Annual Report 2020

JDC GROUP

BEST ADVICE. BETTER TECHNOLOGY.

Content

JDC Group
Leader in Advisortech.

The future of financial sales is personal and digital.

JDC GROUP

BEST ADVICE. BETTER TECHNOLOGY.

JDC Group AG

At a glance

P & L in kEUR	**31/12/2020 kEUR**	31/12/2019 kEUR	Changes compared to previous year in %
Revenues	122,834	111,471	10.2
Gross margin	33,722	31,653	6.5
Gross margin in %	27.5	28.4	–3.2
Total operational costs	33,225	31,798	4.5
EBITDA	5,125	4,166	23.0
EBITDA margin in %	4.2	3.7	13.5
EBIT	497	–145	> 100
EBIT margin in %	0.4	–0.1	> 100
Net profit	–1,163	–1,813	35.9
Number of shares in thousands (end of period)	12,623	12,966	–2.6
Earnings per share in EUR	–0.09	–0.14	35.7

Cash flow/Balance in kEUR	**31/12/2020 kEUR**	31/12/2019 kEUR	Changes compared to previous year in %
Cash flow from operating activities	8,873	3,847	> 100
Total equity and liabilities	91,791	102,295	–10.3
Equity	27,288	30,482	–10.5
Equity ratio in %	29.7	29.8	–0.2

JDC Group AG

Business units and brands

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

About 16,000 Independent financial advisors ...

Diversified asset classes via different sales channels ...

Highlights 2020

allesmeins

The first ever digital insurance wallet, allesmeins was introduced by JDC in 2015 and is now a central component of the value chain. More than 25 white label mandates are now connected to allesmeins, in addition to many brokers, who use the basic version. This is impressive evidence of the scalability of the platform.

Key accounts

Connected in 2019, the key accounts comdirect, Bavaria Wirtschaftsagentur and Volkswagen Bank have been developed into full users of the JDC platform, and now process and settle their entire business through JDC.

JDC wins TOP 100 award for innovation

In the midst of the crisis, JDC Group AG is showing its strength as one of the 100 most innovative companies in Germany. Based on scientific analysis, the innovation contest focuses on the question of whether innovation is the result of a systematic approach or chance – in other words, whether the innovative achievements can be repeated. Another factor is whether, and how, the solutions developed become established on the market.

JDC Group AG impressed the judges in all five test categories, which were: fostering of innovation by management; innovative climate; innovative processes and organisation; outward orientation/open innovation; and innovation success. The company has been one of Germany's TOP 100 champion innovators since January 2021.

TOP 100
top100.de
Top-Innovator
2021

Record revenues

JDC Group subsidiary Jung, DMS & Cie. generates subgroup revenues of more than 100 million Euro for the first time in the company's history – and continues to grow.

Highlights 2020

Growth despite Covid-19 crisis

The pandemic is making great demands on companies. While many companies are dealing with a decline in revenues or even struggling to stay afloat, JDC managed to move its entire operation to a virtual environment that enabled employees to work from home, and despite the global stock market crisis it has succeeded in growing further. The JDC share price has also regained its former strength.

Additional key bancassurance accounts

**One of Germany's lar
savings banks, Sparkass
men, relies on JDC as a
bution partner. JDC is bui
white label solution in recor
start-up company Finanzguru
its appearance on the TV sho
Löwen is another bancassur
using the JDC platform tec**

**JDC and the Provinzial
plan to create a joint v
to support more than
lion retail customers
savings banks.**

API-based
open insurance

With Volkswagen Bank and Finanzguru GmbH, JDC has connected the first key accounts purely using the JDC API, so entering a new level of scaling of the platform. Connection via API will enable further projects to be implemented far more easily and quickly.

Key account
connection

Nürnberger Versicherung's subsidiary InsureDirect24 and the Boehringer subsidiary BI Secura were two further key accounts acquired in 2020.

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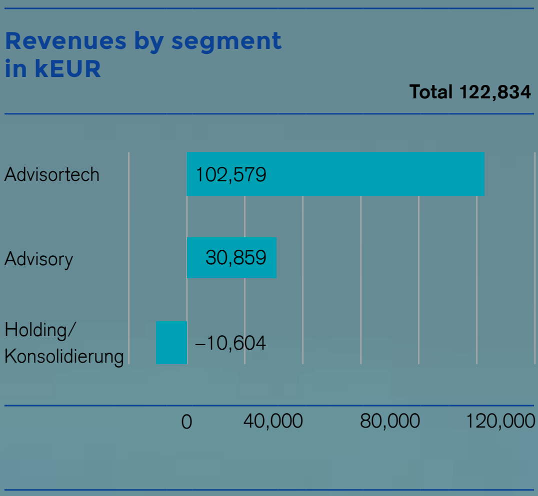
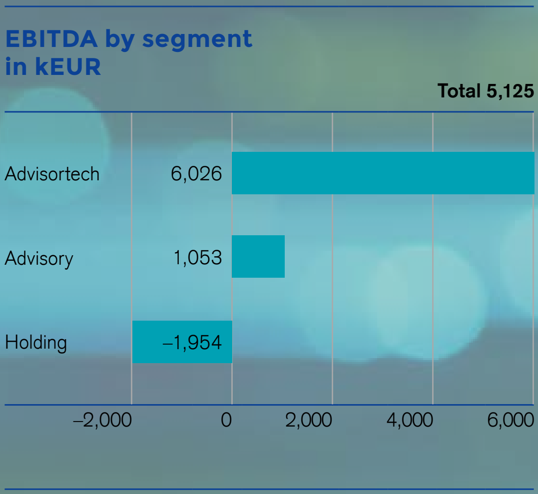
Successful
share buyback programme

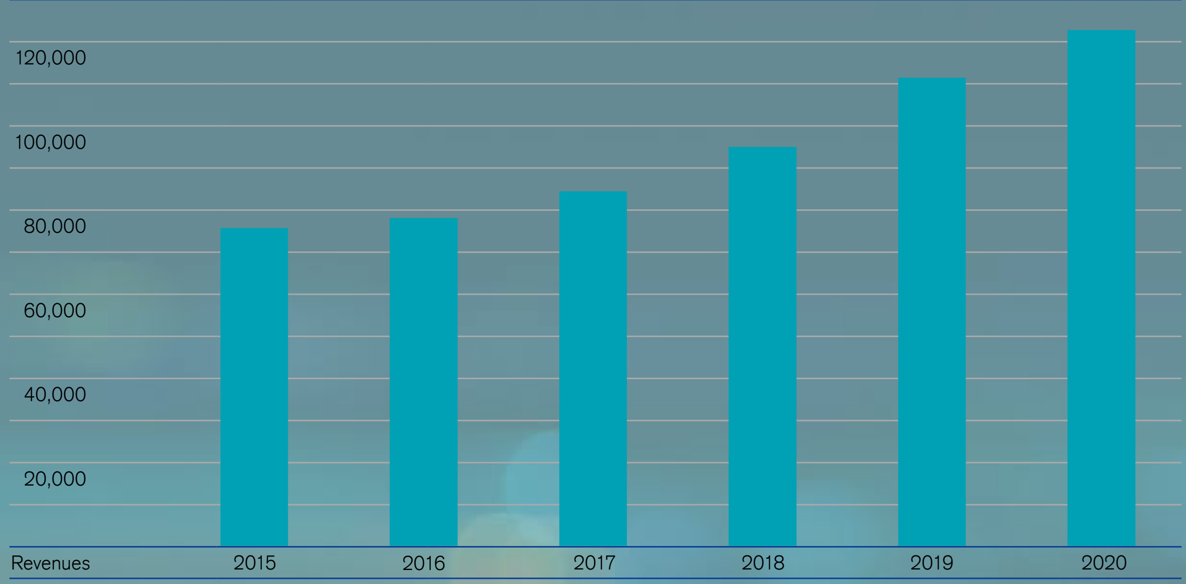
505,202 shares were repurchased in the share buyback programme. The share price is stabilising after the Covid-19 financial market slump. Thanks to the buyback at an average price of 6.10 Euro per share, JDC has considerable hidden reserves. The treasury shares can be used in a way that greatly supports the Group's further development.

Highlights 2020





Revenues in kEUR



EBITDA & EBITDA-Margin

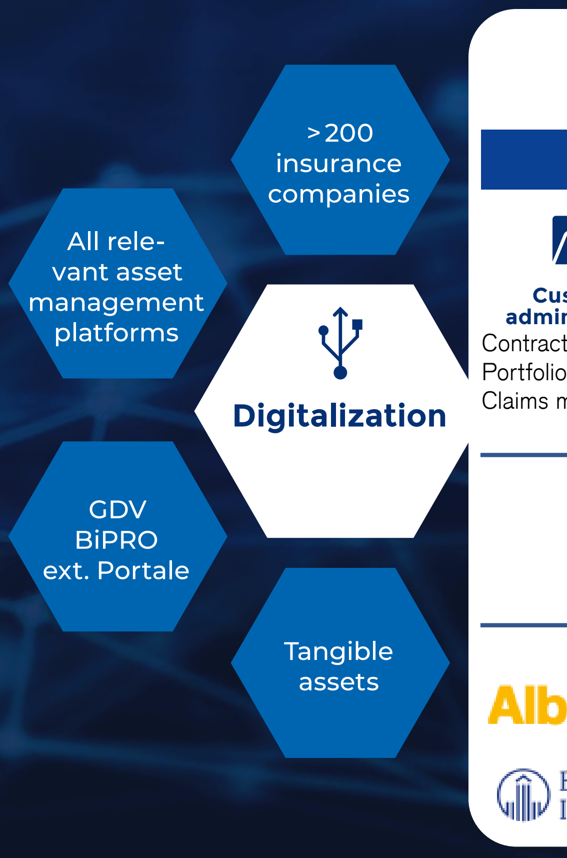
Highlights 2020

JDC Platform – The new normal

PLUG & PLAY

One platform for everyone and everything

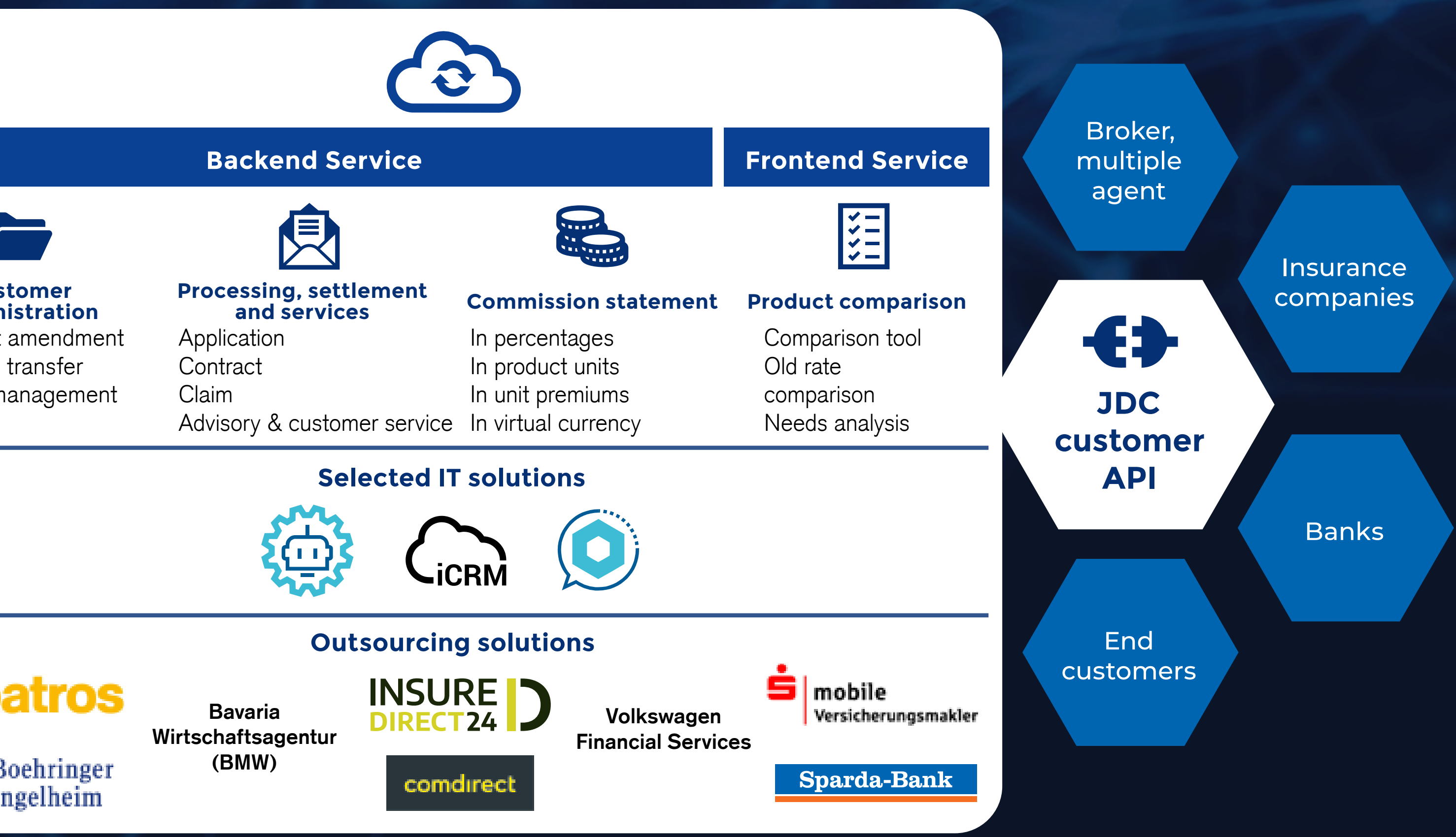
As a white label version, the allesmeins app along with its interfaces to iCRM are also of increasing interest to large intermediaries and banks. JDC Group's innovative and seamless platform for insurance products, investment products and investment services is a market leader and is used, inter alia, throughout the banking sector – by private, public and cooperative banks. In contrast to other providers, the JDC Group AG platform technology offers an integrated, one-stop solution that also includes bancassurance activities, thus covering the entire value chain.



JDC platform on the road to success

The past year was dominated by the impact of the Covid-19 pandemic. Many people are now asking themselves when everything will get back to normal. But what is normal? The fact is that corona crisis has developed into a driver of the digital transformation and that digital working has long been referred to as the new normal. However, while everyone is talking about it now, JDC Group AG has been living the new normal for a long time – not just since Covid-19. In developing its Advisortech strategy many years ago, JDC Group was already setting an example as an innovator in the sector beginning to invest in the future. JDC Group is now one of the major service and technology platform providers for financial services companies in Europe, and has invested a total of more than 50 million Euro in platform technology.

What is at the heart of this digital strategy, and what drives it, are the finance and insurance app allesmeins and the broker administration program iCRM. The app gives intermediaries and their customers a fully digitised overview of all investment and insurance matters. Integrated comparison tools and an account checking function with a PSD2 interface to the customer's account make contract optimisation and portfolio combination easier. All app activities are connected to the broker administration program iCRM via numerous live interfaces, facilitating the administrative, organisational and regulatory tasks in the background.




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

Management board letter

DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

Despite the Covid-19 pandemic, JDC Group AG finished its 2020 financial year on an encouraging note, with revenues up 10.2 percent year on year at EUR 122.8 million. JDC managed double-digit revenue growth despite the pandemic.

This also gave a significant boost to the net income for the year: earnings before interest, tax, depreciation and amortisation (EBITDA) increased to 5.1 million Euro. Adjusted for non-recurring items, EBITDA amounted to 5.8 million Euro, compared with 4.2 million Euro in 2019. Development of Europe's leading digital insurance platform is underway.

Organic growth and efficiency

In the reporting year we succeeded in acquiring further key accounts for our outsourcing services: collaboration agreements were signed with the insurance broker of Boehringer Ingelheim Secura Versicherungsvermittlungs GmbH (BI Secura) and with InsureDirect24 Assekuranz GmbH (InsureDirect24), the direct customer support business of Nürnberger Versicherung.

Jung, DMS & Cie. provides the administrative and distribution support platform for this service and performs the related processing, settlement and accounting processes. BI Secura and InsureDirect24 have now transferred their customers' insurance contracts to the JDC platform, and will process and settle any future new business using JDC's information technology systems and infrastructure. Customers of BI Secura and InsureDirect24 benefit from state-of-the-art technology for retail customers, such as JDC's own financial and insurance app, allesmeins. For JDC, the new collaborations mean a further improvement in the utilisation of the existing platform's capacity. The insurance portfolio (total insurance contributions, excluding insurance tax, for all contracts on the JDC platform for one year) increased again by around 100 million Euro during 2020. The insurance portfolio is now worth around 790 million Euro and is steadily growing.

Expansion of the technical platform progressing

With the connection of insurance broker s mobile in the third quarter, we gained Sparkasse Bremen as a client for our platform technology – our first step into the savings bank sector.

The comprehensive insurance platform for s mobile Versicherungsmakler GmbH is now in use, along with all its features. Customers of Sparkasse Bremen can now take care of all their insurance affairs entirely digitally from a desktop computer or smartphone through the front end created by JDC. Insurance experts from s mobile are also working on JDC's systems. These give them access to a transparent and open world of insurance, where the JDC bancassurance platform offers consumers a web app with digital insurance wallet, needs analysis, price comparison, online claims notification and much more.

New contracts can already be concluded fully digitally in seven categories. Optimisation of all insurance areas is also possible. JDC supplies the data for all insurance contracts and safeguards the flow of commissions for all insurance portfolios collected via the app or through advisers.

JDC wins award for innovativeness: TOP 100 champion innovator

In the midst of the crisis, JDC Group AG is showing its strength as one of the 100 most innovative companies in Germany. Based on scientific analysis, the innovation contest is based on the question of whether innovation is the result of a systematic approach or chance – in other words, whether the innovative achievements can be repeated. Another factor is whether, and how, the solutions developed become established on the market.

JDC Group AG impressed the judges in all five test categories, which were fostering of innovation by management; innovative climate; innovative processes and organisation; outward orientation/open innovation; and innovation success. The company has been one of Germany's TOP 100 champion innovators since January 2021.

Results for the financial year 2020

Consolidated revenues rose by around 10.2 percent to 122.8 million Euro in 2020 (2019: 111.5 million Euro). Earnings before interest, tax, depreciation and amortisation (EBITDA) increased to 5.1 million Euro (2019: 4.2 million Euro). There was also a significant improvement in earnings before interest and tax (EBIT), which stood at 0.5 million Euro (2019: –0.1 million Euro).

In the promising platform business (Advisortech segment), revenues grew by an even higher rate of 11.2 percent, to 102.6 million Euro (previous year: 92.3 million Euro). The Advisory segment's performance was impressive despite the coronavirus. Revenue here increased by around 3 percent to 30.9 million Euro (previous year: 29.9 million Euro).

Important milestones in 2021 so far

One of the most important steps in the history of the JDC Group AG to date is surely the initiation of the collaboration with the Provinzial insurance group and its around 120 savings banks. A joint venture is being created by JDC and Provinzial, through which a digital insurance platform based on JDC's information technology systems and services is to be provided to the savings banks and their customers in Provinzial's business region. The joint business plan projects the number of customers using this digital insurance platform at around a million within five years.

However, JDC's teams were also successful in areas apart from this major project. Germany's leading multi-banking app Finanzguru is JDC's newest platform client. With the help of JDC's platform technology, Finanzguru will also allow its customers to manage and conclude insurance policies.

JDC is also to handle all the insurance business of Banca Mediolanum (MIL) in Germany. Via an interface to the JDC platform, MIL's entire German insurance business is to be handled through our platform. This will give customers and intermediaries in Germany access to the entire product range of MIL's German branch office.

Outlook

On the basis of the collaborations already in place, for 2021 the company expects revenues to increase to between 135 million Euro and 142 million Euro, and EBITDA to rise to more than 7 million Euro.

Thanks to our employees and shareholders

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

We would like to express our particular thanks to the long-serving Supervisory Board member Emmerich Kretzenbacher, who by his expertise and great commitment made an outstanding contribution to our company, and who has now resigned from the Supervisory Board for personal reasons.

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

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

Yours sincerely

Dr. Sebastian Grabmaier | Ralph Konrad | Stefan Bachmann

The group

The group

Business concept and structure

JDC Group AG is a financial services company, which provides financial product intermediary and advisory services through its subsidiaries. These subsidiaries operate in Germany and Austria according to separate strategies with their own brands. They support more than 16,000 independent financial advisers, including around 3,900 tied agents. JDC Group AG's revenues mainly comprise commission income generated from financial product intermediation activities. However, revenues from fee agreements (commission-free intermediation) are becoming increasingly significant.

Through its integrated distribution platform, JDC Group AG offers financial intermediaries and their customers a widely diversified range of products, covering asset classes such as investment funds and alternative investment funds (AIFs), structured products, insurance, (construction) financing and property.

In the financial year 2020, JDC Group AG continued to focus on its core business. One aspect of this is the provision of financial product intermediary services through independent brokers (the broker pool and the technical platform – Jung, DMS & Cie. AG). JDC Group AG has further strengthened its leading position in the market in this core area by connecting further key accounts (Boehringer Ingelheim Secura Versicherungsvermittlungs GmbH, InsureDirect24 Assekuranz Gmbh and s mobile Versicherungsmakler GmbH).

The second core area is the provision of financial product intermediary services through agents (financial services distribution – FiNUM. Private Finance AG and FiNUM.Finanzhaus AG). Further organic growth is planned for both these core areas.

The activities of JDC Group AG are divided into two operating segments according to their target groups and services: Advisortech and Advisory, and Holding. Within these two segments, the individual subsidiaries of JDC Group AG have a multi-brand strategy. This means that the individual subsidiaries operate under separate identities in their target markets, and address their target groups with appropriate marketing and sales strategies.

JDC GROUP

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

ADVISORTECH	ADVISORY
Placement of financial products via financial intermediaries (independent financial advisers and brokers) to end-costumers pursuant to § 93 HGB as trade brokers Investment funds, closed-end-funds, insurances etc. Insurance comparison platform	Mediation of financial products to end customers as sales represen-tatives pursuant to § 84 HGB. Insurances, securitites, material values, financing
JUNG, DMS & CIE.	FiNUM. Private Finance
GELD.de	FiNUM. Finanzhaus

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

Dr. Sebastian Grabmaier

"JDC's platform technology is setting standards in the settlement, processing and administration of insurance contracts and data. We therefore have ambitious plans for the coming years: we intend to double JDC Group's 2020 revenues and to multiply the 2020 EBITDA figure. In the long term, we want to develop JDC into Europe's leading insurance platform."

Business Units

ADVISORTECH – DISTRIBUTION OF FINANCIAL PRODUCTS TO RETAIL CUSTOMERS VIA FINANCIAL INTERMEDIARIES

The company's business-to-business activities in the broker pool and platform business are grouped together in the Advisortech segment. This segment comprises distribution of financial products to retail customers via financial intermediaries in the brokerage and umbrella liability insurance sales channels. As part of a bancassurance concept, the product portfolio includes investment funds, closed-end funds, structured products, insurance products (especially life, disability and health insurance products), and other products such as construction financing or savings accounts. The extensive range includes around 12,000 products from more than 1,000 product companies.

The **allesmeins** app enables retail customers to obtain a quick overview of all their insurance policies and the related contract documentation. Unlike regular, anonymous fintech solutions, allesmeins allows retail customers to keep the same individual insurance and investment adviser with whom they may have built up a relationship of trust over several years or even decades, so they continue to have access to their expertise.

With the comparison website **Geld.de**, JDC Group AG has an outstanding brand for direct distribution of financial products to retail customers. Geld.de now distributes not only insurance products – the portfolio has been expanded to include electricity, gas, DSL and other products. In the long term, customers will find everything they need to take care of their financial affairs at Geld.de. Property, investments and other functions are in the pipeline.

With its subsidiary **Jung, DMS & Cie. AG (JDC)**, based in the German city of Munich, JDC Group AG has a leading market position in the broker pool market. JDC is one of the major broker pools in the German-speaking area in terms of revenue and size. Based at locations in Munich, Wiesbaden and Troisdorf in Germany, and Vienna in Austria, JDC's customers include a large number of individual intermediaries in addition to leading financial services distribution companies.

ADVISORY – INDEPENDENT PENSION AND INVESTMENT ADVICE FOR RETAIL CUSTOMERS

The business-to-customer activities – financial product intermediary and advisory services direct to retail customers – are combined in the Advisory segment. They include our equity participations in **FiNUM.Private Finance AG (FPF D)**, Berlin/Germany, **FiNUM.Private Finance AG (FPF A)**, Vienna/Austria, and **FiNUM.Finanzhaus AG (FFH)**, Munich/Germany.

Berlin-based FiNUM.Private Finance AG, Vienna-based FiNUM.Private Finance AG are independent financial advisers and wealth management consultants for discerning high-net-worth customers. FiNUM.Private Finance has almost 20 years' of experience in Germany and Austria. The activities of FiNUM.Finanzhaus AG complement those of the two other FiNUM companies. It provides holistic, independent advice based on academic research. It places great emphasis on meeting consumer protection criteria, and concentrates on the insurance business.

The FiNUM group is currently represented by around 300 experienced and authorised advisers across both countries. They provide independent, comprehensive advice, covering all financial matters and all asset classes, to a total of more than 82,000 customers.

HOLDING – MANAGEMENT OF EQUITY PARTICIPATIONS, AND GROUP-WIDE FUNCTIONS

The Holding segment performs a variety of management functions for the Group. It comprises the holding company, JDC Group AG.

History

2017

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

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

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

11/2017
JDC acquires Assekuranz Herrmann retail customer business.

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

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

2018

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

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

11/2018
JDC and BMW subsidiary Bavaria Wirtschaftsagentur GmbH signed a letter of intent for the purpose of forming a long-term partnership involving the brokering of financial products.

12/2018
A report in the Frankfurter Allgemeine Zeitung describes JDC as one of Germany's best financial service providers in terms of consulting, customer satisfaction, quality and service.

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

2019

04/2019
JDC Group acquired Stuttgart-based investment pool KOMM and their stocks—valued at around 550 MEUR.

07/2019
JDC receiving its second award from the F.A.Z. Institute with full marks in all areas—including price/performance ratio, customer satisfaction, quality, service and recommendations.

08/2019
JDC enters into long-term cooperation agreement with BMW subsidiary Bavaria Wirtschaftsagentur GmbH.

10/2019
The JDC Group is further expanding its market position in the bancassurance sector and has concluded a five-year exclusive agreement with comdirect bank AG.

10/2019
With a 28 percent share, Great-West Lifeco is the new anchor shareholder of JDC Group AG.

11/2019
Jung, DMS & Cie. Pool GmbH has a new bond with a volume of 25 MEUR. Due to being oversubscribed several times over, the subscription phase had to be closed prematurely.

11/2019
In future, Volkswagen Bank will outsource the handling and brokerage of non-mobility-related insurance contracts through its cooperation with Jung, DMS & Cie. Pro GmbH. The contract has been concluded for a period of at least five years and includes the provision of end-customer support by JDC.

2020

03/2020
JDC managed to move its entire operation to a virtual environment that enabled employees to work from home, despite the global stock market crisis.

04/2020
JDC Group AG continues to expand its key account business and wins the Nuremberg subsidiary InsureDirect24 and the Boehringer subsidiary BI Secura as further key accounts.

07/2020
With Volkswagen Bank JDC has connected the first key accounts purely using the JDC API.

07/2020
505,202 shares were repurchased in the share buyback programme. Thanks to the buyback at an average price of 6.10 Euro per share, JDC has considerable hidden reserves.

10/2020
The first ever digital insurance wallet, allesmeins was introduced by JDC in 2015 and is now a central component of the value chain. More than 25 white label mandates are now connected to allesmeins, in addition to many brokers, who use the basic version. This is impressive evidence of the scalability of the platform.

11/2020
One of Germany's largest savings banks, Sparkasse Bremen, relies on JDC as a distribution partner. JDC is building the white label solution in record time.

12/2020
JDC Group subsidiary Jung, DMS & Cie. generates subgroup revenues of more than 100 million Euro for the first time in the company's history – and continues to grow.

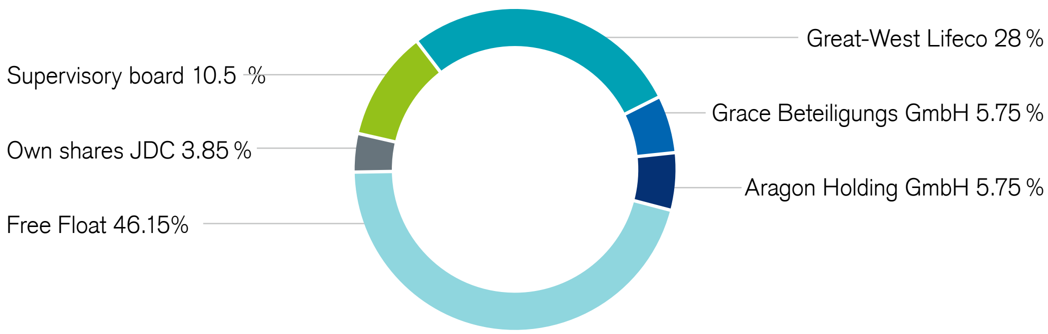
Shareholder structure

Our stable shareholder structure continues to form the basis of long-term and continuous growth of JDC Group AG and its subsidiaries.

Great-West Lifeco is an anchor shareholder of JDC Group AG with a 28 percent share.

The members of the Management Board Dr Sebastian Grabmaier (Grace Beteiligungs GmbH) und Ralph Konrad (Aragon Holding GmbH) each own a share of 5.75 percent in JDC Group AG.

Roughly 10.5 percent of the shares of JDC Group AG are held by members of the Supervisory Board. JDC Group AG itself holds 3.85 percent of the shares; these were acquired through a share buy-back programme that ended on 30 July 2020. The free float percentage is 46.15 percent of the 13,128,461 shares.



The subscribed share capital of JDC Group AG amounts to 13,128,461 Euro and its market capitalisation is 139 million Euro (as at March 2021).

Stefan Bachmann

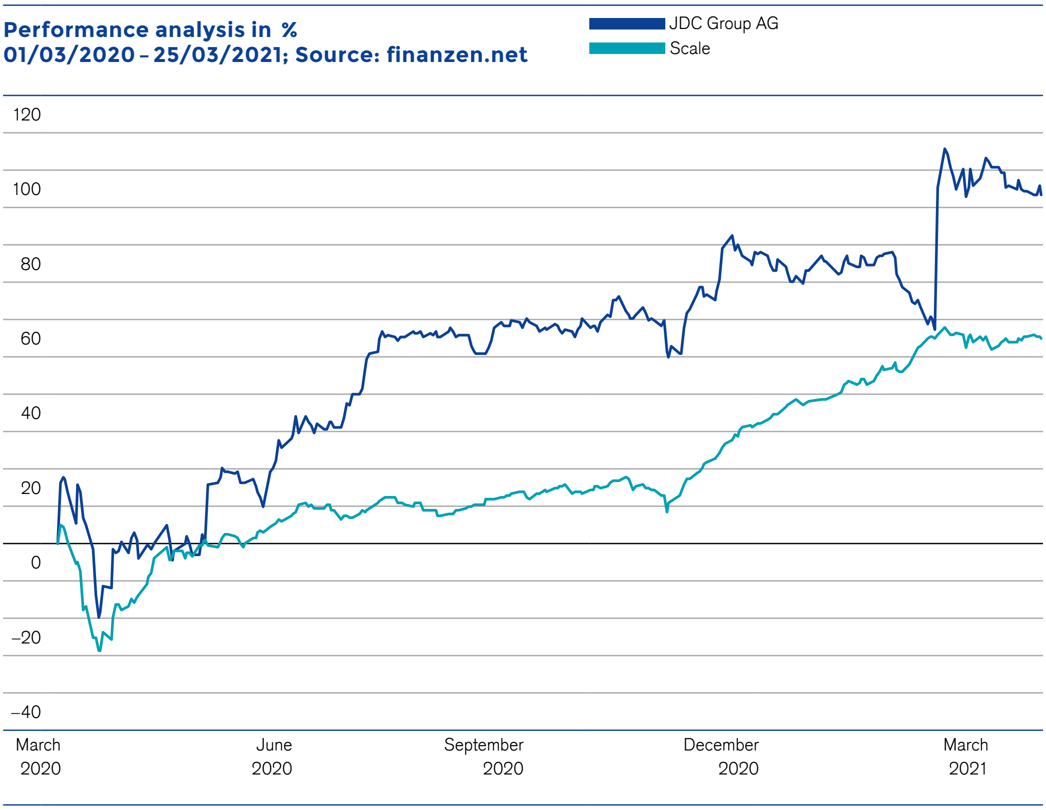
"The terms plug and play insurance platform and digital bancassurance are closely associated with JDC, but not only through our marketing campaign. We have gained several new distribution partners for JDC's services in these segments in 2020 thanks to speedy and professional implementation. Our modular platform concept along the entire value chain is a great plus for all existing and future partners of JDC."

Share price performance

As expected, the share price made a substantial recovery after the initial shock from the Covid-19 pandemic. The share buyback programme was concluded according to schedule on 30 July 2020, after 505,202 shares had been repurchased. The price of the JDC share made a further significant recovery after the end of the share buyback programme. The JDC Group AG share considerably outperformed the index, as it had done before the pandemic.

The share price is currently EUR 10.55 and, owing to positive reports, the JDC share is outperforming the index by an even wider margin.

Performance analysis in %
01/03/2020 – 25/03/2021; Source: finanzen.net



Group management report

Group management report

SITUATION OF THE GROUP

The Group's Business modell

In the Advisortech segment, JDC Group AG offers a digital platform for insurance, investment funds and all other financial products and services. By offering and handling the full range of products from all product providers in the financial market – in addition to supplying all data and documentation – with its vision systems and interfaces it creates the perfect workplace for financial intermediaries of all kinds (brokers, agents, corporate brokers, banks, tied agent networks and fintech companies) and the first real 'financial home' for financial service customers. Using a smartphone app, a tablet or a PC, customers and agents can obtain a complete overview of their individual insurance and investment fund portfolio, with simple conclusion processes and transfer options, and also a complete market comparison, so that customers and advisers can optimise the insurance and retirement provision easily and cost effectively. In the Advisory segment, approximately 300 well-trained advisers under the FiNUM. brand complete the platform offering for discerning high-end retail customers.

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

Research and development

In the Advisortech segment, we offer advanced advisory and administration technologies for our customers and advisers through the Jung, DMS & Cie. Group. JDC Group develops its own software solutions for this purpose. Own work capitalised in the financial year 2020 in connection with this amounted to kEUR 1,091. For further details, please see the notes to the consolidated financial statements.

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

Advisortech	Advisory	Holding
Jung, DMS & Cie. AG (100.0 %) * – Broker pool, primarily the brokering of financial products via intermediaries (IFSs, independent brokers etc.) – Investment funds, closed-end funds, insurance products – Currently about 16,000 brokers, thereof more than 3,900 tied agents (liability umbrella)	**FiNUM.Private Finance AG, Vienna** (100.0 %) * – Brokering of financial products to end customers – Life insurance policies, pension schemes, financing – Currently approx. 46 consultants	**JDC Group AG** – Holding activities – Shared Service Center
JDC Geld.de GmbH (100.0 %) * – Online insurance comparison portal – Property insurance	**FiNUM.Private Finance AG, Berlin** (100.0%) * – Brokering of financial products to end customers – Insurance, investment funds, closed-end funds, financing – Currently approx. 72 advisors	
	FiNUM.Finanzhaus AG, Munich (100.0%) * – Brokering of financial products to end customers – Insurance, investment funds, closed-end funds, financing – Currently approx. 172 consultants	

* Ownership interest held by JDC Group AG to 31 December 2020

ECONOMIC REPORT

Overall economic conditions [1)]

The Covid-19 pandemic plunged the world economy into a recession in 2020. According to an estimate by the International Monetary Fund (IMF) in January 2021, global gross domestic product (GDP) fell by 3.5 percent in 2020. The US economy also shrank by 3.5 percent. In the euro area, according to predictions, economic output fell by as much 7.2 percent.

In Germany, economic growth levelled off at the end of the year. After a slump of 9.7 percent in the second quarter of 2020, the third quarter saw a recovery of 8.5 percent. The growth then tapered off following another lockdown in the fourth quarter of the year. Over the year as a whole, GDP fell by 5.3 percent in comparison with the previous year (adjusted to allow for price, seasonal and calendar variations). Due to the lockdown, almost all areas of value creation were idle.

1) Unless otherwise indicated, all data in the following description of the overall economic conditions was taken from the supporting material for the media conference of the German Federal Statistical Office on 24 February 2021 and from statements by the IMF in January 2021.

Sector-specific conditions

THE MARKET FOR INVESTMENT PRODUCTS[2)]

The total assets under management in the German investment funds sector amounted to EUR 3,850 billion as at 31 December 2020, representing an increase of 13.3 percent in comparison with 31 December 2019.

As at 31 December 2020 (brackets show figures as at 31 December 2019), EUR 1,180 billion (EUR 1,116 billion) was invested in retail investment funds and EUR 1,998 billion (EUR 1,875 billion) in specialised institutional investment funds. A total of EUR 652 billion (EUR 392 billion) was managed for institutional investors in assets other than investment funds.

The breakdown of the retail investment fund volume into the individual asset classes as at 31 December 2020 (brackets show figures as at 31 December 2019) is as follows:
- Equity funds: EUR 459.1 billion (EUR 423.2 billion)
- Fixed-income funds: EUR 214.9 billion (EUR 209.3 billion)
- Money market funds: EUR 24.2 billion (EUR 19.1 billion)
- Open-end property funds: EUR 117.5 billion (EUR 109.0 billion)
- Mixed and other funds: EUR 327.0 billion (EUR 311.0 billion)

The persistently low interest rates are posing a challenge for many investors. The upbeat mood on the stock markets had a positive impact on the investment sector in 2020. This applied to all investor groups, whether institutional investors such as institutions for retirement provision and insurance companies investors or retail savers. Considerably more securities accounts were opened during lockdown, particularly by retail savers. For this reason there was significant growth in all investment fund classes in 2020.

For 2021, the Federal government expects the economy to grow by 3.0 percent initially. This is currently hard to assess owing to the continuing Covid-19 crisis. With vaccination currently underway, there is hope of a step-by-step reopening plan and a gradual recovery in the economy.

THE MARKET FOR INSURANCE PRODUCTS[3)]

The year 2020 was a successful one for the insurance industry. The sector saw growth of 1.2 percent in premium income across all categories.

Among life insurance companies and pension funds, premium income increased slightly in 2020 and amounted to around EUR 103 billion. Banks are increasingly charging negative interest. Life insurers offer secure earnings, although lower than in the past. This positive development is seen as a sign of confidence in the life insurance sector.

At EUR 74.8 billion, income from property and casualty insurance was up by 2.2 percent, as in the previous year.

[2)] Unless otherwise indicated, all the data in the following description of the market for investment products was taken from the BVI annual media conference on 23 February 2021.
[3)] Unless otherwise indicated, all the data in the following description of the market for insurance was taken from the website of the umbrella organisation for private insurers in Germany (Gesamtverband der deutschen Versicherungswirtschaft e. V., GDV).

Private health insurance companies earned 3.9 percent more than in the previous year, with premium income rising to EUR 42.6 billion.

In addition to the weaker economy, the persistent extremely low interest rate environment will cause a noticeable additional slowing in the growth of the insurance business in 2021. We therefore expect the growth in premiums to revert to a more normal rate from a long-term perspective, at around 1.0 to 1.5 percent.

COMPETITIVE POSITION

JDC Group is in competition with a variety of companies in the individual segments.

Competitors in the Advisortech segment

In the Advisortech segment, the JDC Group offers retail customers an intermediary service in relation to financial products such as investment funds, alternative investment funds, structured products, insurance and credit products via independent financial intermediaries (B2B2C) through its subsidiaries (JDC).

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

Also in the Advisortech segment, JDC offers white-label front-end services, which enable customers (banks, insurance companies, IFAs and retail customers) to view contract data via apps, online tools and web applications. JDC's competitors in this business include Clark and getsafe.

In the third subsegment, we offer advisory services for retail customers and a comparison platform for financial products. In this business, JDC is in competition with Verivox and Smava.

Competitors in the Advisory segment

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

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

BUSINESS PERFORMANCE OF THE GROUP AND ITS SEGMENTS

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

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

Overall, the Management Board considers the business performance to have been mixed. The income position improved significantly in comparison with the previous year – despite the Covid-19 pandemic. However, the consolidated profit was still negative, at kEUR –1,163 (previous year: kEUR –1,813). Consolidated revenues were nevertheless up by 10.2 percent. This was mainly due to contributions of around 6 million Euro from the core business and around 4 million Euro from the key account business. The growth in revenues was slightly below the projected growth of around 12.5 percent. EBITDA was significantly higher than in the previous year, at kEUR 5,125. Overall, EBITDA was only slightly below plan. Thus, the business performance for the Group as a whole in the financial year 2020 was not yet as positive as envisaged.

For further information, please see the information below on the position of the JDC Group.

NET ASSETS, FINANCIAL AND INCOME POSITION

Key financial figures of JDC Group

To assess the commercial success and manage and control the individual segments and the Group as a whole, the Management Board of the JDC Group measures target achievement primarily on the basis of the growth in income revenues and in the gross profit remaining after deduction of commission expenses, as well as EBITDA. These are therefore seen as the most important financial performance indicators. No non-financial performance indicators, which are of key importance for an understanding of the business performance and the situation of the company, are identifiable at present.

From 2018 to 2020, the key performance indicators of the JDC Group developed as follows:

Key performance indicators of JDC Group	2018 kEUR	2019 kEUR	2020 kEUR	Changes 2019 to 2020 kEUR
Total non-current assets	53,729	59,401	**59,452**	51
Total current assets	32,479	42,894	**32,339**	–10,555
Equity	33,410	30,482	**27,288**	–3,194
Non-current liabilities	27,629	35,289	**38,666**	3,377
Current liabilities	25,169	36,524	**25,837**	–10,687
Total assets	86,208	102,295	**91,791**	–10,504
Revenues	95,029	111,471	**122,834**	11,363
Commission expenses	67,280	81,433	**90,542**	9,109
Gross margin	27,749	30,038	**32,292**	2,254
Personnel expenses	16,534	17,417	**18,737**	1,320
Other operating expenses	14,614	14,381	**14,488**	107
EBITDA	1,508	4,166	**5,125**	959
Result of ordinary operations	–2,874	–1,753	**–1,031**	722

Net assets

The Group's non-current assets as at 31 December 2020 amounted to EUR 59.5 million (previous year: EUR 59.4 million), of which around EUR 47.9 million comprised intangible assets (previous year: EUR 49.9 million). The slight increase in the Group's non-current assets was mainly the result of continuous amortisation of customer lists, which amounted to around EUR 1.6 million, and leased assets capitalised in accordance with IFRS 16, which amounted to around EUR 2.1 million.

Current assets decreased to EUR 32.3 million (previous year: EUR 42.9 million), mainly owing to the reduction in cash at banks. In the previous year, cash at banks had increased by EUR 12.3 million, as the bond previously issued was only repaid in January 2020. The cash at banks therefore fell by EUR 9.4 million to EUR 11.7 million. However, after adjustment for the repayment of the old bond, the cash at banks was EUR 2.9 million higher.

Total assets fell from EUR 102.3 million in 2019 to EUR 91.8 million in 2020, mainly owing to the repayment of the old bond in 2020.

Equity declined from EUR 30.5 million to EUR 27.3 million. This is mainly caused by the net loss for the year (minus EUR 1.1 million) and the effects of the share buyback programme (minus EUR 2.1 million).

Non-current liabilities increased overall from EUR 35.3 million in 2019 to EUR 38.7 million in 2020. The application of IFRS 16 accounted for EUR 2.2 million of the increase. Current liabilities fell from EUR 36.5 million to EUR 25.8 million. This was mainly due to the redemption of the old bond in January 2020.

The equity ratio of the JDC Group as at the reporting date had fallen to 29.7 percent (previous year: 29.8 percent) of the total assets. The reduction in the equity ratio in comparison with the previous year was mainly caused by recognition of the share buyback programme and by the loss for the year.

Financial position

The cash flow statement shows how the cash flow developed within the reporting period through inflows and outflows of funds.

The cash flow from operating activities increased significantly in the financial year from kEUR 3,847 by kEUR 5,026 to kEUR 8,873. This is mainly the result of changes in working capital.

The cash flow from investment activities is negative at kEUR 2,019, but is kEUR 2,627 higher than the previous year. This is mainly due to the fact that, unlike in the previous year, there were no payments for the acquisition of consolidated companies.

Financing activities resulted in a negative cash flow of kEUR 16,260, which was mainly caused by payments for the redemption of bonds and loans in the amount of kEUR 13,212.

Cash and cash equivalents at the end of the financial year amounted to kEUR 11,718.

The cash and cash equivalents were sufficient at all times during the year under review. Short-term liquidity is ensured by monthly cash flow planning. In the coming year, the Group will make some loan repayments in accordance with contractual agreements. The fact that this will be possible is due to the sufficient cash flow.

The equity ratio as at the reporting date was 29.7 percent (previous year: 29.8 percent), with total assets around 10 million Euro lower than in 2019. Non-current liabilities amount to 42.2 percent of the total assets, or 38.7 million Euro. A corporate bond accounts for 19.3 million Euro of this amount.

Income position

The operating performance of the long-term equity investments was significantly better in 2020 than in the previous year. However, the result was still slightly below expectations. Revenues were significantly increased owing to the connection of key accounts and the acquisition of portfolios, but lead to a consolidated net loss.

Consolidated revenues were up by 10.2 percent, at 122.8 million Euro (previous year: 111.5 million Euro).

Commission expenses amounted to 90.5 million Euro (previous year: 81.4 million Euro) and thus were 11.2 percent higher than in 2019.

The resulting gross profit increased from 30.0 million Euro in 2019 to 32.3 million Euro in 2020. Based on revenues, the margin was 26.3 percent (previous year: 27.0 percent).

Of the remaining costs, personnel costs account for 18.7 million Euro (previous year: 17.4 million Euro) and other operating expenses for 9.9 million Euro (previous year: 10.1 million Euro). The average number of people employed (full-time equivalents) over the year was 294 (previous year: 279).

Depreciation, amortisation and write-downs increased to 4.6 million Euro (previous year: 4.3 million Euro) in 2020 owing to investments.

The most significant items within the other operating expenses were IT costs of 3.4 million Euro (previous year: 3.3 million Euro), legal and consulting costs of 1.0 million Euro (previous year: 1.1 million Euro), advertising and travel costs of 1.0 million Euro (previous year: 1.4 million Euro) and occupancy costs amounting to 0.7 million Euro (previous year: 0.8 million Euro)

In total, EBITDA rose to 5.1 million Euro (previous year: 4.2 million Euro). EBIT also increased to 0.5 million Euro (previous year: –0.1 million Euro). The result from ordinary activities improved from –1.8 million Euro to –1.0 million Euro.

SEGMENT REPORTING

Advisortech segment

Revenues in the Advisortech segment grew significantly and stood at 102.6 million Euro, in comparison with 92.3 million Euro in the previous year. EBITDA was up markedly, at 6.0 million Euro compared with 4.8 million Euro in 2019. EBIT was considerably higher than in 2019, at 2.5 million Euro compared with 1.3 million Euro.

Advisory segment

Revenues in the Advisory segment increased despite the coronavirus crisis. The segment income rose to 30.9 million Euro, compared with 29.9 million Euro in the previous year. EBITDA was down owing to non-recurring expenses of around 0.5 million Euro and stood at 1.1 million Euro compared with 1.3 million Euro in the previous year. EBIT fell to 0.2 million Euro in 2020. The comparable 2019 EBIT figure was 0.5 million Euro.

Holding segment

There was little change in the revenues of the Holding segment. Segment income declined to 1.6 million Euro, compared with 1.9 million Euro in 2019. EBITDA fell slightly to –2.0 million Euro, compared with –1.9 million Euro in the previous year.

OPPORTUNITIES AND RISK REPORT

The Group's future business performance involves all the opportunities and risks associated with the distribution of financial products and the acquisition, management and disposal of companies. The risk management system of JDC Group AG is aimed at identifying risks early and minimising them by taking appropriate measures. Financial instruments are used only for hedging purposes. In order to identify early any potential problems in the affiliated companies and the companies in which they in turn hold equity investments, key indicators are monitored and evaluated. Monthly, weekly and daily analyses of turnover, revenues and the liquidity position are prepared. Management obtains a daily summary of the turnover and liquidity ratios.

JDC Group AG is controlled by means of a monthly reporting system, which includes the key indicators and pays particular attention to the liquidity position. On top of this, the Management Board is updated on the current level of liquidity on a daily basis.

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

— In the context of providing intermediary services relating to financial products and insurance products, it cannot be ruled out that cancellations could give rise to expenses not balanced by claims for refunds of the same amount from intermediaries. With the increase in JDC's insurance revenues, receivables management to collect such refunds is of greater importance than before.
— Claims could be made against JDC for misinformation or misadvice by distribution partners. It is not possible to make a blanket statement as to whether the risks in specific cases will be covered by existing insurance policies or by the refund claims against intermediaries.
— The continuing volatility of the capital markets and the difficulty in forecasting the product turnover means great demands have to be placed on the liquidity management system. A lack of liquidity could become an existential problem.
— JDC is increasingly a focus of attention on the capital market. Its customers also include growing numbers of big corporations. Any damage to its image could lead to a loss of revenues.

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

— The business success of the company is fundamentally dependent on economic developments.
— Developments on the German and global financial and capital markets are of considerable importance to JDC's success. Continuing volatility or adverse developments could have a negative impact on JDC's profitability.
— The stability of the legal and regulatory environment in Germany and Austria is of great importance. Short-term changes in the environment for financial services companies, intermediaries and financial products, in particular, could have adverse impact on JDC's business model.
— The coronavirus crisis is currently having an adverse impact on companies' willingness to invest and on the income of many consumers.
— There is a danger of increased unemployment as a result of the economic downturn. If the global economy slides into recession, this will have adverse effects on JDC's profitability.

Relevant **regulatory risks** are as follows:

— The implementation of the European Union's General Data Protection Regulation (GDPR) affects all German companies, but particularly those in the financial services sector, whose business involves working with personal data to a particularly large extent. The GDPR imposes extensive information and documentation obligations on us. As the digital transformation of the insurance industry is just beginning, many processes at JDC still have to be handled manually. This increases the risk of data breaches due to human error.
— Since the implementation of MiFID II in German law, portfolio commissions are only paid if they are used to improve the quality of customer advice. Much of the structure remains unclear. If the measures taken at JDC are not sufficient, there could be a temporary loss of revenues in the investment business.

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

Management views the **opportunities** as follows: Many financial services distribution companies are currently weakened financially by the Covid-19 crisis in particular. As a result, the financial resources of many of our competitors have been exhausted and the pressure to consolidate is increasing. Large market participants, including the JDC Group companies, will benefit from this.

JDC Group took some decisive measures in 2020 to set the course for the coming years. During the reporting year JDC announced collaborations with BI Secura (staff insurance broker of Böhringer Ingelheim) and Insure24 (direct broker of Nürnberger Versicherung). 2021 marked the beginning of JDC's collaboration with Sparkasse Bremen, one of the largest German savings banks. The start-up company Finanzguru is another bancassurance customer using JDC's platform technology. Jung, DMS & Cie. and the Provinzial group are planning a joint venture to support more than a million retail customers of the savings banks.

In the view of the Management Board, this will all result in the continued overall positive performance of JCD Group AG's equity investments, and thus also of JDC Group AG itself, in the financial year 2021.

OUTLOOK

Economic outlook

Due to the current coronavirus crisis, the International Monetary Fund (IMF) is anticipating a global recession. IMF projects global economic growth of 5.5 percent in 2021. This is based on global access to vaccines and further economic stimulus packages for individual countries.

How long the pandemic continues, and the policies used to deal with it, will determine how quickly the economy can recover. If this phase continues for a long time, therefore, it is very likely that the global economy will not show signs of a recovery until 2022.

Markets and sector outlook

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

However, the Covid-19 crisis also poses great risks. The economy is presently still in a recession which, owing to falling company profits, may put the capital market under pressure for a long time. Companies will put investments on hold and consumers will suffer income losses and cut down on spending. Interest rates are also rising again on the bond market, with stock market turbulence as a consequence. It is not possible to predict when the recession will be over, despite the availability of vaccines.

OUTLOOK FOR THE JDC GROUP

Expected business performance

The expectations regarding the business performance of the JDC Group in 2021 are based on the economic assumptions outlined in the Group management report. The ongoing Covid-19 crisis, and the possibility of a resulting recession, with companies putting investments on hold and consumers suffering a loss of income, may have an impact on the financial, assets and income position of the JDC Group. The company plan was developed on the basis of very detailed studies and assumptions that JDC Group AG believes are realistic.

JDC Group's main priority in 2021 will be to achieve a significant, sustained improvement in its operating activities. In 2021 the Group will focus on
— growth, and thus also scaling of the platform;
— optimisation of internal processes and cost management.

On the basis of the collaborations already commenced, for 2021 the company expects that revenues will grow to between 135 million Euro and 142 million Euro and EBITDA to more than 7 million Euro. Overall, therefore, the Management Board expects a positive business performance from the Group as a whole. If the Covid-19 crisis continues despite the availability of vaccines, this may have an adverse impact on the business performance, although there is no sign of any such impact at present.

Wiesbaden, Germany, 25 March 2021

Dr. Sebastian Grabmaier   Ralph Konrad   Stefan Bachmann

Supervisory Board and Management Board

Report of the Supervisory Board

DEAR SHAREHOLDERS,

The Supervisory Board regularly monitored the activities of the Management Board and provided it with advice in the financial year 2020 on the basis of comprehensive reports provided by the Management Board in writing and orally. The Supervisory Board was consulted on all decisions of key importance to the company. There was also a regular exchange of information between the Chairperson of the Supervisory Board and the Chief Executive Officer as well as the other members of the Management Board. In this way, the Supervisory Board was always kept up to date on the intended business policy; corporate planning, including financial, investment and personnel planning; the profitability of the company; and the business performance, in addition to the situation of the company and the Group.

Where the agreement of the Supervisory Board was required by law, the articles of association or the rules of procedure for decisions or actions by the management, the members of the Supervisory Board discussed and adopted the proposed resolutions in their meetings. They discussed in detail the economic situation described in the Management Board's reports, the growth prospects of the Group and the subsidiaries, and corporate management and planning issues, in addition to the reports on risk, liquidity and capital management, major legal disputes, transactions and events of major importance to the company.

Activity report

The Supervisory Board held seven meetings in the financial year 2020. The average rate of participation in the meetings was 90 percent in the year under review.

The deliberations of the Supervisory Board mainly focused on the future business performance and on measures to support the business during the Covid-19 pandemic. The Supervisory Board's other main areas of activity included the company's future organic growth and the associated key account projects, and the strategic planning of inorganic growth. These were the subject of several meetings.

MEETING ON 17 MARCH 2020

The Management Board reported on the preliminary results for 2019 and on the current performance of the individual units and the Group as a whole. It also commented on the impact of the merger of JDC Fundmatrix AG into Jung, DMS & Cie. Pool GmbH. A further major agenda item was the onset of the Covid-19 pandemic and the possible impact of social distancing requirements on revenues, income and the individual areas of business, and of the stringent protective measures against the pandemic taken by management. The participation rate of the Supervisory Board at this meeting was 100 percent.

MEETING ON 28 APRIL 2020

At the second meeting, the annual financial statements were examined thoroughly in the presence of the auditor, along with the audit reports and the consolidated financial statements for 2019 prepared in accordance with International Financial Reporting Standards (IFRS), which had been distributed to the members of the Supervisory Board in advance of the meeting. The Supervisory Board also discussed the strategy in relation to the equity investment in the asset management company Biondo & Beyerle Wertpapierverwaltungsgesellschaft mbH, and approved the appointment of Stefan Bachmann to the management board of Jung, DMS & Cie. AG. In the same meeting, the Management Board informed the Supervisory Board that an agreement had been signed to terminate the contract of Oliver Lang, a management board member at Jung, DMS & Cie. The participation rate of the Supervisory Board at this meeting was also 100 percent.

MEETING ON 25 JUNE 2020

In the third meeting, the Supervisory Board gave its attention to the company's organic growth and the options for inorganic growth, and to the standardisation within the group of licences issued by the banking regulator. Also discussed were general regulatory risks such as the German Ordinance on Financial Investment Mediation (Finanzanlagenvermittlungsverordnung, FinVermV), which came into force on 1 August 2020, and the proposal by the German Federal Ministry of Finance that investment intermediaries should be supervised by the Federal Financial Supervisory Authority (BaFin) in accordance with Section 34f of the German Trade, Commerce and Industry Regulation Act (Gewerbeordnung, GewO). As a Covid-19 preventive measure, the Supervisory Board decided to move the general meeting of shareholders for 2020 online. The participation rate of the Supervisory Board was 80 percent.

MEETING ON 16 SEPTEMBER 2020

In this meeting the focus was on the Management Board's deliberations with regard to pursuing the inorganic growth of JDC Group AG. In a convincing presentation, the Management Board explained to the Supervisory Board the synergies that would arise from acquisitions and equity investments planned or already in process, but limited in part due to the Covid-19 pandemic, in addition to the steps already taken. The Management Board also presented the final report on the share buyback programme completed on 30 July 2020 and commented on its success. Also at this meeting there was an animated discussion of the agenda for the general meeting of shareholders planned for 30 October 2020. After a vote on the agenda items still open, a resolution was passed on the agenda in an extraordinary telephone meeting on 18 September 2020. On that day, the participation rate of the Supervisory Board was 80 percent.

TELEPHONE MEETING ON 18 SEPTEMBER 2020

The only subject of this meeting, which was chaired by Dr Markus Schachner, was the resolution on the agenda for the general meeting of shareholders on 30 October 2020. The participation rate of the Supervisory Board was 80 percent.

TELEPHONE MEETING ON 4 DECEMBER 2020

The only agenda items, apart from formation of the new Supervisory Board after the general meeting of shareholders, were matters relating to the Management Board: the reappointment of the JDC Group Management Board members Dr Sebastian Grabmaier (CEO) and Ralph Konrad (CFO and CTO) for an additional five years, and adjustment of their contracts accordingly. The participation rate of the Supervisory Board was 100 percent.

MEETING ON 9 DECEMBER 2020

This meeting was dominated by the presentation by the Management Board of the forecast figures for 2020 and the annual plan for 2021. The Supervisory Board unanimously approved the annual plan. Also discussed during the meeting was the progress of the key account business, and the state of play with regard to the inorganic growth opportunities. The Supervisory Board also agreed to revoke the service contract and agency agreement of Claus Gillen, a member of the management board of the Group subsidiary FiNUM.Finanzhaus AG, with effect from 31 December 2020. The participation rate of the Supervisory Board was 100 percent.

In line with its legal responsibilities and those defined by the articles of association, the Supervisory Board as a group participated in the Management Board's decision-making processes and was satisfied with regard to the lawfulness, regularity, and efficiency of the management activities. No audit was required in the financial year 2020 in accordance with Section 111, paragraph 2, sentence 1 of the German Stock Corporation Act (Aktiengesetz, AktG).

The Supervisory Board did not form any committees in the year under review.

Changes in the Supervisory Board of JDC Group AG

Emmerich Kretzenbacher resigned for personal reasons with effect from 30 October 2020.
Dr Markus Petry was appointed to the company's Supervisory Board at the general meeting of shareholders on 30 October 2020. The resolution proposed at the general meeting of shareholders to extend the Supervisory Board to six members and to elect Dr Igor Radovic to the Supervisory Board was not passed owing to an objection by a shareholder. The legal proceedings are ongoing. As at 31 December 2020, therefore, the Supervisory Board of JDC Group AG comprised Jens Harig (Chairperson), Klemens Hallmann (Deputy Chairperson), Markus Drews, Dr Markus Petry and Dr Markus Schachner.

Audit of the company financial statements and the consolidated financial statements for 2020

The consolidated financial statements and management report were prepared in accordance with International Financial Reporting Standards (IFRS). The annual financial statements and management report for the company were prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch, HGB). The 2020 annual financial statements of the company and the consolidated financial statements, along with the management reports for the company and for the Group, were audited by the audit firm engaged by the Supervisory Board, Dr. Merschmeier + Partner GmbH, Münster, Germany, who issued an unqualified opinion.

The audit opinions for the consolidated financial statements and those of the company for the financial year 2020 were signed jointly by the auditors, Michael Jäger and Werner Kortbuß, on 26 March 2021/ 15 March 2021.

These documents and the audit reports were provided to the members of the Supervisory Board. The Supervisory Board examined the documents relating to the financial statements for the company and the Group and discussed them in the meeting on 26 March 2021, which was attended by the auditor. The auditor gave a report on the main findings of his audit. The accounts and audit officer also reported on the findings of his audit. The findings of the audits did not give rise to any objections. At the recommendation of the accounts and audit officer, we accepted the findings of the audits and approved the annual financial statements for the company and the Group prepared by the Management Board. The annual financial statements are thus adopted.

Thanks to the Management Board and employees

The Supervisory Board wishes to thank the Management Board and all the employees of JDC Group AG and the entire Group for their dedication and good work in the past financial year which, against the backdrop of the continuing Covid-19 crisis, was a difficult but very successful one. Thanks are due in particular to the long-serving Supervisory Board member Emmerich Kretzenbacher, who by his expertise and great commitment has made an outstanding contribution to our company.

For the Supervisory Board
Wiesbaden, Germany, 26 March 2021

Jens Harig
Chairman of the Supervisory Board

MANAGEMENT BOARD

Dr. Sebastian Grabmaier
Grünwald
Management Board Chairman – CEO

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

He studied law at the Ludwig Maximilian University, Munich, and the University of Chicago, receiving a doctorate in law (Dr. jur.) in 2001. Having worked in law firms in Munich and Sydney from 1992 onwards, he joined the Allianz Group in 1999, succeeding in various positions up to 2001 including that of assistant to the Management Board and branch manager at Allianz Private Krankenversicherung AG. In parallel, he continued to study at the University of St. Gallen in Switzerland, the Vlerick-Leuven Business School in Belgium and the University of Nyenrode in the Netherlands, graduating with an MBA in Financial Services & Insurance in 2002.

Ralph Konrad
Mainz
Management Board – CFO

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

After two years of corporate consultancy work in the SME sector (studying in parallel for some of the time), Ralph Konrad worked for three years at a venture capital company of the savings banks, initially as a project assistant and subsequently as project manager. In these roles, he implemented growth and venture financing projects. Ralph Konrad then set up a holding company based in Cologne as a partnership, where he was the sole Management Board member for a period of four years.

Ralph Konrad has been a member of the JDC Group Management Board since September 2005. He has more than 20 years of experience in the private equity industry and has played an active role in IPOs, mergers and acquisitions and company restructuring projects.

Ralph Konrad

"We have been seeing the result of our IT investments for several years: more and more major customers are choosing our platform. But now we are also seeing the results of our investments in automation. The increase in costs has levelled off noticeably, despite continued revenue growth."

Stefan Bachmann
Frankfurt
Management Board – CDO

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

Stefan Bachmann studied Finance & Economics at the Goethe University in Frankfurt, at Boston College and at the London School of Economics (LSE). Before joining the board of directors of JDC Group AG in June 2020 as CDO, Bachmann gained experience in the financial sector at Google over the past nearly seven years, where he headed the division Fintech sales consulting services. Previously he was active in the lifestyle sector with his own digital platform.

SUPERVISORY BOARD

Jens Harig
Kerpen
Independent entrepreneur
Chairman

Klemens Hallmann
Vienna
Independent entrepreneur
Deputy Chairman

Emmerich Kretzenbacher
Hamburg
Graduated Certified Accountant
Deputy Chairman
(until 30 October 2020)

Jörg Keimer
Wiesbaden
Management board member of
FiNUM.Private Finance AG
(until 28 Februar 2020)

Dr. Markus Schachner
Wollerau (Schweiz)
Managing Director

Prof. Dr. Markus Petry
Wiesbaden
Holder of the chair of financial services controlling
at the business school Wiesbaden
(since 31 October 2020)

Markus Drews
Köln
CEO Canada Life Assurance Europe plc
(since 31 October 2020)

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Consolidated income statement

	Notes	01/01/ – 31/12/2020 kEUR	01/01/ – 31/12/2019 kEUR
1. Revenues	[1]	122,834	111,471
2. Capitalised services	[2]	1,091	998
3. Other operating income	[2]	339	617
4. Commission expenses	[3]	–90,542	–81,433
5. Personnel expenses	[4]	–18,737	–17,417
6. Depreciation and amortisation of tangible and intangible assets	[5]	–4,628	–4,311
7. Other operating expenses	[6]	–9,860	–10,070
8. Other interest and similar income	[7]	13	3
9. Interest and similar expenses	[7]	–1,541	–1,611
10. Operating profit/loss		**–1,031**	–1,753
11. Income tax expenses	[8]	–100	–5
12. Other tax expenses	[8]	–32	–55
13. Net profit		**–1,163**	–1,813
thereof attributable to parent company's shareholders		–1,163	–1,813
14. Earnings per share	[9]	**–0.09**	–0.14

Consolidated statement of comprehensive income

	01/01/ – 31/12/2020 kEUR	01/01/ – 31/12/2019 kEUR
Profit or loss for the period	**–1,163**	–1,813
Other income		
In following periods in the profit and loss account to be reclassified into other result	0	0
Profits/losses from the revaluation of defined benefit plans	31	–41
In following periods in the profit and loss account to be reclassified into other result	31	–41
Other income after taxes	31	–41
Total income after taxes	**–1,132**	–1,854
Attributable to:		
– Parent company's shareholders	–1,132	–1,854

Segment reporting

	Advisortech		Advisory	
	2020 kEUR	2019 kEUR	**2020 kEUR**	2019 kEUR
Segment income				
Revenues	102,579	92,285	30,859	29,910
of which with other segments	1,213	975	9,391	9,749
Total segment income	**102,579**	92,285	**30,859**	29,910
Capitalised services	1,091	998	0	0
Other income	237	595	99	48
Segment expenses				
Commission expenses	–78,227	–69,980	–22,162	–21,720
Personnel expenses	–12,492	–11,882	–4,008	–3,420
Depreciation and amortisation	–3,561	–3,468	–897	–813
Other	–7,162	–7,203	–3,735	–3,554
Total segment expenses	**–101,442**	–92,533	**–30,802**	–29,507
EBIT	**2,465**	1,345	**156**	451
EBITDA	**6,026**	4,813	**1,053**	1,264
Income from investments	0	0	0	0
Other interest and similar income	733	424	12	7
Yield on other securities	0	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	–1,775	–1,704	–589	–833
Financial result	**–1,042**	–1,280	**–577**	–826
Segment earnings before tax (EBT)	**1,423**	65	**–421**	–375
Tax expenses	121	–3	504	–3
Segment net profit from continuing operations	**1,544**	62	**83**	–378
Segment net profit from discontinued operations	0	0	0	0
Minority interests	0	0	0	0
Segment net profit after minority interests	1,544	62	83	–378
Additional information				
Investments in tangible and intangible assets	2,101	7,345	550	2,035
Shares in companies accounted for using the equity method	0	0	0	0
Other non-cash itemised expenses except for scheduled depreciation	–1,515	–643	982	–326
Scheduled depreciation	–3,561	–3,468	–897	–813
Unscheduled depreciation	0	0	0	0
Total segment assets	**70,556**	85,002	**8,312**	12,634
Total segment liabilities	**51,724**	70,411	**13,598**	17,892

	Holding		**Total reportable segments**		**Transfer**		**Total**	
	2020 kEUR	2019 kEUR	**2020 kEUR**	2019 kEUR	**2020 kEUR**	2019 kEUR	**2020 kEUR**	2019 kEUR
	1,640	1,871	135,078	124,066	–12,244	–12,595	122,834	111,471
	1,640	1,871	12,244	12,595	–12,244	–12,595	0	0
	1,640	1,871	**135,078**	124,066	**–12,244**	–12,595	**122,834**	111,471
	0	0	1,091	998	0	0	1,091	998
	6	2	342	645	–3	–28	339	617
	0	0	–100,389	–91,700	9,847	10,267	–90,542	–81,433
	–2,237	–2,115	–18,737	–17,417	0	0	–18,737	–17,417
	–170	–30	–4,628	–4,311	0	0	–4,628	–4,311
	–1,363	–1,669	–12,260	–12,426	2,400	2,356	–9,860	–10,070
	–3,770	–3,814	**–136,014**	–125,854	**12,247**	12,623	**–123,767**	–113,231
	–2,124	–1,941	**497**	–145	**0**	0	**497**	–145
	–1,954	–1,911	**5,125**	4,166	**0**	0	**5,125**	4,166
	0	0	0	0	0	0	0	0
	795	880	1,540	1,311	–1,527	–1,308	13	3
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	–704	–382	–3,068	–2,919	1,527	1,308	–1,541	–1,611
	91	498	**–1,528**	–1,608	**0**		**–1,528**	–1,608
	–2,033	–1,443	**–1,031**	–1,753	**0**	0	**–1,031**	–1,753
	–757	–54	–132	–60	0	0	–132	–60
	–2,790	–1,497	**–1,163**	–1,813	**0**	0	**–1,163**	–1,813
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	–2,790	–1,497	–1,163	–1,813	0	0	–1,163	–1,813
						0		
	2,564	32	5,215	9,412	0	0	5,215	9,412
	0	0	0	0	0	0	0	0
	–683	0	–1,215	–969	0	0	–1,215	–969
	–170	–30	–4,628	–4,311	0	0	–4,628	–4,311
	0	0	0	0	0	0	0	0
	55,179	55,914	**134,047**	153,550	**–42,256**	–51,255	**91,791**	102,295
	24,370	22,474	**92,356**	110,777	**–27,853**	–38,964	**64,503**	71,813

Consolidated balance sheet

Assets

	Notes	31/12/2020 kEUR	31/12/2019 kEUR
Non-current assets			
Intangible assets	[10]	47,930	49,924
Fixed assets	[11]	5,117	2,681
Financial assets	[12]	216	186
		53,263	52,791
Deferred taxes	[8]	3,552	3,151
Long-term non-current assets			
Accounts receivable	[13]	891	900
Other assets	[13]	1,746	2,559
		2,637	3,459
Total non-current assets		**59,452**	59,401
Current assets			
Accounts receivable	[14]	18,364	19,010
Other assets	[14]	1,838	2,415
Cash and cash equivalents	[15]	11,718	21,124
Deferred charges		419	345
Total current assets		**32,339**	42,894
Total assets		**91,791**	102,295

Liabilities

	Notes	31/12/2020 kEUR	31/12/2019 kEUR
Equity			
Subscribed capital	[16]	13,128	13,128
Own shares	[16]	–505	–162
Capital reserves	[16]	19,064	20,780
Other retained earnings	[17]	423	392
Other equity components	[17]	–4,822	–3,656
Total equity		**27,288**	30,482
Non-current liabilities			
Deferred taxes	[8]	4,140	3,692
Bonds	[18]	19,337	19,192
Liabilities due to banks	[18]	33	15
Accounts payable	[18]	10,280	9,229
Other liabilities	[18]	3,636	1,571
Provisions	[19]	1,240	1,590
Total non-current liabilities		**38,666**	35,289
Current liabilities			
Bonds	[20]	0	12,292
Provisions	[20]	284	120
Liabilities due to banks	[20]	1,067	354
Accounts payable	[20]	19,872	19,248
Other liabilites	[20]	4,545	4,506
Deferred income	[20]	69	4
Total current liabilities		**25,837**	36,524
Total equity and liabilities		**91,791**	102,295

Consolidated cash flow statement

			01/01/– 31/12/2020 kEUR	01/01/– 31/12/2019 kEUR	Changes compared to previous year kEUR
1.		Result for the period	–1.163	–1.813	650
2.	+	Depreciation and amortisation of fixed assets	4.628	4.311	317
3.	–/+	Decrease/increase of provisions	–186	–211	25
4.	–/+	Other non-cash itemised income/expenses	52	16	36
5.	–/+	Profit/loss from disposals of fixed assets	0	0	0
6.	–/+	Increase/decrease of inventories, accounts receivable as well as other assets	1.966	–1.226	3.192
7.	–/+	Decrease/increase of accounts payable as well as other liabilities	3.576	2.770	806
8.	**=**	**Cash flow from operating activities**	**8.873**	3.847	5.026
9.	+	Cash receipts from disposals of intangible assets	100	0	100
10.	–	Cash payments for investments in intangible assets	–1.524	–1.720	196
11	+	Cash receipts from disposals of fixed assets	45	65	–20
12.	–	Cash payments for investments in intangible assets	–610	–125	–485
13.	+	Cash receipts from disposals of financial assets	0	0	0
14.	–	Cash payments for investments in financial assets	–30	–1	–29
15.	+	Cash receipts from the disposal of consolidated companies	0	0	0
16.	–	Cash payments for the acquisition of consolidated companies	0	–2.865	2.865
17.	–	Cash payments for investments funds within the borders of short-term finance disposition	0	0	0
18.	+	Cash receipts from investments funds within the borders of short-term finance disposition	0	0	0
19.	**=**	**Cash flow from investment activities**	**–2.019**	–4.646	2.627
20.	+	Cash receipts/payment to equity	0	0	0
21.	–	Payments from the purchase of own shares	–2.069	–1.030	
22.	+	Cash receipts from issuance of bonds	0	19.180	–19.180
23.	–	Payments from the redemption of bonds	–12.292	–2.769	–9.523
24.	+	Cash receipts from borrowings	835	279	556
25.	–	Cash payments from loan redemptions	–104	–3.362	3.258
26.	–	Payments for the repayment part of the rental and leasing obligations	–920	–933	13
27.	–	Paid interests	–1.710	–1.243	–467
28.	**=**	**Cash flow from financing activities**	**–16.260**	10.122	–26.382
26.		Changes in cash and cash equivalents (total of pos. 8, 19, 25)	–9.406	9.323	–18.729
27.	+	Cash and Cash equivalents at the beginning of the period	21.124	11.801	9.323
28.	**=**	**Cash and Cash equivalents at the end of the period**	**11.718**	21.124	–9.406

Breakdown of cash and cash equivalents	**31/12/2020 kEUR**	31/12/2019 kEUR	Change kEUR
Cash and cash in banks	11.718	21.124	–9.406
Current liabilities due to banks	0	0	0
	11.718	21.124	–9.406

Consolidated statement of changes in equity

	Number of shares	Sub-scribed capital kEUR	Number of own shares	Capital reserve kEUR	Other retained earnings kEUR	Other equity components kEUR	**Total equity kEUR**
As of 01/01/2019	**13,128,461**	**13,128**	**0**	**21,638**	**434**	**–1,790**	**33,410**
Results as of 31/12/2019						–1,813	–1,813
Other results					–41		–41
Total					**–41**	**–1,813**	**–1,854**
Repurchase of own shares			–162	–868			–1,030
Capital increase							0
Other equity changes				10	–1	–53	–44
As of 31/12/2019	**13,128,461**	**13,128**	**–162**	**20,780**	**392**	**–3,656**	**30,482**
As of 01/01/2020	**13,128,461**	**13,128**	**–162**	**20,780**	**392**	**–3,656**	**30,482**
Results as of 31/12/2020						–1,163	–1,163
Other results					31		31
Total					**31**	**–1,163**	**–1,132**
Repurchase of own shares			–343	–1,726			–2,069
Capital increase							0
Other equity changes				10		–3	7
As of 31/12/2020	**13,128,461**	**13,128**	**–505**	**19,064**	**423**	**–4,822**	**27,288**

Notes to the consolidated financial statements

1 General information

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

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

Rheingau-Palais
Söhnleinstraße 8
65201 Wiesbaden
Federal Republic of Germany

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

The Management Board prepared consolidated financial statements on 25 March 2021 and will release them for publication on 31 March 2021.

The consolidated financial statements for financial year 2020 are for the parent company and its subsidiaries on a consolidated basis.

1.1 DECLARATION OF COMPLIANCE BY THE MANAGEMENT BOARD

JDC Group's consolidated financial statements for financial year 2020 as well as the previous year have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), application of which is mandatory in the European Union (EU). The term IFRS also encompasses the International Accounting Standards (IAS) which are still in effect. All interpretations binding for financial year 2020 by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), as applicable in the EU have likewise been applied. In what follows, the term IFRS has been used throughout.

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

The 2020 financial year of the companies in the Group comprises the period from 1 January to 31 December 2020.

2 Summary of significant accounting policies

2.1 ACCOUNTING PRINCIPLES

The consolidated financial statements comprise the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements. The financial statements of JDC Group AG and its subsidiaries are included in the consolidated financial statements, using the recognition and measurement methods that apply throughout the Group. The consolidated financial statements are prepared in euro (EUR), the functional currency of the Group. Unless otherwise stated, all amounts are rounded to the nearest thousand (EUR '000). The Group's statement of income is prepared according to the total cost method. The consolidated financial statements for the periods shown here were consistently prepared according to the following principles of consolidation, accounting and measurement.

The consolidated financial statements are drawn up on the basis of the cost of acquisition or manufacturing, except in the case of financial derivative instruments and financial assets held for sale, which are recognised at fair value.

2.1.1 Standards, interpretations, and amendments to standards and interpretations effective from the financial year 2020

The accounting methods applied are basically the same as those used in the previous year, with the exceptions listed below.

JDC Group AG applied the following new and revised standards of the International Accounting Standards Board (IASB) for the first time with effect from 1 January 2020:

DEFINITION OF A BUSINESS (AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 3)

The amendment to IFRS 3 Business Combinations clarifies that, to meet the definition of a business, an integrated set of activities and assets must include, as a minimum, an input and a substantive process that together make a significant contribution to the creation of an output. It also clarifies that a business can exist without including all inputs and processes necessary to produce an output. These amendments had no impact on the consolidated financial statements, but they could have an impact in future periods if the Group becomes involved in business combinations.

INTEREST RATE BENCHMARK REFORM (AMENDMENTS TO IFRS 9, IAS 39 AND IFRS 7)

The amendments to IFRS 9 and IAS 39 Financial Instruments – Recognition and Measurement provide various reliefs that apply to all hedging relationships directly affected by the interest rate benchmark reform. A hedging relationship is directly affected if the reform leads to uncertainty with regard to the timing and/or the amount of the interest rate benchmark-based cash flows from the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements, as the Group did not enter into any hedging relationships to hedge against interest rate risks.

DEFINITION OF MATERIAL (AMENDMENTS TO IAS 1 AND IAS 8)

The amendments include a new definition of the term material, according to which information is material if, 'omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality depends on the nature or magnitude of the information, either on its own or in combination with other information, in the context of the financial statements as a whole. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The amendments had no impact on the consolidated financial statements and are not expected to have any future impact.

CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING PUBLISHED ON 29 MARCH 2018

The Conceptual Framework for financial reporting is not a standard, and none of the concepts it contains takes precedence over the concepts or provisions contained in the standards. The main purpose of the Conceptual Framework is to assist the IASB with the development of standards, as well as helping preparers of financial reports to develop consistent accounting policies when no standard applies to the accounting treatment of a transaction, and helping all parties to understand and interpret the standards. This will affect entities that have developed their accounting policies on the basis of the Conceptual Framework. The revised Conceptual Framework contains some new concepts, updated definitions and recognition criteria for assets and liabilities, and clarifications of some important concepts. These amendments had no impact on the consolidated financial statements.

COVID-19-RELATED RENT CONCESSIONS (AMENDMENT TO IFRS 16)

On 28 May 2020, the IASB published Covid-19-Related Rent Concessions (Amendment to IFRS 16 Leases). The amendment grants relief to lessees from IFRS 16's provisions on lease modification accounting for rent concessions arising as a consequence of the COVID-19 pandemic. As a practical expedient, lessees are allowed not to assess whether a COVID-19-related rent concession from a lessor represents a modification of the lease agreement. A lessee applying this option accounts for each qualifying change in lease payments resulting from the COVID-19-related rent concession in the same way as it would account for the change under IFRS if the change were not a lease modification. The amendments are effective for financial years beginning on or after 1 June 2020. Early adoption is permitted. These amendments had no impact on the consolidated financial statements.

1.1.2 Standards, interpretations and amendments published but not yet implemented

Standards published before the date of publication of the consolidation financial statements, but not mandatorily effective, are listed below. The Group intends to implement these standards as they become effective.

IFRS 17 – INSURANCE CONTRACTS

In May 2017, the IASB published IFRS 17 Insurance Contracts, a comprehensive new accounting standard containing principles for recognition, measurement, presentation and disclosure obligations in relation to insurance contracts. When it comes into effect, IFRS 17 will replace IFRS 4 Insurance Contracts, which was published in 2005. IFRS 17 applies to all kinds of insurance contracts (life insurance, property insurance, direct insurance and reinsurance), and to certain guarantees and financial instruments with discretionary profit participation, regardless of the type of issuing entity. Some exemptions apply with regard to the area of application. The primary aim of IFRS 17 is to create a more useful and consistent accounting model for insurers. In contrast to the provisions of IFRS 4, which largely allows entities to continue using their local accounting standards, IFRS 17 presents a comprehensive model for insurance contracts that covers all relevant aspects of accounting. The general model forms the core of IFRS 17, supplemented by

— a specific approach for direct participating contracts (variable fee approach); and
— a simplified model (premium allocation approach), generally for short-term contracts.

IFRS 17 is effective for financial years beginning on or after 1 January 2021. IFRS 17 does not apply to the Group.

CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT (AMENDMENTS TO IAS 1)

In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to clarify the rules for the classification of liabilities as current or non-current. The changes clarify the following:

- The right to defer settlement of a liability is explained.
- The right to defer settlement of a liability must exist at the end of the reporting period.
- Classification is unaffected by expectations about whether an entity will actually exercise this right.
- Only when a derivative embedded in a convertible debt instrument is an equity instrument that has to be accounted for separately, the classification does not have to take into account the terms of the debt instrument.

The amendments are effective for financial years beginning on or after 1 January 2023, and have to be applied retrospectively. The Group is currently investigating what impact the amendments will have on the current accounting practice.

REFERENCE TO THE CONCEPTUAL FRAMEWORK (AMENDMENTS TO IFRS 3)

In May 2020 the IASB published amendments to IFRS 3 Business Combinations. The amendments replace the reference to the Framework for the Preparation and Presentation of Financial Statements published in 1989 by a reference to the Conceptual Framework for Financial Reporting published in March 2018, without significantly changing the existing provisions of the standard.

The Board also introduced an exception in IFRS 3 regarding the principles for recognition to avoid Day 2 gains or losses arising for separately recorded liabilities and contingent liabilities in the area of application of International Accounting Standard (IAS 37) or International Financial Reporting Interpretations Committee (IFRIC) interpretation 21 Levies. At the same time the Board decided to add to the standard a clarification that the existing provisions for contingent assets in IFRS 3 will not be affected by the replacement of the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for financial years beginning on or after 1 January 2022 and are to be applied prospectively.

PROPERTY, PLANT AND EQUIPMENT – PROCEEDS BEFORE INTENDED USE (AMENDMENTS TO IAS 16)

In May 2020, the IASB published amendments to IAS 16 Property, Plant and Equipment. The amendment prohibits entities from deducting from the acquisition or manufacturing costs of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items have to be recognised in the statement of income along with the manufacturing costs of those items.

The amendments are effective for financial years beginning on or after 1 January 2022, and have to be applied retrospectively to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating on or after the beginning of the earliest reporting period presented in the financial statements in which the amendments are first applied.

The Group does not expect the amendments to have any significant impact on the consolidated financial statements.

ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT (AMENDMENTS TO IAS 37)

In May 2020, the IASB published Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets) to specify which costs an entity has to consider when assessing whether a contract is onerous or loss-making. The amendment applies to costs directly related to the contract (directly related cost approach). The costs associated with fulfilling contracts for the supply of goods or the provision of services include both the directly attributable (incremental) costs of fulfilling the contract and the overheads directly related to activities to fulfil the contract. General administration costs are not directly related to the contract and thus do not fall under the costs of fulfilling a contract, unless the contract specifically provides for the costs to be charged to the customer.

The amendments are effective for financial years beginning on or after 1 January 2022. The Group will apply these changes to contracts in which, at the beginning of the financial year in which the Group first applies the amendments, not all obligations have yet been fulfilled.

SUBSIDIARY AS A FIRST-TIME ADOPTER (AMENDMENT TO IFRS 1)

As part of its annual IFRS improvement process for the 2018-2020 cycle, the IASB has amended IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences on the basis of the amounts reported by the parent company, based on the parent company's date of transition to IFRS. This amendment also applies for associates and joint ventures that apply IFRS 1.D16(a).

The amendment is effective for financial years beginning on or after 1 January 2022. Early adoption is permitted.

FEES IN THE '10 PERCENT TEST' FOR DERECOGNITION OF FINANCIAL LIABILITIES (AMENDMENT TO IFRS 9)

As part of its annual IFRS improvement process for the 2018–2020 cycle, the IASB has published an amendment to IFRS 9 Financial Instruments. The amendment clarifies the fees an entity has to include when assessing whether the terms of a new or modified financial liability are substantially different from those of the original financial liability. It only covers fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. An entity has to apply the amendment to financial liabilities modified or exchanged on or after the beginning of the financial year in which the entity first adopts the amendment. The amendment is effective for financial years beginning on or after 1 January 2022. Early adoption is permitted. The Group will apply the amendment to financial liabilities modified or exchanged on or after the beginning of the financial year in which it first adopts the amendment.

The Group does not expect the amendments to have any significant impact on the consolidated financial statements.

2.2 INFORMATION REGARDING CONSOLIDATION

2.2.1 Reporting entity

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

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

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

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

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

Subsidiaries

	Capital share in %	Date of first-time consolidation
1. JDC Group-Konzern		
Jung, DMS & Cie. Aktiengesellschaft, Munich	100.0	31/03/2004
FiNUM.Private Finance Holding GmbH, Vienna/Austria	100.0	01/10/2009
FiNUM.Private Finance Holding GmbH, Wiesbaden	100.0	01/10/2011
JDC B-LAB GmbH, Triesen/Liechtenstein	100.0	01/01/2019
2. Sub-group Jung, DMS & Cie. Aktiengesellschaft		
Jung, DMS & Cie. GmbH, Vienna/Austria	100.0	31/03/2004
Jung, DMS & Cie. Pool GmbH, Wiesbaden	100.0	07/05/2004
Jung, DMS & Cie. Pro GmbH, Wiesbaden	100.0	17/01/2008
JDC plus GmbH, Wiesbaden	100.0	01/10/2013
JDC Geld.de GmbH, Wiesbaden	100.0	01/09/2010
3. Sub-group FiNUM.Private Finance Holding GmbH, Vienna/Austria		
FiNUM.Private Finance AG, Vienna/Austria	100.0	31/12/2009
jupoo finance GmbH, Vienna/Austria	51.0	01/09/2011
4. Sub-group FiNUM.Private Finance Holding GmbH		
FiNUM.Private Finance AG, Berlin	100.0	31/12/2011
FiNUM.Finanzhaus AG, Munich	100.0	12/07/2013
FiNUM.Pension Consulting GmbH, Wiesbaden	100.0	01/09/2012

2.2.2 Principles of consolidation

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

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

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

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

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

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

2.3 Currency translation

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

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

2.4 INTANGIBLE ASSETS

2.4.1 Goodwill

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

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

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

If the carrying value of the cash-generating unit to which the goodwill has been allocated exceeds the recoverable amount, the goodwill allocated to this cash-generating unit must be reduced and written down by the difference. Reductions in the value of goodwill may not be reversed. If the impairment in value of the cash-generating unit exceeds the carrying value of its allocated goodwill, any additional reduction in value must be recorded by a pro rata reduction of carrying values of the assets allocated to the cash-generating unit. The re-coverable amount of a cash-generating unit is calculated on the basis of its fair value minus the disposal costs. The fair value minus the disposal costs is usually calculated using the Discounted Cash Flow method (DCF). Underlying these DCF calculations are forecasts based on the financial plans approved by the Management Board which are also used for internal purposes. The planning horizon chosen reflects the assumptions regarding short- and medium-term market developments. Cash flows beyond a forecast period of generally 3 years are calculated using suitable growth rates. The key assumptions on which the calculation of fair value minus disposal costs is based include assumptions about the number of agreements brokered, gross margin, payments for operating business activities, growth rates and the discount rate. External information is also included in the cash flow calculations.

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

2.4.2 Other intangible assets

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

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

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

The expected useful life is as follows:

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

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

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

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

2.5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

The expected useful life is as follows:

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

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

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

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

2.6 LEASED ITEMS

The Group has concluded rental and lease agreements for various office buildings, vehicles and operating and office equipment.

All leases (with the exception of short-term leases and leases where the underlying asset has a low value) are recognised and valued in accordance with a single model. Liabilities to make lease payments and rights of use for the underlying asset are recognised.

The Group recognises rights of use as of the date of provision (i.e., when the underlying leased asset is available for use). Rights of use are valued at cost minus all accumulated depreciation and all accumulated impairment expenditures, and adjusted for each revaluation of the lease liabilities. The costs of rights of use include the recognised lease liabilities, the initial direct costs incurred, as well as the lease payments made at or before the provision minus any lease incentives received. Rights of use are amortised on a linear basis over the shorter of the two periods of the term and expected useful life of the leases, as follows. The rental agreements for office buildings are concluded for up to ten years, while the rental contract for vehicles is between three and four years.

If the ownership of the leased asset is transferred to the Group at the end of the lease term, or if the cost includes the exercise of a purchase option, the depreciation is calculated on the basis of the expected useful life of the leased asset.

At the date of provision, the Group recognises the lease liabilities at the present value of the lease payments to be made over the term of the lease. The lease payments include fixed payments (including de facto fixed payments) minus any lease incentives to be received, variable lease payments linked to an index or (interest) rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option if it is reasonably certain that the Group will actually exercise it, as well as penalties for termination of the lease, if it is taken into account in the term that the Group will exercise the termination option. Variable lease payments that are not linked to an index or (interest) rate will be recognised in the period in which the event or condition that triggers the payment has occurred (unless they are triggered by the production of stocks).

When calculating the present value of the lease payments, the Group uses its incremental borrowing rate on the date of provision, as the underlying interest rate of the lease cannot be readily determined. After the date of provision, the amount of lease liabilities is increased to reflect the higher interest costs, or reduced to reflect the lease payments made. In addition, the carrying amount of the lease liabilities will be revalued in the event of changes to the lease, changes to the lease term, changes to lease payments (e.g. changes to future lease payments as a result of a change in the index or interest rate used to determine these payments) or a change to the assessment of a purchase option for the underlying asset.

The Group's leasing obligations are included in other liabilities (see 3.2.4 and 3.2.6).

The Group applies the exemption for short-term leases (i.e. leases with a maximum term of twelve months from the date of provision and that do not include a purchase option) to its short-term leases. The Group also applies the exemption for leases based on a low-value asset to office equipment leases that are classified as low-value. Lease payments for short-term leases and for leases involving an asset of low value are recognised as an expense on a linear basis over the term of the lease.

2.7 NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

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

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

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

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

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

The recoverable amount of the cash-generating units is normally calculated using the discounted cash flow method. Here, forecasts are made on the basis of financial schedules with respect to cash flows to be achieved over the estimated useful life of the asset or the cash-generating unit. The applied discount interest rate is an interest rate before taxes that reflects current market assessments regarding the interest effect and the specific risks of the asset or cash-generating unit. The internal pretax interest rate has been set at 5.5 percent (previous year: 6.0 percent).

The calculated cash flows reflect the assumptions by the management.

2.9 FINANCIAL INSTRUMENTS

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

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

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

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

The category "assets (debt instruments) carried as amortised costs" is of primary importance with respect to the consolidated financial statement. The Group carries financial assets as amortised costs if the following two conditions are met:
— the financial asset is held within the context of a business model aimed at holding financial assets for the purpose of collecting contractual cash flows, and
— the contractual terms of the financial asset result in cash flows at fixed times that represent repayment of principle and interest on outstanding capital.

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

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

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

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

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

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

2.10 OTHER FINANCIAL INSTRUMENTS

2.10.1 Classification of the maturities for assets

An asset is classified as current if

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

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

2.10.2 Trade receivables

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

2.10.3 Derivative financial instruments

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

For derivative financial instruments, fair value corresponds to the amount which JDC Group AG would either receive or have to pay upon termination of the financial instrument at the reporting date. This is calculated using the relevant interest rates, exchange rates and credit quality of the contractual partners on the reporting date. Average rates are used for the calculations. For interest-bearing derivative financial instruments, a distinction is made between "Clean Price" and "Dirty Price". Unlike the "Clean Price", the "Dirty Price" also includes accrued interest. The fair values to be recorded correspond to the full fair value or the "Dirty Price".

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

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

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

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

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

2.10.4 Cash and cash equivalents

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

2.10.5 Financial obligations

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

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

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

2.11 IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

In stages 2 and 3, anticipated defaults for all receivables and other assets will be estimated across the entire term. The average defaults for the last five years were ascertained in order to complete the estimate. For 2020, this means an anticipated risk of default of 7% for receivables in stages 2 and 3.

The impairments according to IFRS 9 are as follows:

Impairments in accordance with IFRS 9

	2020 kEUR	2019 kEUR
As of 1 January	480	420
Allowance for expected bad debt losses	428	150
Depreciation	–480	–90
Exchange rate changes	0	0
As of 31 December	**428**	480

The impairments were recognized as long-term and shoert-term as of the reporting date:

thereof	321	360
long-term	107	120
short-term	**428**	480

2.12 LIABILITIES

2.12.1 Classification of the maturities for liabilities

A liability is classified as current if

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

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

2.12.2 Other provisions

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

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

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

2.12.3 Pension provisions

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

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

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

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

2.12.4 Income tax liabilities

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

2.12.5 Contingent liabilities and receivables

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

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

2.12.6 Equity options

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

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

2.13 INCOME AND EXPENSES

2.13.1 Income

Income is recorded when it is probable that an economic benefit will flow to the Group, the amount of which can be determined reliably. For the Group's material types of income, this implies the following: Income from services is recorded according to the percentage of completion of the transaction on the reporting date. If the result of a service cannot be reliably estimated, income is only recorded to the extent that the expenses incurred are recoverable.

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

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

2.13.2 Income taxes

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

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

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

2.13.3 Results from discontinued operations

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

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

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

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

2.14 SIGNIFICANT ASSUMPTIONS AND ESTIMATES

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

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

Material assumption and estimates relate to the following:

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

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

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

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

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

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

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

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

3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 NOTES TO THE CONSOLIDATED INCOME STATEMENT

Income by segments is shown in the segment report.

3.1.1 Revenues [1]

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

	01/01/–31/12/2020 kEUR	01/01/–31/12/2019 kEUR
Initial commission		
Insurance products	64,125	56,861
Investment funds	16,028	13,587
Closed-end funds	5,394	4,670
Follow-up commission	21,242	20,223
Overrides	6,451	6,649
Construction financing	3,478	3,405
Fee-based advisory	2,757	3,091
Other income	3,359	2,985
Total	**122,834**	111,471

At kEUR 122,834, the total revenue for the period was 10.2 percent higher than in the same period of 2020 (kEUR 111,471).

3.1.2 Other capitalised services/other operating income [2]

	01/01/–31/12/2020 kEUR	01/01/–31/12/2019 kEUR
Capitalised services	1,091	998
Reversal of impairments/income from receivables written off	4	12
Income from provision's release	85	69
Income from security sales	0	0
Income from statute-barred debt	106	52
Income from benefits in kind	44	42
Other operating income	100	442
Total	**1,430**	1,615

Other own work services in the amount of kEUR 1,091 (previous year: kEUR 998) were mainly achieved by the development of in-house proprietary-use software solutions (Compass, iCRM/iCRM-Web, allesmeins and Portal GELD.de) (cf. Ref. 3.2.1.1.1 Concessions and licences).

The other miscellaneous operating income of kEUR 339 (previous year: kEUR 617) mainly includes kEUR 85 (previous year: kEUR 69) from the reversal of provisions and kEUR 106 (previous year: kEUR 52) from the derecognition of statute-barred liabilities.

3.1.3 Commission expenses [3]

This item mainly consists of commissions for independent brokers and sales agents. The commissions were up kEUR 9,109 on the previous year, at kEUR 90,542 (previous year: kEUR 81,433) in line with the increase in revenue.

3.1.4 Personnel expenditure [4]

	01/01/–31/12/2020 kEUR	01/01/–31/12/2019 kEUR
Wages and salaries	15,764	14,758
Social security	2,973	2,659
Total	**18,737**	17,417

The personnel expenses mainly include salaries, emoluments and other remuneration paid to the Management Board and the staff of JDC Group.

Social security payments mainly comprise the employer's statutory social security contributions.

The number of people employed during the financial year averaged 294 full-time equivalents (previous year: 279).

3.1.5 Depreciation, amortisation and impairment charges [5]

	01/01/–31/12/2020 kEUR	01/01/–31/12/2019 kEUR
Depreciation and amortization of intangible assets	–3.421	–3.126
Purchased software	–270	–208
Internally developed software	–1.516	–1.384
Customer lists	–1.611	–1.510
Contract preparation costs	–24	–24
Other intangible assets	0	0
Depreciation and amortization of property and equipment	–1.207	–1.185
Leasehold improvements	0	0
Operating and office equipment	–287	–252
Rights of use rental and leasing	–920	–933
Total	**–4.628**	–4.311

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

As in the previous year, there were no impairment charges on property, plant and equipment.

3.1.6 Other operating expenses [6]

	01/01/–31/12/2020 kEUR	01/01/–31/12/2019 kEUR
Marketing costs	825	1,029
Travel costs	191	399
External services	675	739
IT costs	3,404	3,314
Occupancy costs	712	770
Vehicle costs	156	193
Office supplies	129	101
Fees, insurance premiums	718	668
Postage, telephone	299	292
Write-downs/impairments of receiveables	382	0
Legal and consulting costs	1,018	1,140
Training costs	76	63
Human resources	1	1
Supervisory boad compensation	78	110
Non-deductible input tax	170	224
Impairment IFRS 9	428	150
Other	598	877
Total	**9,860**	10,070

Advertising costs include exhibitions and trade fairs, customer events, printed matter and hospitality.

Third-party services comprise the costs of agencies, external employees, stock brokerage services and meetings of shareholders.

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

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

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

Fees and insurance comprises the expenses for insurance policies, subscriptions to professional associations and fees to the German Federal Financial Supervisory Authority (BaFin) and the Financial Market Authority of Austria (FMA).

Legal and consulting costs include expenses relating to legal issues/legal advice, tax advice, financial statements and auditing costs, and general accounting costs.

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

Based on measurement in accordance with IFRS 9, there are additional impairment charges amounting to kEUR 428 (previous year: kEUR 150).

3.1.7 Financial result [7]

	01/01/–31/12/2020 kEUR	01/01/–31/12/2019 kEUR
Income from closed-end fund investments	0	0
Interest and similar income	13	3
Interest and similar expenses	–1,541	–1,611
Compounding rights of use	–229	–109
Interest expenses bond	–1,274	–1,260
Other interest expenses	–38	–242
Total	**–1,528**	–1,608

The interest expenses mainly comprise interest on the bond issued by the Group subsidiary Jung, DMS & Cie. Pool GmbH, amounting to kEUR 1,274 (previous year: kEUR 1,260) and interest on right-of-use assets in accordance with IFRS 16, which amounted to kEUR 229 (previous year: kEUR 109).

OF WHICH: ON FINANCIAL INSTRUMENTS IN THE MEASUREMENT CATEGORIES

The financial result is classified under the following measurement categories in line with IFRS 9:

	2020 kEUR	2019 kEUR
Financial assets measured at amortised cost (AC)	13	3
Financial liabilities measured at amortised cost (AC)	–1,541	–1,611
Total	**–1,528**	–1,608

3.1.8 Income and other taxes [8]

The tax expenditure and income can be broken down as follows:

	01/01/–31/12/2020 kEUR	01/01/–31/12/2019 kEUR
Current income tax	–54	64
Deferred taxes	–46	–69
Total income tax	**–100**	–5
Other taxes	–32	–55
Total tax expenditure	**–132**	–60

For the financial years 2020 and 2019, using an expected tax rate of 31.72 percent (previous year: 31.72 percent), the tax expense deviates from the actual amounts as follows:

	01/01/–31/12/2020 kEUR	01/01/–31/12/2019 kEUR
Earnings before income taxes	–1,082	–1,808
Arithmetical tax expense at expected tax rate (31.72%, previous year: 31.72%)	0	0
Evaluation of deferred taxes	–46	–69
Other	–54	64
Income tax as stated in the income statement	**–100**	–5

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

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

	31/12/2020 kEUR	31/12/2019 kEUR
Deferred tax assets		
Tax reimbursement claims from loss carry-forwards	1,937	2,220
Tax reimbursement claims from financial liabilities	1,615	931
	3,552	3,151
Deferred tax liabilities		
Intangible assets (software/customer base)	2,807	3,044
From other recognition differences	1,333	648
	4,140	3,692

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

	31/12/2020 kEUR	31/12/2019 kEUR
Deferred tax assets		
Tax reimbursement claims from loss carry-forwards	–283	–363
Tax reimbursement claims from financial liabilities	685	–191
	402	–554
Deferred tax liabilities		
Intangible assets (software/customer base)	237	181
From other recognition differences	–685	304
	–448	485

The intangible assets are customer lists, software and contract initiation costs.

The deferred taxes for the German companies were calculated on the basis of the corporate tax rate of 15.0 percent plus the solidarity surcharge of 5.5 percent and the 454.0 percent rate of trade tax for the City of Wiesbaden (combined income tax rate: 31.72 percent).

For the Austrian company, the corporate tax rate used was the 25 percent rate that has applied since 2005.

The increase in deferred tax assets due to valuation differences is mainly the result of the capitalisation of new tenancy agreements in accordance with IFRS 16, which began during 2020. The same applies to the other valuation differences in the deferred tax assets. This relates to the liabilities in accordance with IFRS 16 arising from the new tenancy agreements. New tenancy agreements mainly relates to the tenancy agreement for the Group head office at Söhnleinstrasse 8 in Wiesbaden, Germany, which has a term of 10 years.

3.1.9 Earnings per share [9]

	2020 kEUR	2019 kEUR
Consolidated net income	–1,163	–1,813
Weighted average number of shares (number)	12,715,056	13,098,822
Own shares	505	162
Earnings per share in EUR	**–0.09**	–0.14

The weighted average number of shares in 2019 and 2020 includes the weighted average effect of changes in the treasury shares during the course of the year.

There was no dividend payment in the financial year 2020.

3.2 NOTES TO THE CONSOLIDATED BALANCE SHEET

3.2.1 Non-current assets

The composition of, and changes in, the fixed assets are shown in the consolidated statement of changes in fixed assets (annex 1).

Changes in the net carrying amounts of the Group's fixed assets for the financial year are shown in annex 2 of the notes.

Scheduled amortisation of intangible assets and depreciation of property, plant and equipment are shown in note 3.1.5.

3.2.1.1 INTANGIBLE ASSETS [10]

	31/12/2020 kEUR	31/12/2019 kEUR
Concessions, industrial property rights and similar rights and values	20,809	22,803
Goodwill	27,121	27,121
Total	**47,930**	49,924

3.2.1.1.1 Concessions, industrial property rights and similar rights and assets

This item mainly consists of customer lists from portfolio acquisitions, software licences for standard business software, and self-developed software.

Customer lists are amortised on a straight-line basis, usually over 15 years. Purchased software and self-developed software are amortised over three years and over five to six years respectively, also on a straight-line basis.

As part of the acquisition of the customer lists of Geld.de, the geld.de domain name was also acquired (kEUR 800). The company expects that the domain name will maintain its recoverable value in the long term, therefore it is not subject to ongoing amortisation.

Self-generated software tools valued at kEUR 1,257 were capitalised during the financial year (previous year: kEUR 1,335). These are mainly company-specific software applications (Compass, iCRM/iCRM-Web, and the Geld.de portal) to support the distribution of financial products.

As at the reporting date, the carrying amount of the self-developed software tools was kEUR 3,422 (previous year: kEUR 3,672).

3.2.1.1.2 Goodwill

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

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

3.2.1.1.3 Impairment losses

Details relating to the impairment of intangible assets can be found in note 3.1.5. There are no indications of impairment on any other software and/or licences.

Goodwill was tested for impairment as at 31 December 2020. Potential impairment is tested by comparing the carrying amount of the cash-generating unit (CGU) or group of CGUs, including the goodwill allocated to them, with the recoverable amounts attributed to them. If the carrying amounts exceed the recoverable amounts, an impairment loss must be recognised for the goodwill in the statement of income. The recoverable value is the higher of fair value less costs of disposal and value in use.

The recoverable value of the Advisortech and Advisory cash-generating units was determined by calculating a value in use from forecasts for the cash flow before income tax. These forecasts were made on the basis of detailed budget projections for the Group companies for the financial year 2021 approved by Management and the Supervisory Board. For the financial years 2022 to 2023, moderate growth rates (Phase I) are assumed. For subsequent periods, the cash flow was forecast as a perpetuity (Phase II).

The discount factor (capitalisation rate) for the Group companies is determined on the basis of the capital asset pricing model. The assumptions underlying the determination of the capitalisation rate – including the risk-free rate of return, the market risk premium and the beta factor – are based on publicly available information, or capital market data. Given a risk-free base rate of –0.31 percent (previous year: 0.35 percent) derived from the yield curve, a market risk premium of 5.81 percent (previous year: 5.85 percent), and applying a beta factor for the comparative investment of 0.88 (previous year: 1.11), the capitalisation rate is 5.5 percent (previous year: 5.5 percent). The capitalisation rate used to determine the present value of the initial cash flows of the perpetuity includes a deduction for growth of 1.0 percent (previous year: 1.0 percent). An additional major factor influencing the free cash flow is the assumptions with regard to growth in revenue and growth in the profits of the operating units.

The increase in the discount rate before taxes to 7.5 percent (up 2.0 percent) would mean no impairment was necessary for the cash-generating units. The 20 percent decline in the planned EBIT figures in the cash-generating units would not result in any impairment. A significant additional reduction in the planned EBT growth could lead to the carrying amount exceeding the recoverable amount. However, the Management Board believes such a scenario is unlikely, as significant measures to increase the EBT have already been introduced.

The fair value less the costs of disposal was also determined for the Advisortech and Advisory cash-generating units. During 2020, as in the previous year, no goodwill impairments were necessary. The Group's market capitalisation as at 31 December 2020 was higher than the carrying amount of its equity.

3.2.1.2 PROPERTY, PLANT AND EQUIPMENT [11]

	31/12/2020 kEUR	31/12/2019 kEUR
Property, plant and equipment		
Operating and office equipment	914	639
Rights of use rental and leasing	4,203	2,042
Total	**5,117**	2,681

Operating and office equipment mainly comprises PC hardware including servers, notebooks and printers; office equipment; motor vehicles; and office furnishings.

The right-of-use assets arising from rental agreements and leases include the fair values of the rented and leased assets for the exclusive use of the Group, which under IFRS 16 have to be capitalised.

The change in acquisition costs, depreciation and the carrying amounts is shown in the consolidated statement of changes in non-current assets (annexes 1 and 2).

As in the previous year, there were no indications of any impairment of property, plant and equipment in 2020.

3.2.1.3 NON-CURRENT FINANCIAL ASSETS [12]

The changes in financial assets are shown in the consolidated statement of changes in non-current assets (annexes 1 and 2). The additional disclosures regarding financial instruments required by IFRS 7 are contained in annex 4.

The breakdown of carrying amounts is as follows:

	31/12/2020 kEUR	31/12/2019 kEUR
Shares in affiliated companies	55	25
Investments	123	123
Securities	38	38
Total	**216**	186

Shares in affiliated companies relates to the shares in FVV GmbH.

Also recognised under equity investments are two (three in the previous year) shareholdings in companies with a capital ownership percentage of between 25.1 percent and 30.0 percent. As the impact of these equity investments has a negligible impact on the Group's assets, financial and income position, they were not valued by the equity method.

3.2.1.4 NON-CURRENT RECEIVABLES AND OTHER ASSETS [13]

	31/12/2020 kEUR	31/12/2019 kEUR
Accounts receivables	891	900
Other assets	2,067	2,919
Impairment from expected losses	–321	–360
Total	**2,637**	3,459

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

In accordance with IFRS 9, a risk provision for expected losses of 7 percent was made for the accounts receivable and other receivables. This reduced the other receivables by kEUR 321 (31 December 2019: kEUR 360).

3.2.2 Current assets

3.2.2.1 ACCOUNTS RECEIVABLE AND OTHER ASSETS [14]

	31/12/2020 kEUR	31/12/2019 kEUR
Accounts receivable	18,364	19,010
Other assets		
Commission advances	419	345
Prepaid expenses	–107	–120
Other	1,945	2,535
Total	**20,621**	21,770

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

Other miscellaneous assets primarily comprises receivables from intermediaries.

In accordance with IFRS 9, a risk provision of 7 percent for expected losses was made for the accounts receivable and other receivables. This reduced the other receivables by kEUR 107 (31 December 2019: kEUR 120).

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

3.2.2.2 CASH AND CASH EQUIVALENTS [15]

	31/12/2020 kEUR	31/12/2019 kEUR
Cash and cash equivalents	11,718	21,124
Total	**11,718**	21,124

The changes in cash and cash equivalents during the financial year are shown in the consolidated statement of cash flows. Further details can be found in note 3.9.

3.2.3 Equity

The changes in the consolidated equity of JDC Group AG are shown in the statement of changes in equity (see also note 3.8).

	31/12/2020 kEUR	31/12/2019 kEUR
Subscribed capital	13,128	13,128
Own shares	–505	–162
Capital reserves	21,638	21,648
Own shares	–2,574	–868
Other revenue reserves	423	392
Other equity components	–4,822	–3,656
Total	**27,288**	30,482

3.2.3.1 SUBSCRIBED CAPITAL AND CAPITAL RESERVES [16]

Subsribed capital and capital reserves

The company's share capital is divided into 13,128,461 notional no-par-value bearer shares (previous year: 13,128,461) with an accounting par value of EUR 1 of the share capital per share. The shares of JDC Group AG are admitted to trading on the Open Market (regulated unofficial market) and listed on the Scale segment of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse – FWB®). German securities code (WKN): A0B9N3; International Securities Identification Number (ISIN): DE000A0B9N37.

Share buyback programme

The Management Board of JDC Group AG decided on 29 July 2019 with the approval of the Supervisory Board to repurchase up to 656,423 of JDC Group AG's own shares on the stock market. The total volume of the share buyback was fixed at a maximum of EUR 5 million, excluding incidental costs. The share buyback programme ended on 30 July 2020.

As at 31 December 2020, 505,202 of the company's own shares had been acquired through the share buyback programme.

The capital reserve is the result of the issuing of shares in JDC Group AG in previous years at more than their accounting par value. The aggregated capital procurement costs of kEUR 1,409 associated with the issue were deducted from the capital reserve. As a result of the share buyback, the share premium account was reduced by kEUR 2,574.

The capital reserve of the parent company is subject to a restraint on disposal in accordance with Section 150 of the German Stock Corporation Act (Aktiengesetz, AktG).

Conditional capital

The share capital was increased conditionally by up to EUR 5,500,000 through the issue of up to 5,500,000 new notional, no-par-value bearer shares, which carry dividend rights from the start of the financial year in which they are issued (conditional capital 2018/I).

The share capital is increased conditionally by a further up to EUR 420,000 through the issue of up to 420,000 new notional, no-par-value bearer shares, each with an accounting par value of EUR 1 of the share capital (conditional capital 2018/II).

Authorised capital

The Management Board is authorised, with the approval of the Supervisory Board, to increase the company's share capital by up to EUR 6,564,230 in total on one or more occasions up to 29 August 2024 by issuing, on one or more occasions, up to a total of 6,564,230 new notional, no-par-value bearer shares for a cash or non-cash consideration. (Authorised capital 2019/I).

3.2.3.2 OTHER EQUITY [17]

Retained earnings include the statutory reserves of subsidiaries, which amount to kEUR 445 (previous year: kEUR 445). Losses of kEUR 31 (previous year: kEUR 53) from the revaluation of defined-benefit pension plans were offset.

The other equity components comprise the past earnings of the companies included in the consolidated financial statements, if they have not been distributed.

Details of the changes in the retained earnings and other equity components can be found in the statement of changes in equity.

3.2.4 Non-current liabilities [18]

	31/12/2020 kEUR	31/12/2019 kEUR
Bonds	19,337	19,192
Liabilities to banks	33	15
Accounts payable	10,280	9,229
Other liabilities		
Purchase price liabilities	0	0
Liabilities from rental and lease	3,437	1,380
Others	199	191
Total	**33,286**	30,007

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

Liabilities to financial institutions include a loan to FiNUM.Private Finance AG, Berlin, issued by BMW Financial Service GmbH.

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

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

This item also includes deferred tax liabilities (see also note 3.1.8).

The classification of the individual items into the measurement categories set out in IFRS 7 is shown in annex 4.

3.2.5 Long-term provisions [19]

	31/12/2020 kEUR	31/12/2019 kEUR
Pension provisions	434	492
Provisions with reversal liabilities	774	1,058
Asset Damage precaution	32	40
Total	**1,240**	1,590

The changes in the pension provisions were as follows:

Pension provisions

	kEUR
Present value from defined benefit obligation as of 1 January 2019	933
Interest expenses	11
Ongoing service costs	35
Paid benefits	–43
Actuarial loss	40
Debt from defined benefit obligation as of 31 December 2019	**976**
Interest expenses	7
Ongoing service costs	42
Paid benefits	–40
Actuarial loss	–30
Debt from defined benefit obligation as of 31 December 2020	**955**
Fair value of plan assets	
1 Januar 2019	398
Income from plan assets	38
Paid benefits	0
31 December 2019	**436**
Income from plan assets	44
Paid benefits	0
31 December 2020	**480**
Debt from defined benefit obligation	**475**

The pension obligation is calculated on the basis of a pension increase of 1.25 percent (previous year: 1.25 percent) and a discount rate of 1.01 percent (previous year: 1.73 percent).

The breakdown of the defined-benefit obligation is as follows:
- Long-term portion: kEUR 434 (previous year: kEUR 492)
- Short-term portions: kEUR 41 (previous year: kEUR 49)

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

3.2.6 Current liabilities [20]

	31/12/2020 kEUR	31/12/2019 kEUR
Pension provisions	41	49
Provisions for taxes	49	71
Provisions for lapse liabilities	194	0
Bonds	0	12,292
Liabilities to banks	1,067	354
Accounts payable	19,872	19,248
Other current liabilities		
Loan liabilities	0	0
Rights of use rental and lease	938	714
Others	3,607	3,792
Deferred income	69	4
Total	**25,837**	36,524

The pension provisions comprise the current portion due for payment within one year.

Tax provisions consist of the expected final payments for corporate tax, solidarity surcharge and trade tax for the 2019 and 2020 assessment periods.

The bonds comprise a corporate bond issued by Jung, DMS & Cie. Pool GmbH in 2015, which is recognised at amortised cost using the effective interest method. The bond was repaid in full in January 2020.

Liabilities to financial institutions mainly include a working capital loan to JDC Group AG, Wiesbaden, issued by Raiffeisenbank Attersee eG, and the short-term portion of the loan from BMW Financial Service GmbH mentioned under 3.2.4.

The accounts payable include obligations in relation to the cancellation reserve due within one year.

The other miscellaneous liabilities include tax on salaries and church tax, value-added tax, current interest liabilities relating to the corporate bond, and liabilities for purchased services.

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

3.2.7 Changes in liabilities arising from financing activities

	01/01/2020 kEUR	Cashflow kEUR	Other kEUR	**31/12/2020 kEUR**
Non-current bonds	19,192	0	145	19,337
Current bonds	12,292	–12,292	0	0
	31,484	**–12,292**	**145**	**19,337**
Non-current liabilities due to banks	15	33	–15	33
Current liabilities due to banks	354	698	15	1,067
./. Components of cash and cash equivalents	0	0	0	0
	369	**731**	**0**	**1,100**
Other liabilities				
Non-current loan liabilities	191	0	8	199
Current loan liabilities	0	0	0	0
Non-current Rights of use rental and leasing	1,380	0	2,057	3,437
Current Rights of use rental and leasing	714	–1,028	1,252	938
	2,285	**–1,028**	**3,317**	**4,574**
Total liabilities from financing activities	**34,138**	**–12,589**	**3,462**	**25,011**

Other liabilities include the effects of the reclassification of loans between non-current and current liabilities due to the passing of time or extension of the loans; the effects of loan interest accrued but not yet paid; and the effects of the recognition of the bond at amortised cost using the effective interest method.

3.3 LEASE DISCLOSURES

If, owing to its short-term nature or because it does not give the company exclusive use of the asset concerned, a lease does not have to be accounted for in accordance with IFRS 16, the other financial liabilities arising from it are recognised according to their maturity dates.

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

	31/12/2020 kEUR
Residual term	
up to one year	24
between two and five years	13
longer than five years	0
Total	**37**

The leases currently in effect are for office machines and IT equipment.

The agreements have remaining terms of up to 36 months (2019: up to 12 months), and some contain renewal clauses and price adjustment clauses.

3.4 CONTINGENCIES

a) Liability for products on the “master list”

As business partners of JDC Group companies, the independent financial brokers are liable for their investment recommendations if they have failed to fulfil all the legal obligations to examine and research the products offered. For selected products, Jung, DMS & Cie. AG has these analyses for release from liability carried out by its own staff with the assistance of external research companies.

For transactions involving these researched products, which are included in what are known as master lists, liability is automatically and voluntarily assumed by the pool, if the transactions are settled and processed via the Group companies.

b) Professional liability cover

Through Jung DMS & Cie. GmbH, Vienna/Austria, more wide-ranging liability cover is provided by Jung, DMS & Cie. AG for financial brokers who become tied agents by means of an exclusive pool partner contract. Jung, DMS & Cie. AG is directly liable for any incorrect advice given to the customers of the pool partner. In order to avoid as far as possible any burden from this liability to third parties, the pool partner indemnifies Jung, DMS & Cie., Vienna, against all such claims in their internal relationship. Jung, DMS & Cie., Vienna/Austria, also takes out appropriate fidelity insurance for each pool partner.

c) Letters of comfort

JDC Group AG has issued letters of comfort to a number of insurance companies and banks on behalf of its subsidiaries.

Jung, DMS & Cie. AG has issued letters of comfort to a number of insurance companies on behalf of its subsidiary Jung, DMS & Cie. Pool GmbH.

d) Other contingencies

There were no other contingencies at the reporting date.

3.5 CONTINGENT LIABILITIES

There were no contingent liabilities up to the date of publication of the annual report.

3.6 RELATED PARTY DISCLOSURES

IAS 24 requires that disclosures be made with regard to persons or entities that have control over JDC Group AG or are controlled by it, if they are not included in the consolidated financial statements of the JDC Group as a Group company. Control is deemed to be exercised if a shareholder holds more than half of the voting rights in JDC Group AG or has the potential, by virtue of a contractual agreement, to influence the financial and business policy of JDC Group AG's management.

The disclosure requirements under IAS 24 also extend to transactions with associates and with persons who exercise significant influence on the financial and business policy of JDC Group AG, including close family members or intermediate holding companies. A significant influence on the financial and business policy of JDC Group AG can be deemed to exist on the basis of a shareholding in JDC Group AG of 20 percent or more, a position on the Management Board or Supervisory Board, or another key management position.

The following disclosures are required for JDC Group AG in 2020:

The largest individual shareholder is currently Great-West Lifeco, with 28 percent; the two Management Board members and their holding companies, Aragon Holding GmbH and Grace Beteiligungs GmbH, together hold around 11.5 percent; members of the Supervisory Board hold around 11 percent; around 4 percent are treasury shares; and the free float percentage accounts for a further around 46 percent.

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

	31/12/2020 kEUR	31/12/2019 kEUR
Supervisory Board		
Total remuneration	**78**	110
Management Board		
Total remuneration*	**970**	890

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

3.7 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date.

3.8 STATEMENT OF CHANGES IN EQUITY

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

Changes in equity

	kEUR
Equity 31/12/2019	30,482
Capital increase	0
Repurchase own shares	–2,069
other equity movements	7
Net profit	–1,132
Equity 31/12/2020	**27,288**

3.9 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The financial position of the Group is presented in the statement of cash flows, which forms part of the consolidated financial statements in accordance with IFRS. The cash flow from operating activities was kEUR 8,873.

The statement of cash flows shows the changes in the cash and cash equivalents of JDC Group during the financial year through cash flows from operating activities, investing activities and financing activities. Non-cash transactions are added together and shown in the cash flow from operating activities.

Cash and cash equivalents

The consolidated statement of cash flows shows a breakdown of the cash and cash equivalents. Cash and cash equivalents with maturities of up to three months are added together with short-term current account overdrafts under this item. Cash equivalents are short-term financial investments that can be converted into cash at any time and for which there is a low risk of changes in value.

3.10 SEGMENT REPORTING

In accordance with IFRS 8, the identification of reportable operating segments is based on the management approach. This requires that external reporting be based on the internal Group organisational and management structure and on internal reports to the chief operating decision maker. In the JDC Group, the Management Board of JDC Group AG is responsible for evaluating, managing and controlling the performance of the segments and is the chief operating decision maker for the purposes of IFRS 8.

JDC Group reports on three segments which are managed separately, according to the type of products and services offered, by committees responsible for the segments. Designation of components of the Group as operating segments is based mainly on the existence of segment managers who are responsible for the performance of the segments and who report to the top management of JDC Group.

JDC Group is divided into the following segments:

— Advisortech
— Advisory
— Holding

Advisortech

The Advisortech segment comprises all the Group's business with independent financial intermediaries. The segment offers all asset classes (investment funds, closed-end funds, insurance products and structured products) from different product companies, including application processing and commission statements, in addition to various other services relating to investment advice for retail customers. Advisers are supported by a variety of software products developed in-house, such as the digital insurance folder allesmeins and iCRM-Web.

Advisory

The Advisory segment comprises the Group's activities in relation to advice and distribution to retail customers. As independent financial and investment advisers, we offer our customers an integrated advisory service tailored to every individual situation, covering insurance, investment and financing products.

Holding

The Holding segment comprises JDC Group AG.

The valuation principles for JDC Group's segment reporting are based on the IFRS standards used for the consolidated financial statements. JDC Group assesses the performance of the segments according to, among other things, their operating profit/loss (EBITDA and EBIT). Intersegment revenues and advance payments are offset against each other on the basis of market prices.

Segment assets and liabilities include all assets and liabilities attributable to operating activities, the positive and negative results of which determine the operating result. In particular, the segment assets include intangible assets; property, plant and equipment; commissions receivable and other receivables. The segment liabilities include, in particular, accounts payable and other liabilities. Segment investments comprise additions to intangible assets and to property, plant and equipment.

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

	2020	2019
Advisortech	235	216
Advisory	42	45
Holding	17	18
Total	**294**	279

Geographical segment information

JDC Group operates mainly in Germany and Austria. Its customer base therefore forms a single geographical segment (the German-speaking area of the European Union).

4 OTHER DISCLOSURES

4.1 BUSINESS PURPOSE AND KEY ACTIVITIES

The business purpose of JDC Group AG as set out in its articles of association is to acquire, manage and sell equity investments in companies, especially financial services companies, and to provide management, advisory and other services, for the following companies in particular.

The parent company is a holding company, which primarily acquires majority interests in distribution companies involved in the placement of financial products and related services. The company performs an advisory and management function for the subsidiaries. The business strategy is to bring about the long-term integration of the subsidiaries into the Group and to increase the profitability of the subsidiary concerned by achieving synergies. Within the holding company structure created, JDC Group AG is responsible for the strategic control of the business and financial policy of the Group. However, the subsidiaries are responsible for the operating activities. The parent company is also the subsidiaries' interface with the capital markets.

Jung, DMS & Cie. AG acts as an operational holding company. This company and its subsidiaries engage in the business of operating purchasing and processing/settlement centres for independent financial intermediaries – or broker pools – which perform central functions such as product purchasing, marketing, central transaction processing and training for independent financial brokers. As a consideration for the above services, the broker pools retain a portion of the initial commission and of the renewal or portfolio commission. Jung, DMS & Cie. AG, along with its subsidiaries, currently operates in Wiesbaden, Munich and Troisdorf in Germany, and Vienna in Austria.

The advisory service provided by FiNUM.Private Finance AG, Vienna, FiNUM.Private Finance AG, Berlin, and FiNUM.Finanzhaus AG, Wiesbaden, is geared to the interests of retail customers. As independent financial advisers, they offer personalised advice on insurance, investment and financing. The other Group companies based in Germany are not financial services institutions within the meaning of Section 1, paragraph 1a of the German Banking Act (Kreditwesengesetz, KWG) and are in principle not subject to supervision by the German Federal Financial Supervisory Authority (BaFin). Jung, DMS & Cie. GmbH, Vienna, is an authorised investment services undertaking and is subject to supervision by the Austrian Financial Market Authority (FMA). FiNUM.Private Finance AG, Berlin, is an authorised investment services undertaking and is subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

4.2 CAPITAL MANAGEMENT

Capital management concerns the management of cash to meet the needs of the Group, including the selection and management of sources of financing. The objective is to make the required cash available at the lowest possible cost. The main management criterion is the interest on debit and credit balances. The volume of cash and cash equivalents to be managed is in the range of EUR 21 million (2019: EUR 21 million). Daily and monthly reports showing comparisons of target and actual figures are used to perform the task of capital management.

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

The Group's future business performance involves all the opportunities and risks associated with the distribution of financial products and the acquisition, management and disposal of companies. The risk management system of JDC Group AG is aimed at identifying risks early and minimising them by taking appropriate measures. Financial instruments are used only for hedging purposes. In order to identify early any potential problems in the affiliated companies and the companies in which they in turn hold equity investments, key indicators are monitored and evaluated. Monthly, weekly and daily analyses of turnover, revenues and the liquidity position are prepared. Management obtains a daily summary of the turnover and liquidity ratios.

JDC Group AG is controlled by means of a monthly reporting system, which includes the key indicators and pays particular attention to the liquidity position. On top of this, the Management Board is updated on the current level of liquidity on a daily basis.

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

- In the context of providing intermediary services relating to financial products and insurance products, it cannot be ruled out that cancellations could give rise to expenses not balanced by claims for refunds of the same amount from intermediaries. With the increase in JDC's insurance revenues, receivables management to collect such refunds is of greater importance than before.
- Claims could be made against JDC for misinformation or misadvice by distribution partners. It is not possible to make a blanket statement as to whether the risks in specific cases will be covered by existing insurance policies or by the refund claims against intermediaries.
- The continuing volatility of the capital markets and the difficulty in forecasting the product turnover means great demands have to be placed on the liquidity management system. A lack of liquidity could become an existential problem.
- JDC is increasingly a focus of attention on the capital market. Its customers also include growing numbers of big corporations. Any damage to its image could lead to a loss of revenues.

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

— The business success of the company is fundamentally dependent on economic developments.
— Developments on the German and global financial and capital markets are of considerable importance to JDC's success. Continuing volatility or adverse developments could have a negative impact on JDC's profitability.
— The stability of the legal and regulatory environment in Germany and Austria is of great importance. Short-term changes in the environment for financial services companies, intermediaries and financial products, in particular, could have adverse impact on JDC's business model.
— The coronavirus crisis is currently having an adverse impact on companies' willingness to invest and on the income of many consumers.
— There is a danger of increased unemployment as a result of the economic downturn. If the global economy slides into recession, this will have adverse effects on JDC's profitability.

Relevant **regulatory risks** are as follows:

— The implementation of the European Union's General Data Protection Regulation (GDPR) affects all German companies, but particularly those in the financial services sector, whose business involves working with personal data to a particularly large extent. The GDPR imposes extensive information and documentation obligations on us. As the digital transformation of the insurance industry is just beginning, many processes at JDC still have to be handled manually. This increases the risk of data breaches due to human error.
— Since the implementation of MiFID II in German law, portfolio commissions are only paid if they are used to improve the quality of customer advice. Much of the structure remains unclear. If the measures taken at JDC are not sufficient, there could be a temporary loss of revenues in the investment business.

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

Management views the **opportunities** as follows: Many financial services distribution companies are currently weakened financially by the Covid-19 crisis in particular. As a result, the financial resources of many of our competitors have been exhausted and the pressure to consolidate is increasing. Large market participants, including the JDC Group companies, will benefit from this.

JDC Group took some decisive measures in 2020 to set the course for the coming years. During the reporting year JDC announced collaborations with BI Secura (staff insurance broker of Böhringer Ingelheim) and Insure24 (direct broker of Nürnberger Versicherung). 2021 marked the beginning of JDC's collaboration with Sparkasse Bremen, one of the largest German savings banks. The start-up company Finanzguru is another bancassurance customer using JDC's platform technology. Jung, DMS & Cie. and the Provinzial group are planning a joint venture to support more than a million retail customers of the savings banks.

In the view of the Management Board, this will all result in the continued overall positive performance of JCD Group AG's equity investments, and thus also of JDC Group AG itself, in the financial year 2021.

4.4 RISK MANAGEMENT OBJECTIVES AND METHODS

Risk management objectives and methods have been defined and documented at JDC Group level. There are four groups in which the risks are classified as follows:

1. Strategic risks concerning, inter alia:
— expertise;
— staff: recruitment, management and motivation;
— market relevance;
— merger and acquisition measures;
— allocation of resources; and
— communication.

2. Financial risks concerning, inter alia:
— medium and long-term financing;
— short-term liquidity supply;
— financial derivatives;
— value-added tax risk; and
— infidelity.

3. Operational risks concerning, inter alia:
— project and acquisition risks; and
— contract risk.
—

4. External risks concerning, inter alia:
— IT security;
— financial market situation; and
— legal, practical and social changes.

For each potential area of risk, the risk management system for Group companies includes early identification of risks, information and communication, handling of risks by determining and implementing appropriate countermeasures, and documentation of the risk management system.

4.5 ADDITIONAL DISCLOSURES IN ACCORDANCE WITH SECTION 315E, PARAGRAPH 1 OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH, HGB)

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

The following fees were charged by the group auditor in the financial year:

Auditor fees

	kEUR
Auditor services	142
Other confirmation services	13
Consulting	11
Total	**166**

On average, the Group companies employed 294 staff – full-time equivalents – throughout the year (previous year: 279).

Executive Bodies of JDC Group AG

MANAGEMENT BOARD

Dr. Sebastian Grabmaier
Grünwald
Attorney
CEO

Stefan Bachmann
Frankfurt
Businessman
CDO

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

SUPERVISORY BOARD

Jens Harig
Kerpen
Independent entrepreneur
Chairman

Klemens Hallmann
Vienna
Independent entrepreneur
Deputy Chairman

Emmerich Kretzenbacher
Hamburg
Graduated Certified Accountant
Deputy Chairman
(until 30 Oktober 2020)

Jörg Keimer
Wiesbaden
Management board member of
FiNUM.Private Finance AG, Berlin
(until 28 Februar 2020)

Dr. Markus Schachner
Wollerau (Schweiz)
Managing Director

Prof. Dr. Markus Petry
Wiesbaden
Holder of the chair of financial services
controlling at the business school Wiesbaden
(since 31 Oktober 2020)

Markus Drews
Köln
CEO Canada Life Assurance Europe plc
(since 31 Oktober 2020)

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

Appendix 1

Statement of changes in consolidated fixed assets as of 31 December 2020

	Cost of Acquisition/production				
	01/01/2020 kEUR	Reclassifications kEUR	Additions kEUR	Disposals kEUR	**31/12/2020 kEUR**
I. Intangible assets					
1. Concessions, industrial property rights and similar rights and values	42,674	1,524	100	0	44,099
a) internally generated industrial property rights and similar rights and values	10,975	1,257	0	8	12,240
b) for remuneration aquired concessions and similar rights and values	7,651	258	0	–8	7,902
c) Customer base	23,882	9	100	0	23,791
d) Contract preparation costs	166	0	0	0	166
2. Company Value	27,121	0	0	0	27,121
3. Payments made	0	0	0	0	0
	69,796	**1,524**	**100**	**0**	**71,220**
II. Property, plant and equipment					
1. Leasehold	0	0	0	0	0
2. Other equipment, operating and business equipment	3,392	610	69	0	3,932
3. Rights of use rental and leasing	2,975	3,081	0	0	6,057
	6,367	**3,691**	**69**	**0**	**9,989**
III. Financial assets					
1. Shares in affiliated companies	25	30	0	0	55
2. Closed-end fund investments	123	0	0	0	123
3. Securities held as fixed assets	38	0	0	0	38
	186	**30**	**0**	**0**	**216**
	76,350	**5,245**	**169**	**0**	**81,425**

Depreciation/amortisation					Book value	
01/01/2020 kEUR	Depreciation/ Amortisation in financial year kEUR	Disposals kEUR	Reclassifications kEUR	**31/12/2020 kEUR**	31/12/2019 kEUR	**31/12/2020 kEUR**
19,872	3,421	0	0	23,291	22,803	20,809
7,303	1,516	0	0	8,818	3,672	3,422
6,344	270	0	0	6,614	1,307	1,289
6,189	1,611	0	0	7,800	17,693	15,991
36	24	0	0	60	131	107
0	0	0	0	0	27,121	27,121
0	0	0	0	0	0	0
19,872	**3,421**	**0**	**0**	**23,291**	**49,924**	**47,930**
0	0	0	0	0	0	0
2,753	287	22	0	3,018	639	914
933	920	0	0	1,853	2,042	4,203
3,686	**1,207**	**22**	**0**	**4,871**	**2,681**	**5,117**
0	0	0	0	0	25	55
0	0	0	0	0	123	123
0	0	0	0	0	38	38
0	**0**	**0**	**0**	**0**	**186**	**216**
23,559	**4,628**	**22**	**0**	**28,163**	**52,791**	**53,263**

Appendix 2

Statement of changes in the net book values of consolidated fixed assets as of 31 December 2020

	Book value 01/01/2020 kEUR	Reclassifications kEUR	Additions/ Reclassifications kEUR	Disposals kEUR	Depreciation/ amortisation in the financial year kEUR	**Book value 31/12/2020 kEUR**
I. Intangible assets						
1. Concessions, industrial property rights and similar rights and values	22,803	0	1,524	100	3,421	20,809
a) internally generated industrial property rights and similar rights and values	3,672	8	1,257	0	1,516	3,422
b) for remuneration aquired concessions and similar values	1,307	–8	258	0	270	1,289
c) Customer base	17,693	0	9	100	1,611	15,991
d) Contract preparation costs	131	0	0	0	24	107
2. Company Value	27,121	0	0	0	0	27,121
3. Payments made	0	0	0	0	0	0
	49,924	**0**	**1,524**	**100**	**3,421**	**47,930**
II. Property, plant and equipment						
1. Leasehold	0	0	0	0	0	0
2. Other equipment, operating and business equipment	639	0	610	47	287	914
3. Rights of use rental and leasing	2,042	0	3,081	0	920	4,203
	2,681	**0**	**3,691**	**47**	**1,207**	**5,117**
III. Financial assets						
1. Shares in affiliated companies	25	0	30	0	0	55
2. Closed-end fund investments	123	0	0	0	0	123
3. Securities held as fixed assets	38	0	0	0	0	38
	186	**0**	**30**	**0**	**0**	**216**
	52,791	**0**	**5,245**	**147**	**4,628**	**53,263**

Appendix 3

List of shareholdings as of 31 December 2020

Company name and registered office	Shareholding in %
Subsidiaries included in the consolidated financial statements:	
Jung, DMS & Cie. Aktiengesellschaft, Munich	100.0
FiNUM.Private Finance Holding GmbH, Vienna/Austria	100.0
JDC B-LAB GmbH, Triesen/Liechtenstein	100.0
FiNUM.Private Finance AG, Vienna/Austria[1]	100.0
Jung DMS & Cie. GmbH, Vienna/Austria[1]	100.0
Jung, DMS & Cie. Pool GmbH, Wiesbaden[1]	100.0
jupoo finance GmbH, formerly Jung, DMS & Cie. Finanzservice GmbH, Vienna/Austria[1]	51.0
Jung, DMS & Cie. Pro GmbH, Wiesbaden[1]	100.0
FiNUM.Pension Consulting GmbH, Wiesbaden[1]	100.0
JDC plus GmbH, Wiesbaden[1]	100.0
JDC Geld.de GmbH, Wiesbaden[1]	100.0
FiNUM.Private Finance Holding GmbH, Wiesbaden	100.0
FiNUM.Private Finance AG , Berlin[1]	100.0
FiNUM.Finanzhaus AG, Munich[1]	100.0
[1] indirect shareholding, indication of the proportion of shares held by the subsidiary	100.0

Company name and registered office Non-consolidated subsidiaries and investments:	Shareholding in %	Equity 31/12/2020 kEUR	Net profit 2020 kEUR
1. Non-consolidated subsidiaries			
MEG AG, Kassel	100.0	n. a.	n. a.
FVV GmbH, Wiesbaden [2]	100.0	29	–4
2. Other investments			
Dr. Jung & Partner GmbH Generalrepräsentanz, Essenbach [1] [3]	30.0	110	22
BB-Wertpapier-Verwaltungsgesellschaft mbH, Augsburg[4]	25.1	111	17

[1] indirect shareholdings via Jung, DMS & Cie. Pool GmbH
[2] indirect shareholdings via FiNUM.Private Finance AG, Berlin
[3] Data from 31 December 2019
[4] Data from 30 September 2019

Appendix 4

Additional informations concerning Financial instruments IFRS 7 as of 31 December 2020

	Measurement categories as defined by IFRS 9	Book value 31/12/2020 kEUR	Continuing book kEUR	Cost of acquisition kEUR	Fair Value – not affecting net income kEUR
Assets					
Non-current assets					
Financial assets					
Shares in affiliated companies	AC	55		55	
Closed-end fund investments	AC	123		123	
Securities	AC	38		38	
Accounts receivable	AC	891	891		
Other assets	AC	1,746	1,746		
Current assets					
Accounts receivable	AC	18,364	18,364		
Other assets	AC	1,838	1,838		
Cash and cash equivalents	AC	11,718	11,718		
Liabilities					
Non-current liabilities					
Bonds	AC	19,337	19,337		
Liabilities due to banks	AC	33	33		
Accounts payable	AC	10,280	10,280		
Other liabilities	AC	3,636	3,636		
Current liabilities					
Bonds	AC	0	0		
Liabilities due to banks	AC	1,067	1,067		
Accounts payable	AC	19,872	19,872		
Other liabilities					
Other liabilities		4,545	4,545		

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

Fair Value – affecting net income kEUR	**Fair Value 31/12/2020 kEUR**	Book value 31/12/2019 kEUR	Continuing book value kEUR	Cost of acquisition kEUR	Fair Value – not affecting net income kEUR	Fair Value – affecting net income kEUR	Fair Value 31/12/2019 kEUR
	55	25		25			25
	123	123		123			123
	38	38		38			38
	891	900	900				900
	1,746	2,559	2,559				2,559
	18,364	19,010	19,010				19,010
	1,838	2,415	2,415				2,415
	11,718	21,124	21,124				21,124
	20,400	19,192	19,192				20,626
	33	15	15				15
	10,280	9,229	9,229				9,229
	3,636	1,571	1,571				1,571
	0	12,292	12,292				12,292
	1,067	354	354				354
	19,872	19,248	19,248				19,248
	4,545	4,506	4,506				4,506

Independent Auditor’s report

To JDC Group AG, Wiesbaden

OPINIONS

We have audited the consolidated financial statements of JDC Group AG and its subsidiaries (the Group), which comprise the balance sheet as of December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1 to December 31, 2020 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the joint management report of JDC Group AG for the financial year from January 1 to December 31, 2020.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB), and in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, and
- the accompanying joint management report as a whole provides an appropriate view of the Group’s position. In all material respects, this joint management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the joint management report does not cover the content of the non-financial Group declaration and the corporate governance statement mentioned above.

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

BASIS FOR THE OPINIONS

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

OTHER INFORMATION

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

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

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information
- is materially inconsistent with the consolidated financial statements, with the joint management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

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

future events or conditions may cause the Group to cease to be able to continue as a going concern.

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

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

Münster, March 26, 2021

Dr. Merschmeier + Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jäger
(Wirtschaftsprüfer)

Kortbuß
(Wirtschaftsprüfer)

Contact

JDC Group AG
Rheingau-Palais
Söhnleinstraße 8
65201 Wiesbaden

Telefon: +49 611 335322-00
Telefax: +49 611 335322-09

info@jdcgroup.de
www.jdcgroup.de

DISCLAIMER

The Annual Report of JDC Group AG is available in German and English. The English translation of the Group Management Report and the consolidated financial statements has been provided for conveniance. The German version of the 2020 Annual Report (including the opinion of an independant auditor) is legally binding and can be viewed on the company's website: www.jdcgroup.de

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