Building a Global REG Tech

Annual Report 2017

INVESTOR RELATIONS COMMUNICATIONS COMPLIANCE

» Corporate Profile «

EQS Group is a leading international technology provider for Investor Relations, Corporate Communications and Compliance. More than **8,000 companies** worldwide trust EQS's products and services to securely, efficiently, and simultaneously fulfil complex national and international disclosure and compliance requirements, and to reach stakeholder community.

The heart of the technology is the EQS COCKPIT, a **cloud-based platform**, which digitally maps the workflows of IR, Communications and Compliance Officers, streamlining them for maximum efficiency. Special modules maintain website contents (**CMS**), contact data (**CRM**), and compliance functions, as well as access to global **investor data** and proprietary **monitoring** and **analytics** functions. The EQS COCKPIT platform is connected to the company's website in order to guarantee integrated workflows.

The EQS COCKPIT also provides access to one of the most important **financial newswires**, over which more than 20,000 financial and corporate releases are distributed annually. In Germany all DAX companies trust EQS Group's DGAP service as the main institution to comply with legal and regulatory submission and publication requirements.

As a digital **single source provider**, EQS Group also develops IR and corporate websites and apps, creates digital financial and sustainability reports and performs corporate audio and video transmissions.

EQS Group was founded in Munich, Germany in 2000 and has developed from a start-up to an international group with **offices in the world's key financial markets**. The group furthermore holds the majority interest in ARIVA. DE AG and employs around **400 professionals**.

» Key Figures «

Profit figures	**2017**	2016	+/-
Revenues	**30,355**	26,061	16%
EBITDA	**2,350**	4,174	-44%
Non-IFRS* EBIT	**1,113**	3,281	-66%
EBIT	**346**	2,663	-87%
Non-IFRS* EBIT group earnings	**-218**	1,443	>-100%
Group earnings	**-574**	814	>-100%
Operating cash flow	**1,647**	3,473	-53%
Asset figures	**31.12.17**	**31.12.16**	**+/-**
Balance sheet total	**47,449**	42,403	12%
Equity	**29,363**	25,224	16%
Equity ratio (%)	**62%**	59%	-
Liquid funds	**6,374**	6,610	-4%
Group employees	**FY 2017**	**FY 2016**	**+/-**
Average of the reporting period	**358**	260	38%
Personnel expenses	**17,004**	12,897	32%
	31.12.17	**31.12.16**	**+/-**
Non-IFRS* earnings per share (EUR)	**-0.17**	0.96	>-100%
Earnings per share (EUR)	**-0.44**	0.43	>-100%
Market capitalisation (million EUR)	**91.14**	62.82	45%

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

** Non-IFRS key figures before amortisation on the acquired customer base, purchase price allocation and acquisition expenses*

» Index «

» Foreword, Achim Weick, CEO «

Dear Shareholders, Employees, Partners, and Friends of EQS Group AG!

2017 was another successful and eventful year for us. EQS Group has achieved key goals in becoming the leading European **cloud provider** for global **investor relations** and corporate compliance solutions. We continue to benefit from three mega-trends: digitization, regulation, and globalization.

Digitization continues its advance in our markets. Our customers are looking for efficient, integrated communication solutions that cover all the **publication, disclosure, and documentation requirements** of international companies, while also enabling active communication with global investors and other stakeholders.

That's why we've developed the world's first cloud-based platform that addresses all of these requirements through integrated workflows. After two years of intensive development, we will be launching our **new COCKPIT**, which will set the standard for cloud-based corporate communications.

The steadily growing **regulation** of financial markets and companies continues to boost our business. Our **INSIDER MANAGER**, which we developed to address the EU Market Abuse Regulation (MAR) and introduced to the German market, is a good example of this. We are now marketing this successful product more strongly to other European countries, helping us establish important customer relationships with compliance officers internationally. More than **500 companies** throughout Europe now use our INSIDER MANAGER.

Our new **whistleblowing system** is targeted mainly to **compliance officers**. EQS first offered this product in 2017 and significantly improved and expanded it in 2018 after the acquisition of **INTEGRITY LINE** GmbH, Switzerland's leading whistleblowing solutions provider. Since the beginning of 2018, whistleblowing solutions have become mandatory in France (Sapin II) and Italy (3365-B). In Germany, companies are strongly advised to provide whistleblowing systems (German Corporate Governance Code) and legislative initiatives have been introduced to better protect whistleblowers.

EQS became a Local Operating Unit in September 2017, making it one of 30 internationally-accredited issuers of Legal Entity Identifiers (LEI) worldwide. LEIs — globally unique identifiers for financial market participants — have been mandatory since the beginning of 2018 for various banking and financial transactions, as well as in communications to national registries. The EQS **LEI MANAGER** is one of the most internationally-efficient LEI solutions on the market.

In the last reporting year, EQS introduced major projects and developed new products ahead of the launch of **MiFID II** and **PRIIP**, regulations which require investment firms and financial service providers to increase the transparency of financial instruments.

Digitization and regulation go hand-in-hand with growing **globalization**. Our clients operate internationally and are subsequently subject to numerous local regulations which they must fulfill efficiently and to the full extent of the law. At the same time, our clients must have convincing, fully-developed global communication strategies targeted toward customers and investors.

EQS remains the undisputed market leader for digital investor relations in our **Germanspeaking core market (DACH)**. All Dax 30 companies use our COCKPIT and we are gratified by the consistently-high level of customer satisfaction over the years. Our strategy is to expand existing business relationships and thereby increase recurring revenues (ARR) per customer.

Our greatest growth potential lies in **Europe**. The increase of EU-wide regulations has resulted in increasing **standardization of transparency requirements** for our customers throughout Europe. Our US competitors are still unable to fully offer their products in European markets.

To serve this growing market, we established a **France** subsidiary in late 2017, which already serves 30 companies, including many from the CAC 40-Index. EQS has also signed more than 20 contracts in **Italy**, cementing our entry into the Italian market. We have started initial sales activities in Scandinavia and the Benelux, and our established subsidiaries in the **UK** and **Russia** have developed positively. The latter continues to grow profitably despite sanctions.

Our global investor and media network is serviced by our key pillars in **New York** and **Hong Kong**. After five years of market development, we were able to achieve a virtually-balanced result for the first time in Asia. However, lower budgets haven't developed laterally at best, which currently has us in a cautious posture. In the medium-term, we see significant growth potential in this dynamic economic region, as digitization of investor communications and regulation there shows a clear upward trajectory by international comparison.

Our New York office has become a barometric indicator for our entire Group after only a few months. Understanding the demands of key market participants and what strategies our global competitors are pursuing is an invaluable asset to us. Our new strategic business area of **Governance, Risk & Compliance** had its inception through our intensive work within the US market. We have deepened our work in the world's largest capital market though cooperation with Issuer Direct Corp., which we have further backed by taking a close to 10% stake of the company.

An important pillar of our expansion strategy has been growing our **technology center** in **Kochi**, **India**. It has developed into a successful supplier of tailor-made solutions for our global markets and has freed up our equally fast-growing headquarters in Munich to allow it to concentrate on developing new, cutting edge platforms and products.

Investments in our **international network**, our **product portfolio**, as well as in our **organisation** and processes remain high. Successfully penetrating new markets, developing new departments, creating a new company management system, and introducing an integrated project management software system are but a few of the ways we are investing in our future. All these investments serve our international growth strategy and are crucial to EQS Group's growth into a new size class. We are firmly convinced that we can create lasting value for our shareholders through our growth strategies.

Without the passion and team spirit of our **highly qualified and committed employees**, however, none of this would be possible. Our strategy provides our employees with a challenging, international work environment that motivates them to achieve peak performance and strengthens our success factors: innovative products, top quality, and best service. Our **attractiveness as an employer** is confirmed by both external evaluation platforms and by regular employee surveys.

We **thank** all those who support us as we build this great company: our highly motivated employees, our long-standing business partners who have placed their trust in us, and our loyal shareholders who continue to support our international expansion and strengthen us on this path. We look to the future with great optimism and look forward to having you at our side.

Sincerely yours,

Achim Weick, CEO

Munich, April 2018

» Investor Relations «

On the last trading day of 2017, **EQS Group shares** closed on the XETRA at **€63.51**, approximately +32% higher than at the end of 2016 (€47.99). Throughout 2017, the share price ranged from €41.78 to €70.40. The share's performance throughout 2017 was slightly better than the TEC DAX, which saw significant gains in 2017. As of December 31, 2017, EQS Group had a market capitalization of €93.80 million. The price increase of EQS shares was accompanied by a doubling of its Xetra trading volume over the previous year (+103%).

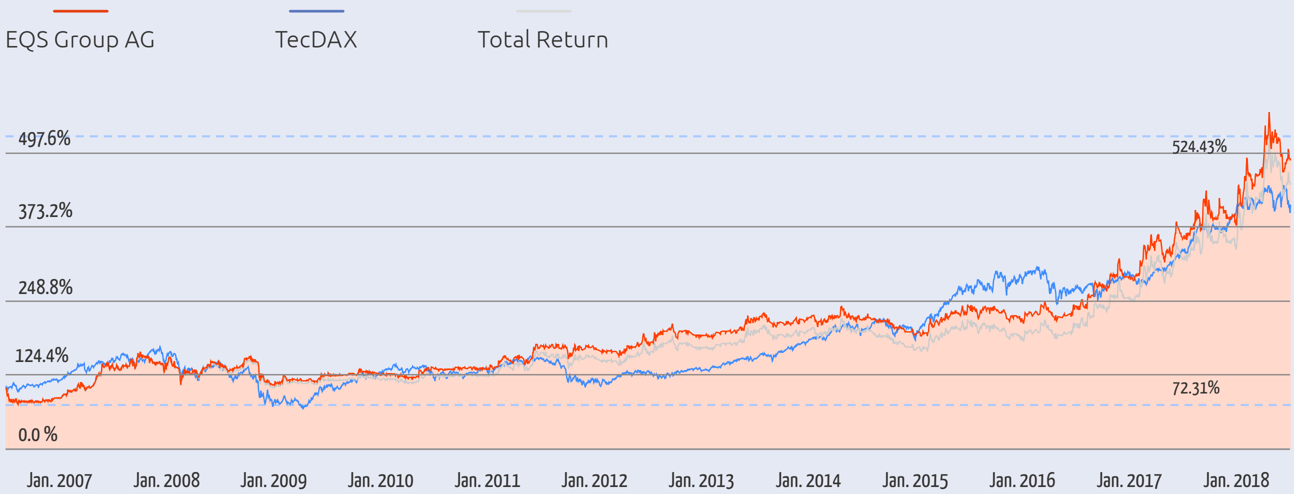
As a result of a **successful capital increase** from authorized capital, EQS Group AG received an additional €7.9 million in gross issue proceeds in December 2017. At that time, 126,000 new registered shares were issued against cash contributions. The share capital of the company increased from €1,308,978 to €1,434,978. The new shares were placed with institutional investors as part of an accelerated book-building process at a price of €62.50 per share. The acquired funds were primarily used to finance the acquisition of Integrity Line GmbH in Zurich.

In February 2017, Deutsche Börse successfully introduced **Scale**, a new **quality segment** for small and medium-sized enterprises (SMEs), where EQS Group AG has been listed since its inception. Scale replaces the Entry Standard for equities and corporate bonds.

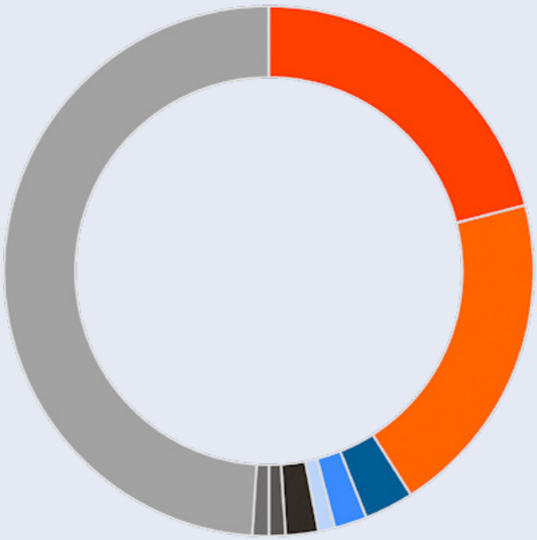
Four independent research houses — GBC, GSC Research, Edison Investment Research, and Quirin Bank — regularly produce **analyst studies** on EQS Group AG. In recent publications, one of the institutions gave a "buy" recommendation, while three analysts gave the stock a "hold" recommendation.

All analyses are available for download on the EQS Group website in the Investor Relations section. In the 2017 fiscal year, the Executive Board represented the company at numerous **investor conferences**, including the Equity Forum in Frankfurt and the Munich and Zurich Capital Markets Conferences.

Each quarter, EQS Group AG issued an **interim announcement** and held a detailed conference call with analysts and investors on the same day. The **audio webcast** recordings are available in the Investor Relations section of our **corporate website**.



Shareholders' structure EQS Group AG:



- Achim Weick: 21%
- Investmentaktiengesellschaft für langfristige Investoren TGV: 20%
- Rony Vogel: 3%
- Peter Conzatti: 2%
- Christian Pfleger: 1%
- Robert Wirth: 2%
- Marcus Sultzer: 1%
- André Marques: 1%
- Free Float: 49%

Share > 5% & Management and Board of directors

» A Dialogue with the Management «

In the 2017 financial year, EQS Group AG set a new sales record: €30.4 million, a 16% increase over the €26 million in sales the previous year. However, this result remained below your own expectations. Is the success story over?

Achim Weick: *"No, quite the contrary, we had a successful business year. Our main growth drivers of digitization, regulation, and globalization are more integral in the global economy than ever before. The decline in EBIT is explained primarily by the strategic decision to expand our core business to include Governance, Risk & Compliance. This decision, as well as the massive expansion of our COCKPIT workflow platform, launched the biggest investment offensive in the company's history, which has led to a temporary burden on earnings. In the fourth quarter, there was also an early change of management in Switzerland and ARIVA.DE AG, which we are invested in, and there we recorded a decline in project business."*

Could you speak a bit about Governance, Risk & Compliance (GRC)?

Achim Weick: *"GRC describes corporate governance and risk management according to defined policies in compliance, encompassing external regulations, internal standards, and ethical principles. This doesn't only apply to listed companies. Every organization requires this type of framework. The market for these solutions is, therefore, much larger than our previous target market, and this market is growing worldwide. Companies need to manage and reconcile a multitude of laws, regulations, and policies with their own principles and goals - a Herculean task. Digitization offers a great opportunity to standardize and simplify this complex challenge. „*

What would the application that would help with this type of challenge look like?

Christian Pfleger: *"We will be developing cloud-based solutions exactly for this purpose, with POLICY MANAGER as the core of this new business area. Extensive documentation requirements, as well as publication and notification duties, can then be digitally mapped by our clients. Legislation all over the world requires companies to unfailingly and consistently comply with new regulations. For example, newly implemented European regulations require companies to comply with new privacy requirements. In the United States, New York State's cybersecurity regulation, which took effect in August 2017, requires companies to secure private customer data, resulting in extensive obligations for companies in the financial services industry. This is just a small example of legal policies that globally-active companies will have to comply with in order to ensure success and minimize risks. EQS's POLICY MANAGER is only one part of a comprehensive compliance platform that we'll be releasing at a later date. But first, we will be presenting COCKPIT, our workflow platform for investor relations, which will house an integrated CRM and global investor data. In the future, IR managers will no longer simply work on a transaction basis, but will integrate COCKPIT into their daily workflow."*

Achim Weick: *"Our company meets all requirements for becoming the leading European cloud provider for global investor relations and corporate compliance solutions. We have launched a major investment offensive to achieve this goal. "*

How large are these investments?

Christian Pfleger: *"The Group's plans include investments to expand the cloud business, amounting to around €8 million by 2020. Most of this is earmarked for expanding developer resources. By the end of 2017, EQS had added 68 new hires, 35 of which were software developers."*

Achim Weick: *"We are transforming EQS Group into a technology company. However, the actual technology itself isn't the sole key to our success, but rather every single person who designs, develops, and markets this technology -- those who are creating the workflow platforms that guarantee compliance with national and international regulations and minimize risks. EQS's digital work processes save companies valuable time and money. We have proven this in the area of Investor Relations with our COCKPIT. Our new business area of GRC pursues the same platform strategy, but has even more ambitious goals ..."*

Christian Pfleger: *"... that's because the market is bigger and we are in the process of strategically rethinking our path forward. We now function as a technology company, we think even more in terms of platforms, and our goal is to increase annual recurring revenues. This strategy is already working for us in the GRC business area with our three existing solutions: INSIDER MANAGER, the assignment of Legal Entity Identifiers with LEI MANAGER, and our whistleblowing solution, EQS INTEGRITY LINE."*

The acquisition of Integrity Line GmbH was announced at the end of last year. How is the integration going?

Achim Weick: *"It's proceeding very smoothly. The Integrity Line team is the EQS competence center for our whistleblowing area. Our whistleblower system is based on a cloud solution and can be accessed in 150 countries and in 50 languages. The recurring licensing revenues, or annual recurring revenues, from this solution will increase significantly in the 2018 financial year."*

The future you're describing for EQS Group is a rosy one. Nevertheless, no dividends this year?

Achim Weick: *"We're confident that we will generate higher returns for our shareholders in the future as we pursue a clear strategy to build the leading European cloud provider for global investor relations and corporate compliance solutions. For us as a technology company, increasing Annual Recurring Revenue, a benchmark by which investors around the world valuate business models in the cloud sector,will be crucial in the future. We are aware that this requires our long-standing shareholders to rethink EQS's path along with us. We are committed to transparent corporate communications with our shareholders, and in discussions with them, we have received deep support for our direction forward."*

So, the success story continues?

Achim Weick: *"Not only is the EQS Group success story continuing, but we are starting a new, very promising chapter!"*

Management of EQS Group AG (left to right):
Achim Weick, CEO and Christian Pfleger, COO.

» Supervisory Board Report «

The Supervisory Board followed closely the business development of EQS Group AG and its subsidiaries in the financial year 2017. Its relationship with the Management Board was one of trust and transparency. The Management Board consistently informed and updated the Supervisory Board on EQS's business and strategic developments, risk management, and other essential company events through regular board meetings, conference calls, emails, and personal communications. Management involved the Supervisory Board whenever essential decisions concerning company operations were being made. In addition, Supervisory Board members continued the practice of discussions with key EQS Group employees, in particular management of subsidiaries and department heads. This formed the basis of the Supervisory Board's fulfilling of their legally-mandated task of overseeing executive management in its company leadership. The measure of the Supervisory Board's oversight was the legality, compliance, expediency and business efficiency of Management Board activities.

Supervisory Board

The composition of the Supervisory Board has not changed during the 2017 financial year. The members of the Supervisory Board – Rony Vogel, Peter Conzatti, Robert Wirth – were approved at the Annual Meeting on June 12, 2015 for a term ending December 31, 2019, after discharging the member of the Supervisory Board at the following AGM. No committees were formed in 2017.

Meetings of the Supervisory Board

The supervisory board met seven times during the 2017 business year: March 14, April 3, May 17, September 19, September 26, November 10, December 4.

In addition to current developments, the Supervisory Board discussed strategic topics:

» Increase in ARIVA.DE AG, Kiel ownership up to 67.5%

» Set up EQS France

» Evaluation of an additional acquisition

» Acquisition less than 10% ownership stake in Issuer Direct to strenghten the cooperation

» Set up of new business field GRC (Governance, Risk & Compliance)

» Revision of the short-, mid- and longterm financial forecast

» Capital increase from (parts of) authorised capital 2017

» Acquisition of Integrity Line GmbH, Switzerland

» Reorganisation of the IT-infrastructure

The Annual General Meeting of May 17, 2017 appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft, München as auditor for the EQS Group AG for the 2017 fiscal year. The auditor examined EQS Group AG's financial statements and management report from December 31, 2017, as well as IFRS consolidated financial statements from December 31, 2017 (including a management report), and approved each with an unqualified auditor's certificate.

The Supervisory Board received audited and certified financial statements and IFRS-consolidated financial statements as well as management reports on time, analysed them and discussed their contents in detail with the Management Board. The result of the audit revealed no cause for objection. We approved the annual financial statements, the consolidated accounts, and management reports on April 10, 2018. All financial statements were thus adopted. The Supervisory Board also agreed to the Management Board proposal for the use of EQS Group AG net profits. The Supervisory Board thanks the Management Board and all EQS Group employees for their continued commitment. It is the employees who, after 18 years of shared company history, form the basis for EQS's continuing success. Their extraordinary commitment, creativity, and team spirit ensure the company's future success.

Munich, April 10, 2018

Rony Vogel
Chairman of the Supervisory Board

MANAGEMENT REPORT

» Business Model «

EQS Group is a leading international technology provider for Investor Relations, Corporate Communications and Compliance. Aside from its headquarters in Munich EQS Group has offices in the world's key financial markets and a technology center in India.

Our „Best Digital Solutions" minimze risks by complying with local regulation, reaching global investors, media and other relevant stakeholders. By digitizing workflows valuable resources are saved. Our **vision** is to become the leading european cloud-provider of global investor relations and corporate compliance solutions by 2025.

The firm foundation for our goals is the **values** of team spirit, passion, entrepreneurship, open culture and flat hierachies which define EQS globally.

Investor **capital** fuels both our continual development of client **platforms and online products and services**, while we invest our intellectual capital in expanding of our innovative expertise. Another vital asset for innovation and the development of customer and partner relationships - and ultimately for our business success - is our committed, highly qualified and versatile employees.

We develop and engineer all of our core **platforms, products and services** ourselves. Our product developers, designers, front and backend developers as well as quality managers work hand in hand from idea to market entry. Our customer support, project managers and content managers are responsible for individual adjustments for each respective customer.

We distribute our products and services mainly through our **direct sales.** We define our sales strategies globally, and then adapt and implement regionally through our subsidiaries. In close cooperation with the sales support and marketing departments, our sales representatives promote demand, acquire new customers and maintain client contact in our target industries. Our marketing and sales activities are aimed primarily at listed issuers and corporations that value open corporate communications.

Our **price model** in the news area is based primarily on a payment-per-news system, depending on the chosen distribution network. In addition, we obtain licensing fees for supplying software. In the agency sector, we receive recurring revenues for report conversion and delivery to the Federal Gazette as well as for the conducting video and audio broadcasts. We receive single payments for the setup of websites, apps, charts, tools or online reports, and ongoing subscription fees for hosting and maintenance solutions.

We use four key figures to **measure our business success** at the corporate level: Revenue, non-IFRS EBIT * (till 2017), EBITDA** (from 2018), customer satisfaction and employee management.

** Non-IFRS key figures are before scheduled depreciation on acquired customer bases, purchase price allocation & acquisition costs.**

*** (EBITDA=total income (sales revenue, other operating income and capitalised personal contributions) minus cost of purchased materials and services, personnel costs, and other operating expenditure)*

Customer satisfaction is assessed at least every two years by means of a customer survey, while **employee commitment** and performance is determined through annual employee performance reviews. Each ratio correlates directly with our ability to deliver returns to our investors. Ultimately, committed employees are the key factor for gaining and maintaining the loyalty of our customers and ensuring the success of our company.

» Corporate structure «

Group

EQS Group AG
Germany
Austria

100%

EQS Group AG
Switzerland

100%

EquityStory RS, LLC
Russia

100%

EQS Asia Ltd.
(EQS TodayIR)

Hong Kong
China
Singapore
Taiwan

100%

EQS Group Ltd.
UK

100%

EQS Group Inc.
USA

100%

EQS Web Technologies Pvt. Ltd.
India

100%

EQS Financial Markets & Media GmbH
Germany
Austria
Switzerland

100%

EQS Group FZ-LLC
UAE

100%

EQS Group SAS
France

67.5%

ARIVA.DE AG
Germany
Austria
Switzerland

9.7%

Issuer Direct Corp.
USA

» Research and development «

We continued to develop our existing products and worked on new solutions for our customers in 2017. This year, the strategic decision was made to tap into the Governance, Risk & Compliance business area and launch an associated investment programme to expand the corporation into a technology company. This led to a significant increase in product development expenditure compared to the budget at the start of 2017.

The redevelopment and extension of the **EQS COCKPIT**, our **central web-based product platform**, has been a key element in this process. In 2017, considerable progress was made on the development of the new COCKPIT. Its completion ("go live" date) is scheduled for Q4 2018. Added new solutions and the adaptation of existing COCKPIT products guarantee that this application meets our customers' current, and future, usage requirements to the highest possible degree.

The revised EU Markets in Financial Instruments Directive (**MiFID II**) came into effect on January 3, 2018. MiFID II includes the obligation to unambiguously identify any counterparties involved in a transaction. A Legal Entity Identifier (LEI) is required for all counterparties. It is no longer possible to trade without an LEI. At the end of 2016, EQS Group AG acquired the status of being a Local Operating Unit (LOU) from the Global Legal Entity Identifier Foundation (GLEIF) in Basel. This allows EQS Group AG to issue and manage LEI numbers worldwide. The development of the issuing application, LEI-MANAGER, was completed in the second half of 2017.

LEI-MANAGER is a web-based application with a modern user interface, which supports EQS Group in fulfilling all the tasks required of an LOU, specifically in issuing LEI numbers. Close to 4,000 LEI numbers have already been issued to companies in 2017.

A crucial component of the PRIIPs (Packaged Retail and Insurance-based Investment Products)- Directive, which also came into force in Europe on January 3, 2018, is the introduction of Key Information Documents (KIDs) for certain investment products. For these information documents to be as standardised as possible, the PRIIPs Directive contains binding regulations for their format and content. Our subsidiary ARIVA.DE AG has developed its own solutions to create, distribute, and monitor these documents with ARIVA Regulatory Services **(ARS)-Workflows**.

Internally-generated intangible assets totalling EUR 2.37 million (EUR.396 million) were capitalised during the financial year. The LEI-MANAGER (EUR.205 million) has been completed during the reporting year and significant progress was achieved with the new COCKPIT platform (EUR.847 million) and the ARS workflows (EUR.976 million). 55% of development costs (EUR 4.32 million) were capitalised in 2017. These also include EQS Group AG's development services invoiced to the 100% subsidiary EQS Webtechnologies Pvt. Ltd. in India, amounting to EUR.210 million. The exclusively scheduled depreciation on capitalised development costs amounted to EUR.198 million (EUR.153 million) during the reporting period.

» The economic and regulatory environment «

Global **economic growth in 2017**, as measured by real Gross Domestic Product (**GDP**), is expected to be **+3%**, according to the World Bank's semi-annual report published in January 2018, up from the previous year's level (+2.4%). Significant factors in this increase arising investments driven by a favorable financing environment, rising profits, and an improved business climate in both developed and emerging economies. The economic upswing in the US and European Union in 2017 was significantly strengthened. Commodity exporting countries, such as Russia and Brazil, still heavily impacted by the 2016 crisis, managed a moderate turnaround and profited from moderate rises in commodity prices. India and China continued their strong growth in 2017. The marked recovery of the European economy also boosted the Euro against the US dollar, the Swiss franc, and against commodity currencies, such as the Russian ruble.

Germany's economic situation in 2017 saw solid and steady growth. According to Bundesbank calculations, Gross Domestic Product (**GDP**) was **+2.6%** higher in 2017 than in the previous year (2016: +1.9%). Private and public consumption, as well as capital expenditures, increased significantly over the previous year. Increased export demands from abroad provided additional stimulus.

Germany's 2017 stock market year saw significant growth with temporary, yet sizable, fluctuations. The **DAX**, Germany's leading index, rose **11%** from just under 11,600 points at the beginning of the year, to around 12,900 points on December 31, 2017. There were nine Initial **Public Offerings** (IPOs and listings) in Germany on the Prime and General Standard. Statutory requirements for delisting kept the number of delistings low in 2017. As of December 31, 2017, only six fewer companies were listed on the Prime or General Standard than in the previous year (451 total). The Entry Standard of the German Stock Exchange was also divided into the Scale segment and the Basic Board segment, with 132 listed companies (four less vs. 2016 counts).

In regards to **statutory frameworks**, there was no significant expansion of reporting obligations to other issuers after the Market Abuse Regulation (**MAR**) took effect in the European Union in July 2016. On January 1, 2018, the revised version of the 2014/65/EC Directive, related to markets for financial instruments in the European Union (**MiFID II**), also took effect. This led to a significant tightening of reporting obligations for custodian banks, investment service companies, and other financial service providers.

» Highlights 2017 «

- » Revenues +16%, up to €30.4 million and Non-IFRS EBIT at €1.1 million
- » Large investments in new cloud producs, CTO and 35 software developers hired
- » Accreditation as an LEI issuer; Successful launch of whistleblowing solution, SAFE CHANNEL
- » Increase in ARIVA.DE AG, Kiel ownership up to 67.5%
- » Acquisition of 9.7% ownership stake in Issuer Direct Corp., based in Morrisville, USA, in order to strenghten US news distribution network
- » Certification as a PIP and successful market entry in France closes gap in global network

» Operational Results «

EQS Group significantly strengthened its strategic market position in **2017** through the launch of new cloud products and through international expansion. These developments occurred against a backdrop of market growth driven by advancing digitalisation, stricter company regulation, and growing globalisation.

Following the major success of the newly-launched **INSIDER MANAGER** cloud software, and the positive market feedback on our new **SAFE CHANNEL whistleblower solution**, the strategic decision was made in Q3 2017 to expand the **core business of EQS Group** into the **Governance, Risk & Compliance (GRC) business area** and to develop cloud-based products specifically for this area. Current regulation initiatives, such as MiFID II in Europe or SAPIN II in France, are providing a positive environment for market entry.

EQS Group AG's **consolidated sales revenue** increased by **+16%** to **EUR 30.36 million** (EUR 26.06 million) in 2017. Sales revenue also includes proceeds from the newly-acquired controlling interest in **ARIVA.DE AG** on July 1, 2016 of **EUR 7.36 million (size of stake as of reporting date, December 31, 2017: 67.5%)** (pro rata consolidation as of July 1, 2016: €4.75 million). Excluding the revenue from the controlling interest in ARIVA.DE AG, sales growth was +8%. Sales revenue was slightly below the sales growth forecast published in the 2016 annual report of +20% to +25%, translating to revenue of between €31.2 million and €32.5 million.

As part of **expanding** the corporation into a **technology company in 2017**, we significantly increased our investments in product development, and were able to make significant progress regarding the completion of our software solutions. **Capitalised personal contributions** increased correspondingly to **EUR 2.37 million** (EUR.396 million). As an example of product development, we redeveloped our **COCKPIT X.0 cloud platform** and expanded it with additional functionalities. The cloud software from ARIVA.DE, **ARS-Workflows**, is also included in our Group product expansions. This software platform was developed specifically for the comprehensive PRIIP (Packaged Retail and Insurance-based Investment Products) Directive regulation that came into force on January 3, 2018. A **LEI (Legal Entity Identifier) issuing platform** was also developed, which EQS Group AG uses for its work as an accredited LEI Local Operating Unit (LOU). The number of companies requiring an LEI continues to increase due to MiFID II (cf. "Research and development" chapter). The **total income, which is sales revenue, other operating income, and capitalised personal contributions**, rose by **+23%** to **EUR 33.07 million** (EUR 26.93 million) in total.

In the context of expanding the business into GRC, 100% of shares in **Integrity Line GmbH, based in Zurich, Switzerland**, were **acquired** on **January 1, 2018**. Integrity Line implements and supports internal whistleblower systems, similar to EQS Group AG's SAFE CHANNEL product. Whistleblower systems must be implemented by numerous companies due to France's SAPIN II regulation. They are also recommended by Germany's German Corporate Governance Code (DCGK) .

» Domestic Development «

Domestic business

Domestic business recorded a significant increase of **+21%** in **sales revenue, rising** to **EUR 24.62 million** (EUR 20.38 million). Domestic business benefited from stricter financial market regulation in Europe in 2017. There has also been a base effect due to the previous year's pro rata consolidation of ARIVA.DE AG (01.07.2016 – 31.12.2016).

EQS Group AG increased its sales revenue by **+12%,** consequently reaching expected sales growth in double figures. The European regulation that came into force in July 2016, the Market Abuse Regulation (MAR), led to specific reporting obligations, such as ad hoc disclosures, being extended to a much larger group of issuers, which increased EQS Group AG's potential customer base. The new software module introduced in COCKPIT in 2016, INSIDER MANAGER, sold very successfully in 2017. Sales related to news distribution also increased as a consequence of the MAR. Reports & Webcasts also recorded considerable growth.

Sales were lower than expected despite growth due to the base effect of consolidation. Due to a higher volume of project-based sales in 2016 (compared to 2017) and the prioritization of software development for the ARS COCKPIT throughout the year, **2017 sales revenue** dropped slightly to **EUR 7.36 million (-1%). ARIVA.DE AG** benefited from increased orders leading up to the PRIIP Directive coming into force. The pro rata consolidated sales revenue (01.07.2016 – 31.12.2016) was EUR 4.75 million in 2016 out of EUR 7.44 million for the whole year. After a weak start to the year, influenced by the low level of bond and share issues, our **EQS Financial Markets & Media** subsidiary recorded a slight recovery . The subsidiary remained below expectations compared to the previous year (sales recovery) with sales of **EUR.344 million** (EUR.525 million). Due to the high expenditure on infrastructure and product development in Germany, the **domestic non-IFRS EBIT** in Germany was below the previous year's period (EUR 3.57 million) at **EUR 1.70 million**. The EBITDA was EUR 2.84 million.

Development Abroad

EQS Group AG's focus in its international operations is on markets with comprehensive regulatory environments. The UK, France, Switzerland, and the USA are among these key markets.

EQS Group Ltd., our UK subsidiary, was able to record a considerable **+35%** increase in sales in 2017, resulting in revenues of **EUR.473 million**. However, this increase was less than the expected doubling in sales numbers for 2017. Growth was attributable to INSIDER MANAGER and our newswire services.

In **France, EQS Group SAS**, our subsidiary founded in 2017, recorded notable sales success. At present, we have a number of CAC 40 clients in France who are already using our INSIDER MANAGER. After our regional approval as a PIP (Primary Information Provider) we were able to acquire our first customers for our newswire services. Additionally, we were able to acquire our first customers for our whistleblowing solution. The **first significant sales** are expected in **2018**.

Our **Swiss subsidiary** recorded a slight decrease in sales of **-6%, resulting in sales of EUR 2.02 million** (EUR 2.15 million). While business in news distribution and digital annual reports developed stably, the number of website projects dropped compared to the previous year. As a result, the subsidiary performed below expectations (sales growth was in single digits), which can additionally be attributed to a change in management.

In the **USA**, EQS Group Inc. was able to acquire customers for newswire services, resulting in double-digit sales in 2017 (sales revenue: **EUR.082 million)**. By acquiring a stake of just under **10%** in the **Issuer Direct Corporation**, based in Morrisville, North Carolina, USA, we are continuously strengthening our integration in the newswire segment and our global media network.

Our subsidiary in the United Arab Emirates, **EQS Group FZ-LLC**, generated notable sales of **EUR.124 million** in 2017, and was therefore in line with expectations.

In **Russia**, our subsidiary, EquityStory RS, achieved a **+26%** growth in 2017 sales, resulting in sales revenue of **EUR.916 million** with disproportionately high EBIT development. This growth is attributable to digital report and webcast products. Overall, the subsidiary has developed in line with sales expectations.

Our target for our 2017 Asian operations was to reach break-even. This was achieved. A focus was placed on leveraging profitable product and customer areas throughout the course of the year. Nevertheless, our Asian subgroup, **EQS Asia Ltd.**, recorded a **-14%** decrease in sales, resulting in revenues of **EUR 2.11 million** (EUR 2.45 million). However, lower expenditures compared to the previous year's period led to a **positive operating profit** (non-IFRS EBIT).

Due to declines on the Group's two largest foreign markets, Asia and Switzerland, EQS Group's **business abroad in 2017** remained close to the previous year's level at **EUR 5.74 million** (EUR 5.68 million in 2016). Compared to the previous year, the **share** of **foreign sales** (foreign companies) in consolidated sales dropped to **19%** (22%) as a result of the base effect from the consolidation of ARIVA.DE AG. The **non-IFRS EBIT** was below the previous year's level (EUR -.289 million) at **EUR -.585 million** due to simultaneous investments in expansion in six locations, including the newly-added operations in France. EBITDA was at EUR -.489 million.

Operating expenditures, including cost of purchased materials and services, personnel costs, depreciation, and other operating expenditures, increased disproportionately by **+35%, resulting in expenditures of EUR 32.72 million** (EUR 24.27 million). This was considerably higher than in the original business figures published in 2016. These expenditures can be primarily attributed to staffing expansions, freelancer product development programming services, and associated infrastructure expenditures as part of the product investment programme (including staff recruitment, IT).

The largest expenditure item, **personnel costs**, rose by **+32% up** to **EUR 17.00 million** (EUR 12.90 million) and was in proportion to the total revenues. The Group employed an average of 358 employees worldwide during the year, which corresponds to an personnel increase of +38% (260).

The **cost of purchased materials and services** rose by **+38%** due to increased purchases of support services from freelancers for product development, **resulting in costs of EUR 5.72 million** (EUR 4.14 million).

Depreciation rose in 2017 as a result of the increased scheduled depreciation of internally-generated assets, as well as the depreciation of the ARIVA.DE AG customer base by **+33%** compared to the previous year, resulting in a depreciation of **EUR 2.00 million** (EUR 1.51 million). All acquired customer bases are depreciated as planned.

Other operating expenditures rose disproportionately by **+40%** to **EUR 8.00 million** (EUR 5.72 million). This increase was due to the investment programme and associated infrastructure expenditure, including recruitment, IT, rent, and marketing expenses.

Non-IFRS EBIT, the EBIT before one-off acquisition costs (EUR.071 million), purchase price allocation (EUR 0), and scheduled depreciation on acquired customer bases (EUR.696 million), decreased by **-66%** as a result of higher total expenditures , **resulting in a non-IFRS EBIT of EUR 1.11 million** (EUR 3.28 million). Consequently, non-IFRS EBIT is considerably below what was planned at the start of the year (expectation: up to +10%-20%). This was consciously taken into account in light of the strategic decision to tap into the Governance, Risk & Compliance (GRC) business area and the investment programme associated with this expansion. **EBIT** dropped by **-87%, down** to **EUR.346 million** (EUR 2.66 million). EBITDA was EUR 2.35 million.

Changes in the euro (EUR) exchange rate to the Hong Kong dollar (HKD) and British pound (GBP) had a negative impact on the 2017 financial result. These usually non-cash **losses from exchange rate differences, amounting to EUR -.822 million**, mainly result from the parent company's balance sheet items in relation to subsidiaries (among others, inter-company loans). Currency hedging is not used due to data being purely for valuation purposes. In total, exchange rate differences in 2017 have led to a **negative financial result** of **EUR -.285 million**. the negative financial result of 2016 (EUR.888 million) was due to a non-cash expenditure from derecognising the investment of EUR.758 million as part of the ARIVA.DE AG purchase price allocation.

Income taxes decreased underproportionately as a result of lower pre-tax earnings, bringing income taxes to to EUR.634 million (EUR.960 million). The **consolidated result** in 2017 was **EUR -.574 million** compared to EUR.814 million the previous year. The **non-IFRS consolidated loss** was **EUR -.218 million** (2016 consolidated net profit of EUR 1.44 million).

in EUR million	*2017*	*2016*
EBIT	**0.35**	2.66
Depreciation on acquired customer bases	**0.70**	0.6
One-off acquisition costs	**0.07**	0.13
Purchase price allocation	**0.00**	-0.11
Non-IFRS EBIT	**1.11**	3.28

» Segments «

We have divided our operating business into **two segments**. Cloud products for compliance obligations, workflow solutions, and newswire services are bundled into the Regulatory Information & News (**RI&N**) segment. The Products & Services (**P&S**) segment offers additional media and web solutions. Both the Regulatory Information & News and the Products & Services segments were able to increase their turnover to double digits compared to the previous year.

Regulatory Information & News (RI&N) Segment

With the introduction of the EU Market Abuse Regulation (**MAR**) on July 3, 2016, provisions for reporting obligations became more stringent and were extended to OTC securities in Europe. As a result, issuers of OTC securities in Germany, including Deutsche Börse's new Scale and Basic Board segments, are subject to this **regulation** and obligated to publish ad hoc disclosures, directors' dealings, and keep comprehensive insider lists. As compared to the start of the year, the number of companies on the regulated market dropped by six down to 451 at the end of the year. The number of companies in the Scale and Basic Board segments was 132 (four lower than the previous year).

The 2017 volume of **news** distributed by COCKPIT increased by **+9%** up to **20,971** news items compared to the previous year's period as a result of the MAR. In particular, ad hoc disclosures rose considerably, growing by double digits due to the MAR. Besides news distribution, INSIDER MANAGER was also successfully launched as part of the MAR.The share of volume-independent sales increased in the RI&N segment. Due to the base effect of the consolidated sales at ARIVA.DE (from July 1, 2016) and the sales contributions due to the MAR, **sales** in the **RI&N segment increased** by **+18% up** to **EUR 11.62 million** (EUR 9.87 million).

The RI&N **segment's EBIT** dropped by **-45% down** to **EUR 854 thousand** (EUR 1.56 million). Non-IFRS EBIT in the RI&N segment (before pro rata customer base depreciations, purchase price allocation, and acquisition costs) also decreased by **-35% down** to **EUR 1.17 million** (EUR 1.81 million). EBITDA was EUR 1.62 million (EUR 2.14 million). This decrease is due to the large investments in product development and infrastructure expenditures. With the development of COCKPIT X.0 and the creation of additional modules (as well as the development of ARS-COCKPIT for the PRIIP Directive by ARIVA.DE), considerable development progress was achieved and costs of EUR 2.03 million were capitalised.

Products & Services (P&S) Segment

Sales revenue in the **Products & Services** segment, consisting of theReports & Webcasts, Websites & Platforms, and Distribution & Media divisions, included 2017 internal sales of EUR.437 million (EUR.544 million and overall rose by **+15%** up to **EUR 19.17 million** (EUR 16.73 million). Without factoring in internal sales, the P&S revenue increase was +16%.

Due to sales completed as part of the majority takeover of ARIVA.DE, the **Websites & Platforms** division recorded a sales increase of **+9%** up to **EUR 7.78 million** (EUR 7.10 million) compared to the previous year.

The Reports & Webcasts area developed successfully and was able to increase sales by **+15%** up to **EUR 8.08 million** (EUR 7.02 million). In particular, the XML submission service at the German Federal Gazette and the demand for digital business reports increased sales in these areas.

After a weak Q1 2017, the volume of media bookings recovered slightly through the course of the year but remained below the previous year's figures. Advertising sales in the portal sector increased considerably with the consolidation of ARIVA.DE. Subsequently, **Distribution & Media** recorded a total sales increase of **+48%** up to **EUR 3.05 million** (EUR 2.06 million).

The P&S **segment's EBIT** decreased to **EUR -.508 million** (EUR 1.10 million). **Non-IFRS EBIT** (before pro rata customer base depreciations, purchase price allocation, and acquisition costs) decreased to **EUR -.059 million** (2016: EUR 1.48 million). EBITDA in 2017 was EUR.726 million.

Global expansion and product portfolio development are also the focus of the Products & Services division. As a result, total costs of EUR.339 million were capitalised, including the development of a new webcast platform.

in EUR '000	*Regulatory Information & News*	*Products & Services*	*Consolidation*	*Group*
Revenues	11,620	19,172	-437	30,355
Other operating income	128	215	0	343
Own cost capitalised	2,029	339	0	2,368
Operating expenses	-12,153	-19,000	437	-30,716
EBITDA	**1,624**	**726**	**0**	**2,350**
Depreciation	-770	-1,234	0	-2,004
EBIT	**854**	**-508**	**0**	**346**
Financial expenses/income	-168	-118	0	-286
Income from associated companies	0	0	0	0
EBIT	686	-626	0	60
Non-IFRS EBIT	**1,172**	**-59**	**0**	**1,113**

» Net Assets «

The **balance sheet total** increased considerably by **+12%** up to **EUR 47.45 million** (EUR 42.4 million), which is primarily due to the capital increase. **Cash and cash items** are **EUR 6.37 million** (EUR 6.61 million) as of the reporting date. Dividend payments, loan repayments, and share purchases in Issuer Direct Corp. led to a reduction in funds, however, the capital increase and other borrowing largely balanced this out. The corporation has contractually agreed on working capital lines of EUR 4.10 million as of the reporting date, EUR.648 million of which are used as part of rental guarantees and negative bank accounts.

As of the reporting date and compared to the previous year, **trade accounts receivable** only increased by **+10%** up to **EUR 4.30 million** (EUR 3.91 million) and havetherefore increased at a disproportionately slower rate than sales. This is due to improved receivables management at ARIVA.DE and an increase in advance payments made by customers for software license fees. **Other financial assets** including an Call option for the purchase of the remaining shares of ARIVA.DE AG rose to **EUR 6.12 million** (EUR 1.25 million).

Intangible assets were almost unchanged as of December 31, 2017 at **EUR 26.66 million** (EUR 26.31 million). The increase in the stake in ARIVA.DE did not lead to any changes in intangible assets, as these had already been considered fully in the consolidated financial statement as of December 31, 2016.

Intangible assets include **acquired customers bases** with a carrying amount of **EUR 8.06 million as of December 31, 2017**, which are being depreciated on a regular basis over 15 years. Additionally own cost capitalised of **EUR 3.00 million** is here included. As a result of capital consolidation, all acquired **goodwill** has been **100% capitalised**. Due to depreciation, **tangible assets** were **4% lower than the previous year** (EUR 2.14 million), down to **EUR 2.05 million** as of December 31, 2017.

As of December 31, 2017 equity increased by **+16%** up to **EUR 29.63 million** (EUR 25.22 million) in large part due to the capital increase. As of January 1, 2017, the increase in the stake in ARIVA.DE up to 67.5% was counterbalanced by a reduction in minority shares down EUR 1.92 million (EUR 2.97 million). As of December 31, 2017, balance sheet profits decreased to EUR 6.30 million (EUR 9.92 million) due to distribution and losses. The **equity ratio** rose to **62%** (59%) due to the capital increase.

» Financial Position «

The corporation uses **multilevel planning** to control **liquidity**. **This results** in a 3-month short-term liquidity plan and an overall rolling 36-month plan for the corporation. Currency hedging transactions are not currently being used due to the **low** level of **transactions in foreign currencies** (15% – 20%). Also, Turnover is mainly generated in hard currencies (CHF, GBP, USD, HKD). Finally expenditures are mostly performed on the local level in local currencies and therefore do not require group-level hedging.

Despite high loan repayments in 2017, EQS Group AG's **financial liabilities** increased due to new borrowing (loan for the purchase of another 16% in ARIVA.DE AG shares, as well as the purchase of just under 10% of the Issuer Direct Corporation) as well as a financial obligation from the put option of ARIVA.DE AG minority shareholders. Financial liabilities decreased by **+12%** down to **EUR 10.37 million** (EUR 9.22 million). All loans were agreed with a fixed interest rate between 1.00%-2.57% and provide for full repayment with remaining terms of 6 months to 5 years. In the context of loan liabilities, the key figures regarding the corporation's debt ratio (net debt/EBITDA) must be complied with and there is a ban on debt for subsidiaries where there is a share of at least 75%. Loans were only taken out in euro.

For the acquisition of own shares in accordance with Section 160 Para. 1 No. 2 AktG we refer to the remarks in the Note 29.

» Employees «

As in previous years, our staff performed outstanding work in 2017. The expertise, experience, high motivation, and superb team spirit of our staff are the basis of EQS Group AG's long-term success.

To reward the major commitments of our staff, salaries are made up of a fixed base salary and a performance-based, variable salary component for certain employees. The variable salary component is dependent on the employee position and area of responsibility within the company.

On average, the corporation employed **358** employees (2016: 260) **during 2017**. As of the balance sheet date, the number of permanently employed employees increased compared to the previous year from 319 up to **387**. As a result, the employee count increased by **+21%** based on the balance sheet date.

Our workforce expansion is part of the investment in our **international network, product portfolio** and **organisation**, and **processes**. These investments serve to support our growth strategy and are absolutely essential for EQS Group to grow into a new size class.

Workforce expansion is particularly essential in creating our new products. We have increased the number of developers in Munich to 60 (+18) and we have further expanded our technology location in Cochin to 44 employees (+17). In order to take advantage of opportunities arising from new regulations in Europe and our overall business expansion, we have strengthened management and administration personnel (+9), and have grown sales personnel to 46 (+4). Expansion also includes employees (two employees) at the newly-founded subsidiary in France, EQS Group SAS.

	Development	*Marketing/ Sales*	*Data Services*	*Management/ Administration*	*Design/ Content*	*Newsroom/ ERS-System*	*Total*
31.12.2017	189	46	35	50	59	8	**387**
31.12.2016	144	42	26	41	60	6	**319**

» Forecast report «

The growth of the **global economy in 2018** measured against the real Gross Domestic Product (GDP) is expected to be at the same level as 2017 (expected development: +3.0%). This growth is quoted at **+3.1%** according to the World Bank's half-yearly report published in January 2018. As a result, expected development and growthcan be estimated to proceeed at a slower rate in industrial countries and at a higher rate in emerging countries. This is due to the recovery of commodity-exporting countries. While a slow rate of growth is expected in China, India and other Asian are anticipated to grow at a faster rate.

Potential risk factors in the global economy are continuing political uncertainties, such as Brexit or the Syrian crisis, but also the return of uncertainty in the financial markets, or the European debt crisis due to the sudden rise in interest rates. Overall, the risk of slowed growth or recession has been assessed as lower than in 2017.

As in the previous year, we do not expect any short-term stimulus for the EQS Group AG's business development abroad due to the macroeconomic situation in 2018. In 2018, as in 2017, we are more likely to benefit from business opportunities resulting from new regulations within Europe.

In its annual economic forecast from December 2017, the Deutsche Bundesbank is expecting a GDP growth of +2.5% in **2018** for the **German economy**. This remains at a similar level as in 2017. This growth forecast can be attributed to the cheap labour market and an increase in private households' real disposable income. This promising economic trajectory gives us every reason to be optimistic about years to come. In 2018, we expect improved IPO dynamics on the domestic stock market **with up to 20 new listings**. We do not anticipate a notable number of delistings. In Germany in 2018, we will benefit considerably from the European Market Abuse Regulation (MAR), but also from other European regulations, such as MiFID (Markets in Financial Instruments Directive) II . The strategic expansion of our core business into the Governance, Risk & Compliance (GRC) business area results in a growing potential for additional sales. The Group's first product focused purely on compliance is the INTEGRITY LINE whistleblowing solution.

Taking these basic conditions into account, the Executive Board is planning a sales increase of between **19% and 24%** for the 2018 business year, which is between **EUR 36.0 million and EUR 37.6 million**.

A sales increase of **+35%** to **+40%** is expected for the **Regulatory Information & News segment** in the 2018 business year. This is a result of licence agreements for INSIDER MANAGER that were signed in 2016. An increase in new customers can be anticipated due to increased reporting obligations due to the Market Abuse Regulation (MAR). This is another factor that can contribute to potential growth in 2018. These is a notable stimulus for sales growth due to new customers for our INTEGRITY LINE whistleblowing solution, and also resulting from new incoming business as an LEI Local Operating Unit (LOU).

We are expecting sales growth from **+10%** to **15%** for the **Products & Services segment**. This increase can be attributed to the planned growth in XML services and webcasts.

The planned expansion of our core business into the GRC business area, and the associated investment programme to expand the corporation into a technology company, is going to lead to a temporary strain on earnings in 2018. As a result, we are expecting a 2018 **EBITDA between EUR 1.50 and EUR 2.10 million** (2017: EUR 2.35 million).

Based on investments made and looking at the **five-year period from 2018 to 2022**, we are planning a Compound Annual Growth Rate (CAGR) of between **+15%** and **+20%**. As a result of our scalable business, this leads to an **above-average annual EBITDA increase**. This will result in double digit operating margins in the medium term. EQS Group AG will continue to pursue a conservative and risk-conscious treasury policy. Capital increases (or the borrowing of funds) will only be considered in the case of acquisitions or associated follow-up investments.

Alongside financial performance indicators, we have also measured **non-financial performance indicators of client and employee satisfaction** annually. We expect a consistently-high employee satisfaction rate for 2018 (2017: on average, employees ranked their satisfaction at EQS Group as a 4.26 out of 5). When looking atclient satisfaction rates, we anticipate an equally stable, high level of satisfaction (2017: 94% of 124 surveyed clients gave EQS Group a rating of 1 or 2 out of 6, where 1 represented "the best" and 6 represented "the worst").

» Risk policy «

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

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

The Group's internal control system

The structure and organisation of EQS Group follows the "structure follows strategy" principle. Perpetual adjustments to organisational structure define clear responsibilities, thereby clarifying responsibilities within monitoring, planning and control systems. EQS's monitoring and planning systems consist essentially of the following components:

» Weekly management level conferences

» Weekly division and team meetings

» Monthly management information reporting systems

» Rolling monthly planning / liquidity development at corporate level

» Risk and opportunities management

Our control system is oriented toward revenues planning, target objectives for EBIT, EBIT-Margins as well as budgeted and calculated cash flows within a monthly comparison for each of the following twelve months (forecast). Planning for the subsequent two business years is based on a percentage rate of increase. Assumptions for revenue planning are produced at the Company level by the sales departments and delivered to Finance and Management who review them and adapt them to EQS's global perspective. Key expense positions are forecasted by the finance department based on accounting data history and information gathered from cost center heads and are then reviewed together with management. Financial forecasts are also influenced by regulation prospects, capital markets forecasts and industry trends. Result-relevant changes within a component are communicated in the form of immediate reporting directly between the Management Board and the heads of divisions. As such, organisational structure and elements of the controlling system form a comprehensive mechanism between strategic and operative corporate levels.

Risk management system

We utilise a detailed risk management system in order to create opportunity and risk profiles of our heterogeneous business divisions.

Risk identification is rooted in analyses of capital markets, markets and competition analyses in close relation to issuers, institutions, partners and suppliers as well as through intensive cooperation between management and those responsible for each division.

Identified risks are assessed through a survey of potential **probabilities of risk** and any pursuant **damages** and the possible allocation of risk capital thereto and the allocation of necessary risk capital in association with possible assessed damage. Risks are then systematically countered and opportunities exploited via consistent development and application of appropriate measure counter measures and control instruments.

Specific objectives form a systematic and efficient **management tool** which pay a decisive role in operational management's early risk detection as well as analyses and communication. Frequent periodic reporting informs business managers about any and all changes in risk situations.

Risk officers catalogue all risks annually within a risk manual, giving the board a continuous and current assessment of overall risk situations. Possible adjustments can then be made in order to avoid or minimise damages and resulting costs.

	Relevance of risk					
	Extremely little (Grade 1)	*Very little (Grade 2)*	*Little (Grade 3)*	*High (Grade 4)*	*Very hight (Grade 5)*	*Extremely high (Grade 6)*
Potential damage (in EUR '000)	until 10	10-25	25-75	75-250	250-1,000	more than 1,000

	Probability of risk					
in %	*Extremely little (Grade 1)*	*Very little (Grade 2)*	*Little (Grade 3)*	*High (Grade 4)*	*Very hight (Grade 5)*	*Extremely high (Grade 6)*
Quantity of occurance	0.10% max. every 5 years	0.50% 1 - 3 years	1% annually	1.75% quarterly	5% monthly	25% Several times in a month

Scaling used for the risk caculations

	Grade	*Volume in EUR*	*Probability*
Extremely little	***1***	10,000	0.10%
Very little	***2***	25,000	0.50%
Little	***3***	75,000	1%
High	***4***	250,000	1.75%
Very high	***5***	1,000,000	5%
Extremely high	***6***	5,000,000	25%

External risks

EQS Group AG's long-term development is influenced considerably by basic **economic conditions** on domestic and foreign markets. Economic trends, legal conditions, and capital market developments play an important role. The Brexit vote, which led to insecurity among market participants in 2016, has not had any negative effect on EQS Group AG's business. Regulation on the UK financial market will remain comparatively high. It was possible to downgrade the risk probability to very low due to stabilisation in political and legal developments in Russia and Asia.

In terms of **legal conditions**, the roll-out of the European Union Market Abuse Directive (MAR) in July 2016 led to much stricter reporting obligations among issuers. The roll-out of PRIIP in the EU, a regulation for the financial services industry to provide standardised production information documents(which ARVIA.DE AG creates technology solutions for), became effective on January 3, 2018. Consequently, EQS Group's potential customer base, range of offering, and sales with existing customers have also increased. As part of these European regulation initiatives, the EQS Group product range has been expanded significantly (e.g. INSIDER MANAGER, LEI, PRIIP-KID). EQS Group's leading position on the market in the DACH region has been consolidated. Market share has also been gained in Europe.

EQS Group AG's risk in **market and industry development** is still assessed as "low", but the potential extent of losses can be assessed as "extremely high" due to the Group's growth and size.

The share of income not dependent on economic trends is increasing as a result of business expansion into Governance, Risk and Compliance (GRC) and software sales for investor communications (including databases and mailings). The product portfolio for Compliance solutions was further expanded by the acquisition of Integrity Line, a whistle-blower system. This has served to diversify market risk. This affects EQS Group AG both directly, as EQS Group AG sells the subsidiary's services on the German market, and indirectly through loans for EQS Group AG acquisitions (Switzerland).

The risk of competition, specifically as a result of lower industry prices, is a significant risk for EQS Group AG as a quality leader. Our range of product packages and our excellent reputation on the market allow us to defend our prices and provide bundled value-added products for clients. Thanks to new solutions (e.g. INSIDER MANAGER), the EQS Group product array can further provide customer

benefits customer benefits and subsequently strengthen customer loyalty. Due to this, the risk of competition is still classified as “stable“.

The Group’s growing size and recent entry onto the GRC market generally poses an increased risk. In light of this, overall external risks increased in 2017 compared to the previous year.

However, we are further developing our clear differentiation to competitors both within the DACH region and globally.

Company-specific Risks

The term ”Company-specific Risks” includes risks such as growth, product, service, tax, and personnel risks.

These potential risks result primarily from strategic development, **new customer acquisition**, and the **development of core expertise on the Compliance market**. The analysis of Group-specific risk factors during the reporting period resulted in a higher level of risk compared to the previous year.

The many growth activities within EQS Group are reappraised using market research, business case calculations, extensive discussions between sales, development, and management, and then implemented. When assessing risk, this resulted in a higher risk situation compared to last year.

EQS Group AG’s **internationalisation strategy** is well advanced - no more locations are being planned. Break-even is to be expected at Group foreign locations after about 5 years. In this context, EQS Group SAS (France) founded in 2017 is the last unit expected to break even in 2022. The losses from foreign expansion will therefore gradually decrease over the next few years. As a result, assessing the current probability of loss as “high” is sufficient.

Group market position was improved considerably in the core Digital Investor Relations market due to an expansion of business relationships with new and existing customers due to the Market Abuse Directive coming into force. Simultaneously, customer sales turnover has diversified: 95% of our customers represent a >1% share of turnover, and no single customer’s share of turnover exceeds 5% of total turnover. Thanks to **entry into the Compliance market** and due to other regulations in Europe (including MiFID II and SAPIN II) there is more potential for new clients, also including non-listed customers. According to Gartner, the Compliance services market will continue to grow by 13.4% over the next few years, a pace much faster than that of the IR services market.

Due to Group growth in 2017 and it’s larger size, the potential extent of loss must be classified in the largest category.

Due to the **acquisition** of Integrity Line on January 1, 2018, the resulting company **integration and subsequent strategy risk** has risen to an extremely high level. Sales growth, extensive investments in new products, business areas, and geographic markets have also increased the complexity of management within EQS Group. For example, increased control structures, monthly Supervisory Board reporting, quarterly review meetings with individual companies, and the introduction of cost controlling are gradually being introduced to mitigate increased organizational complexity. Overall, the result of Group growth is more complex integration and strategy management, which increases risk.

The extensive redevelopment of the COCKPIT platform, product changes as a result of global expansion, and new products for the Compliance market have led to a higher risk assessment in product and service risks compared to the previous year. By contrast, the probability of loss has decreased as development focuses are on standardised cloud software instead of project-based services for individual customers. The acquisition of Integrity Line also reduces product and services risks.

The **need for skilled professionals** and the increasing number of key employees in the Group still produces a risk situation in terms of Human Resources. The risk probability of the **loss of key personnel** is assessed as low compared to the previous year as more personnel are being introduced in key areas. The shortage of IT specialists is still being felt acutely in Germany. At the same time, there is less dependency on the German employment market and therefore lower Group personnel risk due to the continuous development of the technology location in India. The language risk in IT is not significant as communication can be conducted in both English and German.

Due to the above developments, there is a higher risk assessment in **IT risks** during the period under review. As a technology company, we place great importance on constantly modernising our IT infrastructure to optimise safety, high availability, and speed and to facilitate efficient work processes. In addition to this, we are continuously working on improving existing IT processes, which reduces risk. The international roll-out of IT infrastructure as part of global expansion increases IT-risk, as it calls for a more comprehensive roll-out in an increased number of subsidiaries.

The risk situation for **system risks** has not changed compared to the previous year. By contrast, we have increased the risk assessment in data security and property rights, since EQS has become a lager target for potential server infrastructure attacks due to continued corporate growth. As a result, more security measures were introduced in 2017 to provide our systems with enhanced protection against external attacks. There are no contractual liability risks from software module malfunctions.

Financial Risks

As of last year, **financial risks** have decreased for EQS Group AG. These include investment risks, liquidity risks, credit risks, as well as default payment risks, liability risks, and exchange rate and securities risks.

Investment risks (the risk of investment profitability) are still assessed as very high as a consequence of increased investment compared to the previous year. EQS Group's extensive experience in our operating business or related business areas, as well as software development geared closely to customer needs, help us assess investment risks and keep them comparatively low. This risk remains therefore at the same level during the period under review.

Liquidity risk remains as low as last year. There is an overdraft facility of more than EUR 3.45 million that has not been exhausted. Based on the results from historical performance analyses, it would have also been possible to leave risk due to default payments at the previous year's level and reduce the default rate related to sales even further. Our risk is limited due to the relatively low turnover per individual customer and the high credit-worthiness of listed companies compared to the market. Agreements for advance payments and credit card payments are also used in some areas to minimise risk.

Exchange rate risk exists primarily from the parent company's balance sheet items in relation to subsidiaries (among others, inter-company loans). However, these are gradually decreasing due to achieved profitability in international locations (e.g. Asia). The probability of loss from turnover in foreign currencies is therefore decreasing.

To summarise, there are no known financial risks that might lead to EQS Group AG's financial situation being significantly impaired.

Other risks

Documentation risk and the potential loss of documentation has decreased thanks to the use of a group-wide Intranet as a documentation and knowledge sharing platform. In terms of information and communication management risk and the scope of potential impact, risk has increased to "extremely high" due to corporate growth. More control mechanisms have been implemented to counteract this risk increase, for example with the introduction of INSIDER MANAGER and incident reporting.

Overall risk situation

Overall risk for EQS Group AG is assessed based on a risk management system. Thanks to the combination of planning, management, and control systems and the quantification of risk in the form of allocated risk capital and risk correlation analyses, a realistic statement can be made about the company's overall risk situation and development.

Increased external risks may primarily impact market position and sales successes, and therefore impact turnover targets. The increase in "Group-specific risks" may lead to lower turnover and higher expenditure than planned. Besides having an impact on business success, reduced financial risks may also reduce solvency risk.

EQS Group's overall risk as of the reporting date, December 31, 2017, has increased by **+22%** according to the risk catalogue. The absolute risk level as measured by the average required risk capital has risen to **EUR.827 million** (EUR.677 million) and therefore remains high. On one hand, high risks are unavoidable in light of corporate growth, continuous legal changes, and requirements in new markets within the framework of overall Group strategy. On the other hand, an expansion into new markets and product diversification has reduced the dependency on the domestic market and gradually ensures risk diversification. Risk capital is also a fractional amount in proportion to our assets and financial and earnings situation, as measured by the historical and expected EBIT in the long term, among other metrics. Composition of the required risk capital according to the Group's internal risk-catalog (in EUR'000):

Risk area (in EUR '000)	***2017***	*2016*	*2015*
External risks	***205***	101	141
Company-specific risks	***531***	437	379
Financial risks	***91***	140	103
Required risk capital	***827***	677	623

» Opportunities report «

In addition to assessing its risks, EQS regularly evaluates the opportunities that its overall strategy produces. These areas of opportunity are divided into three categories: opportunities arising from framework conditions, strategic opportunities, and performance-related opportunities.

Opportunities arising from framework conditions

This category of opportunities describes value growth potential rooted in favorable market developments, legislative adjustments, customer behavior, as well as changes in regulatory environments or industry trends.

This area presents the following opportunities for the current financial year:

Legislators, regulators, and stock exchanges have consistently **increased regulations for listed companies**, resulting in additional sales potential for EQS Group AG. These new opportunities are rooted in increased monitoring and stricter penalties in cases of market manipulation or failure to comply with BaFin and ESMA regulations. Our opportunity potential remains high, with an additional 2018 sales potential from existing products of EUR.500 million to EUR 1 million.

The area of **Governance, Risk and Compliance** has also been affected by the trend of **increased company regulation**. EQS Group AG has been active in this area since 2017. We estimate additional sales potential in 2018 to be between EUR.500 million to EUR 1 million. However, the probability of this opportunity in the short term is considered to be low.

As to Investor Relations, companies are facing **increasing demands from institutional investors**, resulting in voluntary best practice standards for investor communications. This development raises the potential for increased customer demand on EQS for existing solutions in the Products & Services segment. The probability of this increase is very high, with additional sales potential in 2018 of between EUR.100 million and EUR.500 million.

Additionally, the steadily increasing **digitization of corporate communications** has led to a shift in budgets toward digital communications solutions, resulting in potential additional revenues of between EUR.100 million and EUR.500 million for EQS in 2018. The probability of an increase beginning as soon as 2018 is considered to be high. Growing customer demand for comprehensive and integrated product arrays with uniform, consistent communications allows EQS Group to differentiate itself from competitors and gain market share by bundling products. Due to EQS's gains in market share, an additional sales increase potential of EUR.100 million to EUR.500 million is realistically achievable for 2018. The probability of this is classified as high.

Positive economic developments in 2018 and a resulting increase in expected IPOs in Germany create additional potential for EQS. The probability of this type of development is very high, resulting in an additional EUR.100 million to EUR.200 million in sales.

Corporate strategy opportunities

Strategic business opportunities are rooted in primary corporate strategies.

The **strategic expansion of the investor relations platform function and its modules** (aimed at selling more solutions per customer), may generate high sales potential in the medium-term. For 2018, no revenue contribution is expected. However, from 2019 on, higher revenues are likely to be generated, resulting in EUR 1 million (in the medium-term) to EUR 5 million annually.

The **share of licensing revenues could increase due to EQS expanding its product range to include compliance software**. This expansion will lead to both higher average revenues per customer, as well as to acquiring new customers beginning in 2019. It is highly likely that this will result in annual revenues of between EUR.500 million and EUR 2.5 million.

New customers acquired by EQS due to companies' expanded legal obligations under the **Market Abuse Regulation (MAR)** will likely generate in 2018 an additional EUR.100 million to EUR.500 million in revenues.

Increased marketing of **premium distribution** in the Regulatory Information & News segment offers growth opportunities. In 2018, further sales growth of between EUR.100 million and EUR.250 million is likely due to market potential.

Performance-related opportunities

Performance-related opportunities are closely linked to the company's business, and include efficiency improvements as well as the potential to increase value, although these are not directly fiscally quantifiable here.

These opportunities also include the introduction of a **Balanced Scorecard system** for efficient employee targeting, which will be finalized in 2018 and should allow for better control of corporate goals at the department level.

Our introduction of a comprehensive **quarterly review of business and product development** poses an additional opportunity for EQS. Its introduction in the first quarter of 2018 is aimed at improving visibility of business and product development progress, thereby contributing to efficiency improvements. EQS's introduction of a **continuous cost-controlling process** also supports this goal.

Likewise, a comprehensive ERP system boosts the efficiency of **sales processes** and subsequent internal workflows.

Munich, April 2018

Achim Weick
(Founder & CEO)

Christian Pfleger
(COO)

CONSOLIDATED FINANCIAL STATEMENTS

» Consolidated income statement from January 1, 2017 to Dec. 31, 2017 «

	Note	2017 EUR	2016 EUR
Revenues	6	**30,355,415**	26,061,153
Other income	7	**342,969**	476,459
Own cost capitalised	8	**2,367,812**	396,468
Purchased services	9	**-5,717,146**	-4,144,165
Personnel expenses	10	**-17,003,745**	-12,896,585
Depreciation & amortisation	11	**-2,004,358**	-1,511,566
Other expenses	12	**-7,995,333**	-5,718,845
Operating result (EBIT)		**345,615**	2,662,919
Interest income	13	**21,451**	111,363
Interes expenses	14	**-160,392**	-125,316
Income from shareholdings	15	**16,712**	0
Expenses from associated companies	16	**0**	-737,705
Other financial income	17	**659,137**	0
Other financial expenses	18	**-822,319**	-136,416
Profit before tax (EBT)		**60,204**	1,774,845
Income taxes	19	**-634,007**	-960,442
Group net income		**-573,803**	814,403
- thereof attributable to the owner of the company		**-516,508**	514,943
- thereof attributable to non-controlling interests		**-57,294**	299,460
Items that may be reclassified subsequently to profit or loss:			
Currency translations	33	**-454,445**	168,596
Valuation on available-for-sale-assets	34	**1,296,910**	0
Other comprehensive income		**842,466**	168,596
Comprehensive income		**268,663**	982,999
- thereof attributable to the owner of the company		**326,002**	683,359
- thereof attributable to non-controlling interests		**-57,339**	299,640
Earnings per share - basis and diluted	20	**-0.39**	0.43

» Consolidated balance sheet as of Dec. 31, 2017 «

Assets

	Note	Dec. 31, 2017 EUR	Dec. 31, 2016 EUR
Non-current assets			
Intangible assets	22	**11,551,490**	10,524,739
Goodwill	22	**15,110,730**	15,789,472
Tangible assets	23	**2,048,016**	2,139,673
Long-term financial assets	24	**6,122,700**	1,246,340
Other long-term assets	25	**74,136**	9,386
Deferred tax assets	19	**6,450**	679,399
		34,913,523	30,389,009
Current assets			
Trade accounts receivables	26	**4,296,966**	3,907,935
Construction contracts	27	**161,271**	101,041
Tax assets	19	**896,082**	582,304
Current financial assets	24	**212,331**	259,481
Other current assets	25	**594,564**	553,063
Cash and cash equivalents	28	**6,374,332**	6,610,186
		12,535,546	12,014,010
Total assets		**47,449,069**	42,403,019

Equity and Liabilites

	Note	Dec. 31, 2017 EUR	Dec. 31, 2016 EUR
Equity			
Issued capital	29	**1,434,978**	1,308,978
Treasury shares	29	**-639**	-3,700
Capital surplus	30	**18,096,225**	10,257,828
Retained earnings	32	**6,300,691**	9,924,286
Currency translation	33	**313,058**	767,503
Valuation on available-for-sale assets	34	**1,296,910**	0
Non-controlling interests	35	**1,922,245**	2,969,155
		29,363,467	25,224,050
Non-current liabilities			
Non-current provisions	36	**161,018**	151,200
Non-current financial liabilities	37|38	**3,945,547**	4,760,951
Other non-current liabilities	41	**296,837**	311,762
Deferred tax liabilities	19	**2,122,789**	2,013,148
		6,526,192	7,237,060
Current liabilities			
Current provisions	36	**1,162,694**	1,299,763
Trade account payable	39	**1,100,953**	1,533,923
Liabilities from percentage-of-completion	40	**2,300**	0
Current financial liabilities	37|38	**5,985,531**	4,089,144
Income tax liabilities	19	**289,502**	297,918
Other current liabilities	41	**3,018,430**	2,721,160
		11,559,410	9,941,908
Total equity and liabilities		**47,449,069**	42,403,019

In the year 2017, liabilities amounting to EUR.317 million (2016 EUR.320 million) were reclassifiedfrom the long-term financial liabilities to other long-term Debt. In the year 2017, also liabilities amounting to EUR.142 million (2016: EUR.062 million) that were reported under short-term financial liabilities were reclassified into other current liabilities.

» Consolidated Cash flow statement from Jan. 1, 2017 to Dec. 31, 2017 «

		2017 EUR '000	2016 EUR '000
	Group earnings	**-574**	814
+	Income taxes	**634**	961
+	Interest expenses	**160**	125
-	Interest income	**-21**	-111
-	Income from associated companies	**0**	-20
-/+	Profit/loss on disposals of property, plant and equipment	**-6**	-217
+	Other non-cash income/expenses (e.g. unrealised profit and loss from currency differences and partial profits realised using the percentage of completion method)	**1,244**	277
+	Depreciation on fixed assets	**2,004**	1,512
-/+	Change in provisions	**-127**	386
-/+	Increase/decrease of inventories, trade accounts receivables and other assets not attributa-ble to investment or financing activities (except for income tax)	**-359**	369
-/+	Increase/decrease of trade payables and other liabilities not attributable to investment or financing activities (except for income tax)	**-332**	706
-	Interest expenses paid	**-125**	-120
+	Interest income paid	**21**	93
-	Income tax paid	**-872**	-1,302
=	Operating Cash Flows	**1,647**	3,473
-	Purchase of property, plant and equipment	**-956**	-772
+	Proceeds from disposals of property, plant and equipment	**1**	2,705
-	Purchase of intangible assets	**-2,527**	-784
-	Acquisition of non-current financial assets	**-3,148**	-300
+	Proceeds from disposals of non-current financial assets	**278**	42
-	Acquisition of subsidiaries and business units	**0**	-3,731
-	Increase/decrease of trade payables and other liabilities attributable to investment activities	**-1,252**	0
+	Dividends received	**17**	13
=	Cash flows from investment activities	**-7,587**	-2,827
+	Cash receipts from the issue of capital (capital increases, sale on entity's shares, et seq.)	**7,859**	5,279
-	Cash payments to owners and minority shareholders (dividends, acquisition of entity's shares, redemption of shares, other distributions)	**-1,956**	-890
+	Cash proceeds from issuing bonds/loans and short or long-term borrowings	**3,025**	2,050
-	Cash repayments of bonds/loans or short or long-term borrowings	**-2,611**	-3,993
-	Increase/decrease of liabilities from finance-lease	**-227**	-104
=	Cash Flows from financing activities	**6,090**	2,342
+	Change in cash funds from cash relevant transactions	**150**	2,988
+	Cash funds at the beginning of period	**6,610**	3,607
+	Change in cash funds from exchange rate movements	**-386**	15
=	***Cash funds at the end of period***	***6,374***	***6,610***

The decrease in trade accounts payable and other liabilities reported from investment activity under cash flow in the previous year, which are allocated to investment activity, were transferred to the amount of EUR.104 million under payouts from the repayment of leasing liabilities into cash flow from financing activity during the reporting year.

» Consolidated statement of changes in equity as of Dec. 31 ,2017 «

	Issued capital	Treasury shares	Capital surplus	Retained earnings	Currency translations	Valuation on available-for-sale assets	Attributable to owners of the parent	Non-controlling interests	Total equity
	EUR´000	EUR´000	EUR´000	EUR´000	EUR´000	EUR´000	EUR´000	EUR´000	EUR´000
As of Dec. 31, 2015	**1,190**	**-6**	**5,064**	**10,301**	**599**	**0**	**17,148**	**0**	**17,148**
Capital increase	119	0	5,089	0	0	0	5,208	0	5,208
Sale of treasury shares	0	2	68	0	0	0	70	0	70
Dividend payment	0	0	0	-890	0	0	-890	0	-890
Share-based compensation	0	0	37	0	0	0	37	0	37
Additional non-controlling interests arising on acquisition	0	0	0	0	0	0	0	2,738	2,738
Transactions with non-controlling interests	0	0	0	0	0	0	0	-69	-69
Comprehensive income 2016	0	0	0	514	169	0	683	299	982
As of Dec. 31, 2016	**1,309**	**-4**	**10,258**	**9,925**	**768**	**0**	**22,256**	**2,968**	**25,224**
Capital increase	126	0	7,733	0	0	0	7,859	0	7,859
Sale of treasury shares	0	3	-3	0	0	0	0	0	0
Dividend payment	0	0	0	-981	0	0	-981	0	-981
Share-based compensation	0	0	108	0	0	0	108	0	108
Transactions with non-controlling interests	0	0	0	15	0	0	15	-989	-974
Put-Option with non-controlling interests	0	0	0	-2,141	0	0	-2,141	0	-2,141
Comprehensive income 2017	0	0	0	-517	-455	1,297	325	-57	268
As of Dec. 31, 2017	**1,435**	**-1**	**18,096**	**6,301**	**313**	**1,297**	**27,441**	**1,922**	**29,363**

» Notes «

General informationen

Consolidated Statement of Comprehensive Income

Consolidated Balance Sheet

Additional Reporting Components

» 1. General information «

The company EQS Group AG was established with a notarial deed (UR no. 409/200 of the Notary Dr. Oliver Vossius, Munich) on February 3, 2000. The head office of the company is based in Karlstrasse 47, 80333 Munich, Germany. The company is registered in the Commercial Register of the District Court of Munich under HRB 131048. The consolidated financial statement applies to the company itself and its subsidiary companies (referred to together as the "group" and individually as the "group companies"). The group operates in the online communication sector worldwide.

The consolidated financial statement was prepared in accordance with the International Financial Reporting Standards (IFRS) which had been adopted by the European Union (EU) and which are applicable to the company. The consolidated financial statement was supplemented with a consolidated management report as well as the applicable mandatory disclosures according to section 315e, para. 1 of the German Commercial law.

The Group's functional and presentation currency of the consolidated financial statements is the Euro. Unless otherwise stated, the figures are rounded to a thousand Euro.

Due to rounding, it is possible that individual figures in this consolidated financial statements do not exactly add up to the stated sum, and that the percentages shown do not exactly reflect the absolute values to which they refer.

» 2. Significant accounting policies «

2.1 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for sharebased payment transactions that are within the scope of IFRS 2, leasing transactions that are within thescope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

» Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

» Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

» Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2017

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognistion of Deferred Tax Assets for Unreaslised Losses
Annual Improvements to IFRS	2014 – 2016 Cycle: IFRS 12

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from inancing activities, including both cash and non-cash changes.

The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments.

Amendments to IAS 12 Recognition of Deferred Tax Asses for Unrealised Losses

The amendments clarify the following:

- Unrealised looses on a debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;
- When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a speciic type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;
- The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
- In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences

The amendments apply retrospectively.

Annual Improvements to IFRS Standards 2014 – 2016 Cycle

IFRS 12 Disclosure of Interest in Other Entities	Clarification of the scope of the Standard

IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or includes in a disposal group that is classified) as held for sale.

The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The amendments apply retrospectively.

2.3 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments (#1)
IFRS 15	Revenue from Contracts with Customers (#1) and related Clarifications (#1)
IFRS 16	Leases (#2)
IFRS 17	Insurance contracts (#3,5)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (#4,5)
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions (#1,5)
Amendments to IFRS 4	Applying IFRS 9 with IFRS 4 (#1)
Amendments to IFRS 9	Prepayment Features with Negative Compensation (#2,5)
Annual Improvements to IFRS	2014 – 2016 Cycle (#1)
Annual Improvements to IFRS	2015 – 2017 Cycle (#2,5)
IFRIC 22	Foreign Currency Transactions and Advance Consideration (#1,5)
IFRIC 23	Uncertainty over Income Tax Treatments (#2,5)
IAS 28	Long-term Interests in Associates and Joint Ventures (#2,5)
IAS 19	Plan Amendment, Curtailment or Settlement (#2,5)
Amendments to IAS 40	Transfers of Investmenty Property (#1,5)

#1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
#2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
#3 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
#4 Effective for annual periods beginning on or after a date to be determined
#5 EU-Endorsement still outstanding.

IFRS 9 Financial Instrumens (as revised in 2014)

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon ists effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost of fair value under IFRS 9. Specifically:

» a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

» a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.

» all other debt instruments must be measured at FVTPL.

» all equity investments are to measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FV TPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FV TPL is presented in profit or loss.

Phase 2: Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of nonfinancial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage – a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended in October 2014. The project is still under analysis at the time of writing.

Transitional provisions
IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FV TPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and

2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting. Please see IFRS 9 for details.

Based on an analysis of the financial assets and financial liabilities of the group as at December 31, 2017 and the facts and circumstances present at this date, the board of directors has made an assessment of the effects of IFRS 9 on the consolidated statement as follows:

Debt instruments are measured at amortised cost if (i) the financial asset is held within the business model having the purpose of maintaining the contractual cash flows from the financial asset, and (ii) the contractual provisions of the financial asset only provide for a claim on maintenance of cash flows at certain dates which only constitute a repayment of the nominal amount and interest on the outstanding nominal amount. If one of these two criteria is not met, debt instruments are measured at fair value through profit and loss.

Debt instruments measured at amortised cost are subject to the impairment regulations for financial assets.

The classification and measurement of equity capital instruments is made at fair value through profit and loss on principle. An exception is made for those instruments not held for trading and designated by the group to be measured at fair value through profit and loss. In the event of such a designation, all profits and losses are recorded as not affecting net income in the other comprehensive income (OCI) and also not reclassified to the profit and loss statement at a later time. An exception are dividend payments which are recorded at fair value through profit and loss directly according to IAS 18 on principle.

Classification and measurement:

» According to the new provision of IFRS 9, financial assets available for sale are measured at fair value not affecting net income since they are equity instruments which are acquired and held as a longterm financial investment. The option was asserted due to the opportunity at hand to present value fluctuations outside of the operating result.

» Trade accounts receivable, loans, securities and cash and cash equivalents are measured at amortised cost and thus are continued to be measured the same way as they are currently according to IAS 39.

Impairment:

Financial assets measured at amortised cost, financial assets available for sale classified as falling under the FVTOCI category (see remarks above on classification and measurement), amounts payable by customers incurred by production orders are all subject to the new impairment regulations of IFRS 9.

The group uses the simplified impairment model for trade accounts payable and amounts payable by customers incurred by production orders according to which a provision for risks to the amount of the anticipated losses for the full remaining time to maturity must be recorded for all instruments regardless of their credit quality. Regarding the other indicated instruments, the board of directors is assuming a low risk of loss and is therefore expecting the recording of an anticipated 12-month loss only.

In general, the board of directors expects that application of the new impairment model will ensure earlier recording of anticipated losses for the respective instruments but not higher impairment amounts.

IFRS 15 Revenue from Contracts with Customers and related Clarifications

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

» Step 1: Identify the contract(s) with a customer.

» Step 2: Identify the performance obligations in the contract.

» Step 3: Determine the transaction price.

» Step 4: Allocate the transaction price to the performance obligations in the contract.

» Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identfication of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The new standard must be applied for business years starting on or after January 1, 2018. The corporation is going to apply IFRS 15 for the first time for the business year starting on January 1, 2018. EQS intends to carry out this first application based on the modified retrospective method. In the process, the accumulated effect from the first application is reported in equity as of January 1, 2018. The corporation is planning to make use of the option to apply IFRS retrospectively just to contracts that were not fulfilled yet (in full) as of January 1, 2018.

To assess the impacts and implement the new regulations, the corporation has set up a corporate-wide project during which the predominant business transactions within the corporation are subject to extensive analysis. As of the balance sheet date, this is advanced but not yet completed. According to it, period-based instead of date-based revenue recognition can be made for certain types of contracts in the future. Under certain circumstances, this can cause upstream or downstream revenue recognition in comparison to the previous approach. Changes can occur in the balance sheet due to separate recognition of contractual assets and liabilities and in the notes due to expanded quantitative and qualitative information.

The status of the analysis for the significant product groups within the corporation is shown below:

No significant impacts are expected for the "Audio & video webcasts" and "Insider Manager" products. With the "XML Services" product, the corporation is assuming impacts during the year. Based on the current status of analysis, the impacts for the "News & reporting obligations", "IR websites & tools" and "Corporate websites" products are not quantifiable yet.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for shortterm leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16

As at December 31, 2017, the group has payment obligations incurred by non-cancellable operational leases to the amount of EUR 11.049 million. IAS 17 requires neither the recording of a RoU asset nor of a leasing liability for such future payments. Instead, note 41 includes the required notes information. Preliminary assessment indicates that these agreements meet the definition of a leasing agreement pursuant to IFRS 16 and the group would therefore have to enter corresponding RoU assets and leasing liabilities in the balance sheet if applying IFRS 16 unless exceptions for shortterm leases or assets of minor value apply. It must be assumed that this has a significant effect on the consolidated statement. The board of directors is currently reviewing the potential effect on the consolidated statement. A reliable estimate of the financial effect's amount may be made after finishing this review only.

For financing leases with the group as the lessee, assets and liabilities are already entered in the balance sheet today. In these cases, the board of directors is not assuming that application of IFRS 16 will have a material effect on the consolidated statement.

IFRS 17 Insurance Contracts

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

The changes have no impact on the Group as it does not issue any insurance contracts.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application permitted. The managing board does not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Sharebased Payment Transactions

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the sharebased payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the sharebased payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a sharebased payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

a) the original liability is derecognised;

b) the equity-settled sharebased payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modiication date; and

c) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. The managing board does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

With the application of IFRS 9 with IFRS 4, companies issuing insurance contracts within the scope of IFRS 4 will be granted two options:

» Companies can reclassify some of the expenses and income from the profit and loss account to the other comprehensive income resulting from qualifying assets. This is the socalled overlap approach.

» Companies whose prevailing business is the issuing of insurance contracts within the scope of IFRS 4 have the possibility of a temporary suspension of the application of IFRS 9. This is the socalled postponement approach.

The application of both approaches is voluntary, and companies are allowed to abandon the application before issuing the new standard to insurance contracts.

The amendments have no effect on the Group, since the latter does not issue insurance contracts.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

This amendment is to address concerns about how IFRS classifies particular prepayable financial instruments. These include amendments regarding symmetric prepayment options on the one hand and clarification regarding the modification of financial liabilities on the other hand.

The new regulation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.

The final amendments also contain clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. This clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

The managing board does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRS Standards 2014 – 2016 Cycle

IFRS 1 First time Adoption of IFRS	Deletion of the temporary exemptions in paragraphs E3-E7 of IFRS 1 because they have fulfilled their intended purpose.
IAS 28 Investments in Associates and Joint Ventures	Clarification that the option right to invest in an associate or joint venture held by a company which is a venture capital company or another qualifying company is measured at fair value with recognition of the changes in profit or loss.

The managing board does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRS Standards 2015 – 2017 Cycle

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements	The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
IAS 12 Income Taxes	The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
IAS 23 Borrowing Costs	The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The managing board does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non- monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The managing board does not anticipate that the application of thes amendment will have a material impact on the Group's consolidated financial statements.

IFRIC 23: Uncertainty over Income Tax Treatments

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

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

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

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

Application of IFRIC 23 can affect the consolidated statement if transactions for which there is uncertainty regarding their income tax treatment are performed in the future.

The managing board does not anticipate that the application of thes amendment will have a material impact on the Group's consolidated financial statements.

IAS 28: Longterm Interests in Associates and Joint Ventures

The amendments in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) are:

» Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to longterm interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

» Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for longterm interests.

The managing board does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 19: Plan Amendment, Curtailment or Settlement

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

» If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

» In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The managing board does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 40: Transfers of Invetmenty Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred.

The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual reporting periods beginning on or after January 1, 2018. The managing board does not anticipate that the application of the amendment in the future will have a significant impact on the Group's consolidated financial statements.

2.4 Basis of consolidation

2.4.1 Subsidiary Companies

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

» has power over the investee;

» is exposed, or has rights, to variable returns from its involvement with the investee;

» and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

» the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.4.2 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion there-of, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any longterm interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.4.3 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

» exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

» exchange differences on transactions entered into in order to hedge certain foreign currency risks;

» exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

The exchange rates used for currency translation are as follows:

	EUR/RUB	*EUR/HKD*	*EUR/CHF*	*EUR/INR*	*EUR/GBP*	*EUR/USD*	*EUR/AED*	*EUR/SEK*
Exchange rate as of Dec. 31, 2017	69.39	9.37	1.17	76.61	0.89	1.20	4.40	9.84
Exchange rate as of Dec. 31, 2016	64.30	8.18	1.07	71.59	0.86	1.05	3.86	-
Average exchange rate 2017	65.94	8.80	1.11	73.75	0.88	1.13	4.15	9.64
Average exchange rate 2016	74.14	8.59	1.09	74.37	0.82	1.11	4.05	-

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.5.1 Rendering of services

The group sells services. These services are provided on a temporal basis and/or as a fixed price contract. The services partially consist of contractually agreed development services which are reported according to IAS 11 pursuant to the percentage-of-completion method mainly for websites. This is possible because the stage of completion of construcktion contract is reliably estimated and the inflow of reveue is sufficiently secure. With fixed price contracts, the stage of completion is determined on the basis of the accrued costs in relation to the total costs (cost-to-cost) method. A receivable is shown for all construction contracts in progress with a gross amount due from customers, i.e. if the sum of costs incurred including disclosed profits exceeds the sum of partial invoices and/or received payments. Conversely, construction contracts in which the payments exceed the revenue recoverable on a percentage basis are shown in the liabilities.

Regularly recurring revenue from service contracts is distributed over the duration of the contract.

2.5.2 Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

2.5.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest ime from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5.4 Rental income

The Group's policy for recognition of revenue from operating leases is described in note 2.12 below.

2.5.5 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work.

Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income/statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.7 Earnings per share

The determination of the earnings per share occurs according tot he provisions of IAS 33.

When determining the amount of earnings per share, the earnings attributable to the bearers of the common shares of the parent company are divided by the weighted average number of shares in circulation over the course of the year.

2.8 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful lives of intangible assets are as follows:

Software	**3 – 5 years**
Industrial property rights	**2 – 10 years**
Licences	**3 years**
Client base, customer relationship	**15 years**

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Development expenses amounting to EUR 2 million (Previous year: EUR.441 million) were recognized as expenses.

In the subsequent periods, internally generated intangible assets, just as acquired intangible assets, are valued at cost less accumulated depreciation and impairment losses. Capitalized development costs are generally amortized on a useful life of 5 years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.9 Tangible assets

Fixtures and equipment as well as commercial buildings in the previouis year are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Scheduled depreciation are bases on the following useful

Property	**35 – 60 years**
Computer, IT equipment	**3 – 7 years**
Office equipment	**10 – 13 years**
Leaseholder installations	**5 – 13 years**

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of tangible asses is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.10 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2.11 Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. The two methods of recognising grants for assets are regarded as acceptable alternatives. One method sets up the grant as deferred income which is recognised as income on a systematic and rational basis over the useful life of the asset. The other method, which is also applied within the corporation, deducts the grant in arriving at the carrying amount of the asset. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised as income of the period in which it becomes receivable.

2.12 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straightline basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Financial assets

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories:

- fair value through profit or loss (FVTPL)
- held-to-maturity investments
- available-for-sale (AFS)
- loans and receivables

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. .

2.14.1 Classification and Measurement

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value through profit or loss if the financial asset is either held for trading or designated as measured at fair value through profit or loss.

A financial asset is classified as held for trading if:

- It was mainly bought with the intention of a short-term sell or
- When recognised for the first time, it is part of a portfolio of clearly identified financial instruments controlled together by the corporation, for which there is indication of short-term gains in the recent past, or
- It is a derivative that was not designated as a hedging instrument, is not effective as such and is also not a financial guarantee.

According to IAS 39.9, a derivative is defined as a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the “underlying”):
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

A derivative for which the company receives or supplies a fixed number of equity instruments in return for a fixed number of cash or other financial assets is classified as an equity instrument.

A financial asset that is not classified as being held for trading, can be designated as measured at fair value through profit or loss as part of recognition of the first time if:

» Such a designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise

» A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about this portfolio is provided on this basis internally, or

» It is part of a contract, which contains one or several embedded derivatives, and the whole structured product (asset or liability) can be recognised at fair value through profit of loss according to IAS 39.

Financial assets measured at fair value through profit or loss are recognised at fair value. Any profit or loss resulting from the valuation is recorded through profit or loss. The recorded net profit or loss includes any of the financial asset's dividends and interest and is recognised in the "Other financial expenditure/income" item in the consolidated comprehensive profit and loss statement.

For reporting a call option as part of a company acquisition on the balance sheet, it has to be checked first whether the anticipated acquisition method is applicable. In the first step it must be clarified what influence the existence and form of the option has including the subsidiary in the consolidated financial statement. If the buyer has access to the opportunities and risks associated with an ownership interest at the time of the financial statement, this is an anticipated acquisition. (IFRS. B90) Capital consolidation is consequently not based on the current but on the resulting ownership interest after the option is exercised. If the buyer has a buy option, this is reported as a synthetic purchase price liability. If when weighing up the distribution of opportunities and risks the result is that the full potential benefits are not accessible to the option holder yet at the time of the agreement, the accounting is carried out according to IAS 39.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as

(a) loans and receivables,

(b) held-to-maturity investments or

(c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period.

The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured).

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2.14.2 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2.14.3 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.15 Cash and cash equivalents

Cash and cash in bank are measured at cost. They include cash in hand, cash in bank available on call and other short-term highly liquid financial assets having a maturity of three months at maximum at the time of acquisition. Short-term overdrafts on current accounts will continue to be reported as cash in bank.

2.16 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.17 Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Reinstatement obligation

A provision for the leased office spaces' dismantling costs is reported if the corporation has set up a dismantling plan that has been agreed in writing through the lease's contractual obligation. When recognising a dismantling provision, only the direct expenses for the dismantling work are entered. These are therefore just amounts generated by the dismantling work.

Severance payments

A liability for benefits in the event of terminating an employment relationship is reported if the corporation can no longer withdraw the offer of such benefits

2.19 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies or held for trading, or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

A written put option is an obligation to buy for the buyer and leads to the financial liability being rec-ognised to the amount of the cash value of the settlement according to IAS 32.23. The financial liability is subsequently measured through profit or loss. To assess which item the financial liability is reported against, it must be assessed whether the EQS Group currently has access to the returns from the non-controlling shareholders' remaining shares. If the EQS Group currently has access, the financial liability is offset against the non-controlling shareholders. If the EQS Group does not currently have access, it is offset against the balance sheet profit (Accounting Policy Choice).

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.20 Contingent purchase price payments resul-ting from a merger

Contingent purchase price payments resulting from a company acquisition are measured at fair value at the time of acquisition as part of the acquisition costs when recognised for the first time and therefore increase the goodwill to be reported. The contingent acquisition costs are also subse-quently measured at fair value, although their adjustment is considered through profit or loss. There is just one exception for adjustments within 12 months of the company acquisition. Here, an adjust-ment leads to an adjustment of the acquisition costs and therefore the goodwill, if they require the reassessment of valuations and do not result from post-acquisition (value adjusting) events.

2.21 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the managing board of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.21.1 Critical judgements in applying accoun-ting policies

The following are the critical judgements, apart from those involving estimations, that the managing board has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Provisions for bonus or commission payments

The group's employees receive a voluntary payment for the past fiscal year. Determination of the amount of the reserve is an exercise of discretion of the respective company management of the involved companies. As at December 31, 2017, the value was EUR.669 (previous year: EUR 1.1 million).

Stage of completion construction contracts

With fixed price contracts, the stage of completion is determined on the basis of the accrued costs in relation to the total costs (cost-to-cost) method. In individual cases, however, it is necessary to estimate the stage of completion according to the overall progress, since a cost-to-cost method would not lead to meaningful results. The choice of the method for determining the degree of compleion is at the judgement of the management and is made individually for each existing project to-gether with the responsible project manager.

The production orders with an asset-side balance towards customers amount to EUR.161 million (previous year: EUR.101 million). The production orders for which advance payments exceed the asset-side balance are reported as trade accounts payable to the amount of EUR.71 million (previous year: EUR.20 million).

Internally generated intangible assets

For the capitalization of internally generated intangible assets, there is a high margin of discretion in the distinction between research and development, which consists of activating or not activating the costs incurred. The carrying amount of internally generated intangible assets amounted to EUR 3 million (previous year: EUR.832 million).

Categorisation of „available-for-sale assets

The participation of 9.68% acquired in 2017 was declared as a long-term asset due to the intention to hold it; thus, its share and exchange rate valuation at the balance sheet date is recorded in the other comprehensive income.

2.21.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of internally generated intangible asset

During the year, the managing board reevaluated the value of the internally generated intangible assets. Impairment exists when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the two amounts from the fair value less costs to sell and the value in use. As of the balance sheet date, EUR 3 million internally generated immaterial assets are entered in the balance sheet, of which EUR 2.21 million are still in development (previous year: EUR.832 million, of which EUR.176 million still in development).

The project continues to progress in a satisfactory manner, and customer reaction has reconfirmed the managing boards' previous estimates of anticipated revenues from the project. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Useful life and impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the managing board to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As of the balance sheet date, goodwill of EUR 15.11 million (previous year EUR 15.79 million) are entered in the balance sheet.

The corporation checks the useful lives of intangible assets on every balance sheet date. For the customer base of EUR 8.06 million (previous year EUR 9.17 million), the corporation is still as-suming that a useful life of 15 years is appropriate as a result of the existing customers' very low termination rates.

Assets that are subject to scheduled depreciation are checked for impairment according to IAS 36, when corresponding events and/or changes in circumstances indicate that the carrying amount is potentially no longer recoverable. An impairment loss is recognised to the extent the carrying amount exceeds its recoverable amount. The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use.

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

Details regarding the impairment test are shown in Section 22.

Useful lives of property, plant and equipment

The useful lives of the scheduled depreciation are based on estimates and are reviewed on each reporting date. The useful lives are considered reasonable in the current financial year. As of the balance sheet date, fixed assets of EUR 2.05 million (previous year EUR 2.14 million) are entered in the balance sheet. Modified assumptions or circumstances could make changes necessary in the future.

Assets that are subject to scheduled depreciation are tested for impairment in accordance with IAS 36 if such events or changes in the circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognized in the amount of the carrying amount that exceeds the recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use.

The corporation checks the useful lives of intangible assets on every balance sheet date. Assets that are subject to scheduled depreciation are checked for impairment according to IAS 36, when corresponding events and/or changes in circumstances indicate that the carrying amount is potentially no longer recoverable. An impairment loss is recognised to the extent the carrying amount exceeds its recoverable amount. The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use.

There was no impairment requirement in the fiscal year or in the previous year.

Fair value measurements and valuation processes

Some of the assets and debts of the group are measured at fair value.

To determine the fair value of assets and debts, the group uses observable market data as far as possible. If such input parameters of stage 1 are not available, the group commissions qualified external experts with performing the measurements. The measurement committee will work closely with the external experts to determine appropriate measurement procedures and input parameters For more details see notes 2.20, 3, 36 and 41.10.

Activation of deferred tax assets

Deferred tax assets are recognised to the extent that the management Board considers their future implementation to be probable. The assessment is based on the extent to which future tax gains are generated, against which the hitherto unused tax loss carryforwards can be offset, and temporary differences are reversed. To this end, it is appropriate to make assumptions regarding the interpretation of the tax rules and the development of the taxable income of the respective group companies. The management reviews the assessment of insecure tax payments annually taking into account the expected taxes.

» 3. Acquisition of subsidiaries «

Acquired subsidiaries

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

Previous year

Company	*Principal activity*	*Date of acquisition*	*Proportion of voting equity interests acquired (%)*
Tensid AG	Provider of digital corporate communications in Switzerland	Jan. 1, 2016	100.000
ARIVA.DE AG, Kiel, Germany	Provider of financial data and software solutions for financial institutions in Germany	July 1, 2016	50.002

The companies were acquired with the goal of continuing the expansion of the group's activities.

The acquisition of ARIVA.DE AG happened within the scope of a successive corporate merger. At the time of gaining control over the company, the fair value of the equity held was EUR.962 million. The loss incurred by remeasurement of the share amounts to EUR.758 million and was recorded in the operating profit of associated companies of the comprehensive profit and loss statement.

In the course of the 2016 fiscal year, Tensid AG was merged with EQS Schweiz AG retroactively as of January 1, 2016.

Transferred consideration

	Integrity Line GmbH EUR'000
Cash	5,395
Purchase price retention	599
Total	**5,994**

Within the scope of the agreement on the contingent consideration, the group is obligated to pay to the seller an additional amount of CHF 69,113.33 for each percent by which the sales performance in the 2018 fiscal year outperforms a fixed reference value by more than 35 percent. However, the amount is limited to CHF 1,036,700.00 maximum.

Currently, the management is not assuming that the reference value will be exceeded by more than 35 percent. This assessment will be reviewed in the 2018 fiscal year.

The retained purchase price to the amount of CHF 701,421.50 is due on July 1, 2019 if and insofar as no warranty claims have been asserted against the buyer until such date.

Previous year	*Tensid AG EUR'000*	*ARIVA.DE AG EUR'000*
Cash	3,880	1,228
Contingent consideration arrangements	427	117
Total	**4,307**	**1,345**

The agreement on the contingent consideration of Tensid AG was amended in such a way in the reporting year that it will already be fully paid in 2018 in contrast to the original agreement.

The agreement on the contingent consideration of ARIVA.DE AG was fulfilled in the reporting year, causing partial payment. The payment in 2018 resulting for the annual statement of 2017 has been fully corrected through profit and loss due to failure to achieve the contractually determined thresholds.

The last purchasing price instalment for the acquisition of TodayIR group in 2014 was paid in the reporting year. Only a 20% security deduction was retained which will be paid to the amount of EUR.257 million in 2018, however.

Acquired assets and debts recognised at the time of acquisition

Since the corporate merger's accounting is not complete at the time of approval of the annual statement for publication, further information on the acquisition of Integrity Line regarding IFRS 3.B64 cannot be provided.

Previous year

	Tensid AG EUR'000	*ARIVA.DE AG EUR'000*	*Total EUR'000*
Current assets			
Cash and cash equivalents	621	189	810
Trade and other receivables	699	1,644	2,343
Non-current assets			
Customer base	1,852	2,871	4,723
Intangible assets	-	2	2
Tangible assets	-	3,071	3,071
Deferred tax assets	-	226	226
Current liabilities			
Financial liabilities	-	-2,390	-2,390
Provisions	-	-205	-205
Trade and other liabilities	-708	-453	-1,161
Income tax liabilities	-40	-128	-168
Non-current liabilities			
Deferred tax liabilities	-223	-1,045	-1,268
Net asset	**2,201**	**3,782**	**5,983**

Shares of non-dominant shareholders

Previous year

The non-dominant shares (49.998% shareholding in ARIVA.DE AG) were entered in the balance sheet at the date of acquisition in the previous year and measured in consideration of their fair value. The fair value was determined by means of a discounted cash flow procedure in which the future cash flows of ARIVA.DE AG are discounted at an interest rate appropriate for their maturity and risk. In addition, earnings multipliers and working capital adjustments were applied.

Goodwill generated by the acquisition

Reporting year

Since the accounting of Integrity Line GmbH is not complete at the time of approval of the annual statement for publication, further information regarding IFRS 3.B64 cannot be provided.

	Tensid AG EUR '000	*ARIVA.DE AG EUR '000*	*Total EUR '000*
Consideration transferred	4,307	5,652	5,652
Plus: previous at-equity investments (25.44% in ARIVA.DE AG)	-	1,393	1,393
Plus: non-controlling interests (49.998% in ARIVA.DE AG)	-	2,738	2,738
Less: fair value of identifiable net assets acquired	-2,201	-5,983	-5,983
Goodwill arising on acquistion	**2,106**	**3,799**	**3,799**

Goodwill to the amount of EUR 3.80 million total was generated by acquisition of Tensid AG and ARIVA.DE AG in the previous year since the paid consideration includes amounts taking into consideration the benefits from anticipated synergies, growth in sales, future market developments and the current personnel of both companies. These benefits are not recognised separately from the goodwill since they do not meet the requirement for recognition of intangible assets.

It is not expected that any of the goodwill generated by these acquisitions will be taxdeductible.

Net flow of funds incurred by the acquisition

Reporting year

As at the balance sheet of December 31, 2017, there is no flow of funds for the acquisition of Integrity Line GmbH.

	Tensid AG EUR '000	*ARIVA.DE AG EUR '000*	*Total EUR '000*
Consideration transferred	3,880	1,228	5,108
Less: fair value of identifiable net assets acquired	-621	-189	-810
Total	**3,259**	**1,039**	**4,298**

Effects of the acquisition on the group's income

Reporting year

Since the of acquisition of Integrity Line GmbH was in 2018, there is no effect on the income in the reporting year.

Previous year

The surplus included EUR.268 million incurred by the business generated by Tensid EQS AG and EUR.614 million which can be attributed to the purchase of ARIVA.DE AG. The group sales revenue includes EUR 2.15 million of Tensid EQD AG and EUR 4,8 million of ARIVA.DE AG.

If the corporate merger with ARIVA.DE AG had been executed as at January 1, 2016, the group's sales in the previous year would have been EUR 28.75 million, and the annual surplus in the previous year would have been EUR.913 million.

» 4. Subsidiaries «

Details oft he Group's material subsidiaries at the end oft he reorting period are as follows:

Name	Principal activity	Headquarter	Share in equity 31.12.17	31.12.16
Subsidiaries included in the consolidated accounts:				
EQS Group AG	Investor Relations, Communciations, Compliance	Munich	holding company	***holding company***
EQS Financial Markets & Media GmbH	Mediaplanning, Finacial Portal	Munich	100.00%	***100.00%***
EquityStory RS, LLC	Investor Relations, Communciations, Compliance	Moscow	100.00%	***100.00%***
EQS Group AG (former: Tensid EQS AG)	Investor Relations, Communciations, Compliance	Baar	100.00%	***100.00%***
EQS Asia Limited	Holding	Hong Kong	100.00%	***100.00%***
EQS Web Technologies Pvt. Ltd.	Development	Cochin	99.96%	***99.96%***
EQS TodayIR Limited	Investor Relations, Communciations	Hong Kong	100.00%	***100.00%***
EQS Maitu Shangwu Consulting Co. Ltd.	Investor Relations, Communciations	Shenzhen	100.00%	***100.00%***
Shenzhen Maitu Shidai Technology Co. Ltd.	Development	Shenzhen	100.00%	***100.00%***
TodayIR (Taiwan) Holdings Limited	Investor Relations, Communciations	Hong Kong	100.00%	***100.00%***
EQS Digital IR Pte. Ltd.	Investor Relations, Communciations	Singapur	100.00%	***100.00%***
EQS Group Ltd.	Investor Relations, Communciations, Compliance	Singapore	100.00%	***100.00%***
EQS Group Inc.	Investor Relations, Communciations, Compliance	New York	100.00%	***100.00%***
ARIVA.DE AG	Financial Portal, Regulatory Services, Investor Relations	Kiel	67.50%	***51.25%***
EQS Group FZ-LLC	Investor Relations, Communciations	Dubai	100.00%	***100.00%***
EQS Group SAS	Investor Relations, Communciations, Compliance	Paris	100.00%	-
Subsidiaries not included in the consolidated accounts:				
ZV Zertifikate Verlag GmbH	Financial Information	Kiel	100.00%	***100.00%***

For detailed information to non-controlling interests we refer to note 32.

Changes in the equity ratio of subsidiaries

During the financial year the Group purchased 16.25% of the shares of the ARIVA.DE AG. This increased the share in equity to 67.5%. The purchase of EUR.975 million has been paid by cash. The difference of EUR.015 million between the purchase price and the decrease in the minorities was recorded in retained earnings.

The EQS Group SAS was founded in the reporting year.

» 5. Segment information «

For the purpose of the corporate management, the group is organised by products and services into business units and has the follwing two reportable operation segments:

The Regulatory Information & News (RI&N) segment combines cloud products for compliance obligations, work flow solutions and the newswire service. Among others, this includes mandatory reporting, LEI assignment, voluntary reporting and licensing sales.

The services in the Products & Services segment include the agency services to be separated from them, including but not limited to services with a project character, and the production of websites, reports, media planning, financial information upon customer's order and associated provision of own media channels (advertisement, portals). These are the IR websites product series. Digital annual statements, financial statements, company websites, audio and video web casts, applications & mobile, markets & media).

The accounting and valuation methods for the reportable segments comply with the group account and valuation methods described in Section 2. The performance of the segments is also valuated using the adjusted operating earnings (non-IFRS EBIT).

The non-IFRS EBIT is only used to assess the segment's profitability and to decide on the type of allocation of resources. The non-IFRS EBIT is the EBIT* before scheduled depreciation on the acquired customer bases, purchase price allocation & acquisition costs.

** (EBIT=total income (sales revenue, other operating income and capitalised personal contributions) minus cost of purchased materials and services, personnel costs, depreciation and other operating expenditure)*

The segments' profitability is therefore valued in the identical way to the company's profitability valuation.

The information on the segment assets and segment liabilities was not included due to management monitoring.

The external sales are broken down into the Regulatory Information & News and Product & Services segments in reporting as a result of the comparability of services and similar characteristics. A detailed statement of the sales revenue from external customers per product/service or groups of these is not made in accordance with IFRS 8.32 as the information is not available and the costs to produce this would be excessively high.

The accounting principles for business transactions between both reportable segments (internal sales) are based on intersegmental cost allocation in terms of the submission service for annual financial statements at the German Federal Gazette. The service is provided by the Products & Services segment (XML conversion) but the resulting benefit is for the Regulatory Information & News segment. Costs are allocated between the segments based on the existing message-dependent price model with Regulatory News customers. They receive the conversion service cheaper with a certain amount of services from the Regulatory Information & News segment. The accounting principles are therefore based on the actually agreed conditions with the customers in the Regulatory Information & News segment.

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

Year 2017	*Regulatory Information & News EUR '000*	*Products & Services EUR '000*	*Consolidation EUR '000*	*Group EUR '000*
External revenues	11,620	18,735	0	30,355
Internal revenues	0	437	-437	0
Segment revenues	11,620	19,172	-437	30,355
Other operating income	128	215	0	343
Own cost capitalised	2,029	339	0	2,368
Operating expenses	-12,102	-18,980	437	-30,645
thereof purchased services	-2,443	-3,712	437	-5,718
thereof personnel expenses	-6,455	-10,549	0	-17,004
thereof other expenses	-3,204	-4,719	0	-7,923
Depreciation & amortisation	-503	-805	0	-1,308
thereof on tangible assets	-287	-559	0	-846
thereof on intangible assets	-184	-201	0	-385
thereof on low-value assets	-32	-45	0	-77
Non-IFRS EBIT	**1,172**	**-59**	**0**	**1,113**
Purchase price allocation	0	0	0	0
Akquisition costs	-51	-20	0	-71
Amoritisation of customer contracts	-267	-429	0	-696
Operating result (EBIT)	**854**	**-508**	**0**	**346**
Financial income	400	281	0	681
Financial expenses	-577	-406	0	-983
Income from associated companies	9	7	0	16
Profit before tax (EBT)	**686**	**-626**	**0**	**60**
Income taxes	-526	-108	0	-634
included amount of deferred taxes	-505	-132	0	-637
Group earnings	**160**	**-734**	**0**	**-574**

Year 2016	Regulatory Information & News EUR '000	Products & Services EUR '000	Consolidation EUR '000	Group EUR '000
External revenues	9,872	16,190	0	26,062
Internal revenues	0	544	-544	0
Segment revenues	9,872	16,734	-544	26,062
Other operating income	58	305	0	363
Own cost capitalised	269	127	0	396
Operating expenses	-8,046	-15,128	544	-22,630
thereof purchased services	-1,789	-2,899	544	-4,144
thereof personnel expenses	-4,409	-8,488	0	-12,897
thereof other expenses	-1,848	-3,741	0	-5,589
Depreciation & amortisation	-347	-562	0	-910
thereof on tangible assets	-195	-345	0	-540
thereof on intangible assets	-137	-185	0	-322
thereof on low-value assets	-15	-32	0	-47
Non-IFRS EBIT	**1,805**	**1,476**	**0**	**3,282**
Purchase price allocation	57	56	0	113
Akquisition costs	-69	-61	0	-130
Amoritisation of customer contracts	-231	-371	0	-602
Operating result (EBIT)	**1,563**	**1,100**	**0**	**2,663**
Financial income	65	46	0	111
Financial expenses	-153	-108	0	-261
Income from associated companies	0	-738	0	-738
Profit before tax (EBT)	**1,475**	**300**	**0**	**1,775**
Income taxes	-799	-162	0	-961
included amount of deferred taxes	20	4	0	24
Group earnings	**676**	**138**	**0**	**814**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

» 6. Revenues «

The breakdown of the Group's revenues is as follows:

	2017 EUR '000	2016 EUR '000
Revenue from the rendering of services	**30,208**	26,056
Construction contract revenue	**147**	5
Total	**30,355**	26,061

» 7. Other Income «

	2017 EUR '000	2016 EUR '000
Income from the reversal of provisions	**27**	12
Income of amounts previously written-off	**4**	7
Income from the sale of tangible assets	**1**	239
Rental income	**22**	29
Net cash decrease on acquisition of subsidiaries	**0**	113
Income from insurance reimbursements	**4**	0
Government grants	**68**	0
Non-period income	**69**	7
Contingent concideration written-off	**61**	0
Benefits in kind	**42**	11
Others	**45**	58
Total	**343**	476

No other gains or losses have been recognised in respect of loans and receivables, other than as disclosed in notes 7 and 12 and impairment losses recognised/reversed in respct of trade receivables.

A subsidy from the Investitionsbank Schleswig-Holstein for EUR.068 million and integration grants were recognised directly in the income statement in 2017.

» 8. Own Cost capitalised «

	2017 EUR '000	2016 EUR '000
Own software	**2,368**	396

During the financial year the mainly new projects being capitalised were the new COCKPIT of EUR.847 million and LEI platform (Legal Entity Identifier) of EUR.205 million as well as new segulatory systems of EUR.976 million (2016: INSIDER MANAGER EUR.222 million and LEI platform EUR.091 million).

» 9. Purchased services «

	2017 EUR '000	2016 EUR '000
Cost of services	**5,717**	4,144

The increase mainly result from product developments.

» 10. Personnel expenses «

	2017 EUR '000	2016 EUR '000
Wages/Salaries	**14,813**	11,312
Equity-settled share-based payments	**108**	107
Legal social expenses	**901**	643
Voluntary social expenses	**123**	56
Other employee benefits	**1,059**	779
Total	**17,004**	12,897

EUR.012 million (previous year: EUR.012 million) of the board of directors' total remuneration is for insurance.

EUR.016 million (previous year: EUR 0) of government grants were recorded in personnel costs in the reporting year.

» 11. Depreciation & amortisation «

	2017 EUR '000	2016 EUR '000
Depreciation on tangible assets	**923**	569
Depreciation on intangible assets	**1,081**	943
Total	**2,004**	1,512

The amortisation on intangible assets includes amortisation on acquired customer base amounting to EUR.696 million (2016: EUR.602 million).

The amortisation of tangible assets includes amortisation on property amouting to EUR 0 (2016: EUR.020 million).

» 12. Other expenses «

	2017 EUR '000	*2016 EUR '000*
Rental expenses	**2,023**	1,652
Insurances/contributions/fees	**229**	163
IT-costs/maintenance	**1,282**	832
Advertising and travel expenses	**1,671**	1,203
Telecommunication/office	**1,022**	643
Consulting fees	**1,123**	775
Losses on receivables/provisions for bad debts	**182**	177
Others	**463**	274
Total	**7,995**	5,719

From 2017 onwards the expenditure for job adverts is being reported under advertising and travel expenditure. The previous year's amount of EUR.158 million has been transferred accordingly. The licence fees of EUR.126 million reported under telecommunications expenditure last year have been transferred to IT infrastructure expenditure in this reporting year (EUR.230 million).

» 13. Interest income «

	2017 EUR '000	*2016 EUR '000*
Cash in banks	**0**	1
Loans	**20**	20
Others	**1**	90
Total	**21**	111

» 14. Interest expenses «

	2017 EUR '000	2016 EUR '000
Loans and bank overdrafts	**124**	120
Discounting of liabilities	**24**	5
Others	**12**	0
Total	**160**	125

The average weighted financing rate, which was based on valuation of the loan liabilities at fair value by the banks, is 1.24% p.a. (previous year 1.26%). The effects are included in the other interest expenditure.

» 15. Income from equity interests «

	2017 EUR '000	2016 EUR '000
Dividends	**17**	0

The income from shareholdings refers to the dividends received from the Issuer Direct Corporation.

» 16. Expenses from investments in associated companies «

	2017 EUR '000	2016 EUR '000
Share of profit ARIVA.DE AG (at-equity)	**0**	20
Loss on remeasurement ARIVA.DE AG (at equity)	**0**	-758
Total	**0**	-738

ARIVA.DE is fully consolidated since control was obtained over ARIVA.DE AG in July 2016.

» 17. Other fincial income «

	2017 EUR '000	2016 EUR '000
Call-Option ARIVA	**659**	0
Total	**659**	0

As part of the increase in the stake at ARIVA.DE AG as of January 1, 2017, EQS was given the option to buy more ARIVA.DE AG shares at a price which is approximate shares' market value (call option). The call option's market value as of December 31, 2017 is EUR.659 million (previous year EUR 0). The income resulting from the subsequent measurement of EUR.659 million was reported in other financial income and expenditure in this business year.

» 18. Other financial expenses «

	2017 EUR '000	2016 EUR '000
Net loss of currency translations	**822**	136
Total	**822**	136

The most important items with foreign currency conversion are the exchange rate changes of the Hong Kong dollar to the euro of EUR.402 million (previous year EUR - 27 million), the American dollar to the euro of EUR.369 million (previous year EUR.001 million), the British pound to the euro of EUR.046 million (previous year EUR.163 million).

» 19. Income taxes «

Income tax recognised in profit or loss

	2017 EUR '000	2016 EUR '000
Current tax		
In respect of the current year	**129**	985
In respect of the previous year	**-132**	0
Deferred tax		
In respect of the current year	**549**	-25
In respect of the previous year	**97**	0
Total	**643**	960

The group tax rate is calculated based on the taxable income in accordance with fiscal regulations. The predicted Group tax rate for the entire year 2017 amounts to 32.95% (2016: 32.95%) and includes the German corporation tax as well as the solidarity surcharge and trade tax and therefore may differ from the actual group tax rate at the end of the year. The tax rate of the subsidiaries differ between 0% to 33%.

The differences between the actually recognised and expected income tax expenses are reported in the reconciliation account below. The expected income tax expenses are the result of profit before income tax multiplied by the expected income tax rate.

	2017 EUR '000	2016 EUR '000
Profit before tax from continuing operations	**60**	1.775
Income tax expense calculated at 32.95% (2016: 32.95%)	**20**	585
Effect of differing foreign tax rates	**74**	91
Effect of expenses that are not deductible in determining taxable profit	**41**	26
Effect of tax loss relating to current year	**259**	313
Effect of tax loss relating to earlier periods	**321**	0
Actual expenses relating to income tax from earlier periods	**18**	0
Actual refund relating to income tax from earlier periods	**-150**	0
Others	**51**	-55
Effective tax expense	**634**	960
Effective tax rate	**1056.67%**	**54.08%**

No tax consequences resulted due to the distribution of dividends to shareholders.

Income tax recognised directly in equity

	2017 EUR '000	*2016 EUR '000*
Deferred tax		
Translation of foreign operations	**186**	38
Valuation on available-for-sale assets	**22**	0
Total	**208**	38

Current tax assets and liabilities

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Current tax assets		
Tax refund receivable	**896**	582
Current tax liabilities		
Income tax payable	**290**	298

Deferred tax balances

The following is an analysis of the deferred tax assets and liabilities in the consolidated balance sheet:

	Dec. 31, 2017 EUR '000		*Dec. 31, 2016 EUR '000*	
	Deferred tax assets	*Deferred tax liabilities*	*Deferred tax assets*	*Deferred tax liabilities*
Intangible assets	0	-2,357	0	-1,805
Tangible assets	6	-14	0	-152
Financial assets	32	-239	31	-2
Receivables	14	-55	0	-14
Provisions	36	0	40	0
Impending losses	1	0	0	0
Liablities	203	0	268	0
Other liablities	29	0	0	0
Loss carried forward	227	0	114	0
Currency translation	0	0	226	-40
	548	**-2,665**	**679**	**-2,013**
Thereof non-current	268	-2,204	305	-1,577
Balancing	-542	542	0	0
Total	**6**	**-2,123**	**679**	**-2,013**

Unused tax losses

In the reporting year, it was partially impossible to capitalise deferred tax on loss carried forward in foreign countries. Among others, this is due to only partial availability of loss carried forward within the planning period and tax losses not usable on principle according to the respective individual foreign tax law.

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Non deferred tax assets recognised for unused tax losses	458	313

There were no outside basis differences established since there are no plans of distributions or sales of subsidiaries. The temporary difference due to this amounts to EUR.048 million (previous year EUR.045 million).

» 20. Earnings per share «

The calculation oft he diluted and undiluted earnings per share is broken down as follows:

	2017 **EUR '000**	2016 EUR '000
Profit of the year attributable to owners of the Company	**-517**	515
	in thousand	**in thousand**
Weighted average number of ordinary shares adjusted	**1,313**	1,191
Earnings per share (diluted and undiluted)	**-0,39**	**0,43**

As a result oft he capital increase carried out during the year and the changes in treasury stock, the ordinary shares were adjusted accordingly.

» 21. Dividends «

Dividend on the ordinary shares decided in the general meeting:	*EUR '000*
Dividend for 2016: EUR 0.75 per share	981
Dividend on the ordinary shares proposed in the general meeting: (not reported as a liability as of December 31)	
Dividend for 2017: EUR 0.00 per share	**0**

CONSOLIDATED BALANCE SHEET

» 22. Intangible assets and Goodwill «

	Own software EUR '000	Other software and licences EUR '000	Customer base EUR '000	Goodwill EUR '000	Total EUR '000
Acquisition and/or manufacturing costs:					
As of January 1, 2016	850	1,931	5,820	11,909	20,510
Additions 2016	392	393	0	0	785
Addition by first consolidation 2016	0	-9	4,723	3,798	8,512
Disposals 2016	0	0	0	0	0
Currency difference	0	12	16	82	110
As of December 31, 2016	1,242	2,327	10,559	15,789	29,917
Additions 2017	2,367	159	0	0	2,526
Addition by first consolidation 2017	0	0	0	0	0
Disposals 2017	0	0	0	0	0
Currency difference	-94	0	-477	-678	-1,249
As of December 31, 2017	**3,515**	**2,486**	**10,082**	**15,111**	**31,194**
Depreciation & amortisation and valuation allowances:					
As of January 1, 2016	257	1,630	773	0	2,660
Depreciation & amortisation and valuation allowances 2016	153	171	602	0	926
Disposals 2016	0	0	0	0	0
Currency difference	0	0	17	0	17
As of December 31, 2016	**410**	**1,801**	**1,392**	**0**	**3,603**
Depreciation & amortisation and valuation allowances 2017	198	194	696	0	1,088
Disposals 2017	0	0	0	0	0
Currency difference	-95	5	-69	0	-159
As of December 31, 2017	**513**	**2,000**	**2,019**	**0**	**4,532**
Book value:					
As of December 31, 2017	**3,002**	**486**	**8,062**	**15,111**	**26,662**
As of December 31, 2016	832	526	9,167	15,789	26,314
As of January 1, 2016	593	301	5,047	11,910	17,850

Allocation of goodwill to cash-generating units

The goodwill was allocated to the cash-generating units for the purpose of depreciation review. With goodwill, the cash generating unit (CGU) is the segment within a corporation and not the individual company itself. For the purposes of the impairment test, the goodwill was reorganised and allocated to the relevant CGU in 2017. Resulting in the following new allocations of goodwill:

The goodwill of DGAP mbH acquired in 2005 is recognised in CGU EQS Group AG Regulatory In-formation & News (RI&N).

The goodwill of EQS Financial Markets & Media GmbH acquired in 2007 is recognised in CGU Ob-sidian IR Ltd. P&S.

The goodwill of EquityStory RS LLC (Russia) acquired in 2008 is recognised in CGU EquityStory RS LLC P&S.

The goodwill of EQS Corporate Communications GmbH acquired in 2011 is recognised in CGU EQS Group AG Products & Services (P&S).

The goodwill of TodayIR Ltd. acquired in 2014 is recognised in CGU EQS TodayIR Ltd. P&S.

The goodwill of Obsidian IR Ltd. acquired in 2015 is recognised in CGU Obsidian IR Ltd. P&S.

The goodwill of Tensid AG (Switzerland) acquired in 2016 is recognised in CGU Tensid AG Regula-tory Information & News (RI&N).

The goodwill of ARIVA.DE AG acquired in 2016 is recognised in CGU ARIVA.DE AG RI&N.

	Book value Goodwill Dec. 31, 2017 EUR '000	*Book value Goodwill Dec. 31, 2016 EUR '000*
CGU EQS Group AG RI&N	**4,761**	4,761
CGU EQS Financial Markets & Media GmbH P&S	**2,434**	2,434
CGU EquityStory RS, LLC P&S	**14**	14
CGU EQS Group AG P&S	**460**	460
CGU EQS TodayIR Ltd. P&S	**3,313**	3,799
CGU Obisidian IR Ltd. P&S	**464**	480
CGU Tensid AG RI&N	**1,972**	2,148
Total	**15,111**	**15,789**

The CGU's fair value is assessed at stage 3 using a discounted cash flow method. The most im-portant basic assumptions for the impairment test are listed in a table below.

Overviews CGUs (2017)	*CGU EQS Group AG RI&N*	*CGU EQS Financial Markets & Media GmbH P&S*	*CGU EquityStory RS, LLC P&S*	*CGU EQS Group AG P&S*	*CGU EQS TodayIR Ltd. P&S*	*CGU Obisidian IR Ltd. P&S*	*CGU Tensid AG RI&N*	*CGU ARIVA.DE AG RI&N*
Carrying amount	€ 8.46 Mio.	€ 2.83 Mio.	€ 0.10 Mio.	€ 1.33 Mio.	HKD 40.37 Mio. (€ 4.31 Mio.)	GBP 0.92 Mio. (€ 1.04 Mio.)	CHF 3.53 Mio. (€ 3.01 Mio.)	€ 3.38 Mio.
Fair value	€ 75.58 Mio.	€ 3.05 Mio.	€ 1.35 Mio.	€ 18.96 Mio.	HKD 56.25 Mio. (€ 6.00 Mio.)	GBP 2.08 Mio. (€ 2.34 Mio.)	CHF 4.84 Mio. (€ 4.14 Mio.)	€ 7.06 Mio.
Valuation method	FV less costs of disposal	FV less costs of disposal	FV less costs of disposal	FV less costs of disposal	FV less costs of disposal	FV less costs of disposal	FV less costs of disposal	FV less costs of disposal
Detailed planning phase	2018-2022	2018-2022	2018-2022	2018-2022	2018-2026	2018-2027	2018-2022	2018-2022
Average of annual revenue growth of the detailed planning phase	23%	43%	9%	11%	13%	34%	3%	6%
EBIT margin for the terminal value	30%	22%	15%	10%	16%	12%	22%	18%
WACC	6.02%	6.02%	12.70%	6.02%	8.53%	7.34%	6.66%	6.02%
Interst before tax	8.04%	8.49%	15.33%	8.25%	9.65%	8.27%	7.75%	8.14%
Terminal growth rate	1%	1%	1%	1%	1%	1%	1%	1%
Fair value in the case of an increase in WACC to 7% (Russia 15%, Asia 10%, UK 8.5%)	€ 53.09 Mio.	€ 2.56 Mio.	€ 1.11 Mio.	€ 15.63 Mio.	HKD 43.20 Mio.	GBP 1.50 Mio.	CHF 4.52 Mio.	€ 5.86 Mio.
Fair value in case of a growth rate decrease to 0%	€ 63.84 Mio.	€ 2.65 Mio.	€ 1.28 Mio.	€ 16.28 Mio.	HKD 50.51 Mio.	GBP 1.74 Mio.	CHF 4.19 Mio.	€ 6.10 Mio.
Fair Value while reducing WACC und growth rate	€ 53.09 Mio.	€ 2.28 Mio.	€ 1.06 Mio.	€ 13.79 Mio.	HKD 39.60 Mio.	GBP 1.27 Mio.	CHF 3.94 Mio.	€ 5.20 Mio.

Overviews CGUs (2016)	*CGU DGAP*	*CGU EQS Financial Markets & Media GmbH*	*CGU Equity Story RS, LLC (Russland)*	*CGU Corporate Communications GmbH*	*CGU EQS TodayIR Ltd. (Asien)*	*CGU Obisidian IR Ltd. (UK)*	*CGU Tensid AG (Schweiz)*	*CGU ARIVA.DE AG*
Carrying amount	4.76 Mio.	€ 2.81 Mio.	€ 0.10 Mio.	€ 0.46 Mio.	HKD 43.67 Mio. (€ 5.34 Mio.)	GBP 0.28 Mio. (€ 0.33 Mio.)	CHF 3.81 Mio. (€ 3.55 Mio.)	€ 5.61 Mio.
Fair value	€ 40.46 Mio.	€ 6.84 Mio.	€ 1.49 Mio.	€ 1.78 Mio.	HKD 65.56 Mio. (€ 8.02 Mio.)	GBP 1.67 Mio. (€ 1.95 Mio.)	CHF 8.48 Mio. (€ 7.90 Mio.)	€ 15.20 Mio.
Valuation method	Value in Use	Value in Use	Value in Use	Value in Use	Value in Use	Value in Use	Value in Use	Value in Use
Detailed planning phase	2017-2021	2017-2021	2017-2021	2017-2021	2017-2021	2017-2021	2017-2021	2017-2021
Average of annual revenue growth of the detailed planning phase	1%	38%	8%	6%	10%	27%	5%	8%
EBIT margin for the terminal value	60%	23%	25%	12%	19%	13%	18%	12%
WACC	6.02%	6.02%	12.70%	6.02%	8.53%	7.34%	6.02%	6.02%
Terminal growth rate	0%	1%	0%	1%	2%	1%	1%	1%
Fair value in the case of an increase in WACC to 7% (Russia 15%, Asia 10%, UK 8.5%)	€ 34.86 Mio.	€ 5.58 Mio.	€ 1.23 Mio.	€ 1.47 Mio.	HKD 51.1 Mio.	GBP 1.29 Mio.	CHF 7.07 Mio.	€ 12.66 Mio.
Fair value in case of a growth rate decrease to 0%	€ 35.95 Mio.	€ 5.81 Mio.	€ 1.48 Mio.	€ 1.53 Mio.	HKD 57.62 Mio.	GBP 1.41 Mio.	CHF 7.34 Mio.	€ 13.06 Mio.
Fair Value while reducing WACC und growth rate	€ 31.58 Mio.	€ 4.87 Mio.	€ 1.22 Mio.	€ 1.30 Mio.	HKD 46.1 Mio.	GBP 1.11 Mio.	CHF 6.28 Mio.	€ 11.17 Mio.

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

The sales plan for the individual CGU considers the following future potential:

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

» For the EQS Financial Markets & Media GmbH CGU, we are expecting successive recovery from the current low level.

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

» With the EQS Group AG P&S CGU we are expecting additional sales through crossselling in particular.

» For the EQS TodayIR Ltd. CGU P&S; Asia we are planning crossselling potential with existing customers and growth in new customers over the next few years.

» For the Obsidian IR Ltd. CGU P&S, UK, we are anticipating a significant crossselling potential for existing customers and market share increase in the regulatory information & news segment.

» For our Tensid AG RI&N CGU, Switzerland, we are expecting slower than average growth as a result of the high market share in IR.

» For the ARIVA.DE AG RI&N CGU, we are expecting growth during the course of the PRIIPS directive coming into force.

The EBIT plan for the individual CGC is based on historical figures from experience for the individual products' EBIT margins and their current business volume. Depending on the development phase of the CGC's business volume and their business focus there is a higher margin development in the detailed planning phase and a higher margin in perpetual annuity.

The sensitivity analysis shows that with the CGC EQS Financial Markets & Media GmbH P&S the fair value would be lower than the carrying amount by EUR.185 million to EUR.557 million with a reduction in growth in perpetual annuity from 1% to 0% and/or an increase in capital costs (WACC)) from 6% to 7%.

The same result applies with the CGC EQS Today IR Ltd. P&S, it would be lower than the carrying amount by HKD.796 million with a reduction in growth in perpetual annuity from 1% to 0% and an increase in capital costs (WACC)) from 8.5% to 10.0%.

Significant intangible assetste

For additions to own software we refer to note 8.

The customer base has developed as follows:

	Book value Goodwill Dec. 31, 2017 EUR '000	*Book value Goodwill Dec. 31, 2016 EUR '000*	*remaining amortization period as of Dec. 31, 2017*
TodayIR Ltd.	1,667	2,080	Apr. 30, 2029
Tensid AG	1,486	1,744	Dec. 31, 2030
ARIVA.DE AG	2,584	2,776	Jun. 30, 2031
Obisidian IR Ltd.	404	451	Nov. 30, 2030
news aktuell GmbH	1,922	2,116	Mar. 31, 2028
Total	**8,063**	**9,167**	

Customer bases are generally amortized on a useful life of 15 years.

» 23. Tangible assets «

	Furniture and office equipment EUR'000
Acquisition costs:	
As of January 1, 2016	2,961
Additions 2016	789
Addition by first consolidation 2016	3,077
Disposals 2016	2,550
Currency difference	3
As of December 31, 2016	4,280
Additions 2017	857
Disposals 2017	211
Currency difference	-40
As of December 31, 2017	**4,886**
Depreciation & amortisation and valuation allowances:	
As of January 1, 2016	1,605
Depreciation & amortisation and valuation allowances 2016	569
Disposals 2016	52
Currency difference	18
As of December 31, 2016	2,140
Additions 2017	921
Disposals 2017	201
Currency difference	-22
As of December 31, 2017	**2,838**
Book value:	
As of December 31, 2017	**2,048**
As of December 31, 2016	2,140
As of January 1, 2016	1,356

In the reporting year of 2017, government grants to the amount of EUR.100 million (previous year EUR 0) were deducted directly from the carrying amount of the acquired assets and recorded at a lower amortisation amount in the profit/loss. This was a grant from the economic state programme 2014-2010 for improvement of the regional economical structure. There are no unfulfilled requirements or other contingencies associated with government grants reported in the annual statement.

At the balance sheet date, there are contractual obligations to the amount of EUR.021 million (previous year EUR.007 million) in the form of orders for acquisition of tangible assets.

» 24. Other financial assets «

Available-for-sale-assets

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Shareholding Issuer Direct Inc.	**4,466**	0

This statement concerns the purchase of a 9.68% shareholding in Issuer Direct Corp. (ISDR) based in Morrisville, North Carolina, USA, among other things. It is incorporated as a long-term interest in the company. It is recognised in other comprehensive income. The purchase was to strengthen the news business in the USA. ISDR was founded in 2006 and is a leading communications and compliance provider focused on listed companies in the USA and the UK with more than 2,000 clients. The shareholding is to underpin long-term collaboration.

Financial assets measured at fair value through profit or loss

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Call-Option ARIVA.DE AG	**659**	0

As part of the increase in the stake at ARIVA.DE AG as of January 1, 2017 EQS was given the option to buy more ARIVA.DE AG shares at a price which is approximate shares' market value (call option) The call option's market value as of December 31, 2017 is EUR.659 million (previous year EUR 0). The income resulting from the subsequent measurement of EUR.659 million was reported in other financial income and expenditure in this business year.

Loans carried at amortised cost

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Loans to related parties	**300**	300
Loans to foreign Managing Directors and employees in managerial positions	**701**	979
Deposit	**208**	227
Total	**1,209**	**1,506**

Originally, loans amounting to EUR 1.07 million were issued to foreign managing directors and employees in managerial positions. These loans relate to financing the purchase of shares of the parent company up to 1% per employee. The interest rate amounted to 2%. Repayments must be made by 2022, at the latest. The loans are collateralised.

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Current	**212**	259
Non-current	**6,123**	1,246
Total	**6,335**	**1,506**

» 25. Other assets «

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Advance payments	**553**	416
VAT	**50**	43
Loans from employees	**1**	30
Receivables from health insurance/insurances	**3**	38
Others	**62**	35
Total	**669**	**562**

Advance payments are payments for services to be performed in the following year.

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Current	**595**	553
Non-current	**74**	9
Total	**669**	**562**

» 26. Trade accounts receivable «

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Trade accounts receivable	**4,421**	3,984
Valuation allowances on receivables	**-124**	-76
Total	**4,297**	**3,908**

The average credit period on sales is 21 days. However, this may vary somewhat depending in the country's activity. In the caseof trade receivables older than 90 days, impairments are normally made on the basis of historically proven experience with respect to the counterparty and in consideration of the current financial situation of the opposing parties.

There are 2 customers (previous year: 3 customers) with trade receivables that account for more than 5% of the total amount of trade receivables.

Age of receivables that are past due but not impaired

As of	Total	Neither overdue nor written down EUR'000	Overdue but not written down (days) 22-30 EUR'000	30-60 EUR'000	> 60 EUR'000	Overdue and partially written down EUR'000
Dec. 31, 2017	**4,297**	**3,034**	**699**	**161**	**330**	**73**
Dec. 31, 2016	3,908	2,236	469	203	819	181

Age of receivables written down

As of	Total EUR'000	60 - 90 EUR'000	Overdue but not written down (days) 90-180 EUR'000	180 - 360 EUR'000	> 360 EUR'000
Dec. 31, 2017	**73**	**2**	**14**	**57**	**0**
Dec. 31, 2016	181	6	0	166	9

Movements in the allowance for doubtful debts

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
Balance at beginning of the year	**76**	26
Impairment losses recognised on receivables	**182**	147
Amounts written off during the year as uncollectible	**-124**	-91
Amounts recovered during the year	**-4**	-7
Foreign exchange translation gains and losses	**-6**	1
Balance at end of the year	**124**	76

When determining the recoverability of trade receivables, any change in the creditworthiness since the grant of the payment objective has been taken into account by the reporting date. There is no significant concentration of the credit risk due to the fact that the customer base is broad and there are not a lot of correlations. For depreciation, the defaulting customers are reviewed individually to check the circumstances of their default. If attempts to collect the accounts receivable fail, the value of these accounts receivable is adjusted. This includes findings made until preparation of the balance sheet.

» 27. Construction contracts «

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
Construction contracts with a debit balance	**190**	116
Already invoiced revenues	**0**	0
Advance payment received	**-29**	-15
Total	**161**	**101**

» 28. Cash and cash equivalents «

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
Cash in banks	**6,374**	6,610

As of December 31, 2017 the group has unused credit limits in the amount of EUR 3.45 million (previous year: EUR 1.28 million).

» 29. Issued capital / Treasury shares «

Issued capital is broken down as follows:

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
Ordinary shares at EUR 1.00 each	**1,435**	1,309
Treasury shares	**-1**	-4
Total	**1,434**	**1,305**

The Issued capital is fully paid and is divided into 1,434,978 no-par value bearer shares. As of December 31, 2017 the number of issued shares totalled 1,434,978.

In a resolution of the general meeting on May 17, 2017 the existing authorised capital (authorised capital of 2015 according to resolution of the general meeting on June 12, 2015) was cancelled and creation of new authorised capital with the option of exclusion of subscription rights, among others, according to art. 186, para. 3, clause 4 German Companies Act, was enacted. The board of directors was authorised to increase the company's capital stock by up to EUR 654,489.00 once or several times until May 16, 2022 with the supervisory board's consent by issuing new registered no-par shares and/or new registered preferred shares without a voting right in exchange for contributions in cash and/or in kind while excluding the subscription right of shareholders under certain requirements (authorised capital of 2017).

Due to the authorisation provided by the general meeting on May 17, 2017, the capital stock was increased by resolution of the supervisory board dated December 4, 2017 by EUR 126,000.00 from EUR 1,308,978.00 to EUR 1,434,978.00. After partial consumption, the capital authorised on May 17, 2017 (authorised capital of 2017) still amounts to EUR 528,489.00. The value of each share exceeding the proportional amount of the capital stock was added to the capital reserves.

In a resolution passed at the general meeting on May 28, 2014, the parent company's board of directors was authorised to issue registered option and/or convertible bonds to a total nominal amount of up to EUR 15,000,000 with or without limited maturity once or several times until May 27, 2019 with the supervisory board's consent and to grant option rights to the owners of option bonds and conversion rights to the owners of convertible bonds on up to 594,990 registered no-par shares of the company with a proportional amount of the capital stock of up to EUR 594,990.00 total. Accordingly, the company's capital stock was conditionally increased by up to EUR 594,990.00 by issuing up to 594,990 registered participating no-par shares as of the start of the fiscal year of their issue (authorised capital of 2014). So far, no share options arising from the authorised capital of 2014 were granted.

The parent company's board of directors was also authorised to issue such bearer convertible bonds until May 27, 2018 with the supervisory board's consent, where convertible bond holders are obligated to swap the bonds into new company shares as a result of the convertible bond conditions during the conversion period or at the end of the conversion period. The convertible and/or option bonds can also be issued by indirect or direct EQS Group AG holding companies; in this case the board of directors was authorised to take over the guarantee for the option bonds and convertible bonds with conversion rights / obligations for the company and grant their owners option rights and/or conversion rights to the new EQS Group AG shares with the supervisory board's consent.

In a resolution passed at the general meeting on May 17, 2017, the parent company's board of directors is authorised to acquire its own stake of up to 10% in total of the existing capital stock at the time of the resolution until May 16, 2022 in accordance with Art. 186, Para. 1, Clause 8 German Companies Act with the supervisory board's consent. This authorisation is to give the board of directors the chance to offer company shares to institutional investors in Germany and abroad to buy and to safeguard the company's interests by flexibly adjusting the stock capital to the business requirements and being able to react quickly to stock market situations. Furthermore, the authorisation of the parent company allows for its own shares to be used as consideration for the acquisition of companies or shareholdings in companies to be used as an acquisition currency. The parent company is to have the chance to sell shares as employee shares to the parent company's employees or those at companies affiliated to the parent company pursuant to Sections 15 ff. or to meet the obligation from security loans.

The parent company acquired 24,998 of its own shares (EUR 24,998.00 of the stock capital = 2.10% of the stock capital) at a market value of EUR 30.00 per share in the business year 2014. In the business year 2015, 18,800 of its own shares (EUR 18,800.00 of the stock capital = 1.58% of the stock capital) were sold at a market value of EUR 30.00 per share and 149 of its own shares (EUR 149.00 of the stock capital = 0.01% of the stock capital) were issued to employees as part of a bonus programme at a market value between EUR 28.75 and EUR 30.73 per share.

In the business year 2016, 2,349 of its own shares (EUR 2,349.00 of the stock capital = 0.20% of the stock capital) were issued to employees as part of a bonus programme at a market value of EUR 30.50 per share and in the business year 2017, another 3.061 of its own shares (EUR 3,061.00 of the stock capital = 0.24% of the stock capital) were issued at a market value between EUR 49.71 and EUR 64.35 per share. The number of own shares held is 639 (EUR 639.00 of the stock capital = 0.04% of the stock capital) as of the balance sheet date. The effect for the business year is recognised in the capital reserves.

» 30. Capital surplus «

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
As of January 1	**10,258**	5,064
Capital increase	**7,733**	5,089
Share-based compensation	**108**	37
Sale of treasury shares	**-3**	68
Total	**18,096**	**10,258**

The reported amount of the capital increase includes EUR.016 million in transaction costs.

» 31. Share based payment «

Employee participation programm.

The company has set up a share participation programme for staff. Pursuant to this resolution, bonus shares are issued to participants when certain prerequisites are met. The bonus shares are issued to employees at the EQS Group AG and their domestic subsidiaries, who buy EQS shares over a period of 12 months as a personal investment as part of the participation programme and are not entitled to dispose of them within the investment period and for a holding period of 12 months afterwards. Students and interns and members of the Executive Board are not eligible for participation.

Each individual share bought personally entitles the participant to buy another EQS share at a 1:1 ratio in accordance with the terms and conditions of the plan. The bought and granted shares are kept in a bank deposit for the entire term. If the terms and conditions of the plan are met in full at the end of the holding period, the bonus shares are distributed to the participants.

Fair value of stock dividend

The fair value of each stock dividend of the 2016 tranche is EUR 34.00. The reserve was calculated based on the previous performance in consideration of a fluctuation rate of 5%. The stock dividends were issued in January 2018.

At the start of 2017, another tranche (MESP tranche 2017) was established. Issue of the stock dividends is anticipated for January 2019. The fair value of each stock dividend of the 2017 tranche is EUR 60.00. The reserve was calculated based on the previous performance in consideration of a fluctuation rate of 5%.

The fair value of the shares granted was derived based on historical prices.

The effect in the net profit or loss for the period is EUR.108 million (previous year: EUR.037 million).

» 32. Retained earnings «

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
As of January 1	**9,925**	10,301
Group earnings	**-981**	-890
Transfer to the legal reserve	**15**	0
Dividend payment	**-2,141**	0
Purchase of minority interests	**-517**	514
Total	**6,301**	**9,925**

The dividend payment is calculated by the number of shares available at the date of the distribution. Treasury shares are not eligible for dividend payments.

» 33. Currency translations «

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
As of January 1	**768**	599
Currency translations	**-269**	131
Deferred tax	**-186**	38
Total	**313**	**768**

Curreny translations arising from the translation of the functional currency of foreign operations into the reporting currency of the Group (Euro) are recognized directly in other comprehensive income in the consolidated financial statements and cumulated in foreign currency translation reserves. Translation differences previously recognized in the reserve from foreign currency translation are transferred to the statement of comprehensive income when a partial or complete sale of the foreign business operation takes place.

» 34. Valuation available-for-sale assets «

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
As of January 1	**0**	0
Valuation on available-for-sale assets	**1,319**	0
Deferred tax	**-22**	0
Total	**1,267**	**0**

The disclosure is about the valuation of a 9.68% interest in Issuer Direct Corp.

» 35. Non-controlling interests «

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
As of January 1	**2,969**	0
Acquisition of non-controlling interests	**0**	2,738
Comprehensive income	**-57**	300
Transactions with non-controlling shareholders	**-990**	-69
Total	**1,922**	**2,969**

The decrease in non-controlling interests in the year 2017 is the result of the acquisition of the share capital of ARIVA.DE AG.

As of December 31, 2017 the non-controlling interests amounted to 32.541%. The consolidated profit of the year attributable to non-controlling interests amounts to EUR -.057 million (2016: EUR.300 million).

The following table shows the most important financial figures of ARIVA.DE AG (before consolidation):

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Non-current assets	**4,647**	4,094
Current assets	**1,852**	3,341
Current liabilities	**-932**	-1,850
Non-current liabilities	**-1,583**	-1,291
Net asset	**3,984**	**4,294**

	2017 EUR '000	*2016 EUR '000*
Revenues	**7,435**	7,474
Profit	**-176**	713

» 36. Provisions «

	As of Jan. 1, 2017 EUR '000	Consumption 2017 EUR '000	Reversal 2017 EUR '000	Additions 2017 EUR '000	Compounding/Discounting 2017 EUR '000	Currency translation 2017 EUR '000	**As of Dec. 31, 2017 EUR '000**
Storage of business documents	13	0	0	9	0	0	**22**
Obligation to reverse contructional changes	138	0	0	0	1	0	**139**
Employer´s liability insurance association	34	-33	-1	43	0	0	**43**
Bonuses/commissions	1,077	-940	-11	604	0	-31	**699**
Outstanding invoices	51	-39	-8	249	0	0	**253**
Annual/consolidated financial statements fees	58	-50	-4	47	0	-4	**47**
Annual/consolidated financial statements audit fees	80	-77	-3	121	0	0	**121**
Total	**1,451**	**-1,139**	**-27**	**1,073**	**1**	**-35**	**1,324**

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
Current	**1,163**	1,300
Non-current	**161**	151
Total	**1,324**	**1,451**

Storage of business documents

The provision was formed due to the legal obligation to store business documents, which stipulates a retention period of up to 10 years.

Obliation to reverse constructional changes

The obligation is a result of the relocation oft he office of the headquater in 2015 and its corresonding expenses to reverse constructional changes.

Employer's liability insurance association

The amount has been estimated based on demand for payment of the previous year including the actual changes in staff and salary structure.

Bonuses/commissions

These amounts are payments for bonuses and commissions for the actual staff. Bonuses will be paid in April. Decision regarding the bonus payments are made by the managing board. Decisions regarding bonus payments for the managing board are made by the supervisory board.

Outstanding invoices

For the purpose of an accrual accounting presentation of expenses, the amount of outstanding invoices for services already made, has been estimated and shown as provisions.

Annual/consolidated financial statements fee and audit fees

These amounts are a result of estimates for the fee for annual financial statements and audit.

» 37. Financial liabilities «

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
Unsecured - at amortised cost		
Current account credit / Credit card statements	**313**	23
Borrowings	**6,533**	6,395
Debtors' credit balances	**9**	52
Trade account payable	**1,101**	1,534
	7,956	8,004
Secured - at amortised cost		
Deposit	**8**	5
finance lease	**328**	557
	336	562
Designated at fair value		
Put-option of minority interets	**2,141**	0
Contingent consideration arrangements	**599**	1,818
	2,740	1,818
Total	**11,032**	**10,384**

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
Non-current	**3,946**	4,761
Current	**7,086**	5,623
Total	**11,032**	**10,384**

Liabilities of EUR.297 million (previous year EUR.312 million) were transferred from long-term financial debt into other long-term debt in the reporting year. Liabilities of EUR.142 million (previous year EUR.062 million) were also transferred from short-term financial debt to other short-term debt.

Credit card statements are the amounts of the respective previous months which have not yet been debited.

Borrowings are fixed-interst loans with a maximum maturity of 5 years (2016: 5 years) taken out by credit institutions. The weighted average effective interest rate on loans is 1.24% per yer (2016: 1.18%).

The contingent considerations are about the last tranche of the acquired TodayIR group and the earn-out agreement for the purchase of Tensid AG.

Transition to IAS 7

			non-cash changes			
	Dec. 31, 2016 EUR '000	Cash changes EUR '000	Acquisitions EUR '000	Currency translations EUR '000	Fair value adjustments EUR '000	Dec. 31, 2017 EUR '000
Non-current borrowings	4,193	-440	-	-	-	3,753
Current borrowings	2,219	854	-	-	-	3,073
	6,412	**414**	**0**	**0**	**0**	**6,826**

» 38. Obligations under finance leases «

Leasing arrangements

The group leased certain of its equipment under finance leases. The average lease term is three to five years (2016: three to five years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3% to 3.9% (2016: 3% to 4.95%) per annum.

Finance lease liabilities

	Minimum lease payments		*Present value of minimum lease payments*	
	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*	*Dec. 31, 2017 EUR '000*	*Dec. 31, 2016 EUR '000*
Not later than one year	165	239	155	229
Later than one year and not later than five years	177	340	173	328
Later than five years	0	0	0	0
	342	579	328	557
Less: future finance charges	-14	-22	0	0
Present value of minimum lease payments	**328**	**557**	**328**	**557**

Included in the consolidated financial statements:

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Current	**155**	229
Non-current	**173**	328
Total	**328**	557

The carrying amount of equipment held as part of as finance lease amounted to EUR.018 million (previous year: EUR.342 million).

» 39. Trade accounts payable «

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Trade accounts payable	**1,030**	1,514
Advanced payments received on account of contruction contracts	**71**	20
Total	**1,101**	**1,534**

Trade accounts payable do not bear interest and usually have a maturity of 30 days on average.

» 40. Liabilities from percentage-of-completion «

	Dec. 31, 2017 EUR ,000	Dec. 31, 2016 EUR ,000
Liabilites from PoC	**2**	0

» 41. Other liabilities «

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
VAT	**258**	208
Tax on wages	**252**	189
Advance payment from customers	**2,162**	2,202
Vacation	**112**	53
Rent-free periods	**297**	312
Personnel costs/Travel expenses	**106**	48
Supervisory board	**36**	14
Others	**92**	7
Total	**3,315**	**3,033**

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
Current	**3,018**	2,721
Non-current	**297**	312
Summe	**3,315**	**3,033**

Liabilities of EUR.297 million (previous year EUR.312 million) were transferred from long-term financial debt into other long-term debt in the reporting year. Liabilities of EUR.142 million (previous year EUR.062 million) were also transferred from short-term financial debt to other short-term debt.

ADDITIONAL REPORTING COMPONENTS

» 42. Financial instruments «

42.1 Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the previous year.

The corporation's capital structure consists of net debt (borrowing minus cash and cash in bank) and the corporation's equity. This consists of the issued shares, capital reserves, balance sheet profit, foreign currency differences, provision for available for sale securities and non-controlling shareholder's shares.

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

The managing board reviews the capital structure of the Group on a gearing ratio basis, the ratio of net financial debt to the sum of equity andnet financial debt. Net financial liabilities include interest-bearing loans, trade payables plus other liabilities and less cash. Shareholder's equity includes equity capital attributable to equity holders of the parent company.

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Financial liabilities	**11,012**	10,378
"Trade accounts payable, income tax liabilities and other current and non-current liabilities"	**5,747**	5,352
Cash	**-6,374**	-6,610
Net debt	**10,385**	**9,120**
Equity	**29,363**	25,224
Equity and net debt	**39,748**	**34,344**
Net debt to equity ratio	**26.1%**	26.6%

Liabilities of EUR.297 million (previous year EUR.312 million) were transferred from long-term financial debt into other long-term debt in the reporting year. Liabilities of EUR.142 million (previous year EUR.062 million) were also transferred from short-term financial debt to other short-term debt.

42.2 Categories of financial instruments

	Dec. 31, 2017 EUR '000	Dec. 31, 2016 EUR '000
Financial assets		
Cash and bank balances	**6,374**	6,610
Forderungen aus Lieferungen und Leistungen	**4,296**	3,908
Loans and receivables	**1,209**	5,413
Available-for-sale assets	**4,466**	0
Call-Option ARIVA.DE AG	659	**0**
Financial liabilities		
At amortised costs	**7,944**	8,003
Designated as at FVTPL	**2,740**	1,818
Liabilities from finance lease	328	**557**

The net profit from the available-for-sale share was recorded in the other comprehensive income to the amount of EUR 1.3 million (previous year: EUR 0).

The net loss incurred by financial assets measured at amortised costs amounts to EUR.048 million (previous year: EUR.050 million).

The profit from the call option's fair value measurement of EUR.659 million (previous year EUR 0) is recognised in other financial income.

42.3 Financial risk management objectives

The parent company's finance department coordinates access to the national and international finance markets for the whole corporation. Financing is organised by the parent company. The finance department also monitors and controls the financial risks associated with the corporation's business divisions together with the Executive Board through constant communication regarding the liquidity, exchange rate, payment default, interest and price risks. Weekly reports on outstanding receivables, short-term and long-term liquidity plans and estimates for exchange rate development by mandated banks are used for this.

42.4 Market risk

Market risk entails the possibility that the fair value or future cash flows of a financial intrument might fluctuate owing to changes in market prices. Market risk encompasses the three following types of risk: foreign exchange risk, interest risk and other price risks such as share price risk. Among other factors, the financial instruments exposed to market risk include interest-bearing loans and financial assets available for sale.

The sensitivity analyses in the following sections refer to the situation on December 31, 2017 and/or 2016.

The sensitivity analyses were compiled on the basis of the hedging relationships that existed on December 31, 2017 under the premise that the net debt, the ratio of fixed and variable interest on liabilities and the share of financial instruments in foreign currencies remain constant.

42.5 Foreign currency risk managment

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise. Foreign currency risks arising from the inclusion of foreign subsidiaries in the consolidated financial statements (translation risks) are disregarded.

Currently, no hedging measures are used to hedge currency risks.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Liabilities		*Assets*
	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*	*Dec. 31, 2017 EUR '000*	*Dec. 31, 2016 EUR '000*
CHF	847	983	5,799	181
GBP	67	135	249	120
HKD	651	1,873	815	69
RUB	63	65	374	14
AED	4	-	117	63
USD	31	20	107	78
INR	62	7	49	72

Foreign currency sensitivity analyses

The Group is mainly exposed tot he currencies mentioned in the table above.

The following table details the Group's sensitivity to a 10% increase and decrease in the EUR against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the CU strengthens 10% against the relevant currency. For a 10% weakening of the EUR against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	Group earnings			*Equity*
	2017 EUR '000	*2016 EUR '000*	*Dec. 31, 2017 EUR '000*	*Dec. 31, 2016 EUR '000*
Impact CHF	9	-	495	80
Impact GBP	1	-	21	1
Impact HKD	1	-	16	180
Impact RUB	-	-	31	5
Impact AED	2	2	11	6
Impact USD	2	1	455	6
Impact INR	-	-	-1	6
Impact SEK	-	-	-	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

42.6 Interest rate risk management

The interest risk is the risk that a financial instrument's fair value or future cash flows will fluctuate as a result of changes in the market interest rates. On the balance sheet date there are not any risks for the long-term loans as they have a fixed interest rate of 1.00% - 2.57% over the term to maturity (up to max. 5 years). There is also not any significant fair value risk as a result of the short term. Besides this, only short-term overdraft facilities are used, if at all, which do not entail an interest rate risk.

42.7 Share price risk

Publicly listed equity securities are susceptible to market price risks which result from the uncertainities regarding the future value developments of these securities. On the balance sheet date, the group holds treasury shares to the value of EUR.001 million (2016: EUR.004 million) as well as shares in Issuer Direct Corp. to the value of EUR 4.47 million (2016: EUR 0) as publicly listed equity instru-ments.

The sensitivity of a 10% increase or drop in the share price on the reporting date would entail a difference of EUR.447 million (USD.536 million).

42.8 Credit risk

Credit risk is the risk of a business partner failing to fulfil its obligations surrounding a financial instrument, which subsequently leads to a financial loss. In the scope of its business operations, the group is exposed to default risks (in particular, risks resulting from trade account receivables and loans issued), as well as risks in the scope of its financing activities, including deposits with banks and other financial instruments.

Credit risk from receivables: the credit risk from receivables due from customers is managed by the corresponding business unit on the basis of the guidelines, regulations and control mechanisms of the group for the management of credit risk with customers. Credit limits are assessed for all customers on the basis of the internal risk classification attributes. Outstanding receivables due from customers are monitored n a regular basis so that the group is not exposed to any major risk of default. With foreign customers, business transactions in the parent company are increasingly being completed on the basis of advance payments.

Apart from 4 companies, which were included as new accounts receivable by the business combinations, the Group is not exposed to any material default risks of a contracting party. However, the concentration of default risks with respect to the 4 companies remained below 10% of the total trade receivables in the reporting year.

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

The Group does not have collateral or other credit enhancement measures that would reduce the default risk from financial assets.

42.9 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the managing board, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Furthermore the Group has additional undrawn facilities at its disposal to further reduce liquidity risk.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Financial year as of Dec. 31, 2017	*Weighted average effective interest %*	*Less than 1 month EUR '000*	*1-3 months EUR '000*	*4-12 months EUR '000*	*1-5 years EUR '000*	*more than 5 years EUR '000*	*Total amount EUR '000*	***Carrying amount EUR '000***
Non-interest bearing	-	1,150	7	2	0	0	1,159	**1,159**
Finance lease liability	3.84	14	27	124	177	0	342	**328**
Fixed interest rate instruments	1.24	614	707	4,510	3,821	0	9,652	**9,525**
Total		**1,778**	**741**	**4,636**	**3,998**	0	11,153	**11,012**

Financial year as of Dec. 31, 2016	*Weighted average effective interest %*	*Less than 1 month EUR '000*	*1-3 months EUR '000*	*4-12 months EUR '000*	*1-5 years EUR '000*	*more than 5 years EUR '000*	*Total amount EUR '000*	***Carrying amount EUR '000***
Non-interest bearing	-	1,611	0	0	0	0	1,611	**1,611**
Finance lease liability	3.86	20	41	178	340	0	579	**557**
Fixed interest rate instruments	1.26	186	567	3,091	4,493	0	8,337	**8,210**
Total		**1,817**	**608**	**3,269**	**4,833**	0	10,527	**10,378**

The Group has access to financing facilities as described in note 28, of which EUR 3.5 million were unused at the end of the reporting period (previous year: EUR 1.3 million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

42.10 Fair value measurements

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets Financial liabilities	*Fair value as at*					
	Dec. 31, 2017	*Dec. 31, 2016*	*Fair value hierarchy*	*Valuation technique(s) and key input(s)*	*Significant unobservable inputs(s)*	*Relationship of unobservable inputs to fair value*
Available-for-sale assets	Assets EUR 4,466,000	Assets EUR 0	Level 1	Quorted prices in an active market	N/A	N/A
Call-Option ARIVA.DE AG	Assets EUR 659,000	Assets EUR 0	Level 3	Simulation of expected, discounted cash flows	Volatility, risk-neutral insert; discounting rate; peer group multiples;	An increase in the discount would lead to a decrease in value
Contingent consideration in a business combination	Liabilities EUR 599,000	Liabilities EUR 1,819,000	Level 3	Discounted cash flow method	Discount rate 0.00% (2016: 1.75%)	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value.
Put-option of minority interets	Liabilities EUR 2,141,000	Liabilities EUR 0	Level 3	Simulation of expected, discounted cash flows	Volatility, risk-neutral insert; discounting rate; peer group multiples;	An increase in the discount would lead to a decrease in value

Input factors at Level 1 are proce quotations in active markets for identical assets or liabilities, which the company has access to on the reporting date.

Input factors at Level 2 are market prices other than those listed at Level 1, which are either directly or indirectly observable for the asset or liability.

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

There were no transfers between Levels in the reporting year.

Fair value oft he Group's financial assets and financial liabilities that not are measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the managing board considers that the carrying amount of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values:

» 43. Cash and cash equivalents «

For the purpose of the consolidated statement of cash flows, cash and cash equivalent include cash on hand and in bank. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial positions.

» 44. Obligations under operating leases «

The Group as lessee:

Leasing arrangements

Operating leases relate to leases of IT equipment with lease terms between 3 an 5 years, property with lease terms up to 10 years as well as car leasing with terms up to 4 years. The Group does not have an option to purchase the leased assets at the expiry of the lease periods.

Payment recognises as an expense

	2017 EUR '000	*2016 EUR '000*
Minimum lease payments	**1,935**	1,548
Sub-lease payments received	**-22**	-29
Total	**1,913**	**1,519**

Non-cancellable operating lease commitments

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Not later than 1 year	**1,774**	1,643
Later than 1 year and not later than 5 years	**6,385**	5,253
Later than 5 years	**3,141**	4,326
Total	**11,300**	**11,222**

In respect of non-cancellable operating lease arrangements the following liabilities are recognised:

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Current	**49**	40
Non-current	**248**	272
Total	**297**	**312**

» 45. Related party transactions «

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading operations

During the year, group entitites entered into the following trading transactions with related parties that are not members of the Group:

	Sales of fixed assets		*Purchase of fixed assets*	
	2017 EUR'000	*2016 EUR'000*	*2017 EUR'000*	*2016 EUR'000*
Related parties/institutions	1	-	-	-
Related parties/institutions from subsidiaries	-	2,700	-	-

The following balances were outstanding at the end of the reporting period:

	Receivables due from related partiesn		*Liabilities towards related parties*	
	Dec. 31, 2017 EUR'000	*Dec. 31, 2016 EUR'000*	*Dec. 31, 2017 EUR'000*	*Dec. 31, 2016 EUR'000*
Related parties/institutions	-	-	-	-
Related parties/institutions from subsidiaries	-	-	-	-

Services

	Sales of services		*Purchase of services*	
	2017 EUR'000	*2016 EUR'000*	*2017 EUR'000*	*2016 EUR'000*
Related parties/institutions	-	-	152	123
Related parties/institutions from subsidiaries	-	10	261	40

	Receivables due from related parties		*Liabilities towards related parties*	
	Dec. 31, 2017 EUR'000	*Dec. 31, 2016 EUR'000*	*Dec. 31, 2017 EUR'000*	*Dec. 31, 2016 EUR'000*
Related parties/related institutions	-	-	145	36
Related parties/institutions from subsidiaries	-	-	-	-

Dividends and interests

	Dividends and interest (expenses)		*Dividends and interest (income)*	
	2017 EUR'000	*2016 EUR'000*	*2017 EUR'000*	*2016 EUR'000*
Related parties/institutions	344	344	-	-
Related parties/institutions from subsidiaries	5	1	-	-

	Receivables due from related parties		*Liabilities towards related parties*	
	Dec. 31, 2017 EUR'000	*Dec. 31, 2016 EUR'000*	*Dec. 31, 2017 EUR'000*	*Dec. 31, 2016 EUR'000*
Related parties/institutions	-	-	-	-
Related parties/institutions from subsidiaries	-	-	-	-

Purchases and sales to related parties are carried out at standard market conditions. The term "related persons" refers to the Executive Board, Supervisory Boards and these people's close family members.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses has been recognized in the current or prior year for bad or doubtful debts in respect of the amounts owed by related parties.

Loans to related parties/institutions from subsidiaries

	Dec. 31, 2017 EUR '000	*Dec. 31, 2016 EUR '000*
Loan receivable related parties/institutions from subsidiaries	300	300

This is a long-term ARIVA.DE AG loan to Neunfeldtneun GmbH & Co. KG, which was issued at an interest rate comparable with average market interest rates.

The loan is secured by a mortgage for EUR.300 million.

Compensation of key management personnel

The renumerations of managers in key positions amounted in the fiscal year EUR.750 million (2016: EUR.567 million), thereof variable EUR.055 million (2016: EUR.051 million). In the total amount included is an overseas allowance and a cost-of-living allowance of EUR.092 million (2016: EUR.067 million).

In the 2017 financial year, the members of the Supervisory Board received a fixed renumeration to the amount of EUR.120 million.

» 46. Subsidiaries acquired «

Name	Principal activity	Headquarter	Share in equity Dec. 31. 2017
Subsidiaries included in the consolidated accounts:			
EQS Group AG	Investor Relations, Communciations, Compliance	Munich	holding company
EQS Financial Markets & Media GmbH*	Mediaplanning, Finacial Portal	Munich	100.00%
EquityStory RS, LLC	Investor Relations, Communciations, Compliance	Moscow	100.00%
EQS Group AG (former: Tensid EQS AG)	Investor Relations, Communciations, Compliance	Baar	100.00%
EQS Asia Limited	Holding	Hong Kong	100.00%
EQS Web Technologies Pvt. Ltd.	Development	Cochin	99.96%
EQS TodayIR Limited	Investor Relations, Communciations	Hong Kong	100.00%
EQS Maitu Shangwu Consulting Co. Ltd.	Investor Relations, Communciations	Shenzhen	100.00%
Shenzhen Maitu Shidai Technology Co. Ltd.	Development	Shenzhen	100.00%
TodayIR (Taiwan) Holdings Limited	Investor Relations, Communciations	Hong Kong	100.00%
EQS Digital IR Pte. Ltd.	Investor Relations, Communciations	Singapur	100.00%
EQS Group Ltd.	Investor Relations, Communciations, Compliance	London	100.00%
EQS Group Inc.	Investor Relations, Communciations, Compliance	New York	100.00%
ARIVA.DE AG **	Financial Portal, Regulatory Services, Investor Relations	Kiel	67.50%
EQS Group FZ-LLC	Investor Relations, Communciations	Dubai	100.00%
EQS Group SAS	Investor Relations, Communciations, Compliance	Paris	100.00%
Subsidiaries not included in the consolidated accounts:			
ZV Zertifikate Verlag GmbH	Financial Information	Kiel	100.00%

*Profit and loss transfer agreement
** Successive share acquisition

» 47. Empoyees «

	Development	Marketing/ Sales	Data Services	Management/ Administration	Design/ Content	Newsroom/ ERS-System	Total
Dec.31, 2017	189	46	35	50	59	8	**387**
Dec.31, 2016	144	42	26	41	60	6	**319**

» 48. Auditor's fee «

The total fees of the auditor for the 2017 fiscal year is EUR.139 million (previous year: EUR.093 million). Of these, EUR.110 million were paid for auditing services EUR.014 million were paid for tax consulting and EUR.015 million were paid for other consulting services.

» 49. Organs of the Company «

The following persons make up the **Managing Board**

- » Dipl.-Kfm. Achim Weick, CEO, Munich
- » Dipl.-Kfm. Christian Pfleger, COO, Munich

The following persons make up the **Supervisory Board**

- » Rony Vogel, MSc. Eng. And MBA, Entrepreneur and Investor, Munich (Chairman)
- » Robert Wirth, M.A. in Media Marketing, BAW, Enterpreneur and Investor, Amberg
- » Peter Conzatti, M.A. und MBA, Fund Manager, Bad Homburg

» 50. Events after the balance sheet date «

Effective as of January 1, 2018, EQS Group AG (Switzerland, previously Tensid EQS AG) has acquired a 100% participation in Integrity Line GmbH domiciled in Zürich. The purchase price consists of three components with an amount of CHF 7.02 million (EUR 5.99 million) total to be paid. The assignment of the capital participations is subject to the condition precedent of partial payment of the purchasing price.

Furthermore, there are no events of particular significance for the Group.

» 51. Exemption from the duty of disclosure «

The fully consolidated company EQS Financial Markets & Media GmbH, head office: Munich, HRB 199404 (formerly the limited company financial.de, head office: Munich, HRB 170868) is, pursuant to section 264 para. 3 HGB (Commercial Code), exempt from having to prepare, having audited and having to disclose a full annual financial statement and a management report in accordance with the provisions for stock corporations pursuant to section 264 et seq., HGB.

» 52. Approval of the financial statements «

The financial statements were approved by the Managment Board on April 10, 2018 and approved for publication.

Munich, April 10, 2018

Achim Weick (Founder and CEO)	Christian Pfleger (COO)

» Financial calendar of EQS Group AG «

10.04.2018	**Publication of Annual Report**
19.04.2018	**Deutsche Börse Scale Conference**
26.4.2018	**Munich Capital Market Conferen**
18.05.2018	**Publication quarterly note (call-date Q1)**
18.05.2018	**Annual General Meeting**
7.06.2018	**m:access Conference**
16.08.2018	**Publication half-yearly financial statements**
24-27.09.2018	**Baader Investment Conference**
15.11.2018	**Publication quarterly note (call-date Q3)**
26-28.11.2018	**German Equity Forum**

» Stock exchange data of EQS Group AG «

Share	**EQS Group AG**
WKN	**549416**
ISIN	**DE0005494165**
Ticker Symbol	**EQS**
Type of Shares	**Ordinary shares**
Sector	**Digital Investor Relations**
Initial listing	**08.06.2006**
Stock Exchange Listing	**Open Market, Frankfurter Wertpapierbörse m:access, Börse München**
Market segment	**Scale**
Company headquarter	**Munich**
Number of Shares	**1.434.978 Units**
Amount of Nominal Capital	**1.434.978 Euro**
Designated Sponsor	**Baader Bank AG, Unterschleißheim**

The official version of the EQS Group annual report is in German. The English translation is provided as a convenience to our shareholders. While we strive to provide an accurate and readable version of our report in English, the technical nature of anreport often yields awkward phrases and sentences. We understand this can cause confusion. So, please always refer to the German report for the authoritative version.

Register court:
Amtsgericht Munich

Register number:
HRB 131048

Tax Identification Number in accordance with § 27a Umsatzsteuergesetz [German Turnover Tax Law]:
DE208208257

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