EQS GROUP

Building a Global REG Tech

Annual Report 2018

COMPLIANCE   INVESTOR RELATIONS

» Corporate Profile «

EQS Group is a leading international **technology provider** for **Corporate Compliance and Investor Relations. Several thousand companies** worldwide use EQS Group's offerings to fulfill complex national and international disclosure obligations, to minimize risk, and to reach stakeholders.

EQS Group is a digital single source provider for global teams. EQS Group's products and services include a global newswire, regulatory news distribution, investor targeting and contact management, and insider list management. These are integrated within a **cloud-based platform**, the **EQS COCKPIT**, to streamline the workflows of Investor Relations, Communications, and Compliance professionals.

The Group also offers an innovative whistleblowing and case management software, IR website services, digital reports, and webcasting solutions.

EQS Group was founded in 2000 in Munich, Germany. Today, the group employs **over 450 professionals** around the globe and has offices in the world's **key financial markets.**

» Key Figures «

Profit figures	**2018**	2017	+/-
Revenues	**36,210**	30,355	19%
EBITDA	**301**	2,350	-87%
EBIT	**-2,058**	346	>-100%
Group earnings	**811**	-574	>+100%
Operating cash flow	**2,595**	1,647	58%
Asset figures	**31/12/2018**	**31/12/2017**	**+/-**
Balance sheet total	**48,170**	47,449	2%
Equity	**28,312**	29,363	-4%
Equitiy ratio (%)	**59%**	62%	-
Liquid funds	**1,308**	6,374	-79%
Group employees	**2018**	**2017**	**+/-**
Average of the reporting period	**447**	358	25%
Personnel expenses	**22,639**	17,004	33%
	31/12/2018	**31/12/2017**	**+/-**
Earnings per share (EUR)	**0.75**	-0.39	>+100%
Market capitilisation (million EUR)	**100.45**	91.14	10%

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

» Index «

» Foreword, Achim Weick, CEO «

2018 was another successful and eventful financial year for us. We have achieved crucial milestones on our way to becoming the leading European **cloud provider** for global **investor relations** and **corporate compliance solutions**. We continue to benefit from three megatrends: digitisation, regulation and globalisation.

Digitisation is striding ahead in our markets. Our customers are looking for an efficient, integrated communications solution that covers all **disclosure**, **notification and documentation requirements** while enabling **active communication** with global investors, employees and other stakeholders.

After two years of intensive development, we were able to launch our **new COCKPIT** at the end of the year. It is the world's first cloud platform that digitally maps investor relations managers' most important work processes and intelligently links them to **global investor data** - a true "**game changer**" in times of MiFID II, when contact between companies and investors is being reorganised. We are going to migrate all our customers in Germany to the new platform during the course of 2019.

The steadily growing **regulation** of financial markets and companies continues to buoy us with a tailwind, especially in Europe. Our **INSIDER MANAGER**, which we developed on the basis of the EU Market Abuse Regulation (MAR) and established in Germany, is a good example of this: more than **600 companies** now use our cloud software to manage insider lists. For our new markets in France, the UK and Italy, it is the entry-level product with which we can build client relationships with compliance officers.

Compliance officers are also our main target group for our digital **whistleblower system**. We significantly developed and expanded this product line in 2017 thanks to the acquisition of the leading Swiss provider **INTEGRITY LINE** GmbH. Whistleblower solutions have been mandatory in France (Sapin II) and Italy (3365-B) since 2018. Introducing a system has only been recommended to companies in Germany so far (German Corporate Governance Code). However, the recent agreement between EU states and the EU Parliament on the establishment of reporting channels for whistleblowers will also result in a law in Germany in the near future.

Since the end of September 2017, we have been a LOU (Local Operating Unit), one of almost 30 accredited international issuing organisations for legal entity identifiers (LEI) worldwide. This new, globally unique identifier for financial market participants has been required since 2018 for many banking transactions, financial transactions and notifications to national registers. With our **LEI MANAGER** , we offer one of the most efficient and convenient solutions in the world, which has placed us in the top ten issuing organisations. By the end of the year, we had already issued around 30,000 LEIs.

In the next few quarters, we will also expand the new COCKPIT into the centralised platform for corporate compliance, as these often newly formed departments have identical requirements to those in Investor Relations: **integrated work processes**, **centralised and secure data management, and verifiable documentation** – all combined in an integrated compliance management system. The next module will be our **POLICY MANAGER** , which we will launch in the 2nd quarter.

Digitalisation and regulation go hand in hand with advancing **globalisation**. Our customers operate internationally and are therefore subject to numerous local regulations, which they want to comply with as efficiently and legally as possible. They also have global communication strategies to reach and convince investors, customers and employees.

In our **German-speaking core market (DACH)** , we remain the undisputed market leader for digital investor relations. For example, all Dax-30 companies use our COCKPIT and we are delighted about the constantly high level of customer satisfaction for years now. Our strategy is to expand existing business relationships and increase recurring revenue (ARR) per client.

We see our greatest growth potential in **Europe**. The increase in EU-wide regulation is leading to the strong **standardisation of transparency requirements**. However, there is no pan-European supplier yet. In addition, our US competitors have not been able to offer their full range of products in Europe yet.

Against this backdrop, we made a major step forward in Europe last year. We have already acquired 100 customers in **France**, including 15 CAC-40 companies. Our **UK, Italian, Benelux** and **Russian** markets, where we are active with our own sales teams, are also developing very positively. For **Scandinavia** , we have entered into a promising distribution partnership with Mynewsdesk.

We cover our global investor and media network with our key pillars in **New York** and **Hong Kong**. We are concentrating on investor relations in both markets. While budgets in China are still at a very low level by international standards, we see much greater potential in the US due to the sheer size of the market. Although the IR market is dominated by US providers, the current consolidation provides good timing and the high quality of our products currently offers a great opportunity to gain and sustain a foothold.

One important pillar of our expansion strategy is the further development of our **technology site in Kochi**, India. This has not only grown into a successful supplier of tailor-made solutions for our global markets. We are now ready to replicate part of the product development in Kochi in order to support our equally fast-growing development location in Munich.

Investments are essential to implement our international growth strategy and move up to the next size category with the EQS Group. We are convinced that this will create sustainable value for our shareholders.

In addition to high investments in our COCKPIT and tapping into new markets, we continue to make great efforts to further develop **our organisation**. With our strong growth to almost 500 employees, it is crucial to map internal processes digitally in order to work efficiently and make the right decisions on the basis of correct data. The further development of our corporate management system, our CRM and our accounting system are just a few examples of this. The introduction of agile methods and the use of modern technologies in software development also play a crucial role here.

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

Our **heartfelt thanks** go to all those who support us in building this great company: our highly motivated employees, our long-standing customers and business partners, with whom we work together in a spirit of trust, and our loyal shareholders who support the geographic expansion and development of the compliance market and encourage us in pursuing this path. We are looking to the future with great optimism and are delighted to still have you by our side.

Sincerely yours,

Achim Weick, CEO

Munich, April 2019

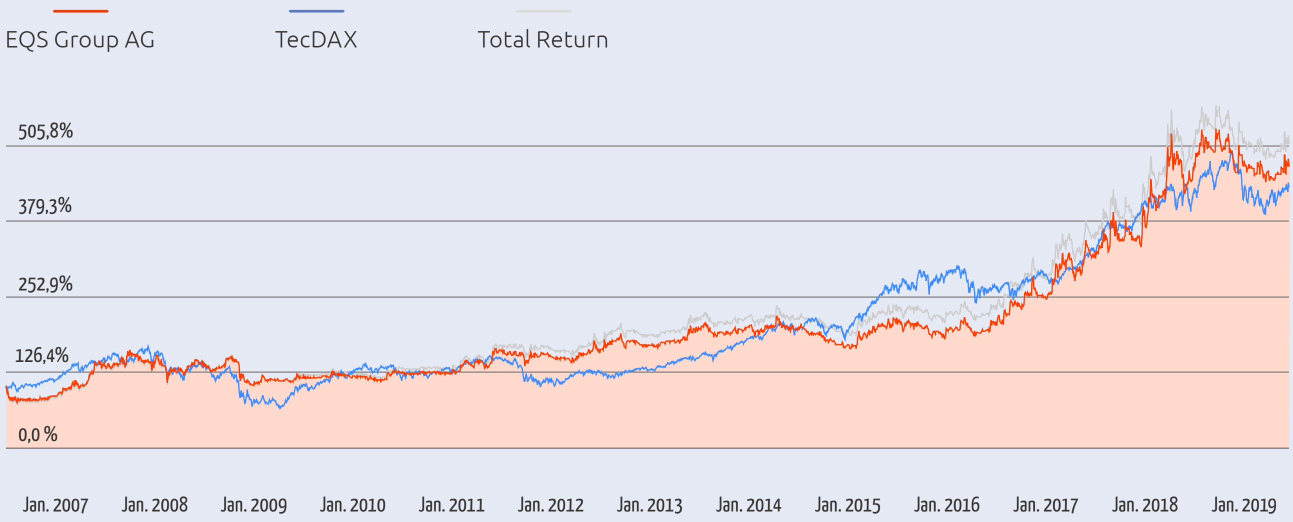
» Investor Relations «

On the last trading day of 2018, **EQS Group shares** closed on the XETRA at **€70.00**, approximately +10% higher than at the end of 2017 (€63.51). Throughout 2018, the share price ranged from €62.00 to €84.00. The share's performance throughout 2018 was significantly better than the Tec Dax, which saw losses in 2018. As of December 31, 2018, EQS Group had a market capitalization of €100.45 million. However, the price increase of EQS shares was accompanied by less Xetra trading volume over the previous year (-31%).

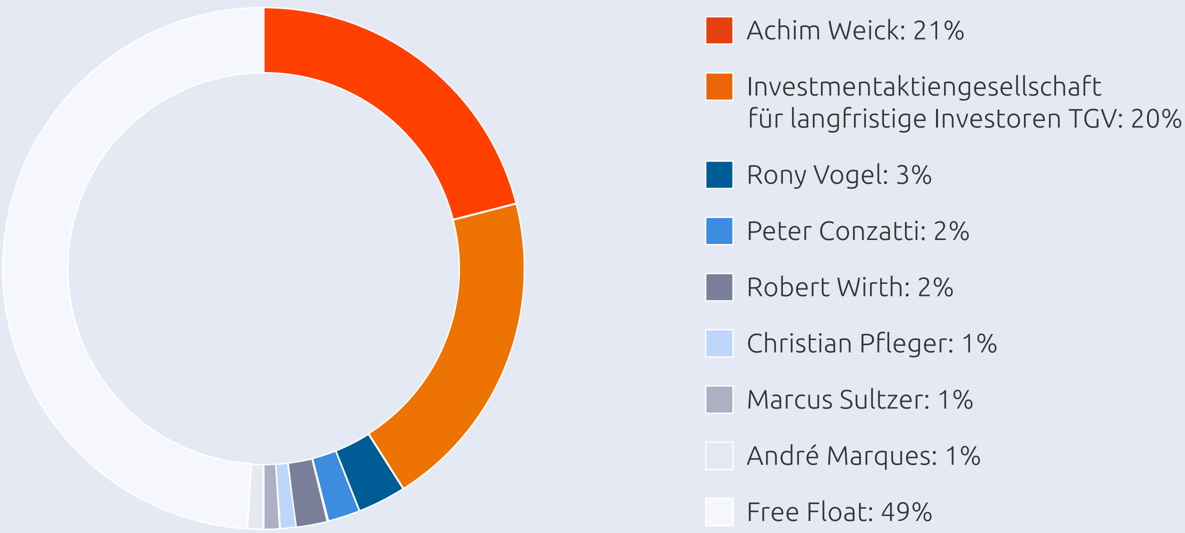
EQS is a member of **Scale**, the **quality segment** for small and medium-sized enterprises (SMEs) as well as of the Scale30-Index. In 2018 five independent research houses —Baader Bank, GBC, GSC Research, Edison Investment Research, and Quirin Bank — regularly issued **analyst reports** on EQS Group. In recent publications, one of the institutions gave a "buy" recommendation, while four analysts gave the stock a "hold" recommendation. All analyses are available for download on the EQS Group website in the Investor Relations section.

In the 2018, the Management presented the company at numerous **investor conferences**, including the Equity Forum and the Quirin Champions conference in Frankfurt, the Deutsche Börse Scale Conference in London and for the first time the Baader Investmentconference in Munich. Each quarter, EQS Group AG issued **interim figures** and held a detailed conference call with analysts and investors on the same day. The **audio webcast** recordings are available in the Investor Relations section of our **corporate website**.

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



Shareholders' structure EQS Group AG:



Share > 5% & Management and Board of directors

» Dialogue with the Management Board «

EQS Group AG continued to grow strongly in the 2018 financial year and once again set a new sales record: €36.2 million following €30.4 million. Some shareholders might have hoped for more with the comprehensive income. As the largest shareholder, are you disappointed?

Achim Weick: *"Not at all. We are committed to our vision of being the leading cloud provider for global investor relations and corporate compliance solutions in Europe by 2025. We're making progress bit by bit. We are investing in new employees, technologies and products to achieve this goal. We also foster close liaison with our shareholders, who support our path and are patient with regard to our earnings targets. Patience that will pay off in the end, as we will then be able to occupy a much larger market than today, which promises high margins. And we are continuously reaching milestones on our way there, as we did last year, which was a very good financial year for us."*

Are you alluding to the new COCKPIT?

Achim Weick: *"That's right. The successful launch of our new COCKPIT in the fourth quarter was a significant milestone after such long and hard development work. Up to 70 specialists have been entrusted with the implementation for two years. It changes the daily work in companies, making it much easier. We are the first provider to combine news distribution and reporting services with investor targeting and CRM functions. This gives our customers the perfect solution to react to the changes from the second European Financial Markets Directive. MiFID II permanently changes the relationship between listed companies and their investors. But I would also like to remind you once again that we are developing the EQS Group into a technology company with our investment programme. This does not just require investments in the product but also in the corporate and organisational structure."*

Which is why there were also changes on the Management Board?

Christian Pfleger: *"The company has grown rapidly to 478 employees at 11 locations. Together with the Supervisory Board, we therefore decided to spread the responsibility over more shoulders and appoint two long-standing employees to the Executive Board. André Marques is CFO responsible for our global finance and Marcus Sultzer is CRO responsible for global sales and marketing."*

What challenges does the transformation into a technology company pose for you as COO?

Christian Pfleger: *"Well, the challenges don't just affect me, of course, but the whole organisation. One dominant topic last year was the recruitment of IT specialists. Due to the tight labour market in this sector, this cannot be taken for granted. We were successful though. At the end of the day, the EQS Group is an extremely attractive employer, developing cloud products with new technologies and agile methods. Furthermore, new employees from different cultural backgrounds had to be integrated and a common mindset and understanding of roles had to be established. Together with our employees, we have repeatedly scrutinised ourselves in recent months and made appropriate adjustments to the entire product development process. And we have included our technology location Kochi even more in product development and considerably further expanded it. Measured by the number of employees we have grown by almost 90% and the cooperation of the Indian developers with the teams in Munich works very well. All in all, the reorganisation into a RegTech has progressed very well for us."*

How long do shareholders still have to be prepared for heavy investments?

André Marques: *"Our Cloud 2020 investment programme peaked last year with expenditure of €3.8 million. So far, we have invested a total of around EUR 5.9 million net. A further €3.4 million is to be added over the next two years. We had increased our investments compared to our original plan to speed up the progress. As Christian has already mentioned, it is currently difficult to recruit new software developers. This resulted in higher costs for freelancers and recruitment agencies. Last year, the number of employees increased by 91, including more than 50 IT specialists."*

The EQS Group recorded strong sales growth. What is the biggest growth area?

Marcus Sultzer: *"We recorded the largest increase in the compliance segment. In particular, we have achieved high growth rates in the XML conversion business and the LEI issuing business. We also achieved strong growth with our Integrity Line whistleblowing solution. It is also important to mention the quality of sales. Over 80 percent of our revenue is recurring. To this end, we have introduced the Annual Recurring Revenue (ARR) key performance indicator, which we analyse worldwide on a weekly basis."*

Is the Integrity Line purchase fully integrated?

Marcus Sultzer: *"Integrity Line is fully integrated and, based on feedback from our markets, we have continued to develop the product over the past year, acquiring many new customers for our whistleblowing solution. We can't name them all, but Puma and Glencore are just two of them. Our whistleblower system is available in 150 countries and 50 languages. The perfect solution for global corporations. France and Italy already have an obligation to set up a whistleblowing system. Germany has been hesitant about this so far."*

Achim Weick: *"The recent agreement between EU member states and the EU Parliament on the establishment of reporting channels for whistleblowers will certainly change that. As the whistleblower can choose whichever reporting channel they like, companies will invest in secure whistleblowing systems to get the information first. All companies will be worried about being informed too late, regardless of their size."*

Weren't additional compliance services planned for the new COCKPIT?

Christian Pfleger: *"Absolutely. One of the most important new compliance modules will be the Policy Manager. Our customers receive a centralised overview of their company policies, can automatically send them to employees and have them confirm them with a click. Since all the work steps are digital, this results in a seamless audit trail. As a result, our customers will significantly increase the efficiency and effectiveness of their compliance system. We started with the concept design in spring 2018 and are planning completion of the first release by mid 2019."*

Marcus Sultzer: *"The Policy Manager is another important module because we also want to expand the new COCKPIT into a centralised platform for corporate compliance. Basically, compliance officers face the same challenges as IR managers: driven by regulation and globalisation, they need help digitising their work processes."*

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

The EQS Group enjoys an excellent reputation in Germany. Expansion abroad does not seem to be easy. The investment in the US company Issuer Direct was also sold again after a short time.

Marcus Sultzer: *"Overall, we are making good progress with our international expansion. However, it is certainly true that we had hoped for more from some markets abroad. For example, in the United Arab Emirates. We wanted to be on the market very early. Maybe it was too soon this time. In Asia we had to cope with some setbacks and IR budgets are not developing as planned. In return, the European markets are running all the better. We are therefore focusing our current investments on this. Our customers are global corporations and therefore expect us to be globally positioned. "*

Achim Weick: *"With regard to Issuer Direct, I'd like to add that we felt we had a better starting position in the US with a strategic stake in a news service. We then realised that this investment was not necessary and decided to sell the stake at the same price in order to optimise the allocation of capital."*

André Marques: *"We are also seeing that the global investor relations market is not growing as strongly. We need to increase our market share to achieve growth. We are confident that we will gradually succeed in doing so with our new COCKPIT. In corporate compliance, on the other hand, we are seeing significant market growth and the market is already around five times larger than the IR market."*

What can investors expect in the 2019 financial year?

André Marques: *"A significant increase in all key financial performance indicators, led by recurring revenue and customer growth but also sales and EBITDA, as well as lower capital expenditure as planned as part of the EQS Group's largest investment programme."*

Christian Pfleger: *"The further development of our COCKPIT and the launch of our Policy Manager."*

Marcus Sultzer: *"The migration of IR customers to the new COCKPIT and a large number of new national and international customers in the corporate compliance segment. This is of course accompanied by a further increase in recurring revenue."*

Achim Weick: *"A highly motivated team that works with great passion and commitment on implementing our vision and corporate goals. We are entering the new year with great optimism and are confident that we can impress our customers and shareholders alike."*

» Supervisory Board Report «

Dear Shareholders,

the Supervisory Board followed closely the business development of EQS Group AG and its subsidiaries in the financial year 2018. Its relationship with the Management Board was one of trust and transparency. The Management Board consistently informed and updated the Supervisory Board on EQS's business and strategic developments, risk management, and other essential company events through regular board meetings, conference calls, emails, and personal communications. Management involved the Supervisory Board whenever essential decisions concerning company operations were being made.

In addition, Supervisory Board members continued the practice of discussions with key EQS Group employees, in particular management of subsidiaries and department heads.

This formed the basis of the Supervisory Board's fulfilling of their legally-mandated task of overseeing executive management in its company leadership. The measure of the Supervisory Board's oversight was the legality, compliance, expediency and business efficiency of Management Board activities.

Supervisory Board

The composition of the Supervisory Board has been expanded during the year 2018. The members of the Supervisory Board – Rony Vogel, Peter Conzatti, Robert Wirth – were approved at the Annual Meeting on June 12, 2015 for a term ending December 31, 2019, after discharging the member of the Supervisory Board at the following AGM. Laurenz Nienaber has been elected as member of the Supervisory Board as of May 18, 2018 for a term ending December 31, 2019, after discharging the member of the Supervisory Board at the following AGM. No committees were formed in 2018.

Meetings of the Supervisory Board

The supervisory board met five times during the 2018 business year: February 8, April 9, May 18, September 14, November 30.

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

» Extension of the Supervisory Board

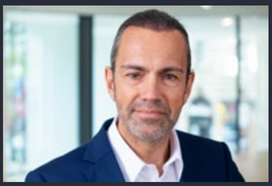
» Amalgamation of Integrity Line GmbH, Switzerland to EQS GROUP AG (Switzerland)

» Extension of the Management Board from two to four members

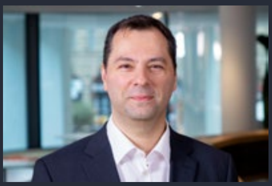
» Sale of the stake in Issuer Direct

» Increase in the stake of ARIVA.DE AG

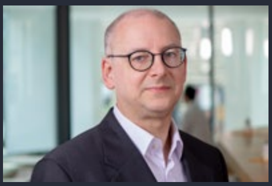
Supervisory Board of EQS Group AG



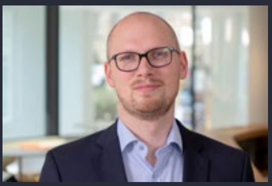
Rony Vogel
(Chairman)



Robert Wirth
(Deputy Chairman)



Peter Conzatti



Laurenz Nienaber

The Annual General Meeting of May 18, 2018 appointed BDO Wirtschaftsprüfungsgesellschaft, Hamburg as auditor for the EQS Group AG for the 2018 fiscal year. The auditor examined EQS Group AG's financial statements and management report from December 31, 2018, as well as IFRS consolidated financial statements from December 31, 2018 (including a management report), and approved each with an unqualified auditor's certificate.

The Supervisory Board received audited and certified financial statements and IFRS-consolidated financial statements as well as management reports on time, analysed them and discussed their contents in detail with the Management Board. The result of the audit revealed no cause for objection. We approved the annual financial statements, the consolidated accounts, and management reports on April 8, 2019. All financial statements were thus adopted.

The Supervisory Board also agreed to the Management Board proposal for the use of EQS Group AG net profits. The Supervisory Board thanks the Management Board and all EQS Group employees for their continued commitment. It is the employees who, after 19 years of shared company history, form the basis for EQS's continuing success. Their extraordinary commitment, creativity, and team spirit ensure the company's future success.

Munich, April 8, 2019

Rony Vogel
Chairman of the Supervisory Board

MANAGEMENT REPORT

» Values that lead us «

Team spirit
We have empathy and
support/respect each other

Passion
We love what we do and
are driven to achieve

Transparency
We are open-minded and
actively share information

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

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

» Business Model «

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

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

The firm foundation for our goals is the **values** of team spirit, passion, ownership, transparency and trust which define EQS globally.

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

EQS Group is a digital single-source provider for global teams. EQS Group's products and services include a global newswire, regulatory news distribution, investor targeting and contact management, and insider list management. These are integrated within a **cloud-based platform**, the **EQS COCKPIT**, to streamline the workflows of Investor Relations, Communications, and Compliance professionals. The Group also offers an innovative whistleblowing and case management software, website services, digital reports, and webcasting solutions.

The **Compliance** segment encompasses all products required **for companies to fulfill their legal and regulatory obligations**. These include reporting obligations in the news segment (disclosure), submissions to the Federal Gazette (filing), and new products such as Insider Manager, Integrity Line, LEI, and ARIVA Workflows. Because legal requirements are uniform across the board for all customers, products are exclusively cloud solutions. In order to optimally serve both small and medium-sized enterprises (SME) as well as corporate customers, we will divide our compliance and sales strategy into „**SME**" and „**Large Caps**" in the future.

The **Investor Relation**s segment includes products for the areas of **financial and corporate communications**, in particular News, Websites, Portals, Webcasts and Media as well as the new Investors and CRM modules in the COCKPIT.

From our Cloudsoftware we obtain **licensing fees**. In the agency sector, we receive **recurring revenues** for report conversion and delivery to the Federal Gazette, hosting- and maintencance fees as well as for the conducting video and audio broadcasts. In the news area we receive earnings based on a **per-news-payment**, depending on the chosen distribution network. Additionally we earn onboarding fees from the setup of websites, apps, charts, tools or online reports.

We use **six key figures** to **measure our business success** at the corporate level: Revenue, ARR, EBITDA, number of clients customer satisfaction and employee management.

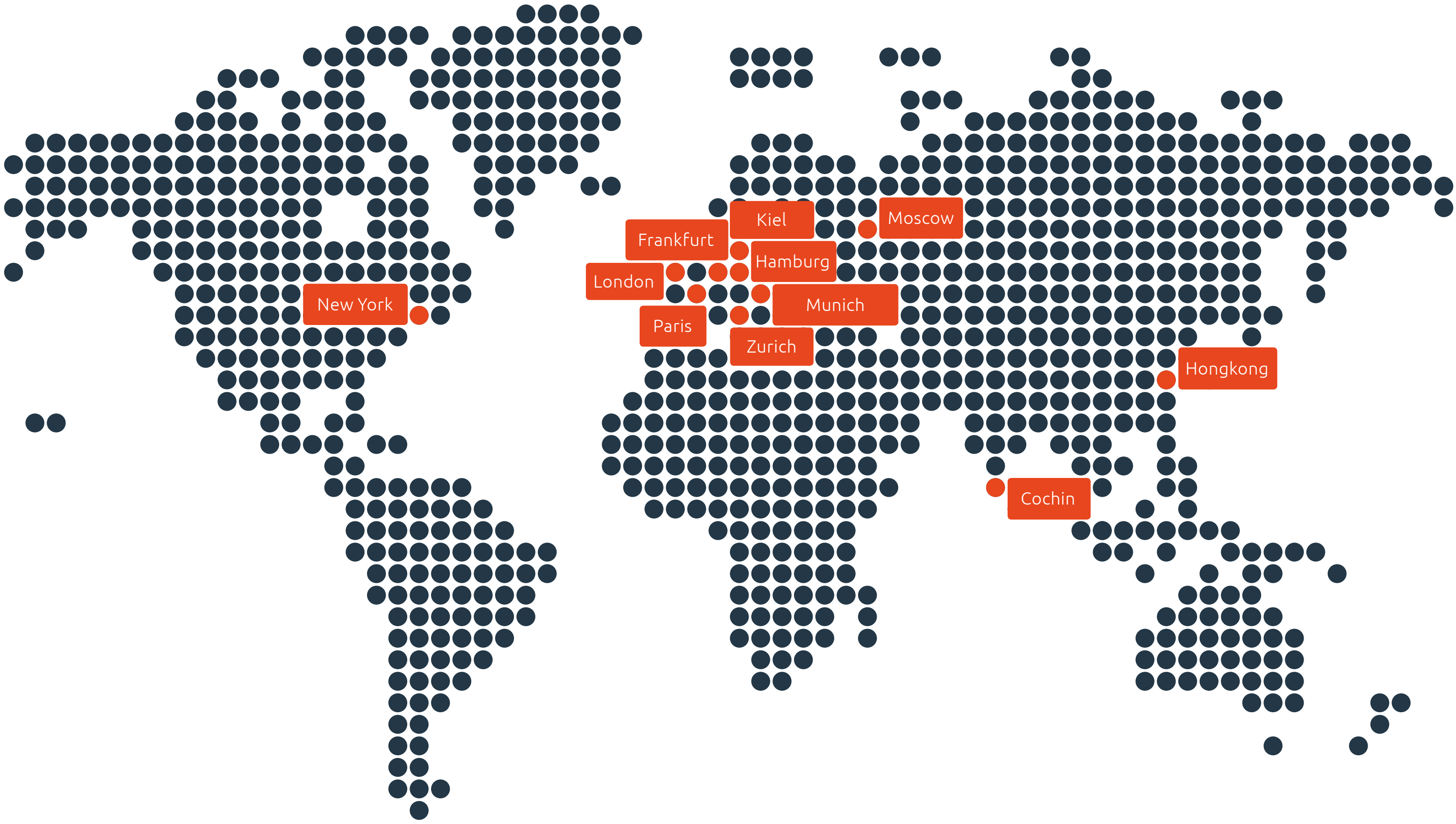
The **ARR** is defined as the annual recurring sales volume.

The **EBITDA** is calculated as total income (sales revenue, other operating income and own cost capitalised) minus cost of purchased materials and services, personnel expenses, and other operating expenditure).

Customer satisfaction is measured as Net Promoter Score, the difference between customer recommendation rate and rejection rate, in anonymous online questionnaires. The survey measures the satisfaction with the services, the new products and the customer service.

Employee satisfaction is measured using a survey in which employees vote on employer satisfaction on a scale of 1 to 5 in an anonymous online questionnaire. The choice of the 1 stands for very dissatisfied and the 5 for very satisfied. The survey mainly measures the satisfaction of the employees with the payment, the working hours, internal cooperation, internal communication and development opportunities.

Each ratio correlates directly with our ability to deliver returns to our investors. Ultimately, committed employees are the key factor for gaining and maintaining the loyalty of our customers and ensuring the success of our company.



» Corporate structure «

Konzern

EQS Group AG

Germany
Austria

100%

EQS GROUP AG

Switzerland

100%

EquityStory RS, LLC

Russia

100%

EQS Asia Ltd.
(EQS TodayIR)

Hongkong
China
Singapur
Taiwan

100%

EQS Group Ltd.

UK

100%

EQS Group Inc.

USA

100%

EQS Web Technologies Pvt. Ltd.

India

100%

EQS Financial Markets & Media GmbH

Germany
Austria
Switzerland

100%

EQS Group SAS

France

67,5%

ARIVA.DE AG

Germany
Austria
Switzerland

» Research and development «

By offering new cloud solutions and upgraded existing products to the growing and changing needs of customers, we ensure the highest quality solutions for companies' current and future requirements.

In **2018**, EQS undertook a strategic **product offensive**, leading to a significant increase in product development expenses for the year. "**EQS Cloud 2020**" has proven to be our largest investment program in the company's history, with the goal of transforming the EQS Group AG into a **tech company** in the regulatory area (RegTech).

The core element of this transformation was the **redevelopment and expansion** of our central web-based productplatform, the **EQS COCKPIT**. It is the first platform in the world to bring together investor data, contact management, reporting, and news distribution for Investor Relations within a comprehensive single user interface.

The new EQS COCKPIT also offers additional modules and workflows for compliance. The year 2018 marked a phase of intense redevelopment, resulting in a new backend and the Q4 launch of the first version, including „Newswire & Disclosure and our new product „Investors".

In total, **€3.84 million** (previous year: €2.37 million) of **intangible assets** were capitalized in the financial year, principally for the new COCKPIT (€3.13 million). In total, 64% of the €5.96 million earmarked for development costs were capitalized in 2018. This also includes €581k in development services invoiced to EQS Group AG by its wholly owned India-based subsidiary, EQS Webtechnologies Pvt. Ltd.. Scheduled depreciation on capitalized development costs in the reporting period amounted to €441k (previous year: €198k).

As **PIONEERS**
in digitization of corporate workflows
our **TRUE PASSION**
is to make
Communications and Investor Relations Officers better in creating
TRUST

» Economic and Regulatory Environment «

The World Bank's January 2019 semi-annual report projects **3%** growth in the **global economy in 2018** as measured in real gross domestic product (**GDP**), virtually unchanged from the previous year (+ 3.1%).

High investments due to a favorable financing environment, rising profits and a stable business climate are driving this growth. A closer look at various geographic regions provides a more differentiated picture. While the upswing in the US intensified, the EU's growth dynamic lost some of its momentum in 2018.

Commodity exporting countries such as Russia continued their growth trend. Brazil's growth was particularly significant, as it benefitted from rising commodity prices. India and China continued their high growth trend from previous years in 2018. As a result of weaker European economies, the Euro depreciated against the US dollar, the Swiss franc, and commodity currencies such as the Russian rouble.

Germany's economic growth weakened in **2018**. According to Bundesbank calculations, gross domestic product (**GDP**) in 2018 only grew by **+1.5%** over 2017 (+ 2.2%). In particular, domestic consumption and exports experienced a slowdown in growth in 2018.

Germany's stock markets also anticipated significantly lower growth momentum and political uncertainties in **2018**. The German Stock Exchange (**DAX**) **slid 18%**, from just under 12,898 at the beginning of the year to **10,559** on December 31, 2018. Nevertheless, the number of **IPOs** and listings in Germany on the Prime and General Standard was 15, considerably higher than in the previous year (9). And for the first time since the 2009 global financial crisis, the number of companies listed on the regulated market (prime or general standard) increased. As of December 31, 2017, 458 companies (up 7) were listed on the regulated market. The Entry Standard of the German Stock Exchange was also divided into the Scale segment and the Basic Board segment, with a total of 130 companies listed as of December 31, 2018 (decrease to previous year -2).

The legal revision of Directive 2014/65 / EC regarding Markets in Financial Instruments of the European Union (**MiFID II**) took effect on **January 3, 2018**, resulting in significant stricter reporting requirements for banks, investment services companies and other financial service providers.

» Highlights 2018 «

New COCKPIT

launched in Q4 2018

Revenue in the **Compliance** segment grew by **+46%** to **€18.50 mln**

100% acquisition of **Integrity Line GmbH,** Zürich

successful **integration**

Revenue increases by **+19%** to **€36.21 mln**

with **EBITDA** of **TEUR 301**

and thus in line with the guidance

Number of **"Large Cap"** clients grew in 2018 by 272 up to **2,260**

Number of "LEI" issued increased to around **30,000**

» 2018 - New COCKPIT for Corporate Compliance & Investor Relations «

In September 2017, we made the strategic decision to enter the adjacent Corporate Compliance market, thereby launching the largest investment offensive in our corporate history. From 2017 to 2020 we are investing €9 million in the development of our new **COCKPIT cloud platform**, which is has been launched in the fourth quarter of 2018.

Since September we have significantly expanded our Munich and Cochin (India) technology centers, bringing an experienced CTO and 60 additional software engineers on board. Several Scrum teams are currently working on the development of our **new platform**, while another three teams work on three **new products** (CRM, Investors, Policy Manager).

For the **Compliance** segment we will be launch the Policy Manager, a product with which companies can manage their rapidly-growing numbers of internal and external corporate policy requirements. We also see promising opportunities in the area of whistleblowing with our product **Integrity Line** after the recent agreement between EU states and the EU Parliament on the establishment of reporting channels for whistleblowers.

The new COCKPIT will set a global standard as the only platform in the **Investor Relations** segment that intelligently links Newswire, CRM, CMS, Shareholder ID, and Analytics workflows. Against the backdrop of **MiFID II**, our clients will be able to manage actively their Investor communication and -search together with their brokers.

» Software-as-a-Service - Introduction of New Key Figures «

Our strategic expansion and development into a technology company with revenues generated from **Software-as-a-Service** (SaaS) products has helped to introduce new key performance indicators for business development and reporting.

The share of **recurring revenues (RR-Ratio)** reflects sales quality and scaling potential. The newly acquired annual recurring sales **(New-ARR)**, number of **new and total clients** in the reporting period, as well as average revenue per customer in the quarter **(QRPC)**, are crucial for the assessment of future growth.

Factored with the average customer acquisition cost **(CAC)**, **churn rate**, and investment in growth, future customer profitability can be determined.

For **large caps** in the core market of **Germany**, the SaaS key figures for Q1 2018 to Q4 2018 are as follows*:

**These key figures have partly been collected in 2018 for the first time, thus no comparative figures for 2017 are available*

Large Caps Germany	*Q4 2018*	*Q3 2018*	*Q2 2018*	*Q1 2018*
New-ARR (EUR´000)*	281	396	-	-
RR-Ratio	86%	83%	86%	78%
New clients	31	30	34	12
Total Clients	1,166	1,143	1,115	1,081
QRPC (in €)	3,075	2,850	3,100	3,300
Annualized CAC (in €)	5,350	4,500	4,200	4,200
Churn Rate*	0.7%	0.2%	0.0%	-

These key figures have only been collected internally for the first time in the course of 2018

» Revenue Development 2018 «

Consolidated revenues increased by **+19%** in 2018 to **€36.21 million** (€30.36 million), well within the guidance. The **percentage share of recurring revenues** increased from 75% in Q4 2017 to **79%** in **Q4 2018** due to already existing software modules in the current COCKPIT as well as the acquisition of Integrity Line GmbH, Zurich, Switzerland (100%, retrospective merger with EQS GROUP AG, Switzerland as of 1.1.2018), a software provider for internal whistleblower systems. For the first time, consolidated revenues in 2018 include Integrity Line's revenues of €1.68 million.

Development of the new **COCKPIT** caused own work capitalized to increase significantly in 2018, from €2.37 million to €3.84 million. An increase in recurring revenues from additional license fees are a direct result of the COCKPIT's relaunch.

» Segment sales - new segmentation «

Our strategic expansion in 2018 has led us to discontinue our previous segmentation structure (Regulatory Information & News and Products & Services) and instead focus on the two markets in which we operate: Compliance and Investor Relations.

The **Compliance** segment encompasses all products required for companies to fulfill their legal and regulatory obligations. These include reporting obligations in the news segment (disclosure), submissions to the Federal Gazette (filing), and new products such as Insider Manager, Integrity Line, LEI, and ARIVA Workflows. Because legal requirements are uniform across the board for all customers, products are exclusively cloud solutions. In order to optimally serve both small and medium-sized enterprises (SME) as well as Large Cap customers, we will divide our compliance and sales strategy into „SME“ and „large cap companies“ in the future.

The I**nvestor Relations** segment includes products for the areas of financial and corporate communications, in particular News, Websites, Portals, Webcasts and Media as well as the new Investors and CRM modules in the COCKPIT.

In the **Compliance segment**, we achieved a **+46%** increase in sales, from €12.69 million up to **€18.50 million**. XML and LEI business with SMEs was decisive for our sales growth. The number of active LEIs in Q4 2018 increased by 9,963 to a total of 29,766 as of the balance sheet date. The number of XML submissions increased by 236 for a total of 4,303 (annualized).

Large Cap customers grew by **212**, for a total of **1,142** customers in 2018. Although new compliance solutions customers are not yet fully reflected in revenue growth figures, revenues are carried forward to coming quarters, increasing recurring revenues in the future.

In the Compliance segment, Investments in product development resulted in a **-17% decrease** in **EBITDA**, down to **€1.65 million** (€2.00 million), despite growth in sales.

In 2018, the number of corporate customers in the **Investor Relations** segment rose by **108** to **2,038** globally. Nevertheless, segment revenues remained virtually unchanged at **€17.71 million** (€17.66 million). This is attributable to a significant decline in sales on ARIVA's portal space, while IPOs in Germany provided growth in its core business.

High levels of investments in the new COCKPIT in **2018** coupled with unchanged sales resulted in a negative **EBITDA** of **€ -1.35 million** (€ 351k).

Segments FY 2018	*Compliance*	%	*Investor Relations*	%
Revenue Large Caps	€7.88 mln.	+49%	€13.31 mln.	+6%
Large Caps Customers	1,142	+23%	2,038	+6%
Revenue XML	€6.06 mln.	+20%		
XML Customers (Annual Basis)	4,303	+6%		
Revenue LEI	€1.57 mln.	>100%		
LEI Customers	29,766	>100%		
Revenue ARIVA	€3.00 mln.	+36%	€4.40 mln.	-15%
ARIVA Customers	19	0%	69	+21%
Total Revenues	€18.50 mln.	+46%	€17.71 mln.	0%
EBITDA	€1.65 mln.	-17%	€-1.35 mln.	>-100%

» Geographic Expansion «

Domestic

Domestic revenues , benefiting from tightening financial market regulations in Europe (MAR, MiFID II, PRIIP) as well as from positive capital market sentiment and IPOs, increased by **+17%** to **€28.75 million** in 2018 (€24.62 million). We won all IPOs as new customers in 2018, as well.

The number of customers listed under "**Large Caps**" (excluding individual customers for the LEI-Service, XML-Service and ARIVA) rose by **97** to 1,166 in **2018**. We shed only 10 customers in Germany in 2018, which is a churn rate of 0.9%.

EQS Group AG (excluding ARIVA and EQS Financial Markets & Media) increased its sales in 2018 by an above-average **+24%** to **€20.99 million** (€16.91 million) which exceeded our expectations. However, the growth momentum expected for **ARIVA** in the fourth quarter did not materialize. Instead of single-digit growth, sales remained virtually unchanged at **€7.40 million** (€ 7.36 million).

As a result of the high level of investment in product development, **EBITDA** in Germany was, as expected, **€ 2.06 million**, below the prior-year period (€2.91 million).

Our Mission

We deliver the

BEST DIGITAL SOLUTIONS

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

International

In 2018, our **international business** posted a **revenue increase** of **+ 30% to €7.46 million** (previous year: €5.74 million). Adjusted for the first-time sales of the Integrity Line, sales were virtually unchanged at €5.78 million (+ 1%). However, revenue growth accelerated significantly over the course of the year and increased +54% in Q4 for €1.91 million in revenues. We are gratified by having **added 175 customers** (twice as many as in Germany) which will accelerate future revenue growth.

Our newer offices in **France, UK** and the **US** significantly increased their revenues in 2018, albeit from a low base. Our more established foreign markets of **Switzerland, and Russia** also showed solid development.

In line with our corporate strategy, less profitable projects were dropped in Asia and lower sales were accepted. The **churn rate** of **4.8%** is thus significantly higher than the domestic rate.

Due to geographic expansion, **EBITDA** abroad was **€-1.76 million**, clearly below the previous year's level of €-565k. Half of the locations were still in the start-up phase in 2018, resulting in a relatively low share (21%) of foreign sales (previous year: 19%).

Geographic Markets	*Domestic*	%	*International*	%
Revenues 2018	€28.75 mln.	+17%	€7.46 mln.	+30%
Large Cap Customers	1,166	+9%	1,094	+19%
EBITDA	€2.06 mln.	-29%	€-1.76 mln.	>-100%

» Expenditure Development «

Total **operating expenses**, including cost of services, personnel expenses, depreciation, and other operating expenses increased disproportionately by **+30%** to **€42.57 million** (€32.72 million). The main contributing factors for this increase were the expansion of staff, freelance programming services for product development, and related infrastructure expenditures (including recruitment, IT) as part of our investment offensive.

The largest expense item, **personnel expenses**, rose by **+33%** to **€22.64 million** (€17 million) and was, as expected, disproportionately higher than total earnings. On a twelve-month average, the Group employed **447** people worldwide (358). The disproportionate increase in personnel expenses is primarily attributable to expanding the product development center in Munich.

Cost of services increased by **+30%** to **€7.44 million** (€5.72 million), in particular due to increased services provided by freelancers in product development.

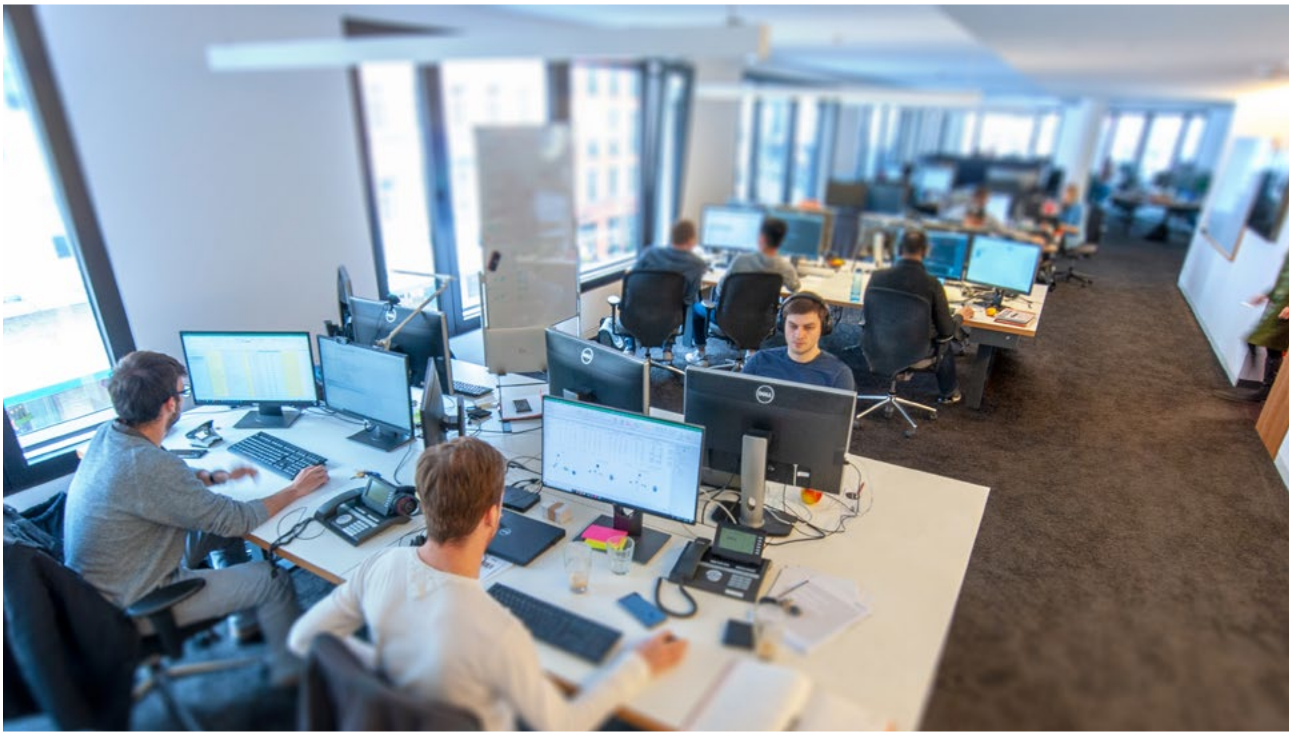
Other operating expenses rose **+27%** to **€10.13 million** (€8.00 million). The increase is attributable to increased investments and related infrastructure expenses, including recruiting, IT, rental, and distribution expenses.

EBITDA fell to **€301k** (€2.35 million) due to higher overall expenses. At **€2.36 million**, **depreciation** and **amortization** after nine months was **+18%** higher than the previous year (€2.00 million) due to the acquired customer base and software associated with the acquisition of Integrity Line. All acquired customer bases are amortized on schedule. **EBIT** was **€-2.06 million** (€346k).

In the 2018 Financial year, a further 24.35% of the shares of ARIVA.DE AG were secured via a future contract. In this context, the put option on the remaining Shares has been released and led to a significant increase in the **Financial Result** to **€1.96** million (€-285k).

Earnings before taxes amounted to **€-102k** (€60k). The capitalization of deferred taxes resulted in tax income of **€913k** (tax expense: €-634k), based on a positive Business outlook.

The **consolidated net profit of €811k** was thus significantly higher than in the previous year (€ -574k).



» Our Principles «

Put the client first (company, result)

Be ambitious and humble

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

Have integrity and demand it from others

Confront brutal facts, yet never lose faith

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

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

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

Support and develop your team members

Lead by example

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

» Development of assets and financial position «

As at Dec. 31, 2018, the **balance sheet total** increased slightely to **€48.17 million** (Dec. 31, 2017 : €47.45 million). While the acquisition of Integrity Line GmbH increased the balance sheet total as of 1.1.2018, the complete sale of shares in Issuer Direct Corporation led to a decline in assets and liabilities.

Cash and cash equivalents from the capital increase in December 2017 were used primarily for the acquisition of Integrity Line GmbH (1.1.2018). Accordingly, they declined from €6.37 million to **€1.31 million** as at Dec. 31, 2018. In the same period, **intangible assets** increased from €26.66 million to **€37.29 million**. Intangible assets include acquired customer bases with a current book value of €9.57 million as of Dec. 31, 2018, which are all amortized on a straight-line basis over 15 years as well as purchased software (Integrity Line) and self-created software in the amount of €7.10 million. All goodwill of the acquired companies resulting from the capital consolidation was fully capitalized. **Fixed assets** amounted to **€2.24 million** as at Dec. 31, 2018, up 9% on the end of the previous year (€2.05 million).

Account Receivables on the reporting date were **+15%** higher than the previous year at **€4.92 million** (€4.30 million). The disproportionate increase in relation to revenue is attributable to active receivables management and the rising proportion of advance payments.

Equity declined by **-4%** to **€28.31 million** as of December 31, 2018 (Dec. 31, 2017: €29.36 million) as a result of the sale of Issuer Direct shares. Due to the release of a put option on the remaining shares in ARIVA.DE AG, **retained earnings** for the year increased to **€8.10 million** (€6.30 million) as of Dec. 31, 2018.

Net financial liabilities (financial debt, cash and cash equivalents and short-term securites) increased to **€9.13 million** as of Dec. 31, 2018 (Dec. 31, 2017 : €3.56 million) as a result of investments and associated use of debt. Accordingly, the **equity ratio** fell to **59%** (Dec. 31, 2017: 62%). As of the balance sheet date, the Group had contractually guaranteed working capital lines of €4.30 million, of which €1.51 million was used for leases and bank accounts with negative balances.

Exchange hedges are currently being waived due to the still low level of foreign currency revenue (20% to 25%), which is predominantly in hard currencies (CHF, GBP, HKD, USD) and is affected in part by opposing developments.

» Employees «

As in previous years, our **employees** went above and beyond in 2018. Their expertise and experience, motivation and extraordinary team spirit form the bedrock of EQS Group AG's sustained success.

We believe in rewarding our employees' commitment. Comprehensive pay packages for a large number of our team consist in a fixed salary combined with a performance-related, variable salary component. The variable remuneration element of salary is based both on position within the company and the team member's particular field of activity.

The average number of EQS Group AG **employees** in 2018 was **447** (2017: 358). As of the balance sheet date, the number of permanent employees has risen **+24%**, from 387 to 478 over the previous year. The number of full-time equivalents (**FTE**) is **431** as of December 31, 2018.

Expanding our team is a core element of us investing in our **international network**, our **product portfolio**, and our **organization and processes**. These investments serve our growth strategy and are essential to EQS AG's expansion into a new size class.

Expanding our software development staff is particularly vital for the creation of our new products. We have increased our Munich staff by 84 employees (+24), and have expanded our Kochi technology hub by 73 (+29). To further tap the advantages of Europe's newly instituted regulatory requirements as well to grow our business in Europe, we have increased our management and administration team by 7 for a total of 57 in that area and significantly expanded our (+36; total 82) Sales and Marketing staff in Germany, France, USA, and Switzerland. Our acquisition of, and subsequent merger with Integrity Line GmbH, grew our Swiss team by 10, for a total of 29 employees.

	Development	*Marketing/ Sales*	*Data Services*	*Management/ Administration*	*Design/ Content*	*Newsroom/ ERS-System*	*Total*
Dec, 31. 2018	240	82	31	57	59	9	**478**
Dec, 31. 2017	189	46	35	50	59	8	**387**

» Outlook 2019 «

400 NEW LARGE CAP **CLIENTS**

15%-20% **REVENUE GROWTH**

€4 mln new**ARR**

Constantly **high** **Net Promoter Score**

Constant **LEVEL** of employee satisfaction

€1.0 mln to **€2.0** mln EBITDA

» Forecast report «

Global economic growth in terms of real gross domestic product (**GDP**) is expected to be **+2.9%** in 2019, slightly lower than in 2018 (+3.0% forecast), according to the World Bank's January 2019 semi-annual report. Slightly lower growth its forecasted for industrialized nations, with the recovery of commodity exporting countries adding to stable growth in emerging markets. While lower growth is expected for China, India and other Asian countries as well as South America should continue to grow.

Potential risk factors include persistent political uncertainties such as Brexit or the Syrian crisis, as well as uncertainty regarding financial markets and a potential European debt crisis following any sharp rise in interest rates. Current trade disputes also pose an additional risk to the global economy. Overall, the risk of slowing growth or even a recession is rising moderately compared to 2018.

For the **German economy**, the Deutsche Bundesbank expects **GDP** growth of **+1.6%** in **2019** in its annual economic forecast of December 2018, which is at a similar level to 2018 (+1.5%). This stable growth forecast can be attributed to expansionary fiscal policy and growth in private households' real disposable income. Economic development points to a modestly positive outlook for the coming years. The domestic stock market expects improved **IPO** momentum in 2019, with up to **15** new listings and minimal delistings. We will benefit from both the European Market Abuse Regulation and further European regulations such as MiFID II.

Under these circumstances, the Management Board expects a **15%-20% revenue increase** for the 2019 financial year, or between **€41.5 million - €43.5 million**.

Our strategic expansion has led us to discontinue the Regulatory Information & News and Products & Services segments and instead report on the two markets in which we operate: Investor Relations and Compliance.

The **Compliance** segment encompasses all products **required for companies to fulfill legal or regulatory obligations**, including reporting requirements (disclosure), filing with the German Federal Gazette (filing) as well as newer products such as Insider Manager, Integrity Line and LEI. Due to uniform legal requirements for all customers, all products are cloud solutions.

The **Investor Relations** segment includes **financial and corporate communications** products, in particular News, Websites, Portals, Webcasts and Media.

For the **Compliance segment**, we forecast **sales growth** of **+15%-20%** for the 2018 financial year. In addition to continued sales growth for our LEI service, increased reporting obligations, and sustained growth effects of the Market Abuse Regulation (MAR), we also expect revenue increases from the Integrity Line and Policy Manager compliance software modules.

The **Investor Relations segment** expects **revenue growth** of **+15% - +20%**, an increase rooted in the planned sales growth of existing customers using new COCKPIT products and other IR services as well as new customers associated with IPOs.

For the **newly acquired ARR** we expect sales of at least **€4 million** and **400 new Large Cap clients**.

Our investment offensive to expand the Group into a technology company will continue to burden earnings in **2019**. For the year, we expect an **EBITDA** of **between €1.0 million and €2.0 million** due to continued high investments in product development.

As a result of these investments, we expect compound annual revenue growth (**CAGR**) of **+15% to +20%** for the **seven-year period** of **2019-2025**. This scalable business will result in an above-average annual increase in EBITDA and **EBITDA margins** of **at least +25%** in **2025**. The EQS Group will continue to pursue the principle of a conservative and risk-conscious treasury policy. Capital increases or borrowing are considered only in the case of acquisitions or strategic investments.

In addition to measuring financial performance indicators, we also gauge **non-financial performance indicators** such as **customer and employee satisfaction**. We expect a consistently high level of employee satisfaction in 2019 (2018: **4.20** out of 5 achievable levels). We expect a **stable, high** customer satisfaction level a for 2019 as measured by the **Net Promoter Score** (2018: **38%** with 414 participants).

» Risk policy «

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

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

The Group's internal control system

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

- Weekly management level conferences
- Weekly division and team meetings
- Monthly management information reporting systems
- Rolling monthly planning / liquidity development at corporate level
- Risk and opportunities management

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

Risk management system

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

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

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

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

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

	Relevance of risk What is the significance of an individual risk loss event?					
	Extremely little (Grade 1)	*Very little (Grade 2)*	*Little (Grade 3)*	*High (Grade 4)*	*Very high (Grade 5)*	*Extremely high (Grade 6)*
Potential damage (in EUR '000)	until 10	10-25	25-75	75-250	250-1,000	more than 1,000

	Probability of risk How likely is it that damage will occur?					
in %	*Extremely little (Grade 1)*	*Very little (Grade 2)*	*Little (Grade 3)*	*High (Grade 4)*	*Very high (Grade 5)*	*Extremely high (Grade 6)*
Quantity of occurance	0.10% max. every 5 years	0.50% 1-3 years	1% annually	1.75% quarterly	5% monthly	25% Several times in a month

Scaling used for the risk caculations

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

External risks

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

In terms of **legal conditions**, the roll-out of the European Union Market Abuse Directive (MAR) in July 2016 led to much stricter reporting obligations among issuers. Consequently, EQS Group's potential customer base, product portfolio, and sales with existing customers have also increased. As part of these European regulation initiatives, the EQS Group product range has been expanded significantly (e.g. INSIDER MANAGER, LEI) and EQS Group's leading position on the market in the DACH region has been consolidated.

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

The share of income not dependent on economic trends is increasing as a result of business expansion into Governance, Risk and Compliance (GRC) and software sales for investor communications (including databases and mailings). The product portfolio for Compliance solutions was further expanded by the acquisition of Integrity Line, a whistle-blower system. This has served to diversify market risk.

Competitive risk, in particular lower prices, is significant for EQS Group in its position as a quality leader. Our product bundles and strong reputation in the market enable us to defend prices and deliver bundled added value for our customers. New solutions (such as whistleblowing software, investor data) further increased the customer value of our product bundle and strengthened customer loyalty. Therefore, competitive risk continues to be considered stable. Looking to the future, we know the key to our success is further differentiating ourselves from our competitors. Overall, environmental risks continued to increase in 2018 compared to the previous year as a result of the company's growth and its entry into the GRC market.

Company-specific Risks

"Company-specific risks" comprise factors such as growth, product, performance, control and personnel risks.

The potential for risk lies primarily in internationalization and product development. An analysis of company-specific risk factors in the reporting period concluded that a slightly higher level of risk exists than in the previous year.

EQS Group's numerous **growth activities** are examined and implemented using market research, business case calculations, and extensive exchange between sales, development and management teams.

The **internationalization** strategy of EQS Group is already quite advanced and no further locations have been added in 2018. Operational break-even is expected after approximately five years. Due to the continuous development of the locations, losses owing to international expansion will decrease in the next few years. Nevertheless, due to higher operating losses in 2018, the level of losses is very high.

Market position significantly improved in the Investor Relations business through expanding our business relationships with existing customers. A significant increase in new customers as a result of the Market Abuse Regulation (07/2016) also strengthened out market position. Additionally, customer sales are highly diversified: 95% of our customers represent less than 1% of sales, and in no case does a single customer account for more than 5% of total revenues. **Entry into the Compliance market** and new regulations which have taken effect (including MiFID II, SAPIN II) offer further potential for acquiring new customers (even non-listed customers). According to Gartner, the compliance market is currently growing on average at 13.4%, significantly faster than the IR market. With the acquisition of Integrity Line on 1.1.2018, **risks** for **strategy** remain quite high.

Risk levels also remain high with regard to product and performance, for various reasons: **the extensive redevelopment of the COCKPIT platform**, product customization as part of our global expansion, and new compliance products . On the other hand, risk is decreasing as development focuses on standardized cloud software instead of project services for individual customers. Channelized product development for standardized products as well as agile product development for new products has been introduced and is focused on all stakeholders (customers, product manager, and sales).

Personnel risks exist due to the continuing **need for skilled employees**, **increased turnover**, and a rising number of key employees in the Group. The risk of **losing key people** is higher than in the previous year. The shortage of skilled IT professionals is felt acutely. At the same time, we have lessened our dependence on the German job market through expanding our technology hub in India, thereby reducing risk for the Group.

Revenue growth and extensive investment in new products, businesses, and geographic markets **make management more complex**. In order to manage this increased level of complexity, further control structures have been implemented, such as bi-monthly strategy meetings, quarterly review meetings covering individual companies, and the introduction of cost controls. Overall, the company's growth increases company-specific risks and associated losses. However, the further diversification of the business and the adjustment of monitoring and reporting structures mean that the increase in company-specific risks remains disproportionately low.

IT Risks

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

The risk situation for **system risks** has not changed compared to the previous year. By contrast, we have increased the risk assessment in data security and property rights, since EQS has become a lager target for potential server infrastructure attacks due to continued corporate growth. As a result, more security measures were introduced in 2018 to provide our systems with enhanced protection against external attacks. There are no contractual liability risks from software module malfunctions.

Financial Risks

Financial risks include investment risks, liquidity risks, credit risks, payment default risks, liability risks, and exchange rate risks.

Investment risk, the profitability risk of investments, has risen due to increased investments over the previous year and are now high. However, both extensive experience within, or in adjacent areas of, our operations as well as software development that closely aligns with customer needs help us to manage investment risk and minimize the likelihood of loss.

Liquidity risk has risen slightly over the previous year due to increased investment in product development and internationalization. The use of short-term funding increases the possibility of losses. Yet by intensifying our receivables management, we were able to further reduce the rate of payment defaults and their associated risks. Our risk is very limited due to relatively low revenues per individual customer and strong credit ratings of listed companies. In order to minimize risk, advance payment and credit card payments are used in some instances.

Exchange rate risks result primarily from balance sheet items of the parent company in relation to its subsidiaries (inter company loans, inter alia). Exchange rate risks associated with inter company loans increased due to more frequent use. In summary, EQS Group's financial risks have increased over the past year, but none exist that could materially affect the financial position of the Group.

Other risks

There was no substantial change in **overall organizational and management risk** over the previous year in the sub sections of documentation risk, control risk, information management, and communications management. However, due to the company's growth, we have adjusted the general buffer according to the size of the company.

Overall risk situation

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

The increased personnel risks can in the first place impact on the feasibility and thus on sales targets. The increase in information technology Risks can lead to both lower sales as well as higher expenses than planned. The increased financial risks effects the business success and also increases the solvency risk.

EQS Group's overall risk as of the reporting date, December 31, 2018, has increased by **+20%** according to the risk catalogue. The absolute risk level as measured by the average required risk capital has risen to **€991k** (€827k) and therefore disproportionately to the business expansion. On one hand, high risks are unavoidable in light of corporate growth, continuous legal changes, and requirements in new markets within the framework of overall Group strategy. On the other hand, an expansion into new markets and product diversification has reduced the dependency on the domestic market and gradually ensures risk diversification. At this stage no single Risks or Risks in interaction with other Risks are known that would let to a permanent significant impact to the asset, financial or earnings situation.

Composition of the required risk capital according to the Group's internal risk-catalog (in EUR'000):

Risk area	***2018***	*2017*	*2016*
External risks	***250***	205	101
Company-specific risks	***582***	531	437
Financial risks	***158***	91	140
Required risk capital	***991***	827	677

» Opportunities report «

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

Opportunities arising from framework conditions

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

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

Legislators, regulators, and stock exchanges have consistently **increased regulations for listed companies**, resulting in additional sales potential for EQS Group AG. These new opportunities are rooted in increased monitoring and stricter penalties in cases of market manipulation or failure to comply with BaFin and ESMA regulations. Our opportunity potential remains high, with an additional 2019 sales potential from existing products of €1 million to €2 million.

The area of **Governance, Risk and Compliance** has also been affected by the trend of **increased company regulation**. EQS Group AG has been active in this area since 2017. We estimate additional sales potential in 2019 to be between €500k to €1 million.

As to Investor Relations, companies are facing **increasing demands from institutional investors**, resulting in voluntary best practice standards for investor communications. This development raises the potential for increased customer demand on EQS for existing solutions in the IR segment. The probability of this increase is very high, with additional sales potential in 2019 of between €100k and €500k.

Additionally, the steadily increasing **digitization of corporate communications** has led to a shift in budgets toward digital communications solutions, resulting in potential additional revenues of between €100k and €500k for EQS in 2019. The probability of an increase beginning as soon as 2019 is considered to be high. Growing customer demand for comprehensive and integrated product arrays with uniform, consistent communications allows EQS Group to differentiate itself from competitors and gain market share by bundling products. Due to EQS's gains in market share, an additional sales increase potential of €100k to €500k is realistically achievable for 2019.

Corporate strategy opportunities

Strategic business opportunities are rooted in primary corporate strategies.

The **strategic expansion of the COCKPIT platform function and its modules** (aimed at selling more solutions per customer), may generate high sales potential in the medium-term. From 2019 revenues are likely to be generated, resulting in €500k (in the medium-term) to €5 million annually.

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

New customers acquired by EQS due to companies' expanded legal obligations under the **Market Abuse Regulation (MAR)** will likely generate in 2019 an additional €100k to €500k in revenues.

Increased marketing of **premium distribution** in the Investor Relations segment offers growth opportunities. In 2019, further sales growth of between €100k and €250k is likely due to market potential.

Performance-related opportunities

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

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

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

Events After the Balance Sheet Date

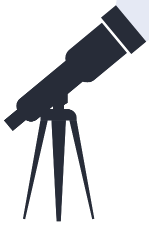
For information on events after the balance sheet date, please refer to Note 50 in the notes to the consolidated financial statements.

Munich, April 2019

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

» Our Vision «

EQS Group is the
LEADING
EUROPEAN
CLOUD PROVIDER
FOR CORPORATE COMPLIANCE
& GLOBAL INVESTOR RELATIONS
SOLUTIONS



***EQS Group 2025**

CONSOLIDATED FINANCIAL STATEMENTS

» Consolidated income statement from Jan. 1, 2018 to Dec. 31, 2018 «

	Note	2018 EUR	2017 EUR
Revenues	7	**36,209,955**	30,355,415
Other income	8	**459,352**	342,969
Own cost capitalised	9	**3,839,633**	2,367,812
Cost of services	10	**-7,442,587**	-5,717,146
Personnel expenses	11	**-22,639,466**	-17,003,745
Other expenses	13	**-10,125,744**	-7,995,333
EBITDA		**301,143**	2,349,973
Depreciation & amortisation	12	**-2,358,875**	-2,004,358
Operating result (EBIT)		**-2,057,732**	345,615
Interest income	14	**31,637**	21,451
Interes expenses	15	**-203,616**	-160,392
Income from shareholdings	16	**36,903**	16,712
Other financial income	17	**2,646,532**	659,137
Other financial expenses	18	**-555,622**	-822,319
Profit before tax (EBT)		**-101,898**	60,204
Income taxes	19	**912,891**	-634,007
Group net income		**810,993**	-573,803
- thereof attributable to discontinued operation	4	**-251,035**	0
- thereof attributable to the owner of the company		**1,081,866**	-516,508
- thereof attributable to non-controlling interests		**-19,838**	-57,294
Items that may be reclassified subsequently to comprehensive income:			
Currency translations	33	**-18,947**	-454,445
Valuation on available-for-sale-assets	34	**-1,296,910**	1,296,910
Other comprehensive income		**-1,315,858**	842,466
Comprehensive income		**-504,864**	268,663
- thereof attributable to the owner of the company		**-485,023**	326,002
- thereof attributable to non-controlling interests		**-19,841**	-57,339
Earnings per share - basis and diluted*	20	**0.75**	-0.39
(* thereof attributable to continued operation		**0.93**	-0.39
thereof attributable to discontinued operation		**-0.18**	0.00)

» Consolidated balance sheet as of Dec. 31, 2018 «

Assets

	Note	*Dec. 31, 2018 EUR*	*Dec. 31, 2017 EUR*
Non-current assets			
Intangible assets	22	**16,673,777**	11,551,490
Goodwill	22	**20,619,383**	15,110,730
Tangible assets	23	**2,241,024**	2,048,016
Long-term financial assets	24	**1,350,005**	6,122,700
Other long-term assets	25	**35,361**	74,136
Deferred tax assets	19	**0**	6,450
		40,919,550	34,913,523
Current assets			
Trade accounts receivables	26	**4,921,752**	4,296,966
Construction contracts	27	**108,722**	161,271
Tax assets	19	**62,031**	896,082
Current financial assets	24	**245,110**	212,331
Other current assets	25	**604,738**	594,564
Cash and cash equivalents	28	**1,307,718**	6,374,332
		7,250,070	12,535,546
Total assets		**48,169,620**	47,449,069

Equity and Liabilites

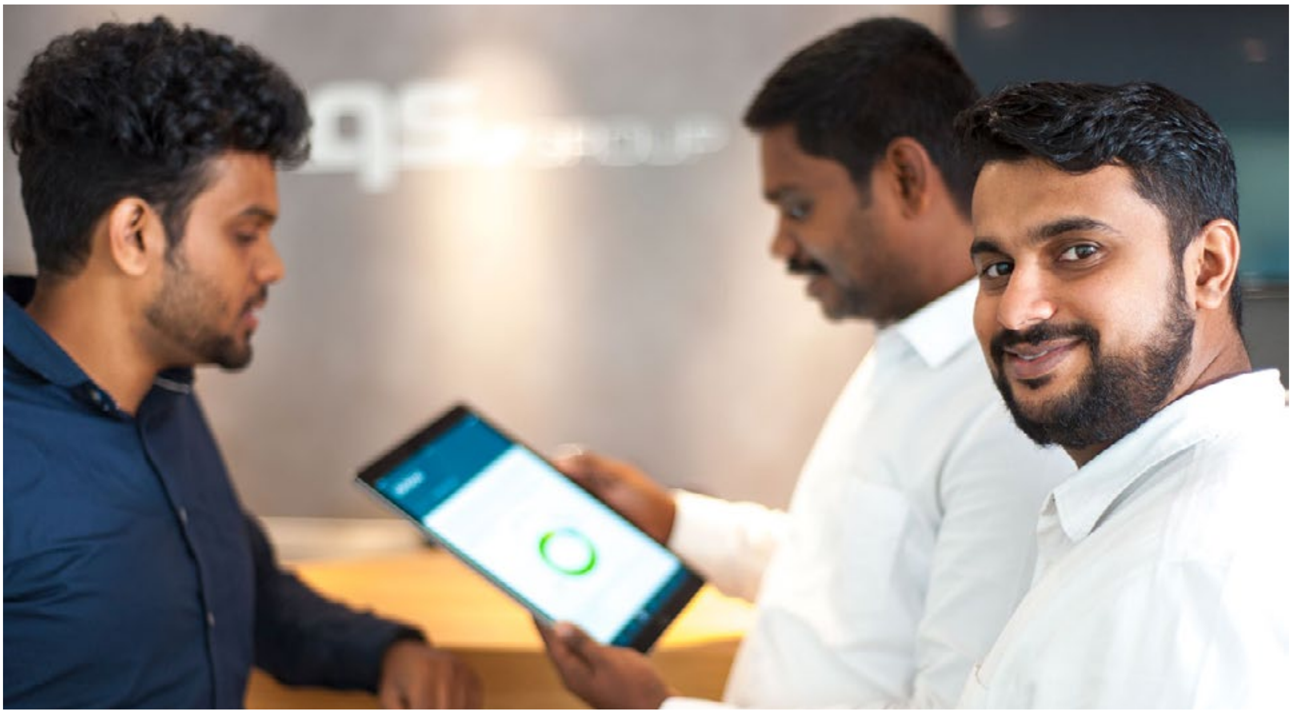
	Note	*Dec. 31, 2018 EUR*	*Dec. 31, 2017 EUR*
Equity			
Issued capital	29	**1,434,978**	1,434,978
Treasury shares	29	**0**	-639
Capital surplus	30|31	**18,062,276**	18,096,225
Retained earnings	32	**8,100,672**	6,300,691
Currency translation	33	**294,111**	313,058
Valuation on available-for-sale assets	34	**0**	1,296,910
Non-controlling interests	35	**419,688**	1,922,245
		28,311,725	29,363,467
Non-current liabilities			
Non-current provisions	36	**162,818**	161,018
Non-current financial liabilities	37|38	**3,475,101**	3,945,547
Other non-current liabilities	41	**212,077**	296,837
Deferred tax liabilities	19	**1,677,959**	2,122,789
		5,527,956	6,526,192
Current liabilities			
Current provisions	36	**1,888,271**	1,162,694
Trade account payable	39	**1,471,988**	1,100,953
Liabilities from percentage-of-completion	40	**0**	2,300
Current financial liabilities	37|38	**6,960,746**	5,985,531
Income tax liabilities	19	**129,491**	289,502
Other current liabilities	41	**3,879,443**	3,018,430
		14,329,939	11,559,410
Total equity and liabilities		**48,169,620**	47,449,069

» Consolidated Cash flow statement from Jan. 1, 2018 to Dec. 31, 2018 «

		2018 EUR´000	*2017 EUR´000*
	Group earnings	**811**	-574
-/+	Income taxes	**-913**	634
+	Interest expenses	**204**	160
-	Interest income	**-20**	-21
-/+	Profit/loss on disposals of property, plant and equipment	**6**	-6
-/+	Other non-cash income/expenses (e.g. unrealised profit and loss from currency differences and partial profits realised using the percentage of completion method)	**-818**	1,244
+	Depreciation on fixed assets	**2,359**	2,004
+/-	Change in provisions	**277**	-127
-	Increase/decrease of inventories, trade accounts receivables and other assets not attributable to investment or financing activities	**-327**	-359
+/-	Increase/decrease of trade payables and other liabilities not attributable to investment or finan-cing activities	**1,320**	-332
-	Interest expenses paid	**-187**	-125
+	Interest income paid	**18**	21
-	Income tax paid	**-135**	-872
=	Operating Cash Flow	**2,595**	1,647
	thereof attributable to discontinued operation	**-7**	-
-	Purchase of property, plant and equipment	**-972**	-956
+	Proceeds from disposals of property, plant and equipment	**0**	1
-	Purchase of intangible assets	**-4,469**	-2,527
-	Acquisition of non-current financial assets	**0**	-3,148
+	Proceeds from disposals of non-current financial assets	**2,744**	278
-	Acquisition of subsidiaries and business units	**-5,115**	0
-	Increase/decrease of trade payables and other liabilities attributable to investment activities	**-595**	-1,252
+	Dividends received	**37**	17
=	Cash Flow from investment activities	**-8,370**	-7,587
	thereof attributable to discontinued operation	**22**	-
+	Cash receipts from the issue of capital (capital increases, sale on entity's shares, et seq.)	**0**	7,859
-	Cash payments to owners and minority shareholders (dividends, acquisition of entity's shares, redemption of shares, other distributions)	**-227**	-1,956
+	Cash proceeds from issuing bonds/loans and short or long-term borrowings	**4,841**	3,025
-	Cash repayments of bonds/loans or short or long-term borrowings	**-3,813**	-2,611
-	Increase/decrease of liabilities from finance-lease	**-167**	-227
=	Cash Flow from financing activities	**634**	6,090
	thereof attributable to discontinued operation	**-15**	-
=	Change in cash funds from cash relevant transactions	**-5,141**	150
+	**Cash funds at the beginning of period**	**6,374**	**6,610**
-/+	Change in cash funds from exchange rate movements	**75**	-386
=	**Cash funds at the end of period**	**1,308**	**6,374**

» Consolidated statement of changes in equity from Jan. 1, 2018 to Dec. 31 ,2018 «

	Issued capital	Treasury shares	Capital surplus	Retained earnings	Currency translations	Valuation on available-for-sale assets	Attributable to owners of the parent	Non-controlling interests	Total equity
	EUR´000	EUR´000	EUR´000	EUR´000	EUR´000	EUR´000	EUR´000	EUR´000	EUR´000
As of Dec. 31, 2016	**1,309**	**-4**	**10,258**	**9,925**	**768**	**0**	**22,256**	**2,968**	**25,224**
Capital increase	126	0	7,733	0	0	0	7,859	0	7,859
Change of treasury shares	0	3	-3	0	0	0	0	0	0
Dividend payment	0	0	0	-981	0	0	-981	0	-981
Share-based compensation	0	0	108	0	0	0	108	0	108
Transactions with non-controlling interests	0	0	0	15	0	0	15	-989	-974
Right to tender with non-controlling sharehol-ders	0	0	0	-2,141	0	0	-2,141	0	-2,141
Comprehensive income 2017	0	0	0	-517	-455	1,297	325	-57	268
As of Dec. 31, 2017	**1,435**	**-1**	**18,096**	**6,301**	**313**	**1,297**	**27,441**	**1,922**	**29,363**
Change of treasury shares	0	1	-152	0	0	0	-151	0	-151
Share-based compensa-tion	0	0	118	0	0	0	118	0	118
Right to tender with non-controlling sharehol-ders	0	0	0	726	0	0	726	-1,483	-757
Deconsolidation subsidiary in Dubai	0	0	0	-8	0	0	-8	0	-8
Comprehensive income 2018	0	0	0	1,082	-19	-1,297	-234	-20	-254
As of Dec. 31, 2018	**1,435**	**0**	**18,062**	**8,101**	**294**	**0**	**27,892**	**419**	**28,311**



» Consolidated Notes of EQS Group AG for the Financial Year 2018 «

General Information

Consolidated Statement of Comprehensive Income

Consolidated Balance Sheet

Additional Reporting Components

» 1. General Information «

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

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

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

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

» 2. Substantial Accounting Policies «

2.1 Basics for the Compilation of the Financial Statement

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

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

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

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

This does not apply to

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

b) leases within the scope of IAS 17 and

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

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

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

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

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

The substantial accounting policies are explained below.

2.2 Amendment to Accounting Policies - Amended Standards and Interpretations

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

IFRS 15 including changes and clarifications	Revenue from Contracts with Customers
IFRS 9	Financial Instruments
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 with IFRS 4 Insurance Contracts
Amendments to IAS 40	Transfers of Investment Property
Annual Improvements to IFRS	2014–2016 Cycle: IFRS 1 and IAS 28
IFRIC 22	Foreign Currency Transactions and Advance Consideration

Amendment to IFRS 15

IFRS 15 establishes an extensive framework to determine whether, to what extent and at what time revenue is recorded. It supersedes existing guidelines for recognising revenue, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. According to IFRS 15, revenue is recognised where a customer gains power of control of goods or services. Determining whether the power of control is transferred for a given date or period requires discretionary decisions. Upon its transition to IFRS 15, the Group applied the modified retrospective method (excluding simplification rules), according to which the cumulative adjustment amounts are recorded as of 1 January 2018. Consequently, the comparative information for 2017 had not been adapted, i.e. they were presented as before pursuant to IAS 18, IAS 11 and the corresponding interpretations. In addition, the disclosure requirements under IFRS 15 were generally not applied to comparative information.

Contract Manufacturing of IR Applications:

Under IAS 18 and IAS 11, services in connection with contractually agreed development services accounted for pursuant to the percentage-of-completion method were recorded for a given period. For fixed-price contracts, the percentage of completion was determined by the costs incurred to date in proportion to the total costs (cost-to-cost method). A receivable was presented for all current manufacturing orders with an asset-side balance from customers, i.e. the costs incurred including the disclosed profits exceeded the total of partial invoices or down payments received. In contrast, manufacturing orders with down payments exceeding the recoverable revenue was presented in the liabilities.

Under IFRS 15, revenue is recognised for a given period as well, since the asset is created without alternative use and a payment claim exists for services already rendered.

Usage fees:

Pursuant to IAS 18, income from usage fees were recorded on an annual basis in line with the economic substance of the relevant agreement. Usage fees on a temporal basis were recorded on a straight-line basis over the period of the agreement. Agreements on usage fees based on production, sales or other benchmarks are recorded in accordance with the underlying agreement.

Pursuant to IFRS 15, the Group records revenue from contracts with customers according to its appraisal as to whether the licence grants the customer a right of use or access. Based on the current agreements, there are no differences regarding the revenue recognition compared to the approach to date.

IFRS 15 did not have any material impact on the Group's accounting methods in relation to other revenue sources.

Furthermore, IFRS 15 did not have any material impact on the consolidated balance sheet as of 31 December 2018, the statement of comprehensive income and the consolidated statement of cash flows for the 2018 financial year. See Note 7 for further information on the Group's accounting methods in connection with the revenue recognition.

As part of our analysis during the transition from IAS 11, 18 to IFRS 15, all product categories defined as significant: Audio- and Video-Webcast, Corporate Website, XML, Insider Manager and Regulatory Information and News did not result in any need for adjustment. All of these product categories are recognized on a period-by-period basis.

Amendment to IFRS 9

IFRS 9 establishes the requirements for recognition and measurement of financial assets, financial liabilities and some contracts on the purchase or sale of non-financial contracts. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Group applied IFRS 9 prospectively with the initial application date being 1 January 2018. The Group did not adapt the comparative information, which continues to be disclosed under IAS 39. Differences from applying IFRS 9 are directly recorded in the retained earnings and other equity components.

Classification and Measurement:

IFRS 9 contains three basic categories for the classification of financial assets:

- debt instruments measured at amortized cost
- debt instruments at fair value through profit or loss whose changes in value are to be reclassified to profit or loss in the future
- financial instruments at fair value through profit or loss
- equity instruments at fair value through profit or loss whose changes in value are not to be reclassified to profit or loss in the future

The classification of financial assets under IFRS 9 is based on the company's business model for managing financial assets and the characteristics of the contractual cash flows. IFRS 9 eliminates the previous categories of IAS 39: held to maturity, loans and receivables as well as available-for-sale.

IFRS 9 largely maintains the existing requirements of IAS 39 for the classification of financial liabilities.

The initial application of IFRS 9 did not have any material impact on the Group's accounting methods in relation to financial liabilities and derivative financial instruments.

The classification and measurement requirements of IFRS 9 did not have any material impact on the Group. The Group continued to measure at fair value all financial assets previously held at fair value pursuant to IAS 39.

The initial application of IFRS 9 as of 1 January 2018 does not result in any material impact on the carrying amounts of the financial assets.

EUR´000	*IAS 39 carrying amount Dec. 31, 2017*	***Revaluation***	*IFRS 9 carrying amount Jan. 01, 2018*
Financial assets			
Amortized cost			
Cash and cash equivalents	6,374	**0**	6,374
Trade accounts receivables	4,296	**0**	4,296
Loans and receivables/deposits	1,209	**0**	1,209
	11,879	**0**	11,879
At fair value through profit or loss			
Call-Option ARIVA.DE AG	659	**0**	659
Fair Value through OCI			
Securities	4,466	**0**	4,466
Total	17,004	**0**	17,004
Financial liabilities			
Measured at amortized cost	7,944	**0**	7,944
At fair value through profit or loss	2,740	**0**	2,740
Finance lease	328	**0**	328
Total	11,012	**0**	11,012

Impairment of Financial Assets:

IFRS 9 replaces the "occurred losses" model of IAS 39 by the "expected credit losses" (ECL) model. The new impairment model is to be applied to financial assets measured at amortised cost, to contractual assets and to debt instruments measured at FVTOCI, but not to equity instruments held as financial assets. Under IFRS 9, credit losses are recorded earlier than under IAS 39.

The Group ascertained that the application of the impairment requirements of IFRS 9 does not result in additional impairment expenses as of 1 January 2018.

Amendments to IFRS 2 Clarifications of Classification and Measurement of Share-Based Payment Transactions

The amendments include clarifications on the following issues in connection with the accounting for share-based payments with cash settlement:

» Accounting for cash-settled share-based payment transactions that include a performance condition: in line with the approach for share-based payments with settlement by equity instruments, only specific exercise conditions will still be included in the fair value determination, while other will still have an effect only via the quantity structure.

» Classification of share-based payments settled net of tax withholdings: despite the tax payment to be effected in cash by the company, the entire share-based agreement must be treated as payment with settlement by equity instruments under certain conditions.

» Accounting for modifications of share-based payment transactions from cash-settled to equity-settled: in this case, the latter must be measured as of the amendment date, with the amended share-based payment in equity being recognised in the balance sheet proportionately to the vesting period already expired.

The amendments to IFRS 2 do not have any material impact on the consolidated financial statement, since the entity has launched neither share-based payment programmes to be settled in cash nor share-based payment programmes settled net of tax withholdings.

Amendments to IFRS 4 Applying IFRS 9 with IFRS 4

Applying IFRS 9 with IFRS 4 provides two options for entities that issue insurance contracts within the scope of IFRS 4:

» an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;

» an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing insurance contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional, and companies are permitted to stop applying them before the new insurance contracts standard is applied.

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

Amendments to IAS 40 Transfers of Investment Property

The amendments to IAS 40 relate to the rules on transfers to or from investment property classification. A transfer must only be (mandatorily) carried out when there is a change in use, resulting in property meeting or no longer meeting the definition of investment property. There must be evidence of the change in use, i.e. this requires objective indications based on facts on the existence of such a change in use. In this case, it is not sufficient for the company's management to only take account of a change in use of the property in the first place.

Unlike the previous rule, the adapted list of positive examples contained in IAS 40.57 in relation to changes in use is no longer to be regarded as exhaustive.

The amendments to IAS 40 do not have any material impact on the consolidated result.

Annual Improvements to IFRS 2014 – 2016 Cycle:

IFRS 1 Initial Application of IFRS	Deleted the short-term exemptions in paragraphs E3 to E7 of IFRS 1, because they have now served their intended purpose.
IAS 28 Investments in Associates and Joint Ventures	Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by a company that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 contains the application notes below for determining the exchange rate where prepayments are made for foreign currency transactions.

The date of the transaction, for the purpose of determining the exchange rate to be used for the initial recognition of the related asset, expense or income, is the date of the company's initial recognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

If there are multiple payments or receipts in advance, a date of transaction is to be established by the company for each payment or receipt.

The Management board does not assume that the application of IFRIC 22 will have any future impact on the consolidated financial statement, since the Group is currently already accounting for foreign currency transactions, where prepayments are made, as provided for in the interpretation.

2.3 New Standards and Interpretations Not Yet to be Mandatorily Applied

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

IFRS 16	Leases (#1)
IFRIC 23	Uncertainty over Income Tax Treatments (#1)
Amendments to IFRS 9	Prepayment Features with Negative Compensation (#1)
IAS 28	Long-Term Investments in Associates and Joint Ventures (#1,4)
Amendment to IAS 19	Employee Benefits (#1,4)
Annual Improvements to IFRS	Cycle 2015 - 2017 (#1,4)
Amendments to References to the Conceptual Framework in IFRS	(#2,5)
Amendment to IFRS 3	Business Combinations (#2,4)
Amendments to IAS 1 and IAS 8	Definition of Material (#2,4)
IFRS 17	Insurance Contracts (#3,4)

#1 To be applied for financial years starting on or from 1 January 2019.
#2 To be applied for financial years starting on or from 1 January 2020.
#3 To be applied for financial years starting on or from 1 January 2021.
#4 EU endorsement is still pending.
#5 No endorsement scheduled.

IFRS 16 Leases

IFRS 16 was published in January 2016 and replaces IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases - Incentives” and SIC 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, obligating lessees to recognise all leases according to a unique model similar to the accounting for finance leases under IAS 17.

The new standard contains two exceptions from the obligation for lessees to ensure balance sheet recognition: leases on low-value assets (e.g. PCs) and short-term leases (e.g. leases with a maximum term of twelve months). Upon lease commencement, the lessee records a liability to effect lease payments (i.e. the lease liability) and an asset for the right granted to use the leased asset during the term of the lease (i.e. the right of use to the leased asset). Lessees must separately recognise the interest expense for the lease liability and the depreciation expense for the right of use to the leased asset.

Moreover, upon occurrence of certain events (e.g. change in the lease term or in future lease payments resulting from a change in the index or interest rate used to determine the lease payments), the lease liability must be remeasured by the lessees. In general, lessees recognise the amount of remeasurement of the lease liability as an adaptation of the right of use to the leased asset.

For lessors, IFRS 16 will not result in any substantial changes in the accounting compared to the currently valid IAS 17. They will continue to classify all leases according to the classification principles of IAS 17 and will distinguish between two types of leases: operating and finance leases.

IFRS 16 is to be initially applied to financial years starting on or after 1 January 2019, obligating lessees and lessors to provide detailed information compared to IAS 17.

Transition to IFRS 16

In the 2018 financial year, the Group formed a project team, which made a detailed assessment of the impact of IFRS 16. The Group will apply the standard as from the mandatory adoption period: 1 January 2019. The Group intends to apply the simplified transition method and will not adapt comparative amounts retroactively for the year prior to the initial application. All rights of use are measured at the amount of the lease liability on the date of initial application (adjusted by any prepaid lease expenses).

Since the Group applied the modified retrospective transition method (simplified transition method), the entity must apply the incremental borrowing rate to determine the time value of the lease liability. The Group applies a portfolio approach where a discount rate is determined for each time range. This application is motivated by the fact that no material differences exist compared to an individual interest rate per lease. The Group determined the marginal borrowing rate based on the credit spreads of a peer group. Since the Group operates on a global basis, the marginal borrowing rates determined in the previous steps were adapted to country-specific risks.

Shortterm leases with a remaining term ending within 12 months, and leases, for which the underlying asset has a low value, are directly recorded by the Group as expense in the consolidated statement of comprehensive income.

In summary, the initial application of IFRS 16 is expected to have the following impact:

Effects on the balance sheet	*Jan. 1, 2019 EUR´000*
Assets	
Transmission rights to fixed assets	
- Buildings	11,125
- Office equipment	278
- Motor vehicles	38
Total	**11,441**
Liabilities	
Leasing liabilities	11,596
Provisions	135
Accruals relating to rentfree periods	-290
Total	**11,441**

Effect on the income statement	*2019 EUR´000*
Depreciation & amortisation	2,312
Rental expense	-2,408
EBIT	96
Financing costs	-145
Result for the period	-49

Due to the initial application of IFRS 16, the Group's operating result is likely to improve, whereas the period result is likely to decrease due to the increase in the finance expenses.

IFRIC 23 Uncertainty over Income Tax Treatments

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

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

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

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

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

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

Amendments to IFRS 9

The amendment is to address concerns about how IFRS 9 classifies particular prepayable financial instruments. These include amendments regarding symmetric prepayment options on the one hand and clarification regarding the modification of financial liabilities on the other hand.

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

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

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

IAS 28 Long-Term Investments in Associates and Joint Ventures

The amendments to Long-Term Investments in Associates and Joint Ventures (Amendments to IAS 28) are as follows:

- Paragraph 14A has been added to clarify that a company applies IFRS 9 including its impairment requirements, to long-term investments in an associate or joint venture that form part of the net investment in the associate or joint venture, but to which the equity method is not applied.
- Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term investments.

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

IAS 19 Employee Benefits Regarding Plan Amendments, Curtailments or Settlements

The amendments to Plan Amendments, Curtailments or Settlements (Amendments to IAS 19) are as follows:

- If a defined benefit plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the remaining financial year are redetermined using the current actuarial assumptions used for the necessary remeasurement of the net liability (asset).
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

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

Annual Improvements to IFRS 2015 - 2017 Cycle

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements	The amendments to IFRS 3 clarify that when a company obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when a company obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
IAS 12 Income Taxes	The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) must be recognised in the operating result, regardless of how the taxes arise.
IAS 23 Borrowing Costs	The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that a company borrows generally when calculating the capitalisation rate on general borrowings.

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

Amendments to References to the Conceptual Framework in IFRS

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

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

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

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

Amendments to IFRS 3

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

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

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

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

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

Amendments to IAS 1 and IAS 8

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

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

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

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

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

IFRS 17 Insurance Contracts

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

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

2.4 Consolidation

2.4.1 Subsidiaries

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

» can exercise power of control over the investee,

» is exposed to variable returns from its investment and

» has the ability to affect those returns through its power of control.

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

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

» the extent of the voting rights held by the entity in proportion to the extent and distribution of the voting rights of other voting right holders,

» potential voting rights of the entity, other voting right holders and other parties,

» rights from other contractual agreements and

» further facts and circumstances indicating that the entity has or does not have the current possibility of determining the relevant activities as of the dates on which decisions must be made, taking into account the voting behaviour at previous general or shareholders' meetings.

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

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

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

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

Changes in the Parent's Ownership Interest in Existing Subsidiaries

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

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

» the total amount of the fair value of the consideration received and the fair value of the interests retained and

» the carrying amount of the assets (including goodwill), the

» subsidiary's liabilities and all non-controlling interests.

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

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

Acquisition of Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

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

2.4.2 Associates

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

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

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

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

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

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

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

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

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

2.4.3 Foreign Currency

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

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

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

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

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

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

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

The exchange rates underlying the currency translation are as follows:

	EUR/RUB	EUR/HKD	EUR/CHF	EUR/INR	EUR/GBP	EUR/USD	EUR/AED	EUR/SEK
Exchange rate as of Dec. 31, 2018	79.72	8.97	1.13	79.73	0.89	1.15	-*	-*
Exchange rate as of Dec. 31, 2017	69.39	9.37	1.17	76.61	0.89	1.20	4.40	9.84
Average exchange rate 2018	74.04	9.26	1.16	80.73	0.88	1.18	-*	-*
Average exchange rate 2017	65.94	8.80	1.11	73.75	0.88	1.13	4.15	9.64

* Currency was no longer required due to the discontinuation of business transactions.

2.5 Revenue from Contracts with Customers

The Group initially applied IFRS 15 as of 1 January 2018. The impact of the initial application of IFRS 15 is described in Note 7.

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

2.5.1 Contract Manufacturing of IR Applications

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

2.5.2 IR Applications

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

2.5.3 Licences

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

2.5.4 Other Services

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

2.5.5 Dividends and Interest Income

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

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

2.5.6 Rental Income

The Group's accounting policies for recording income from operating leases are described in 2.12.

2.6 Income Taxes

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

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

2.6.1 Current Taxes

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

2.6.2 Deferred Taxes

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

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

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

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

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

2.7 Earnings per Share

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

2.8 Intangible Assets

Separately Acquired Intangible Assets

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

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

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

Goodwill

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

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

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

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

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

Self-Created Intangible Assets - Research & Development Costs

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

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

» Completion of the intangible asset is technically feasible so that it will be available for use or sale.

» The entity intends to complete and to use or sell the intangible asset.

» The entity is able to use or sell the intangible asset.

» The intangible asset is expected to generate future economic benefit.

» There are adequate technical, financial and other resources available in order to complete the development and to use or sell the intangible asset.

» The entity is able to reliably determine the attributable expenses when developing the intangible asset..

The amount at which a self-created intangible asset is initially capitalised is the total of expenses incurred from the date on which the intangible asset initially meets the conditions above. Where a self-created intangible asset cannot be capitalised or no intangible asset yet exists, the development costs are recorded through profit or loss in the period of their accrual. Development expenses in the amount of kEUR 2,117 (PY: kEUR 1,952) were recorded as expense.

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

Intangible Assets Separately Acquired in a Business Combination

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

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

Derecognition of Intangible Assets

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

2.9 Property, Plant & Equipment

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

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

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

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

Assets held as part of finance leases are depreciated over their expected useful lives in the same manner as assets owned by the Group. Where it is not sufficiently certain that ownership will pass to the lessee at the end of the lease, however, the assets are depreciated over the shorter duration of lease term and expected useful life.

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

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

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

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

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

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

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

2.11 Government Grants

A government grant is not recorded until there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received.

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

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

2.12 Leases

Leases are classified as finance leases if the lease agreement transfers substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Upon initial recognition, receivables from finance leases are recorded in the amount of the net investment value from the lease. Accordingly, the lease payments are split into payments of interest and redemption of the lease receivable to produce a constant periodic rate of return on the receivable.

Rental income from operating leases are distributed through profit or loss on a straight-line basis over the term of the corresponding lease. Initial direct costs attributable to the negotiations and the conclusion of a lease are attributed to the carrying amount of the rented asset and distributed over the term on a straight-line basis.

The Group as Lessee

Assets held as part of a finance lease are recorded as assets at the lower of their fair value or of the cash value of the minimum lease payments at the beginning of the lease. The corresponding liability to the lessor is disclosed in the consolidated balance sheet as obligation from finance leases.

The lease payments are split into interest expenses and redemption of the lease obligation to produce a constant rate of return on the remaining liability. Interest expenses are directly recorded in the consolidated statement of comprehensive income. Contingent lease payments are charged to expense in the period of their accrual.

Rent payments from operating leases are recorded as expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the Group’s benefit. Contingent rent payments as part of an operating lease are charged to expense in the period of their accrual.

If the entity receives incentive payments to enter into an operating lease, they are recorded as liability. The liability is basically reversed over the lease term on a straight-line basis, so that the rent payments will be reduced.

2.13 Borrowing Costs

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

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

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

2.14 Financial Instruments

2.14.1 Recognition and Initial Measurement

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

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

2.14.2 Classification and Subsequent Measurement

Financial Assets - Approach as from 1 January 2018

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

» at amortised cost

» FVTOCI debt instruments (investments in debt instruments measured at fair value through other comprehensive income)

» FVTOCI equity investments (equity investments measured at fair value through other comprehensive income)

» FVTPL (at fair value through profit or loss)

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

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

- The objective of the business model, within the framework of which it is held, is to hold financial assets to collect the contractual cash flows, and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- The objective of the business model, within the framework of which it is held, is both to hold financial assets to collect the contractual cash flows and to sell financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial Assets - Business Model Assessment: Approach as from 1 January 2018

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

- the specified policies and objectives for the portfolio and the implementation of such polities in practice, comprising whether the management's strategy is geared to collecting the contractual interest income, maintaining a specific interest rate profile, reconciling the term of a financial asset with the term of a related liability or the expected cash outflows or generating cash flows by selling the assets;

- how the portfolio results are evaluated and reported to the Group's management;

- the risks impacting the results of the business model (and the financial assets held according to such business model) and how such risks are managed;

- how the managers are paid, e.g. whether the payment is based on the fair value of the managed assets or on the collected contractual cash flows; and

- frequency, scope and date of sales of financial assets in previous periods and the expectations regarding future sales activities.

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

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

Financial Assets - Assessment Whether the Contractual Cash Flows are Exclusively Payments of Principal and Interest - Approach as from 1 January 2018

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

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

» certain events that would change the amount or date of the cash flows,

» conditions that would adjust the interest rate, including variable interest rates,

» options for premature repayment and extension and

» conditions restricting the Group's claim to cash flows of a specific asset.

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

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

Financial Liabilities - Classification, Subsequent Measurement and Profits & Losses

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

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

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

Derecognition

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

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

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

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

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

Derivative Financial Instruments

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

2.15 Cash and Cash in Bank

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

2.16 Equity

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

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

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

2.17 Share-Based Payments

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

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

Payments for share-based payments are recognised in consolidated income statement within functional costs.

2.18 Other Provisions

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

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

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

Onerous Contracts

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

Dismantling Obligations

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

Severance Payments

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

2.19 Contingent Purchase Price Payments Resulting from a Business Combination

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

2.20 Estimation Uncertainties and Discretionary Decisions

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

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

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

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

Provisions for Bonuses/Commissions

The Group’s employees receive a voluntary payment for the past financial year. Determination of the amount of the provision is an exercise of discretion by the respective company management of the involved entities as of 31 December 2018, the total was kEUR 1,037 (PY: kEUR 699).

Contract Manufacturing Percentage of Completion

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

For fixed-price contracts, the percentage of completion is principally determined by the costs incurred to date in proportion to the total costs (cost-to-cost method). In individual cases, however, it is necessary to estimate the percentage of completion according to the overall progress, since determination under the cost-to-cost method would not lead to meaningful results. Selection of the method to determine the percentage of completion is at the discretion of the executive management and is made individually, depending on the existing project, together with the project manager in charge. Construction contracts with an asset-side balance towards customers amount to kEUR 109 (PY: kEUR 161). Construction contracts where the advance payments exceed the asset-side balance are disclosed as trade payables in the amount of kEUR 71 (PY: kEUR 71).

Self-Created Intangible Assets

To capitalise the self-created intangible assets, there is margin of discretion in the demarcation between research and development which exists between capitalisation and non-capitalisation of the costs incurred. The carrying amount of the self-created intangible assets is kEUR 6,400 (PY: kEUR 3,002).

Categorisation of “Assets Held for Sale”

The company investment of 9.68% acquired in 2017 was declared as a long-term asset due to the initial intention to hold it and its share and exchange rate measurement as of the reporting date are mapped in the other comprehensive income. In the reporting year, there was a reclassification into the FVTPL category and a final sale of the shares until the end of the financial year due to the intention to sell it. The effect on other comprehensive income is kEUR -1,297 (PY: kEUR 1,297).

2.20.2 Major Sources of Estimation Uncertainties

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

Impairment of Self-Created Intangible Assets

During the financial year, the management board reassessed the impairment of the self-created intangible assets. An impairment exists if the carrying amount of an asset exceeds its recoverable amount. In this case, the recoverable amount is the higher of the fair value less disposal costs the and value in use. As of the balance sheet date, € 6.4 million of self-created intangible assets have been accounted for, whereof € 4.16 million are still in development (PY: kEUR 3,002, thereof kEUR 2,210 still in development).

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

Useful Life and Impairment of Intangible Assets and Goodwill

To ascertain the existence of an impairment in goodwill, it is necessary to determine the value in use of the cash-generating unit to which such goodwill is to be assigned. The calculation of the value in use requires an estimate of the future cash flows from the cash-generating unit and of a suitable discounting rate for the cash value calculation. If the actually expected future cash flows turn out to be lower than estimated so far, this may result in a substantial impairment. As of the balance sheet date, goodwill of kEUR 20.619 has been accounted for (PY: kEUR 15,111).

The Group reviews the useful lives of intangible assets on each date of financial statements. For the customer base of kEUR 9,575 (PY: kEUR 8,063), the management board is still assuming that a useful life of 15 years is appropriate as a result of the existing customers’ very low termination rates.

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

Details of the impairment tests are shown in paragraph 21. There was no depreciation needed in the financial year and the previous year.

Useful Life and Impairments of Property, Plant & Equipment

The Group reviews the estimated useful lives of property, plant and equipment on each date of financial statements. As of the balance sheet date, property, plant and equipment of kEUR 2,241 (PY: kEUR 2,048) have been accounted for. During the current financial year, there were no changes in this regard.

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

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

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

Measurements at Fair Value and Measurement Methods

Some of the Group's assets and liabilities are measured at fair value. To determine the fair value of assets and liabilities, the Group uses observable market data as far as possible. If such level 1 input parameters are not available, the Group engages qualified external experts to perform the measurements. Further details are illustrated in paragraphs 2.20, 3, 37 and 42.10.

Capitalisation of Deferred Taxes

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

Acquisition of Subsidiaries

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

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

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

» 3. Acquisition of Subsidiaries «

Acquired Subsidiaries

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

Integrity Line GmbH was acquired with effect as of 1/1/2018 with the goal of continuing the expansion of the Group's activities, mainly in the Compliance segment. The entity was merged with EQS GROUP AG during the 2018 financial year.

Transferred Consideration

Reporting year	*Integrity Line GmbH EUR´000*
Cash	5,621
Purchase price retention	1,542
Total	**7,163**

Previous year	*Integrity Line GmbH EUR´000*
Cash	5,395
Contingent consideration arrangements	599
Total	**5,994**

Within the scope of the agreement on the contingent consideration, the Group is obliged to pay to the seller an additional amount of CHF 69,113.33 for each percent by which the sales performance in the 2018 financial year outperforms a fixed reference value by more than 35 percent, but not exceeding CHF 1,036,700.00. Whether and, if applicable, to what extent the reference value within the meaning of the agreement was exceeded is currently still being clarified.

The retained purchase price in the amount of CHF 701,421.50 is due on 1/7/2019 if and insofar as no warranty claims have been asserted against the seller until such date.

Acquired Assets and Liabilities Recognised as of the Acquisition Date

Reporting year

	Integrity Line GmbH EUR´000
Current assets	
Cash and cash equivalents	357
Trade and other receivables	477
Non-current assets	
Capitalized customer base	2,210
Intangible assets	467
Tangible assets	3
Deferred tax assets	-
Current liabilities	
Financial liabilities	-
Provisions	-372
Trade and other liabilities	-660
Income tax liabilities	-
Non-current liabilities	
Deferred tax liabilities	-642
Net asset	**1,840**

Previous year

Since accounting for the business combination accounting has not yet been complete at the time of approval of the financial statement for publication, it had not been possible to provide further information on the acquisition of Integrity Line GmbH regarding IFRS 3.64B.

Non-Controlling Interests

Reporting year

Due to Amendment Agreement II to the Share Purchase & Assignment Agreement dated 18/11/2018, 74.91% of the minority shareholders offered the shares held by them. The attributable purchase price amounts to kEUR 756 and was disclosed as financial liability. The transfer of ownership is conditional upon the payment of the purchase price, which is due for disbursement by no later than 5/1/2021. The overall weighing of the distribution of risks and rewards indicates that, as a result of the Amendment Agreement, the Group controls the majority of risks and rewards related to the interests. It thus appears appropriate to apply the anticipated acquisition method regarding the additionally acquired shares.

Previous year

No change.

Goodwill Generated by the Acquisition

Reporting year

	Integrity Line GmbH EUR´000
Consideration transferred	7,163
Expenses from discounting	-36
Less net assets	-1,840
Goodwill arising on acquistion	**5,287**

Goodwill in the total amount of kEUR 5,287 was generated by the acquisition of Integrity Line GmbH, since the paid considerations include amounts taking into consideration the benefits from anticipated synergies, growth in sales, future market developments and the current workforce of both entities. These benefits are not recognised separately from goodwill, since they do not meet the regulations for the recognition of intangible assets.

It is expected that any goodwill resulting from the acquisition will be tax-deductible.

Net Cash Outflow from the Acquisition

Reporting year

	Integrity Line GmbH in EUR´000
Consideration paid in cash	5,621
Less acquired cash	-357
Total	**5,264**

Effects of the Acquisition on the Group Results

Reporting year

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

Previous year

Since the acquisition of Integrity Line GmbH was executed in 2018, this did not have any effect on the previous year’s result.

» 4. Discontinued Operations «

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

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

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

Financial Performance and Cash Flow Information

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

Information on the Subsidiary's Liquidation

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

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

	30.9.2018 *EUR´000*
Trade accounts receivables	23
Other assets	15
Total	**38**
Provisions	-24
Trade account payable	-264
Other liabilities	-1
Total	**-289**
Net assets	**-251**

» 5. Subsidiaries «

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

Name	Principal activity	Headquarter	Share in equity Dec. 31, 2018	Dec. 31, 2017
Subsidiaries included in the consolidated accounts:				
EQS Group AG	Compliance, Investor Relations	Munich, Germany	holding company	holding company
EQS Financial Markets & Media GmbH	Mediaplanning, Finacial Portal	Munich, Germany	100.00%	100.00%
EquityStory RS, LLC	Compliance, Investor Relations	Moscow, Russia	100.00%	100.00%
EQS GROUP AG	Compliance, Investor Relations	Baar, Switzerland	100.00%	100.00%
EQS Asia Limited	Holding	Hong Kong	100.00%	100.00%
EQS Web Technologies Pvt. Ltd.	Development	Cochin, India	99.96%	99.96%
EQS TodayIR Limited	Investor Relations	Hong Kong	100.00%	100.00%
EQS Group (Shenzhen) Ltd.	Compliance, Investor Relations, Development	Shenzhen, China	100.00%	100.00%
TodayIR Holdings Limited (Taiwan)	Investor Relations,	Hong Kong	100.00%	100.00%
EQS Digital IR Pte. Ltd.	Investor Relations,	Singapore	100.00%	100.00%
EQS Group Ltd.	Compliance, Investor Relations,	London, Great Britain	100.00%	100.00%
EQS Group Inc.	Compliance, Investor Relations,	New York, USA	100.00%	100.00%
ARIVA.DE AG	Financial Portal, Regulatory Services, Investor Relations	Kiel, Germany	67.50%	67.50%
EQS Group FZ-LLC (Liquidation 2018)	Compliance, Investor Relations	Dubai, VAE	-	100.00%
EQS Group SAS	Compliance, Investor Relations,	Paris, France	100.00%	100.00%
Subsidiaries not included in the consolidated accounts:				
ZV Zertifikate Verlag GmbH	Financial Information	Kiel, Germany	100.00%	100.00%

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

Changes subsidiaries

During the 2018 financial year, the following changes occurred:

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

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

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

» 6. Segment Information «

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

On account of the strategic development, the segmentation made to date (Regulatory Information & News and Products & Services) will not be continued in the reporting year. Instead, reporting will be in line with the two active markets: Compliance and Investor Relations.

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

The Investor Relations segment includes the products in Finance & Corporate Communication. These mainly include news, websites portals, webcasts and media.

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

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

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

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

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

Year 2018	*Compliance EUR´000*	*Investor Relations EUR´000*	*Group EUR´000*
Revenues			
Groups	7,877	13,305	21,182
XML	6,056	0	6,056
LEI	1,575	0	1,575
ARIVA	2,996	4,401	7,397
Total revenues	**18,504**	**17,706**	**36,210**
Other income	243	216	459
Own cost capitalised	3,082	758	3,840
Operating expenses	-20,175	-20,033	-40,208
EBITDA	**1,654**	**-1,353**	**301**

Year 2017	*Compliance EUR´000*	*Investor Relations EUR´000*	*Group EUR´000*
Revenues			
Groups	5,271	12,504	17,775
XML	5,039	0	5,039
LEI	177	0	177
ARIVA	2,205	5,160	7,365
Total revenues	**12,692**	**17,664**	**30,356**
Other income	121	222	343
Own cost capitalised	964	1,404	2,368
Operating expenses	-11,777	-18,940	-30,717
EBITDA	**2,000**	**350**	**2,350**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

» 7. Revenues «

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

	Reportable segments			
	Compliance		*Investor Relations*	
EUR´000	*2018*	*2017*	*2018*	*2017*
Primary geographical markets				
National	16,345	12,372	12,400	12,247
International	2,159	320	5,306	5,417
	18,504	**12,692**	**17,706**	**17,664**
Important product and service lines				
Revenues				
Groups	7,877	5,271	13,305	12,504
XML	6,056	5,039	0	0
LEI	1,575	177	0	0
ARIVA	2,996	2,205	4,401	5,160
	18,504	**12,692**	**17,706**	**17,664**
Realisation of revenues				
Services realised at one point (LEI)	1,575	177	0	0
Services provided over a period of time	16,929	12,515	17,706	17,664
	18,504	**12,692**	**17,706**	**17,664**
Revenues from contracts with customers	**18,504**	**12,692**	**17,706**	**17,664**

» 8. Other Income «

	2018 EUR´000	*2017 EUR´000*
Benefits in kind	**46**	42
Income from insurance reimbursements	**196**	4
Income from the reversal of provisions	**44**	27
Rental income	**12**	22
Contingent concideration written-off	**0**	61
Government grants	**0**	68
Income from the sale of tangible assets	**4**	1
Impairments IFRS 9	**5**	0
Income of amounts previously written-off	**19**	4
Non-period income	**112**	69
Others	**21**	45
Total	**459**	343

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

» 9. Own Cost Capitalised«

	2018 EUR´000	2017 EUR´000
Own software	**3,840**	2,368

In the reporting year, the following items were created as new substantial projects: the new COCKPIT at kEUR 3,132 (2017: kEUR 847) and ARIVA workflows at kEUR 548 (2017: kEUR 976) and LEI tender platform (2017: kEUR 205).

» 10. Cost of services «

	2018 EUR´000	2017 EUR´000
Cost of services	**7,443**	5,717

The higher purchased services mainly result from the product developments (freelancers) and a base effect from the Integrity Line, which was consolidated for the first time.

» 11. Personnel Expenses «

	2018 EUR´000	2017 EUR´000
Wages/Salaries	**19,553**	14,734
Equity-settled share-based payments	**118**	108
Legal social expenses	**2,697**	2,004
Voluntary social expenses	**151**	120
Other employee benefits	**120**	38
Total	**22,639**	17,004

For reasons of clarity, the composition of the individual components in the previous year 2017 was reallocated in the reporting year. This does not affect the total.

Of the total remuneration of the Management Board kEUR 12 (PY: kEUR 12) relates to insurance policies.

In the reporting year, kEUR 4 (PY: kEUR 16) of government grants were posted in the personnel expenses.

» 12. Depreciation «

	2018 EUR´000	2017 EUR´000
Depreciation on tangible assets	**775**	923
Depreciation on intangible assets	**1,584**	1,081
Total	**2,359**	2,004

The depreciation on intangible assets include scheduled depreciation on the acquired customer bases of kEUR 821 (PY: kEUR 696) and own cost capitalised of kEUR 441 (PY: kEUR 198).

» 13. Other Expenses «

	2018 EUR´000	2017 EUR´000
Rental expenses	**2,375**	2,023
Insurances/contributions/fees	**245**	229
IT-costs/maintenance	**1,877**	1,282
Advertising and travel expenses	**2,517**	2,225
Telecommunication/office	**711**	468
Consulting fees	**1,605**	1,123
Losses on receivables/provisions for bad debts	**97**	182
Outside services	**143**	0
Non-period expenses	**251**	107
Others	**305**	356
Total	**10,126**	7,995

The increase in IT-costs/maintenance mainly results from the increase at EQS Group AG due to increased expenses for the service providers Experience4you GmbH, HvS Consulting AG and Indevis GmbH.

The increase in consulting costs is largely due to the fact that EQS Group SAS only existed pro rata temporis in the previous year in the amount of kEUR 161. In addition, EQS Group AG recorded an increase of kEUR 219, mainly due to the use of external consultants for expert opinions in connection with the implementation of the new IFRS standards.

» 14. Interest Income «

	2018 EUR´000	2017 EUR´000
Loans	**30**	20
Others	**1**	1
Total	**31**	21

» 15. Interest Expenses «

	2018 EUR´000	*2017 EUR´000*
Loans and bank overdrafts	**152**	124
Discounting of liabilities	**38**	24
Others	**14**	12
Total	**204**	160

The weighted average financing cost rate used as a basis to determine the fair value of the loan liabilities from credit institutions amounts to 1.41% p. a. (PY: 1.24%). The repercussions are included in the other interest expenses.

» 16. Income from Shareholdings «

	2018 EUR´000	*2017 EUR´000*
Dividends	**37**	17

The income from investments relates to the dividends received from the Issuer Direct Corporation.

» 17. Other Financial Income «

	2018 EUR´000	*2017 EUR´000*
Call-Option ARIVA.DE AG	**0**	659
Reversal Put-Option ARIVA	**2,141**	0
Net profit from the sale of securities	**57**	0
Net profit from currency translations	**449**	0
Total	**2,647**	659

The net profit from the sale of securities originates from the sale of shares to the Issuer Direct Corporation.

With regard to the reversal of the Put-Option ARIVA, we refer to sections 3 and 35.

The most important items for the foreign currency translation are the exchange rate changes of the Swiss franc to the euro of kEUR 274, of the Hong Kong dollar to the euro of kEUR 139 and of the US dollar to the euro of kEUR 30 (2017: Hong Kong dollar of kEUR 402, US dollar of kEUR 369, British pound of kEUR 46).

» 18. Other Financial Expenses «

	2018 EUR´000	*2017 EUR´000*
Net loss from currency translations	**0**	822
Call-Option ARIVA.DE AG	**301**	0
Loss from the liquidation of subsidiaries	**255**	0
Total	**556**	822

As part of the increase in the stake in ARIVA.DE AG as of 1/1/2017, EQS Group AG was granted the option to acquire further interests in ARIVA.DE AG at a price which is approximate interests' market value (call option). The call option's market value as of 31/12/2018 is kEUR 358 (PY: kEUR 659), which resulted in expenses of kEUR 301.

EQS Group FZ-LLC, Dubai was liquidated in 2018. The existing loan of kEUR 255 (PY: kEUR 251) was amortised in full.

» 19. Income Taxes «

Income Taxes Recorded in the Consolidated Statement of Comprehensive Income

	2018 EUR´000	*2017 EUR´000*
Current tax		
In respect of the current year	**118**	129
In respect of the previous year	**45**	-132
Deferred tax		
In respect of the current year	**-1,076**	613
In respect of the previous year	**0**	24
Total	**-913**	634

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

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

	2018 EUR´000	*2017 EUR´000*
Profit before tax from continuing operations	**-102**	60
Income tax expense calculated at 32.95% (2017: 32.95%)	**0**	20
Effect of differing foreign tax rates	**-251**	74
Effect of expenses that are not deductible in determining taxable profit	**31**	41
Effect of tax loss relating to current year	**-369**	259
Effect of tax loss relating to earlier periods	**-370**	321
Actual expenses relating to income tax from earlier periods	**51**	18
Actual refund relating to income tax from earlier periods	**-7**	-150
Others	**2**	51
Total	**-913**	634
Effective tax rate	**n.a.**	**n.a.**

The distribution of dividends by the Group to the stockholders does not result in any income tax consequences for the Group.

Income Taxes Recorded in the Other Comprehensive Income

	2018 **EUR´000**	2017 EUR´000
Deferred tax		
Translation of foreign operations	**0**	186
Valuation on available-for-sale assets	**0**	22
Total	**0**	208

Current Tax Refund Assets & Liabilities

	Dec. 31, 2018 **EUR´000**	Dec. 31, 2017 EUR´000
Current tax assets		
Tax refund receivable	**62**	896
Current tax liabilities		
Income tax payable	**129**	290

Deferred Tax Assets & Liabilities

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

	Deferred tax assets	*Deferred tax liabilities*	*Deferred tax assets*	*Deferred tax liabilities*
	Dec. 31, 2018 EUR´000		*Dec. 31, 2017 EUR´000*	
Intangible assets	0	-3,953	0	-2,357
Tangible assets	0	-11	6	-14
Financial assets	32	-118	32	-239
Receivables	0	-20	14	-55
Cash	45	0	0	0
Provisions	40	0	36	0
Impending losses	0	0	1	0
Liablities	142	0	232	0
Loss carried forward	2,165	0	227	0
	2,424	**-4,102**	**548**	**-2,665**
Thereof non-current	0	0	268	-2,204
Balancing	-2,424	2,424	-542	542
Total	**0**	**-1,678**	**6**	**-2,123**

Unused Tax Losses

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

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Non deferred tax assets recognised for unused tax losses	739	458

There were no outside basis differences formed, since there are no plans for distributions or sales of subsidiaries. The related temporary differences amount to kEUR 33 (PY: 45).

» 20. Earnings per Share «

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

	2018 **EUR´000**	2017 EUR´000
Profit of the year attributable to owners of the Company	**1,082**	-517
	in thousand	in thousand
Weighted average number of ordinary shares adjusted for the dilution	**1,435**	1,313
Earnings per share (diluted and undiluted)	**0.75**	**-0.39**

» 21. Dividend «

Dividend on the ordinary shares decided in the general meeting:	*EUR´000*
Dividend for 2017: EUR 0.00 per share	0
Dividend on the ordinary shares proposed in the general meeting: (not reported as a liability as of December 31)	
Dividend for 2018: EUR 0.00 per share	**0**

CONSOLIDATED BALANCE SHEET

» 22. Intangible Assets and Goodwill «

	Own software EUR´000	*Other software and licences EUR´000*	*Customer base EUR´000*	*Goodwill EUR´000*	*Total EUR´000*
Acquisition and/or manufacturing costs:					
As of January 1, 2017	1,242	2,327	10,559	15,789	29,917
Additions 2017	2,367	159	0	0	2,526
Addition by first consolidation 2017	0	0	0	0	0
Disposals 2017	0	0	0	0	0
Currency difference	-94	0	-477	-678	-1,249
As of December 31, 2017	3,515	2,486	10,082	15,111	31,194
Additions 2018	3,839	70	0	0	3,909
Addition by first consolidation 2018	0	455	2,156	5,158	7,769
Disposals 2018	0	47	0	0	47
Currency difference	0	14	218	350	582
As of December 31, 2018	**7,354**	**2,978**	**12,456**	**20,619**	**43,407**
Depreciation & amortisation and valuation allowances:					
As of January 1, 2017	410	1,801	1,392	0	3,603
Depreciation & amortisation and valuation allowances 2017	198	194	696	0	1,088
Disposals 2017	0	0	0	0	0
Currency difference	-95	5	-69	0	-159
As of December 31, 2017	**513**	**2,000**	**2,019**	**0**	**4,532**
Depreciation & amortisation and valuation allowances 2018	441	322	821	0	1,584
Disposals 2018	0	47	0	0	47
Currency difference	0	4	41	0	45
As of December 31, 2018	**954**	**2,279**	**2,881**	**0**	**6,114**
Book value:					
As of December 31, 2018	**6,400**	**699**	**9,575**	**20,619**	**37,293**
As of December 31, 2017	3,002	486	8,063	15,111	26,662
As of January 1, 2017	832	526	9,167	15,789	26,314

Allocation of Goodwill to the Cash-Generating Units

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

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

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

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

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

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

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

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

Goodwill of **ARIVA.DE AG** acquired in 2016 has been taken into account in the two ARIVA.DE AG Investor Relations and ARIVA.DE AG Compliance CGUs.

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

	Book value Goodwill Dec. 31, 2018 EUR´000	*Book value Goodwill Dec. 31, 2017 EUR´000*
CGU EQS Group AG Compliance	**4,761**	4,761
CGU EQS Financial Markets & Media GmbH	**2,434**	2,434
CGU EquityStory RS, LLC	**14**	14
CGU EQS Group AG Investor Relations	**460**	460
CGU EQS Asia Ltd.	**3,463**	3,313
CGU EQS Group Ltd.	**460**	464
CGU EQS GROUP AG (Switzerland) Investor Relations	**2,047**	1,972
CGU ARIVA.DE AG Investor Relations/Compliance	**1,693**	1,693
CGU EQS GROUP AG (Switzerland) Compliance	**5,287**	0
Total	**20,619**	**15,111**

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

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

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

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

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

» For the EQS Group AG Investor Relations CGU, we are expecting additional sales through cross-selling in particular.

» For the EQS Asia Ltd., Asia CGU, we are planning cross-selling potential with existing customers and growth in new customers by the new COCKPIT over the next few years.

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

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

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

» For the ARIVA.DE AG Investor Relations CGU, we are expecting continuous growth by financial portal projects.

» For the ARIVA.DE AG Compliance CGU, we are expecting a slightly declining business development due to the postponement of regulation.

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

The fair value underwent a sensitivity analysis as well.

The sensitivity analysis shows that, for the ARIVA.DE AG Compliance CGU, with a reduction in growth in perpetual annuity by 1% and/or an increase in the pre-tax capital costs (pre-tax WACC) from 7.7% to 8.7%, the fair value would be lower than the carrying amount by kEUR 171 to kEUR 622.

The same result applies with the ARIVA.DE AG Investor Relations CGU, with a reduction in growth in perpetual annuity from 1% to 0% and/or an increase in the pre-tax capital costs (pre-tax WACC) from 7.9% to 8.9%, the fair value would be lower than the carrying amount by kEUR 114 to kEUR 447.

The same result applies with the EQS Asia Ltd., Asia CGU, with a reduction in growth in perpetual annuity from 1% to 0% and an increase in the pre-tax capital costs (pre-tax WACC) from 8.2% to 9.2%, the fair value would be lower than the carrying amount by HKD 1.10 million.

Substantial Intangible Assets

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

The customer bases developed as follows:

	Book value Goodwill Dec. 31, 2018 EUR '000	*Book value Goodwill Dec. 31, 2017 EUR '000*	*remaining amortization period as of Dec. 31, 2018*
TodayIR Ltd.	1,589	1,667	Apr. 30, 2029
Tensid AG	1,425	1,486	Dec. 31, 2030
ARIVA.DE AG	2,393	2,584	Jun. 30, 2031
Obisidian IR Ltd.	369	404	Nov. 30, 2030
news aktuell GmbH	1,737	1,922	Mar. 31, 2028
Integrity Line GmbH	2,062	0	Dec. 31, 2033
Total	**9,575**	**8,063**	

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

» 23. Tangible Assets «

	Furniture and office equipment EUR'000
Acquisition costs:	
As of January 1, 2017	4,280
Additions 2017	857
Addition by first consolidation 2017	0
Disposals 2017	211
Currency difference	-40
As of December 31, 2017	4,886
Additions 2018	969
Disposals 2018	197
Currency difference	25
As of December 31, 2018	**5,683**
Depreciation & amortisation and valuation allowances:	
As of January 1, 2017	2,140
Depreciation & amortisation and valuation allowances 2017	921
Disposals 2017	201
Currency difference	-22
As of December 31, 2017	2,838
Additions 2018	775
Disposals 2018	186
Currency difference	15
As of December 31, 2018	**3,442**
Book value:	
As of December 31, 2018	**2,241**
As of December 31, 2017	2,048
As of January 1, 2017	2,140

In the 2018 reporting year, government grants of kEUR 0 (PY: kEUR 100) were deducted directly from the carrying amount of the acquired assets and accordingly lower amortisations were recorded.

As of the balance sheet date, contractual obligations of kEUR 14 (PY: kEUR 21) exist in the form of orders for the acquisition of property, plant and equipment.

» 24. Financial Assets «

Available-for-Sale Securities

	Dec. 31,2018 EUR´000	*Dec. 31, 2017 EUR´000*
Available-for-sale-assets	**0**	4,466

The company investment of 9.68% acquired in 2017 was declared as a long-term asset due to the initial intention to hold it and its share and exchange rate measurement as of the previous year's reporting date were mapped in the other comprehensive income. In the reporting year, there was a reclassification into the FVTPL category and a final sale of the inventory until the end of the financial year due to the intention to sell it.

Financial Assets Measured at Fair Value Through Profit or Loss

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Call-Option ARIVA.DE AG	**358**	659

As part of the increase in the stake in ARIVA.DE AG as of 1/1/2017, EQS Group AG was granted the option to acquire further interests in ARIVA.DE AG at a price which is approximate interests' market value (call option). The call option's market value as of 31/12/2018 is kEUR 358 (PY: kEUR 659). The expense resulting from the subsequent measurement of kEUR 301 was recorded in other financial income and expenses in the financial year.

Credits and Receivables Measured at Amortised Cost

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Loans to related parties	**250**	300
Loans to foreign Managing Directors and employees in managerial positions	**700**	701
Deposit	**287**	208
Total	**1,237**	**1,209**

The loans of € 1.07 million were initially granted to foreign shareholders and senior executives. They are used to finance the purchase of up to 1% of the shares in the Parent in each case. The interest rates are 2%. Repayments must be effected by no later than 2022. The loans have been collateralised.

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Current	**245**	212
Non-current	**1,350**	6,122
Total	**1,595**	**6,334**

» 25. Other Assets «

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Advance payments	**527**	553
VAT	**50**	50
Loans from employees	**0**	1
Receivables from health insurance/insurances	**4**	3
Others	**59**	62
Total	**640**	**669**

The prepayments relate to services rendered after 31/12/2018.

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Current	**605**	595
Non-current	**35**	74
Total	**640**	**669**

» 26. Trade Accounts Receivables «

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Trade accounts receivable	**5,090**	4,421
Valuation allowances on receivables	**-168**	-124
Total	**4,922**	**4,297**

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

There are trade receivables from 1 customer (PY: 2 customers) that represent more than 5% of the aggregate of trade receivables.

Age Structure of Past Due, but Non-Impaired Receivables

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

EUR´000 Dec. 31, 2017	*Not overdue*			*Overdue in days*			***Total***
	0	*1-22*	*22-30*	*30-60*	*60-180*	*>180*	
Gross carrying amount trade accounts receivables	2,659	513	476	220	346	207	***4,421***
Gross carrying amount contract assets (IFRS 15)	0	0	0	0	0	0	***0***
Default rate (%)	-0.75%	-1.56%	-2.31%	-4.09%	-5.49%	-27.54%	
Expected credit losses over the term	-20	-8	-11	-9	-19	-57	***-124***

Changes in Impairments

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Balance of Impairments in accordance with IAS 39/ Opening Balance Values in accordance with IFRS 9	**124**	76
Impairment losses recognised on receivables	**71**	176
Amounts written off during the year as uncollectible	**-27**	-124
Amounts recovered during the year	**0**	-4
Balance at the end of the year	**168**	124

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

» 27. Construction Contracts «

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Construction contracts with a debit balance	**377**	190
Already invoiced revenues	**-20**	0
Advance payment received	**-248**	-29
Total	**109**	**161**

The construction contracts mainly relate to the Group's entitlements to consideration for services neither completed nor settled as of the reporting date from contract manufacturing of IR development services. The amount of the contract assets was not influenced by any impairment as of 31 December 2018.

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

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

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

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

As permissible under IFRS 15, no information is provided on the remaining performance obligations as of 31 December 2018 with an expected initial term of one year or less.

» 28. Cash and Cash Equivalents «

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Cash in banks	**1,308**	6,374

As of 31 December 2018, the Group had unused credit facilities of kEUR 2,895 (PY: kEUR 3,452).

» 29. Issued Capital / Treasury Shares «

The issued capital is as follows:

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Ordinary shares at EUR 1.00 each	**1,435**	1,435
Treasury shares	**0**	-1
Total	**1,435**	**1,434**

The Parent's **issued capital** is EUR 1,434,978.00 and has been paid up in full. It is divided into 1,434,978 no-par value registered shares.

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

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

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

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

In the 2017 financial year, the Parent purchased 3,061 **treasury shares of stock** (EUR 3,061.00 of the share capital = 0.24% of the share capital) at a market value between EUR 49.71 and EUR 64.35 per share; in the 2018 financial year, further 2,772 shares (EUR 2,772.00 of the share capital = 0.19% of the share capital) were purchased at a market value of EUR 72.00 per share and issued to employees as part of a bonus programme. The inventory of treasury shares of stock as of the balance sheet date is 0 (PY: 639). The effect for the financial year has been mapped in the capital reserve.

» 30. Capital Surplus «

	Dec. 31, 2018 EUR´000	Dec. 31, 2017 EUR´000
As of January 1	**18,096**	10,258
Capital increase	**0**	7,733
Share-based compensation	**118**	108
Sale of treasury shares	**-152**	-3
Total	**18,062**	**18,096**

» 31. Share-Based Payment «

Description of the Share-Based Payment Agreement

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

Fair Value of the Bonus Shares

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

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

	Grant date Jan. 2018	Grant date Jan. 2017
Fair value at grant date	**65.34**	60.00
Share price (EUR)	**71.00**	44.86
Exercise price (EUR)	**0.00**	0.00
Expected volatility (%)	**33.00**	34.00
Expected life (years)	**2.00**	2.00
Expected dividend (EUR)	**2.09**	1.65
Risk-free interest rate (%)	**-0.75**	-0.80

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

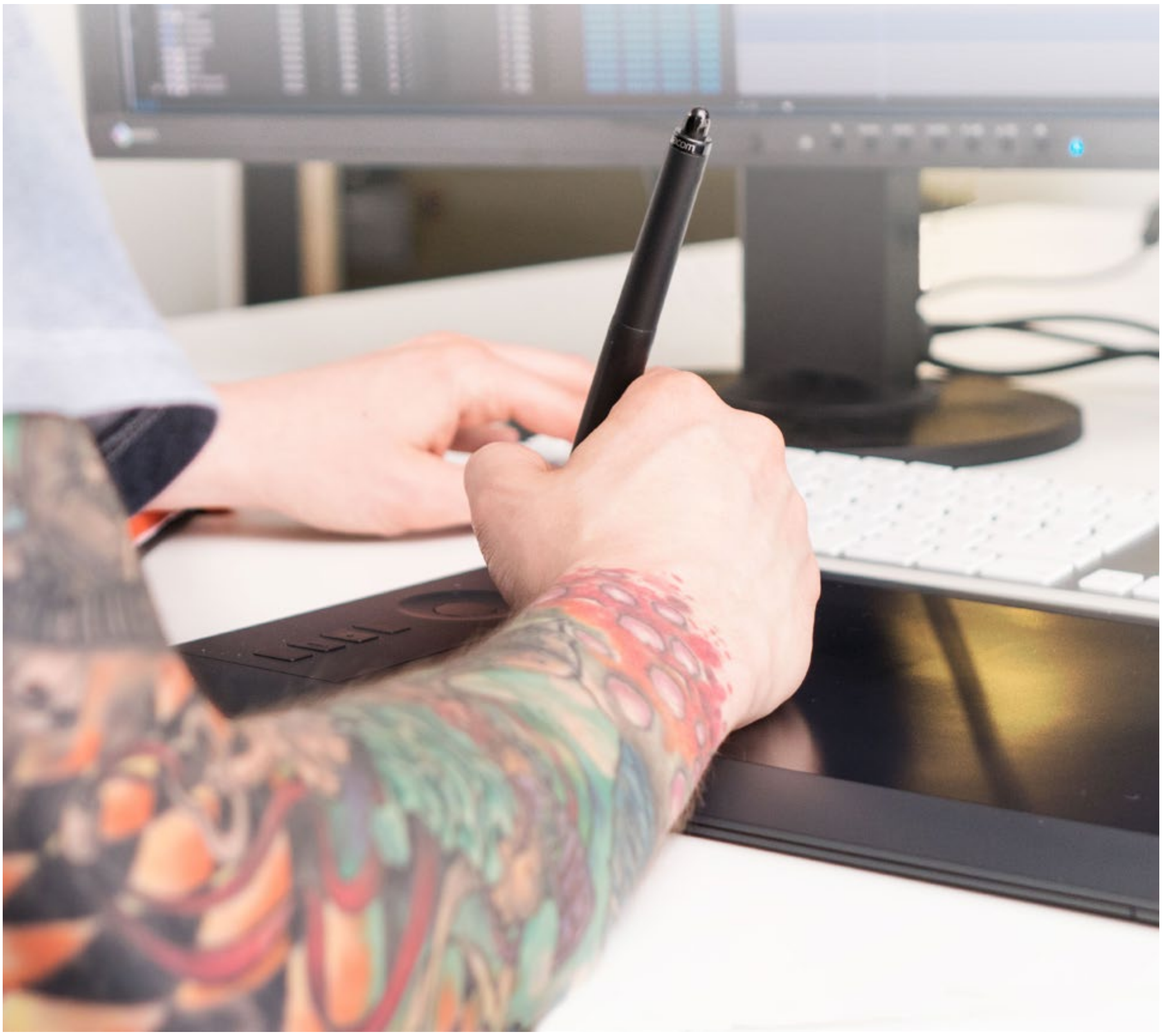
Reconciliation of the Outstanding Share Options

The number of share options develops as follows:

	Number of options 2018	*Number of options 2017*
Outstanding as of Jan. 1	**0**	3,149
Agreed during the year	**3,149**	1,921
Outstanding as of Dec. 31	**3,149**	5,070
Exercisable as of Dec. 31	**0**	0

Expenses Recorded in Profit or Loss

The impact in the net profit or loss for the period and in the capital surplus is kEUR 118 (PY: kEUR 108).



» 32. Retained Earnings «

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
As of January 1	**6,301**	9,925
Dividend payment	**0**	-981
Purchase of minority interests	**0**	15
Tender right for minority interests	**726**	-2,141
Deconsolidation subsidiary in Dubai	**243**	0
Period result	**831**	-517
Total	**8,101**	**6,301**

» 33. Currency Translation «

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
As of January 1	**313**	768
Currency translations	**-19**	-269
Deferred tax	**0**	-186
Total	**294**	**313**

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

» 34. Valuation on Available-for-Sale Assets «

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
As of January 1	**1,297**	0
Valuation on available-for-sale assets	**0**	1,319
Deferred tax	**0**	-22
Disposal	**-1,297**	0
Total	**0**	**1,297**

This disclosure was the foreign exchange and share price valuation of the investment in the Issuer Direct Corporaiton.

» 35. Non-Controlling Interests «

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
As of January 1	**1,922**	2,969
Acquisition of non-controlling interests	**0**	0
Comprehensive income	**-20**	-57
Transactions with non-controlling shareholders	**-1,483**	-990
Total	**419**	**1,922**

As of the balance sheet date, the non-controlling interest is still 32.541% despite the acquisition of further shares in ARIVA.DE AG in the financial year 2018, which was shown in the balance sheet but has not yet been legally implemented. The share of consolidated result attributable to the non-controlling interests is kEUR -20 (PY: kEUR -57).

The following table illustrates the key financial indicators of ARIVA.DE AG (prior to the consolidation):

ARIVA.DE AG	**Dec. 31, 2018 EUR´000**	*Dec. 31, 2017 EUR´000*
Non-current assets	**5,335**	4,647
Current assets	**1,488**	1,852
Current liabilities	**-977**	-932
Non-current liabilities	**-2,055**	-1,583
Net asset	**3,791**	**3,984**

ARIVA.DE AG	**2018 EUR´000**	*2017 EUR´000*
Revenues	**7,397**	-7,435
Profit	**-61**	-176

» 36. Provisions «

	As of Jan. 1, 2018 EUR´000	Additions from first-time consolidation 2018 EUR´000	Consumption 2018 EUR´000	Reversal 2018 EUR´000	Additions 2018 EUR´000	Compounding/ Discounting 2018 EUR´000	Currency translation 2018 EUR´000	As of Dec. 31, 2018 EUR´000
Storage of business documents	**22**	0	0	0	0	0	0	**22**
Retirement obligation	**139**	0	0	0	0	2	0	**141**
Employer's liability insurance association	**43**	0	-43	0	56	0	0	**56**
Bonuses/commissions	**699**	363	-1,059	-3	1,030	0	7	**1,037**
Outstanding invoices	**253**	0	-213	-40	610	0	1	**611**
Annual/consolidated financial statements fees	**47**	0	-47	0	81	0	2	**83**
Annual/consolidated financial statements audit fees	**121**	0	-121	0	101	0	0	**101**
Total	**1,324**	**363**	**-1,483**	**-43**	**1,878**	**2**	**10**	**2,051**

	Dec. 31, 2018 EUR´000	Dec. 31, 2017 EUR´000
Current	**1,888**	1,163
Non-current	**163**	161
Total	**2,051**	**1,324**

Retention of Business Documents

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

Office Premises Dismantling Obligation

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

Employers’ Liability Insurance Association

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

Bonuses / Emoluments / Commissions

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

Outstanding Invoices

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

Compilation & Audit Costs for Annual & Consolidated Financial Statements

This relates to the anticipated fee for the compiler of the financial statements and for the auditor for the compilation/audit of the annual and consolidated financial statements as of 31 December 2018.

» 37. Financial Liabilities «

	Dec. 31, 2018 EUR´000	Dec. 31, 2017 EUR´000
Unsecured - at amortised cost		
Current account credit / Credit card statements	**1,357**	313
Borrowings	**6,310**	6,533
Debtors' credit balances	**26**	9
Trade account payable	**1,560**	1,101
	9,253	7,956
Secured - at amortised cost		
Deposit	**1**	8
Finance lease	**356**	328
	357	336
Designated at fair value		
Put-option of minority interets	**0**	2,141
Contingent consideration arrangements	**2,298**	599
	2,298	2,740
Total	**11,908**	**11,032**

	Dec. 31, 2018 EUR´000	Dec. 31, 2017 EUR´000
Current	**8,433**	7,086
Non-current	**3,475**	3,946
Total	**11,908**	**11,032**

The credit card statements are the amounts not yet debited as of the balance sheet date of 31 December 2018.

The bank credits are fixed interest bearing loans obtained from credit institutions with maximum terms of 5 years (2017: 5 years). The credits' weighted average effective interest yield is 1.41% p. a. (2017: 1.24% p. a.).

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

Reconciliation pursuant to IAS 7:

			non-cash changes			
	Dec. 31, 2017 EUR´000	Cash changes EUR´000	Acquisitions EUR´000	Currency translations EUR´000	Fair value adjustments EUR´000	Dec. 31.2018 EUR´000
Non-current borrowings	3,753	-1,263	-	-	-	2,490
Current borrowings	3,073	2,096	-	-	-	5,169
	6,826	**833**	**0**	**0**	**0**	**7,659**

» 38. Finance Leases Obligations «

Lease Agreements

The Group rents certain parts of the operating and business equipment as part of a finance lease. The average lease term is three to five years (2017: three to five years). The interest rates underlying the liabilities from a finance lease had each been fixed on the day the agreement was concluded and range between 2.05% and 3.9% (2017: 3% and 3.9%) p. a.

Finance Lease Liabilities

	Minimum lease payments		*Present value of minimum lease payments*	
	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*	*Dec. 31, 2018 EUR´000*	*Dec. 31, 2017 EUR´000*
Not later than one year	223	165	216	155
Later than one year and not later than five years	133	177	130	173
Later than five years	0	0	0	0
	356	342	346	328
Less: future finance charges	0	-14	10	0
Present value of minimum lease payments	**356**	**328**	**356**	**328**

The following has been disclosed in the financial liabilities in the consolidated financial statement:

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Current	**223**	155
Non-current	**133**	173
Total	**356**	328

The carrying amount of the business and operating equipment held as part of finance leases as of 31 December 2018 was kEUR 190 (PY: kEUR 18).

» 39. Trade Account Payable«

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Trade accounts payable	**1,401**	1,030
Advanced payments received on account of contruction contracts	**71**	71
Total	**1,472**	**1,101**

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

» 40. Liabilities from Percentage-of-Completion «

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Liabilites from PoC	**0**	2

» 41. Other Liabilities «

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
VAT	**282**	258
Tax on wages	**294**	252
Advance payment from customers	**2,708**	2,162
Vacation	**269**	112
Rent-free periods	**302**	297
Personnel costs/Travel expenses	**176**	106
Supervisory board	**58**	36
Others	**2**	92
Total	**4,091**	**3,315**

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Current	**3,879**	3,018
Non-current	**212**	296
Total	**4,091**	**3,315**

ADDITIONAL REPORTING COMPONENTS

» 42. Further Information on Financial Instruments «

42.1 Capital Risk Management

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

The Group's capital structure consists of net liabilities (borrowings minus cash and cash in bank) and the Group's equity. This consists of the issued shares, the capital surplus, balance sheet profit, foreign currency differences, reserve for available-for-sale securities and the interests of non-controlling shareholders.

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

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

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Financial liabilities	**11,908**	11,012
Trade accounts payable, income tax liabilities and other current and non-current liabilities	**5,733**	5,747
Cash	**-1,308**	-6,374
Net debt	**16,333**	**10,385**
Equity	**28,312**	29,363
Equity and net debt	**44,645**	**39,748**
Net debt to equity ratio	**36.6%**	26.1%

42.2 Categories of Financial Instruments

	Dec. 31, 2018 EUR´000	Dec. 31, 2017 EUR´000
Financial assets		
Cash and bank balances	**1,308**	6,374
Trade receivables	**4,922**	4,296
Loans and receivables	**1,237**	1,209
Available-for-sale assets	**0**	4,466
Call-Option ARIVA.DE AG	**358**	**659**
Financial liabilities		
At amortised costs	**9,253**	7,944
Designated as at FVTPL	**2,298**	2,740
Liabilities from finance lease	**357**	328

The net profit less the deferred tax from the measurement of the available-for-sale securities was disclosed in the previous year's other comprehensive income in the amount of kEUR 1,297.

The net loss from financial assets measured at amortised cost is kEUR 44 (PY: kEUR 48).

The loss from the call option's fair value measurement of kEUR -301 (PY: kEUR 659) has been recognised in the other financial expenses.

42.3 Financial Risks Management Objectives

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

42.4 Market Risk

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

Each of the sensitivity analyses in the following paragraphs relates to the status as of 31 December 2018 or 2017.

The sensitivity analyses were compiled on the basis of 31 December 2018 on the assumption that the net debts, the fixed to variable interest yield of liabilities ratio and the interest in financial instruments in foreign currency remain steady.

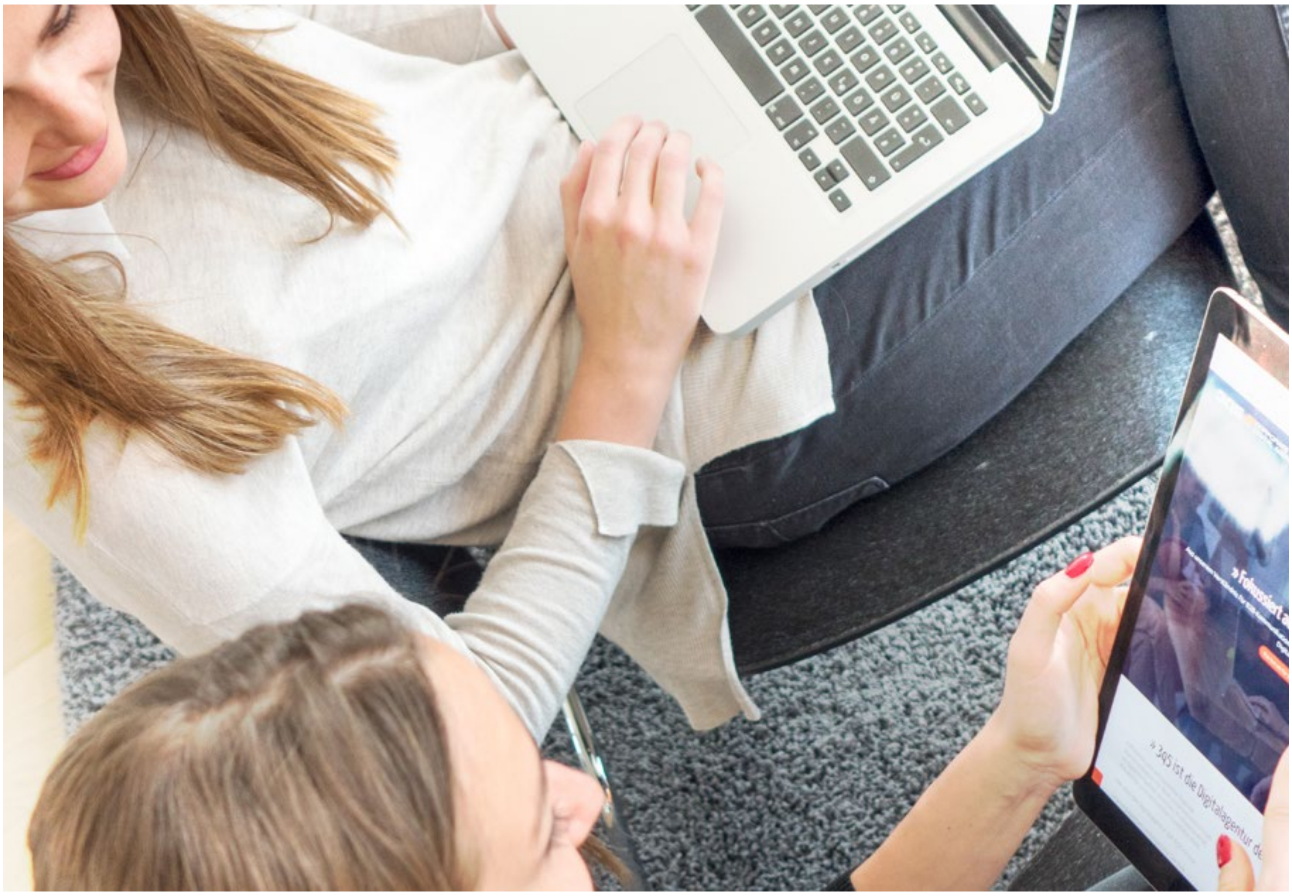
42.5 Exchange Rate Risk Management

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

There are currently no safeguards used to hedge the currency risk

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

	Liabilities		*Assets*	
	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*	*Dec. 31, 2018 EUR´000*	*Dec. 31, 2017 EUR´000*
CHF	1,959	847	263	5,799
GBP	107	67	202	249
HKD	367	651	498	815
RUB	98	63	382	374
AED	-	4	-	117
USD	15	31	166	107
INR	75	62	208	49



Foreign Currency Sensitivity Analysis

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

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

		Group earnings		*Equity*
	2018 EUR´000	*2017 EUR´000*	*Dec. 31, 2018 EUR´000*	*Dec. 31, 2017 EUR´000*
Impact CHF	-1	9	154	495
Impact GBP	-1	1	-9	21
Impact HKD	-	1	-12	16
Impact RUB	-	-	-26	31
Impact AED	-	2	-	11
Impact USD	-26	2	-14	455
Impact INR	-	-	-12	-1
Impact SEK	-	-	-	-

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

42.6 Interest Risk Management

The interest risk is the risk that a financial instrument's fair value or future cash flows fluctuate(s) as a result of changes in the market interest rates. On the balance sheet date, there are no risks for the long-term loans, since they have a firmly guaranteed interest rate of 1.00% - 2.57% over the remaining term (up to max. 5 years). There is also no significant fair value risk as a result of the short term. Besides this, only short-term overdraft facilities are used, if at all, which do not entail an interest rate risk.

42.7 Share Price Risk

Listed equity titles are susceptible to market price risks resulting from the uncertainty of future performances of such securities. As of the balance sheet date, the Group has treasury shares of stock of kEUR 0 (PY: kEUR 1).

42.8 Default Risk Management

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

The credit risk from receivables from customers is managed by the relevant business unit based on the Group's policies, procedures and control measures for customer credit risk management. Credit limits are measured for all customers based on the internal risk classification characteristics. Outstanding receivables from customers are regularly monitored to ensure that the Group is not exposed to a substantial default risk. For foreign customers, dealings are increasingly handled in the Parent based on advance payment.

Except for 1 customer, the Group is not exposed to substantial default risks (> 5% of the total receivables volume) of a contracting party. The concentration of the default risks in relation to this 1 customer, however, remained less than 10% of the aggregate of the trade receivables accounted for in the reporting year.

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

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

42.9 Liquidity Risk Management

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

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

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

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

The Group can avail of credit lines, as described in paragraph 28. As of the end of the period under review, they are unused in an amount of kEUR 2,795 (PY: kEUR 3,452). The Group expects to be able to meet its other obligations by operating cash flows and received revenues upon maturity of financial assets.

42.10 Measurements at Fair Value

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

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

Financial assets Financial liabilities	*Fair value as of*					
	Dec. 31, 2018	*Dec. 31, 2017*	*Fair value hierarchy*	*Valuation technique(s) and key input(s)*	*Significant unobser-vable inputs(s)*	*Relationship of unobservable inputs to fair value*
Available-for-sale assets	-	Assets EUR 4.466.000	Level 1	Quorted prices in an active market	N/A	N/A
Call-Option ARIVA.DE AG	Assets EUR 358.000	Assets EUR 659.000	Level 3	Simulation of ex-pected, discounted cash flows	Volatility, risk-neu-tral interest; dis-counting rate; peer group multiples	An increase in the discounting rate would lead to a decrease in the fair value
Contingent conside-ration in a business combination	Liabilities EUR 1.542.000	Liabilities EUR 599.000	Level 3	Discounted cash flow method	Discount rate 0.00% (2017: 0.00%)	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value
Put-option of minority interets	-	Liabilities EUR 2.141.000	Level 3	Simulation of ex-pected, discounted cash flows	Volatility, risk-neu-tral interest; dis-counting rate; peer group multiples	An increase in the discounting rate would lead to a decrease in the fair value
Purchase price liability ARIVA.DE AG	Liabilities EUR 756.000	-	Level 3	Discounted cash flow method	Discount rate 0.00% (2017: 0.00%)	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value

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

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

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

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

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

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

» 43. Cash and Cash Equivalents «

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

» 44. Operating Lease Agreements «

The Group as Lessee

Lease Agreements

The operating lease agreements relate to IT systems with terms from 3 to 5 years, rented properties with terms of up to 10 years and motorcar leases with terms of up to 4 years. The Group does not have any option to acquire leased objects after the end of the lease term.

Payments Recorded as Expense

	2018 EUR´000	*2017 EUR´000*
Minimum lease payments	**2,313**	1,935
Sub-lease payments received	**-12**	-22
Total	**2,301**	**1,913**

Non-Cancellable Operating Lease Agreements

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Not later than 1 year	**2,188**	1,774
Later than 1 year and not later than 5 years	**8,115**	6,385
Later than 5 years	**2,504**	3,141
Total	**12,807**	**11,300**

Regarding non-cancellable operating lease agreements, the operating lease liabilities were recorded as follows (rent-free period):

	Dec. 31, 2018 EUR´000	*Dec. 31, 2017 EUR´000*
Current	**90**	49
Non-current	**256**	248
Total	**346**	**297**

» 45. Transactions with Related Parties «

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

Trading Operations

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

	Sales of fixed assets		*Purchase of fixed assets*	
	2018 EUR'000	*2017 EUR'000*	*2018 EUR'000*	*2017 EUR'000*
Related parties/institutions	-	*1*	-	-
Related parties/institutions from subsidiaries	-	-	-	-

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

	Receivables due from related parties		*Liabilities towards related parties*	
	Dec. 31, 2018 EUR'000	*Dec. 31, 2017 EUR'000*	*Dec. 31, 2018 EUR'000*	*Dec. 31, 2017 EUR'000*
Related parties/institutions	-	-	-	-
Related parties/institutions from subsidiaries	-	-	-	-

Services

	Sales of services		*Purchase of services*	
	2018 EUR'000	*2017 EUR'000*	*2018 EUR'000*	*2017 EUR'000*
Related parties/institutions	-	-	157	152
Related parties/institutions from subsidiaries	-	-	221	261

	Receivables due from related parties		*Liabilities towards related parties*	
	Dec. 31, 2018 EUR'000	*Dec. 31, 2017 EUR'000*	*Dec. 31, 2018 EUR'000*	*Dec. 31, 2017 EUR'000*
Related parties/related institutions	-	-	113	145
Related parties/institutions from subsidiaries	-	-	-	-

Dividends and Interest

	Dividends and interest 2018 EUR'000	Dividends and interest 2017 EUR'000
Related parties/institutions	-	344
Related parties/institutions from subsidiaries	5	5

	Receivables due from related parties		Liabilities towards related parties	
	Dec. 31, 2018 EUR'000	Dec. 31, 2017 EUR'000	Dec. 31, 2018 EUR'000	Dec. 31, 2017 EUR'000
Related parties/related institutions	-	-	-	-
Related parties/institutions from subsidiaries	-	-	-	-

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

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

Loans to Related Parties

	Dec. 31, 2018 EUR'000	Dec. 31, 2017 EUR'000
Loan receivable related parties/institutions from subsidiaries	250	300

This is a long-term ARIVA.DE AG loan to Neufeldtneun GmbH & Co. KG, Kiel which was granted at an interest rate that is comparable to average market interest rates.

The loan is collateralised by a land charge of kEUR 300.

Emoluments of Key Employees

The management board's emoluments in the 2018 financial year were kEUR 921 (PY: kEUR 750), thereof variable ones of kEUR 70 (PY: kEUR 55). This includes amounts of kEUR 0 (PY: kEUR 92) for balancing the purchasing power abroad. kEUR 12 (PY: kEUR 12) of the total remuneration are for insurances.

The supervisory board members receive a fixed remuneration totalling kEUR 139 for the 2018 financial year.

» 46. List of Shareholdings «

Name	*Principal activity*	*Headquarter*	*Share in equity Dec. 31. 2018*
Subsidiaries included in the consolidated accounts:			
EQS Financial Markets & Media GmbH*	Mediaplanning, Finacial Portal	Munich, Germany	***100.00%***
EquityStory RS, LLC	Compliance, Investor Relations	Moscow, Russia	***100.00%***
EQS GROUP AG	Compliance, Investor Relations	Baar, Switzerland	***100.00%***
EQS Asia Limited	Holding	Hong Kong	***100.00%***
EQS Web Technologies Pvt. Ltd.	Development	Cochin, India	***99.96%***
EQS TodayIR Limited	Investor Relations	Hong Kong	***100.00%***
EQS Group (Shenzhen) Ltd.	Investor Relations Development	Shenzhen, China	***100.00%***
TodayIR Holdings Limited (Taiwan)	Investor Relations	Hong Kong	***100.00%***
EQS Digital IR Pte. Ltd.	Investor Relations	Singapore	***100.00%***
EQS Group Ltd.	Compliance, Investor Relations	London, Great Britain	***100.00%***
EQS Group Inc.	Compliance, Investor Relations	New York, USA	***100.00%***
ARIVA.DE AG**	Financial Portal, Regulatory Services, Investor Relations	Kiel, Germany	***67,50%***
EQS Group SAS	Compliance, Investor Relations	Paris, France	***100.00%***
Subsidiaries not included in the consolidated accounts:			
ZV Zertifikate Verlag GmbH	Financial Information	Kiel, Germany	***100.00%***

* Profit and loss transfer agreement
**Successive purchase of shares

» 47. Employees «

	Development	*Marketing/ Sales*	*Data Services*	*Management/ Administration*	*Design/ Content*	*Newsroom/ ERS-System*	*Total*
Dec. 31, 2018	240	82	31	57	59	9	**478**
Dec. 31, 2017	189	46	35	50	59	8	**387**

» 48. Fee of the Auditor of the Consolidated Financial Statement «

The total fee of the auditor for the 2018 financial year is kEUR 80 (PY: kEUR 249). kEUR 80 (PY: kEUR 235) thereof are for auditing services, kEUR 0 (PY: kEUR 14) are for tax advisory services.

» 49. Entity Bodies «

The **management board** had the following members in the financial year:

- Achim Weick, Graduate Merchant, CEO, Munich
- Christian Pfleger, Graduate Merchant, COO, Munich
- André Silvério Marques, Graduate Merchant, CFO, Munich (as from 1/7/2018)
- Marcus Sultzer, Graduate Business Manager (BA), MBA, CRO, Pullach i. Isartal (as from 1/7/2018)

The **supervisory board** had the following members in the financial year:

- Rony Vogel, Graduate Engineer and MBA, Business Consultant and Investor, Munich (Chairman)
- Robert Wirth, Graduate Media Marketing Business Management Specialist BAW, Investor, Amberg
- Peter Conzatti, M.A. and MBA, Funds Manager, Bad Homburg
- Laurenz Nienaber, M.Sc. Investor and management director of LMN Capital GmbH, Munich (as from 18/5/2018)

» 50. Events After the Balance Sheet Date «

EQS Blockchain Media GmbH was established in Munich with effect as of 17/1/2019. The company’s purpose is the provisioning of services in the fields of blockchain as well as digital and encrypted payment units. This also includes the realisation, marketing and operation of web applications and web communities as well as data editing and deployment. The Group holds 82.5% of the interests in this company.

There are no further events of particular significance to be reported by the Group.

» 51. Availment of Exemption Regulations by Subsidiaries «

The fully consolidated entity EQS Financial Markets & Media GmbH, Munich, HRB 199404 (formerly financial.de Aktiengesellschaft, Munich, HRB 170868), makes avail of the exemption pursuant to Section 264 (3) HGB to compile, arrange for the auditing and disclose a comprehensive annual financial statement and a management report under the regulations for share capital companies pursuant to Sections 264 et seqq. HGB.

» 52. Approval of the Financial Statement «

The management board approved and released the financial statement for publication on 8 April 2019.

Munich, 8 April 2019

Achim Weick
(Founder and CEO)

Christian Pfleger
(COO)

André Silvério Marques
(CFO)

Marcus Sultzer
(CRO)

» Financial calendar of EQS Group AG «

9/4/2019	**Publication of Annual Report**
17/5/2019	**Publication quarterly statement (call-date Q1)**
17/5/2019	**Annual General Meeting**
16/8/2019	**Publication half-yearly financial statements**
15/11/2019	**Publication quarterly statement (call-date Q3)**

» Stock exchange data of EQS Group AG «

Share	**EQS Group AG**
WKN	**549416**
ISIN	**DE0005494165**
Ticker Symbol	**EQS**
Type of Shares	**Ordinary shares**
Sector	**RegTech**
Initial listing	**8/6/2006**
Stock Exchange Listing	**Open Market, Frankfurter Wertpapierbörse m:access, Börse München**
Market segment	**Scale**
Company headquarter	**Munich**
Number of Shares	**1,434,978 Units**
Amount of Nominal Capital	**1,434,978 Euro**
Designated Sponsor	**Baader Bank AG, Unterschleißheim**

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

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