

Letter to shareholders

3. Quarter of 2023



BEST ADVICE. BETTER TECHNOLOGY.



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CFO, CIO

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Management Board letter to shareholders

DEAR SHAREHOLDERS, DEAR BUSINESS PARTNERS,

In the third quarter, JDC Group AG grew by a double-digit percentage for the first time again, doubling its quarterly EBITDA and thus significantly increasing revenues and earnings in the first nine months of 2023 compared to the same period last year. The JDC Group is also continuing to develop positively in operational terms, as demonstrated by the conclusion of important cooperation agreements in the savings bank sector, the successful placement of treasury shares from the share buyback programs and the successful refinancing of the 2019/2024 corporate bond of the subsidiary Jung, DMS & Cie.

And this despite the challenging market environment: economic and geopolitical developments in the third quarter were characterized by the war in Ukraine, high inflation and rising interest rates. This led to a continued reluctance to buy among private consumers in Germany and Austria. This reluctance to spend continues to be particularly noticeable in the Advisory division.

Group revenues nevertheless grew encouragingly in the first nine months of 2023 by around 6 percent to EUR 122.9 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) also developed positively, rising by around 8 percent to kEUR 6,715 in the first nine months of 2023 (9M 2022: kEUR 6,206).

Important steps in the third quarter of 2023 and beyond

In the third quarter, JDC was able to sign exclusive cooperation agreements for the insurance business of savings banks in the business territory of Versicherungskammer Bayern (VKB) and Sparkassenversicherung (SV).

Until now, savings banks in the business area of VKB and SV had only brokered VKB and SV insurance contracts for their customers. In order to support their end customers in the future with the management of contracts of other insurance companies, insurance contracts of savings bank customers outside the VKB product range or the management of SV products will be bundled on the JDC platform via an interface to the S-Versicherungsmanager (S-VM) already established at the savings banks and managed by the in-house brokerage companies of VKB ("FidesSecur") and SV ("Sicher gut betreut Versicherungsvermittlung").

Provinzial acquires a stake of around 5 percent in JDC

Against the background of closer cooperation with the savings banks in the sale of third-party insurance products, JDC has sold around 5% of its shares, which it acquired from two share buyback programs over the past few years, to the Provinzial Group, the second-largest public insurer in Germany. JDC thus received around EUR 13 million in liquid funds. Hidden reserves of around EUR 7 million were raised, increasing the equity of the JDC Group.

Issue of the new 2023/2028 bond successfully completed, refinancing of the 2019/2024 bond secured

JDC subsidiary Jung, DMS & Cie. Pool GmbH achieved a very pleasing placement result of EUR 20 million for its new 2023/2028 bond (ISIN DE000A3514Q0). Due to the Group's very good liquidity position, the placement volume of EUR 25 million from the 2019/2024 bond was reduced to EUR 20 million for the 2023/2028 bond that has now been issued, thereby improving the equity ratio. The remaining EUR 5 million will remain as a financing and placement reserve. At 7.00 %, the final coupon is in the middle of the offered interest rate range (6.75 % – 7.25 %). This secures the Group's long-term financing at very good conditions in the current environment.

Results for the first nine months and the third quarter of 2023

Group revenues rose by 10 percent to EUR 38.3 million in the third quarter, compared to EUR 34.8 million in the same quarter of the previous year, despite customers' noticeable reluctance to spend and historically low consumer confidence. In the first nine months of 2023, revenues rose by around 6 percent to EUR 122.9 million (9M 2022: EUR 115.8 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) doubled year-on-year to kEUR 1,628 in the third quarter of 2023 (Q3 2022: kEUR 814). In the first nine months of 2023, EBITDA improved by around 8 percent to kEUR 6,715 (9M 2022: kEUR 6,206).

Earnings before interest and taxes (EBIT) increased significantly in the third quarter from kEUR –656 to kEUR 168. In the first nine months of 2023, it improved to kEUR 2,508, an increase of around 44 percent (9M 2022: kEUR 1,743).

Consolidated net income improved significantly in the third quarter to kEUR –359 compared to kEUR –1,127 in the same quarter of the previous year. In the first nine months of 2023, consolidated net income more than doubled to kEUR 1,267 (9M 2022: kEUR 456).

Equity as at September 30, 2023 was a greatly improved EUR 51.4 million due to the sale of treasury shares from the share buyback programs. The equity ratio thus rose to 38.7 percent (December 31, 2022: EUR 37.0 million and 32.7 percent).

in kEUR

	Q3/2023 kEUR	Q3/2022 kEUR	Changes compared to previous year in %	30/09/2023 kEUR	30/09/2022 kEUR	Changes compared to previous year in %
Revenues	38,303	34,835	10.0	122,914	115,828	6.1
– thereof AdvisorTech	33,441	30,518	9.6	108,446	97,977	10.7
– thereof Advisory	7,716	8,326	–7.3	23,638	26,467	–10.7
– thereof Holding/Cons.	–2,853	–4,009	28.8	–9,169	–8,616	–6.4
EBITDA	1,628	814	>100	6,715	6,206	8.2
EBIT	168	–656	>100	2,508	1,743	43.9
EBT	–243	–1,088	77.7	1,413	566	>100
Net profit	–359	–1,127	68.1	1,267	456	>100

The individual divisions developed as follows:

ADVISORTECH

The AdvisorTech division increased its revenues in the third quarter by around 10 percent to EUR 33.4 million after EUR 30.5 million in the same quarter of the previous year. In the first nine months of 2023, revenue improved by around 11 percent to EUR 108.4 million (9M 2022: EUR 98.0 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved significantly in the third quarter to EUR 2.0 million, an increase of around 37 percent (Q3 2022: EUR 1.5 million). In the first nine months of 2023, EBITDA rose by around 10 percent to EUR 7.5 million (9M 2022: EUR 6.8 million).

Earnings before interest and taxes (EBIT) tripled to EUR 0.9 million after EUR 0.3 million in the same period of the previous year. In the first nine months of 2023, EBIT improved sharply to EUR 4.4 million (9M 2022: EUR 3.4 million), an increase of around 28 percent.

ADVISORY

The Advisory division continues to suffer from the difficult business environment. Revenues in the Advisory division fell by around 7 percent to EUR 7.7 million in the third quarter after EUR 8.3 million in the same quarter of the previous year. In the first nine months of 2023, revenue fell by around 11 percent year-on-year to EUR 23.6 million (9M 2022: EUR 26.5 million).

By contrast, earnings before interest, taxes, depreciation and amortization (EBITDA) in the Advisory segment improved to EUR 0.5 million in the third quarter (Q3 2022: EUR 0.3 million). In the first nine months of 2023, however, EBITDA fell slightly to EUR 1.7 million (9M 2022: EUR 1.8 million).

By contrast, earnings before interest and taxes (EBIT) rose to EUR 0.2 million in the third quarter (Q3 2022: EUR 0.0 million). In the first nine months of 2023, EBIT fell slightly to EUR 0.8 million (9M 2022: EUR 0.9 million).

Outlook

Due to the very good development of the Advisortech segment, we confirm the original guidance for 2023 with revenue of EUR 175 to 190 million and EBITDA of EUR 11.5 to 13 million. Due to the weak economic environment and the fact that the owner control proceedings for the acquisition of the Top Ten Group in Austria have still not been completed and we have therefore not yet been able to consolidate revenue and earnings, we expect revenue and earnings to be at the lower end of the guidance range.

Due to the current reluctance of customers in Germany and Austria to buy in connection with the war in Ukraine and the current Middle East crisis, it is currently not clear how strong the typical year-end business in the sale of financial products will actually be in 2023.

Thanks to employees and shareholders

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

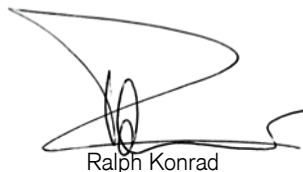
Our thanks also go to our shareholders, who believe in our business model and support and endorse the Management Board and Supervisory Board.

We would be delighted if you would continue to accompany us on our journey and remain

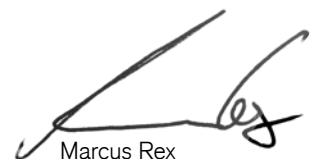
Yours sincerely



Dr. Sebastian Grabmaier



Ralph Konrad



Marcus Rex

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Consolidated income statement

	Q3/2023 kEUR	Q3/2022 kEUR	01/01/ 30/09/2023 kEUR	01/01/ 30/09/2022 kEUR
1. Commission income	38,303	34,835	122,914	115,828
2. Capitalised services	344	379	1,165	1,040
3. Other operating income	64	56	594	649
4. Commission expenses	-27,283	-24,318	-88,368	-82,704
5. Personnel expenses	-7,151	-6,957	-21,164	-20,106
6. Depreciation and amortisation of tangible and intangible assets	-1,460	-1,470	-4,207	-4,463
7. Other operating expenses	-2,649	-3,182	-8,426	-8,501
8. Share of result of associated companies	-9	-64	-9	-64
9. Income from securities	0	0	2	0
10. Other interest and similar income	25	5	85	8
11. Interest and similar expenses	-427	-372	-1,172	-1,121
12. Operating profit/loss	-243	-1,088	1,413	566
13. Income tax expenses	-115	-9	-99	-69
14. Other tax expenses	-2	-30	-47	-41
15. Net profit	-359	-1,127	1,267	456
attributable to shares without controlling interests	-16	47	39	-9
attributable to parent company	-375	-1,080	1,228	465
16. Earnings per share	-0.03	-0.08	0.09	0.04

Consolidated cash flow statement

	01/01– 30/09/2023 kEUR	01/01– 30/09/2022 kEUR	Changes compared to previous year kEUR
1. Result for the period	1,228	465	763
2. + Depreciation and amortisation of fixed assets	4,207	4,463	-256
3. -/+ Decrease/increase of provisions	444	254	190
4. -/+ Other non-cash itemised income/expenses	-56	-162	106
5. -/+ Profit/loss from disposals of fixed assets	0	0	0
6. -/+ Increase/decrease of inventories, accounts receivable as well as other assets	1,993	569	1,424
7. -/+ Decrease/increase of accounts payable as well as other liabilities	6	-1,790	1,796
8. = Cash flow from operating activities	7,822	3,799	4,023
9. + Cash receipts from disposals of intangible assets	0	0	0
10. - Cash payments for investments in intangible assets	-1,724	-1,820	96
11. + Cash receipts from disposals of fixed assets	0	0	0
12. - Cash payments for investments in intangible assets	-363	-172	-191
13. + Cash receipts from disposals of financial assets	0	0	0
14. - Cash payments for investments in financial assets	-1,187	-83	-1,104
15. + Cash receipts from the disposal of consolidated companies	0	0	0
16. - Cash payments for the acquisition of consolidated companies	-3,080	-2,969	-111
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	-6,354	-5,044	-1,310
20. + Cash receipts/payment to equity	13,053	0	13,053
21. + Payments received for stock options issued	231	222	9
22. - Payments from the purchase of own shares	0	-1,412	1,412
23. + Cash receipts from issuance of bonds	3,450	0	3,450
24. - Payments from the redemption of bonds	0	0	0
25. + Cash receipts from borrowings	0	0	0
26. - Cash payments from loan redemptions	0	-973	973
27. - Payments for the distribution of profit shares	-31	0	-31
28. - Payments for the repayment part of the rental and leasing obligations	-871	-755	-116
29. = Cash flow from financing activities	15,832	-2,918	18,750
30. Changes in cash and cash equivalents (total of pos. 8, 19, 29)	17,300	-4,163	21,463
31. + Cash and Cash equivalents at the beginning of the period	16,672	21,906	-5,234
32. = Cash and Cash equivalents at the end of the period	33,972	17,743	16,229
Breakdown of cash and cash equivalents	30/09/2023 kEUR	30/09/2022 kEUR	Change kEUR
Cash and cash in banks	33,972	17,743	16,229
Current liabilities due to banks	0	0	0
	33,972	17,743	16,229

Segment reporting

30 September 2023

	Advisortech		Advisory	
	30/09/2023 kEUR	30/09/2022 kEUR	30/09/2023 kEUR	30/09/2022 kEUR
Segment income				
Commission income	108,446	97,977	23,638	26,467
of which with other segments	709	825	8,606	7,791
Total segment income	108,446	97,977	23,638	26,467
Capitalised services	1,165	1,040	0	0
Other income	368	606	230	45
Segment expenses				
Commissions	-81,445	-72,619	-15,959	-18,381
Personnel expenses	-14,559	-13,919	-3,838	-3,681
Depreciation and amortisation	-3,072	-3,335	-881	-902
Other	-6,506	-6,322	-2,405	-2,648
Total segment expenses	-105,582	-96,196	-23,084	-25,612
EBIT	4,396	3,427	784	900
EBITDA	7,468	6,762	1,665	1,801
Income from investments	0	0	0	0
Share of result of associated companies	-9	-64	0	0
Other interest and similar income	402	380	27	6
Yield on other securities	2	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	-1,360	-1,334	-449	-452
Financial result	-966	-1,019	-422	-446
Segment earnings before tax (EBT)	3,430	2,408	362	454
Tax expenses	90	323	-202	-434
Segment net profit	3,520	2,731	160	20
Minority interests	39	-9	0	0
Segment net profit after minority interests	3,481	2,740	160	20

Holding		Total reportable segments		Transfer		Total	
30/09/2023 kEUR	30/09/2022 kEUR	30/09/2023 kEUR	30/09/2022 kEUR	30/09/2023 kEUR	30/09/2022 kEUR	30/09/2023 kEUR	30/09/2022 kEUR
1,754	1,523	133,838	125,967	-10,924	-10,139	122,914	115,828
1,609	1,523	10,924	10,139	-10,924	-10,139	0	0
1,754	1,523	133,838	125,967	-10,924	-10,139	122,914	115,828
0	0	1,165	1,040	0	0	1,165	1,040
5	3	602	654	-8	-5	594	649
-5	0	-97,409	-91,001	9,041	8,297	-88,368	-82,704
-2,767	-2,506	-21,164	-20,106	0	0	-21,164	-20,106
-254	-226	-4,207	-4,463	0	0	-4,207	-4,463
-1,405	-1,378	-10,316	-10,348	1,891	1,847	-8,426	-8,501
-4,431	-4,109	-133,097	-125,917	10,932	10,144	-122,165	-115,774
-2,672	-2,584	2,508	1,743	0	0	2,508	1,743
-2,418	-2,358	6,715	6,206	0	0	6,715	6,206
0	0	0	0	0	0	0	0
0	0	-9	-64	0	0	-9	-64
694	731	1,123	1,118	-1,038	-1,109	85	8
0	0	2	0	0	0	2	0
0	0	0	0	0	0	0	0
-401	-444	-2,210	-2,231	1,038	1,109	-1,172	-1,121
293	287	-1,095	-1,177	0	0	-1,095	-1,177
-2,379	-2,296	1,413	566	0	0	1,413	566
-34	1	-146	-110	0	0	-146	-110
-2,413	-2,295	1,267	456	0	0	1,267	456
0	0	39	-9	0	0	39	-9
-2,413	-2,295	1,228	465	0	0	1,228	465

Segment reporting Quarters

	Advisortech		Advisory	
	Q3/2023 kEUR	Q3/2022 kEUR	Q3/2023 kEUR	Q3/2022 kEUR
Segment income				
Commission income	33,441	30,518	7,716	8,326
of which with other segments	213	253	2,670	3,756
Total segment income	33,441	30,518	7,716	8,326
Capitalised services	344	379	0	0
Other income	10	18	54	38
Segment expenses				
Commissions	-24,922	-22,261	-5,154	-5,962
Personnel expenses	-4,854	-4,796	-1,330	-1,247
Depreciation and amortisation	-1,080	-1,194	-296	-300
Other	-2,000	-2,385	-793	-840
Total segment expenses	-32,855	-30,636	-7,572	-8,349
EBIT	940	279	197	15
EBITDA	2,019	1,473	493	315
Income from investments	0	0	0	0
Share of result of associated companies	-9	-64	0	0
Other interest and similar income	133	128	11	1
Yield on other securities	0	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	-466	-445	-152	-159
Financial result	-341	-381	-141	-158
Segment earnings before tax (EBT)	599	-102	57	-143
Tax expenses	60	95	-174	-132
Segment net profit	658	-7	-118	-275
Minority interests	16	-47	0	0
Segment net profit after minority interests	642	40	-118	-275

Holding		Total reportable segments		Transfer		Total	
Q3/2023 kEUR	Q3/2022 kEUR	Q3/2023 kEUR	Q3/2022 kEUR	Q3/2023 kEUR	Q3/2022 kEUR	Q3/2023 kEUR	Q3/2022 kEUR
547	467	41,703	39,311	-3,400	-4,476	38,303	34,835
517	467	3,400	4,476	-3,400	-4,476	0	0
547	467	41,703	39,311	-3,400	-4,476	38,303	34,835
0	0	344	379	0	0	344	379
0	0	64	56	0	0	64	56
0	0	-30,076	-28,223	2,792	3,905	-27,283	-24,318
-967	-914	-7,151	-6,957	0	0	-7,151	-6,957
-85	24	-1,460	-1,470	0	0	-1,460	-1,470
-464	-527	-3,257	-3,752	608	570	-2,649	-3,182
-1,516	-1,417	-41,943	-40,402	3,400	4,476	-38,543	-35,926
-969	-950	168	-656	0	0	168	-656
-884	-974	1,628	814	0	0	1,628	814
0	0	0	0	0	0	0	0
0	0	-9	-64	0	0	-9	-64
204	252	348	381	-323	-376	25	5
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-132	-144	-750	-748	323	376	-427	-372
71	108	-410	-431	0	0	-410	-431
-898	-842	-242	-1,087	0	0	-243	-1,088
-2	-2	-117	-40	0	0	-117	-39
-900	-844	-359	-1,126	0	0	-359	-1,127
0	0	16	-47	0	0	16	-47
-900	-844	-375	-1,079	0	0	-375	-1,080

Consolidated Balance Sheet

Assets	30/09/2023 KEUR	31/12/2022 KEUR
Non-current assets		
Intangible assets	62,870	64,052
Fixed assets	8,527	4,869
Financial assets	2,001	856
	800	757
	74,198	70,534
Deferred taxes		
	3,417	2,518
Long-term non-current assets		
Accounts receivable		
Other assets	1,252	1,134
	75	304
	1,327	1,438
Total non-current assets	78,942	74,490
Current assets		
Accounts receivable	15,390	17,601
Other assets	207	0
Securities	3,585	3,883
Cash and cash equivalents	33,972	16,672
Deferred charges	757	337
Total current assets	53,911	38,493
Total assets	132,854	112,983

Liabilities	30/09/2023	31/12/2022
	kEUR	kEUR
Equity		
Subscribed capital	13,668	13,668
Own Shares	0	-687
Capital reserves	39,036	26,472
Other retained earnings	546	516
Other equity components	-1,801	-2,998
Total equity	51,449	36,971
Non-current liabilities		
Deferred taxes	6,345	5,502
Bonds	23,236	19,655
Liabilities due to banks	0	4
Accounts payable	14,168	12,975
Other liabilities	6,970	3,774
Accruals	1,659	1,366
Total non-current liabilities	52,378	43,276
Current liabilities		
Bonds	0	0
Accrued taxes	566	615
Liabilities due to banks	23	24
Accounts payable	20,070	18,132
Other liabilities	7,511	13,120
Deferred income	856	845
Total current liabilities	29,027	32,736
Total equity and liabilities	132,854	112,983

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

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