) Contract preparation costs	0	0	166	0	12	154
2. Company Value	24,559	0	5	0	0	24,564
3. Payments made	0	0	0	0	0	0
	43,761	**0**	**5,300**	**1**	**2,923**	**46,136**
II. Property, plant and equipment						
1. Leasehold	49	0	14	0	5	59
2. Other equipment, operating and business equipment	668	0	264	1	230	700
	717	**0**	**278**	**1**	**235**	**759**
III. Financial assets						
1. Shares in affiliated companies	25	0	0	0	0	25
2. Closed-end fund investments	118	0	5	0	0	123
3. Securities held as fixed assets	0	0	0	0	0	0
	143	**0**	**5**	**0**	**0**	**148**
	44,621	**0**	**5,583**	**2**	**3,158**	**47,043**

Appendix 3

List of shareholdings as of 31 December 2018

Company name and registered office	Shareholding in %
Subsidiaries included in the consolidated financial statements:	
Jung, DMS & Cie. Aktiengesellschaft, Munich	100.0
FiNUM.Private Finance Holding GmbH, Vienna/Austria	100.0
FiNUM.Private Finance AG, Vienna/Austria[1]	100.0
JDC B-LAB GmbH, Liechtenstein	100.0
Jung DMS & Cie. GmbH, Vienna/Austria[1]	100.0
Jung, DMS & Cie. Pool GmbH, Wiesbaden[1]	100.0
Jung, DMS & Cie. Finanzservice GmbH, Vienna/Austria[1]	100.0
Jung, DMS & Cie. Pro GmbH, Wiesbaden[1]	100.0
FiNUM.Pension Consulting GmbH, Wiesbaden[1]	100.0
JDC plus GmbH, Wiesbaden[1]	100.0
Jung, DMS & Cie. Fundmatrix AG, Wiesbaden[1]	100.0
JDC Geld.de GmbH, Wiesbaden	100.0
FiNUM.Private Finance Holding GmbH, Wiesbaden	100.0
FiNUM.Private Finance AG , Berlin[1]	100.0
FiNUM.Finanzhaus AG, Wiesbaden[1]	100.0

[1] indirect shareholding, indication of the proportion of shares held by the subsidiary

Company name and registered office Non-consolidated subsidiaries and investments:	Shareholding in %	Equity 31/12/2018 kEUR	Net profit 2018 kEUR
1. Non-consolidated subsidiaries			
MEG AG, Kassel	100.0	n. a.	n. a.
FVV GmbH, Wiesbaden [2]	100.0	–22	0
2. Other investments			
Dr. Jung & Partner GmbH Generalrepräsentanz, Essenbach [1] [3]	30.0	78	–30
BB-Wertpapier-Verwaltungsgesellschaft mbH, Augsburg[4]	25.1	94	–17

[1] indirect shareholdings via Jung, DMS & Cie. Pool GmbH
[2] indirect shareholdings via FiNUM.Private Finance AG, Berlin
[3] Data from 31 Dezember 2017
[4] Data from 30 September 2018

Appendix 4

Additional informations concerning Financial instruments IFRS 9 as of 31 December 2018

	Measurement categories as defined by IFRS 9	Book value 31/12/2018 kEUR	Continuing book kEUR	Cost of acquisition kEUR	Fair Value – not affecting net income kEUR
Assets					
Non-current assets					
Financial assets					
Shares in affiliated companies	AC	25		25	
Closed-end fund investments	AC	123		123	
Accounts receivable	AC	1,068	1,068		
Other assets	AC	2,257	2,257		
Current assets					
Accounts receivable	AC	16,657	16,657		
Other assets	AC	3,759	3,759		
Cash and cash equivalents	AC	11,801	11,801		
Liabilities					
Non-current liabilities					
Bonds	AC	14,813	14,813		
Liabilities due to banks	AC	107	107		
Accounts payable	AC	8,810	8,810		
Other liabilities	AC	184	184		
Current liabilities					
Liabilities due to banks	AC	2,584	2,584		
Accounts payable	AC	17,508	17,508		
Other liabilities					
Other liabilities	AC	4,729	4,729		

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

	Fair Value – affecting net income kEUR	**Fair Value 31/12/2018 kEUR**	Book value 31/12/2017 kEUR	Continuing book value kEUR	Cost of acquisition kEUR	Fair Value – not affecting net income kEUR	Fair Value – affecting net income kEUR	Fair Value 31/12/2017 kEUR
		25	25		25			25
		123	118		118			118
		1,068	1,009	1,009				1,009
		2,257	2,482	2,482				2,482
		16,657	14,081	14,081				14,081
		3,759	3,092	3,092				3,092
		11,801	6,362	6,362				6,362
		15,000	14,702	14,702				15,255
		107	2,649	2,649				2,649
		8,810	8,477	8,477				8,477
		184	927	927				927
		2,584	133	133				133
		17,508	13,967	13,967				13,967
		4,729	3,686	3,686				3,686

Independent Auditor's report

To JDC Group AG, Wiesbaden

OPINIONS

We have audited the consolidated financial statements of JDC Group AG and its subsidiaries (the Group), which comprise the balance sheet as of December 31, 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1 to December 31, 2018 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the joint management report of JDC Group AG for the financial year from January 1 to December 31, 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

— the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB), and in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2018, and of its financial performance for the financial year from January 1 to December 31, 2018, and

— the accompanying joint management report as a whole provides an appropriate view of the Group's position. In all material respects, this joint management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the joint management report does not cover the content of the non-financial Group declaration and the corporate governance statement mentioned above.

Pursuant to Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the joint management report.

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the joint management report in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the joint management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the joint management report.

OTHER INFORMATION

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

Our opinions on the consolidated financial statements and on the joint management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

— is materially inconsistent with the consolidated financial statements, with the joint management report or our knowledge obtained in the audit, or
— otherwise appears to be materially misstated.

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

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB) and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for fidancial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the joint management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a joint management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the joint management report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated fidancial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the joint management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, whether it complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the joint management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this joint management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the joint management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the joint management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures
- Conclude on the appropriateness of the legal representatives use of the going concern basis of account-ing and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the joint management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB).
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the joint management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the joint management report with the consolidated financial statements, its conformity with law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the joint management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance, inter alia regarding the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

Münster, April 18, 2019

Dr. Merschmeier + Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jäger
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DISCLAIMER

The Annual Report of JDC Group AG is available in German and English. The English translation of the Group Management Report and the consolidated financial statements has been provided for conveniance. The German version of the 2018 Annual Report (including the opinion of an independant auditor) is legally binding and can be viewed on the company's website: www.jdcgroup.de

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