

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated comprehensive income statement

For the financial year January 01 – December 31, 2022

	Appendix	2022 thousand€	2021 thousand€
Revenues	3	61,430	50,223
Other income	4.1	836	363
Own cost capitalised	4.2	2,159	2,241
Cost of services	4.3	-9,084	-7,425
Personnel expenses	4.4	-38,837	-31,693
Other expenses	4.5	-11,788	-11,258
Valuation allowances on trade receivables	10.2.2	-150	-710
EBITDA		4,567	1,742
Depreciation / amortisation	6.1 6.2	-8,151	-7,138
Operating result (EBIT)		-3,584	-5,397
finance income	4.7	1,149	870
finance expenses	4.7	-2,910	-2,332
Interest expenses	4.7	-2,910	-2,332
Net financial result	4.7	-1,761	-1,461
Earnings before tax (EBT)		-5,344	-6,858
Income taxes	4.8	2,013	229
Group net income		-3,332	-6,629
- thereof attributable to the owners of the parent		-3,332	-6,629
- thereof attributable to the non-controlling interests		1	0
Items that will be reclassified to the consolidated statement of comprehensive income in the future under certain conditions:			
Currency translations	7.4	22	55
Remeasurements on defined benefit plans	6.8.2 7.4	247	99
Other comprehensive income		270	154
Comprehensive income		-3,062	-6,476
- thereof attributable to the owners of the company		-3,063	-6,476
- thereof attributable to the non-controlling interests		1	0
Earnings per share attributable to shareholders of the parent company (basic and diluted)	4.9	-0.34	-0.81

Consolidated balance sheet as of Dec. 31, 2022

Assets

	Appendix	Dec. 31, 2022 thousand€	Dec. 31, 2021 thousand€
Non-current assets			
Intangible assets	6.1.	60,846	63,675
Goodwill	6.1.	97,235	96,711
Property, plant and equipment	6.2 6.3	5,011	7,351
Non-current financial assets	5.2	1,863	685
Other non-current assets	6.5	39	46
Deffered tax assets	6.4	5,447	-
		170,440	168,468
Current assets			
Trade accounts receivables	5.1	6,075	7,018
Contract Assets	3.3	276	78
Tax refund claims		106	278
Current financial assets	5.2	297	434
Other current assets	6.5	1,524	1,907
Cash and cash equivalents	5.3	10,655	8,653
		18,933	18,369
Total assets		189,373	186,837

Equity and Liabilities

	Appendix	Dec. 31, 2022 thousand€	Dec. 31, 2021 thousand€
Equity			
Issued capital	7.1	10,024	8,659
Trasury shares	7.1	-10	-11
Capital surplus	7.2	106,853	63,140
Retained earnings	7.3	-4,909	-1,532
Other reserves	7.4	252	-17
Non-controlling interests	7.5	1	0
		112,210	70,240
Non-current liabilities			
Non-current employee benefits	6.8	425	733
Non-current provisions	6.7	160	159
Non-current financial liabilities	5.4 5.5	30,890	9,927
Deffered tax liabilities	6.4	18,621	16,607
		50,095	27,426
Current liabilities			
Current provisions	6.7	158	33
Trade accounts payable	5.4	2,709	3,197
Contract Liabilities	3.4	11,541	9,978
Current financial liabilities	5.4	8,198	73,095
Income tax liabilities		1,350	214
Current employee benefits	6.8	1,495	1,494
Other current liabilities	6.6	1,615	1,161
		27,067	89,171
Total equity and liabilities		189,373	186,837

Consolidated statement of changes in equity for the financial year 2021:

	Appendix	Issued capital thousand€	Treasury shares thousand€	Capital surplus thousand€	Retained earnings thousand€	Other Reserves thousand€	Total thousand€	Non-controlling interests thousand€	Total equity thousand€
As of Jan. 1, 2021		7,525	-7	20,891	4,706	-171	32,944	0	32,944
Comprehensive income 2021		-	-	-	-6,629	-	-6,629	0	-6,629
Other comprehensive income 2021	4.8 4.10	-	-	-	-	154	154	-	154
Total Result		-	-	-	-6,629	154	-6,476	0	-6,476
Capital increase	7.1 7.2	1,135	-	42,542	-50	-	43,627	-	43,627
Change of treasury shares	7.1 7.2	-	-4	-504	-	-	-508	-	-508
Shared-based payments	14	-	-	211	-	-	211	-	211
First consolidation of subsidiaries		-	-	-	441	-	441	-	441
As of Dec. 31, 2021		8,659	-11	63,140	-1,532	-17	70,240	0	70,240

for the financial year 2022:

	Appendix	Issued capital thousand€	Treasury shares thousand€	Capital surplus thousand€	Retained earnings thousand€	Other Reserves thousand€	Total thousand€	Non-controlling interests thousand€	Total equity thousand€
As of Jan. 1, 2022		8,659	-11	63,140	-1,532	-17	70,240	0	70,240
Comprehensive income 2022		-	-	-	-3,332	-	-3,332	1	-3,331
Other comprehensive income 2022	4.8 4.10	-	-	-	0	270	270	0	270
Total Result		-	-	-	-3,332	270	-3,062	1	-3,061
Adjustment Retained earnings previous years	7.3	-	-	-	154	-	154	-	154
Capital increase	7.1 7.2	1,365	-	43,672	-204	-	44,833	-	44,833
Acquisition of non-controlling interests	7.5	-	-	-	-1	-	-1	-0	-1
Acquisition of treasury shares	7.1 7.2	-	-10	-252	-	-	-262	-	-262
Sale of treasury shares	7.1 7.2	-	1	18	-	-	18	-	18
Share-based payments	14	-	10	275	-	-	285	-	285
Disposal from consolidation group		-	-	-	4	-	4	-	4
As of Dec. 31, 2022		10,024	-10	106,853	-4,909	252	112,209	1	112,211

Consolidated cash flow statement

For the financial years:

	Anhang- angabe	2022 thousand€	2021 thousand€
Operating Cashflow			
Net Income		-3,332	-6,629
Income tax recognized in profit and or loss	4.8	-2,013	-229
Interest expenses(-income) recognized in profit or loss	4.7	2,357	2,187
Loss/profit from disposals of property, plant and equipment		2	8
Other non cash expenses/income		-3,578	960
Depreciation and impairments	6.1 6.2	8,151	7,138
Increase/decrease of provisions	6.7	18	-153
Increase/decrease of trade accounts receivables and other assets not attributable to investing or financing activities		1,432	-1,825
Increase/Decrease in trade accounts payables and other liabilities not attributable to investing or financing activities		2,502	829
Paid taxes on income and earnings		-113	-251
Cashflow from operating activities		5,425	2,037
Cashflow from investing activities			
Purchase of property, plant and equipment	6.2	-339	-399
Proceeds from disposals of property, plant and equipment	4.1 6.2	1	6
Purchase of intangible assets	6.1	-2,475	-2,756
Proceeds from disposals of intangible assets		-	49
Proceeds from disposals of non-current financial assets		-3	-
Payments from additions of non-current financial assets		-11	-150
Payments from the acquisitions of consolidated companies and other business units less acquired cash and cash equivalents		-	-96,428
Proceeds from disposals of consolidation group		4	-
Cashflow from investing activities		-2,823	-99,678
Cashflow from financing activities			
Proceeds from additions to equity (capital increases, sale of treasury shares)	7	44,833	43,626 *
Proceeds from borrowing of financial liabilities	8.2	30,502	57,043
Payments from repayment of financial liabilities	8.2	-71,744	-2,574
Payments from purchase of treasury shares of share-based payments	7.2	-262	-527 *
Proceeds from sale of treasury shares of share-based payments	7.2	18	19 *
Proceeds from grants received	4.6	-	4
Payments from repayment of lease liabilities	8.2	-2,052	-1,861
Interest paid	4.7	-1,670	-1,648
Payments from issued loans	8.2	-388	-
Proceeds from issued loans	8.2	93	-
Interest received	4.7	20	12
Cashflow from financing activities		-651	94,094
Change in cash and cash equivalents from ex-change rate movements		50	126
Cash and cash equivalents at the beginning of period		8,653	12,074
Cash and cash equivalents at the end of period		10,654	8,653

*Prior year's positions have been split for clarification reasons.

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1 General information

EQS Group AG (subsequently: parent company) was established by notarial deed (URNr. 409/200 of Notary Dr Oliver Vossius, Munich) dated Feb. 3, 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 parent company and its subsidiaries (jointly "Group" and individually "Group companies" resp. "EQS group"). The Group is a cloud-software provider in the areas of corporate compliance, investor relations and ESG. Further information can be found in the segment reporting (Note 2).

The consolidated financial statements have been prepared 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).

The EQS Group AG and its consolidated Group companies' financial year corresponds to the calendar year. Functional currency of the parent company and reporting currency of the consolidated financial statement is Euro. Previous year's figures marked with an asterisk in the report have been changed. Further explanations of the changes are provided in Note 20.

Going concern assumption

These consolidated financial statements have been prepared on a going concern basis. It is assumed that the EQS Group AG will continue its business and will be able to realise its assets and meet its liabilities in the normal course of business.

The EQS Group is an international cloud-software provider in the areas of corporate compliance, investor relations and ESG. For further details see Note 15.

On Feb. 25, 2022, the parent company executed a capital increase from authorized capital with gross issuance proceeds of around €45m. The implementation of the capital increase was entered in the commercial register on Mar. 29, 2022.

In 2021 the acquisition of Business Keeper GmbH was financed through a bridge loan. In financial year 2022 this financing was replaced by the capital increase, a partial repayment and refinancing of €30m over a period of five years (for further details, see Note 5.5).

Based on these factors, management has a realistic expectation that the Group will have adequate resources to continue in business in the foreseeable future.

2 Segment reporting

Our Compliance and Investor Relations business segments are operating units that conduct business activities to generate revenue and whose operating results (EBITDA) are regularly reviewed by management and for which separate financial information is available. EQS Group AG's internal reporting and organizational structure is the basis for this. The presentation of our products offering into the two segments Compliance and Investor Relations is in line with our markets in which the products are distributed.

The Compliance segment comprises all offers required to fulfil a regulatory obligation. This includes the cloud products Reporting Obligations in News Area (Disclosure), Insider Manager, Integrity Line, Policy Manager and Approval Manager as well as, since 2021, Rulebook and Third Party Manager, which are combined in the cloud platform COCKPIT. In addition, we provide further cloud services in the form of filings (XML, ESEF) and LEI. Since many customers do not typically use the COCKPIT, these are recognized separately.

The Investor Relations segment includes products in the area of voluntary investor and corporate communications. The cloud platform COCKPIT bundles Newswire, Investors, CRM and Mailing as well as Roadshow Manager. Outside the platform, other cloud services such as websites, tools, reports, webcasts, and media are offered.

The accounting policies for the reportable segments comply with the consolidated accounting policies described in Note 20. EBITDA is used to assess the segment's performance and to decide on the allocation of resources. EBITDA is calculated as total operating performance (revenues, other income and own costs capitalized) less costs of services, personnel expenses and other expenses and valuation allowances on trade receivables.

The profitability of the segments is thus measured in the same manner as the Group's profitability.

As the Executive Board does not steer by segment assets and segment liabilities, these disclosures have been omitted.

There are no revenues from business transactions with one single external customer that amount to more than 5% of the total revenue.

In the Investor Relations segment, there was a need for a value adjustment of €13 thousand during the financial year.

2022	Compliance thousand€	Investor Relations thousand€	Group thousand€
Revenue			
Cloud-Products	30,340	10,101	40,441
Cloud-Service	11,975	9,014	20,990
Total Revenue	42,315	19,115	61,430
Other Income	775	61	836
Own cost capitalized	677	1,482	2,159
Operating Expenses	-39,349	-20,510	-59,859
EBITDA	4,419	148	4,567

2021	Compliance thousand€	Investor Relations thousand€	Group thousand€
Revenue			
Cloud-Products	19,826	9,504	29,329
Cloud-Service	10,881	10,012	20,893
Total Revenue	30,707	19,516	50,223
Other Income	222	141	363
Own cost capitalized	502	1,739	2,241
Operating Expenses	-28,230	-22,856	-51,085
EBITDA	3,201	-1,459	1,742

3 Revenue from contract with customers

3.1 Breakdown of revenue from contracts with customers

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

	Reportable segments			
	Compliance		Investor Relations	
	2022 thousand€	2021 thousand€	2022 thousand€	2021 thousand€
Primary geographical markets				
Domestic	31,437	23,248	12,409	12.670
International	10,878	7,459	6,707	6.846
Total	42,315	30,707	19,115	19.516
Important product and service lines				
Cloud-Products	30,340	19,826	10,101	9,504
Cloud-Service	11,975	10,881	9,015	10,012
Total	42,315	30,707	19,115	19,516
Timing of revenue recognition				
Services rendered at a point in time	17,417	16,344	6,519	7.382
Über einen Zeitraum erbrachte Dienstleistungen	24,898	14,363	12,596	12.134
Total	42,315	30,707	19,516	19.516

The allocation of revenues into domestic/foreign is based on the allocation of revenues of the companies and not on the location of the customers.

3.2 Accounting policies and significant judgements

Revenue is quantified based on the consideration determined in a contract with a customer. The fees to be paid by the customer for the provision of the services are based on the contract and the price list applicable at the time of assignment. Payments for onboarding, packages, as well as the basic fee for twelve months are due and invoiced in advance upon conclusion of the contract. All additional services, if any, will be charged when used (e.g., pay per use/click, number of lines, project services) and invoiced monthly. Payments are due predominantly within 30 days after invoicing date according to the GTC.

The Group recognizes revenue when it transfers control of a good or service to a customer.

For more detailed information on the individual products, please refer to Note 2.

Cloud products

Revenue from the COCKPIT cloud platform includes Software as a Service (SaaS) applications in the IR and Compliance segments, which provide a right to use software functions (including standard functions, Reports customisations and extensions) in an infrastructure hosted by EQS or third-party providers, as well as related setup and support services.

Performance obligations from SaaS solutions are settled on a straight-line basis over the period of use, as the customer receives the benefit from the Group's service and uses the service while it is being rendered.

Revenue from separately identifiable performance obligations for the installation and setup of COCKPITs is recognised upon fulfilment of the performance obligation at the time of completion.

For support services requested by customers, the entitlement to consideration arises in an amount directly corresponding to the value of the services already provided to the customer. Therefore, when quantifying the progress of a performance obligation, use is made of the practical exemption to recognise revenue for the amount invoiced.

For the publishing of reports, revenue is generally recognised at the time the individual service is rendered.

Cloud service

Outside the platform, there are other IR and Compliance services such as Websites, Tools and Reports where an asset without alternative use is created according to client specifications, with a right to payment for products already transferred and services already provided. Revenue from this performance obligation is recognized over a period of time. The percentage of completion (PoC) method is used to measure the stage of completion relative to the date on which the performance obligation is fully satisfied.

Revenue from the transfer of LEI (legal entity identifier) is recognised at the time the LEI is transferred to the customer.

Revenue from Events and Webcasts is recognised when the service is fully performed and completed.

Revenue from Filings is recognised at the time of full performance and submission.

Estimation uncertainties and judgements

Judgements in determining whether to recognise revenue at a point in time or over a period of time and estimates in quantifying the stage of completion can have a significant impact on the timing and amount of revenue recognised.

3.3 Contract assets

	2022 thousand€	2021 thousand€
Costs incurred up to the balance sheet date plus recognized gains less recognized losses	455	257
Partial revenue already billed	-132	-76
Advance payments received	-47	-103
Total	276	78

Contract assets 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.

Contract assets are reclassified into receivables when the rights become unreserved. This usually happens after a service has been fully completed when the Group issues a final invoice to the customer.

We expect to recognize the revenue within 6 months.

3.4 Contract liabilities

	2022 thousand€	2021 thousand€
Contract Liabilities	11,541	9,978

Contract liabilities mainly relate to advance payments for cloud products for which revenue is recognized over a certain period of time.

The amount of €9.94m (previous year: €4.5m) disclosed in the contract liabilities at the beginning of the period was recognised as revenue during financial year 2022. The revenue recognised in 2022 from the performance obligations fulfilled (or partially fulfilled) in previous periods amount to €290 thousand (previous year: €479 thousand).

No information is provided on the remaining performance obligations, which have an expected initial term of one year or less.

4 Significant positions of the consolidated comprehensive income statement

The Group has identified numerous items that are significant due to their nature and/or amount. They are listed separately here to provide a better understanding of the Group's results of operations.

4.1 Other income

	2022 thousand€	2021 thousand€
Non-cash remuneration	14	20
Conferences	25	18
Reimbursements from overpayments	11	18
Reversal of liabilities	-	54
Grants received	-	141
Rental income from operating leases	13	50
Reversal of contingent purchase price liabilities	641	-
Other	133	62
Total	836	363

4.2 Own costs capitalized

	2022 thousand€	2021 thousand€
Own developed Software	2,159	2,241

In the reporting year, major projects for existing and new applications for the new Compliance COCKPIT were capitalized in the area of Compliance amounting to €678 thousand (previous year: €207 thousand) and for the IR COCKPIT amounting to €1.48m (previous year: €1.23m). The high level of capitalization in the area of investor relations in 2022 is due to significant improvements to existing modules of IR COCKPIT.

4.3 Cost of services

	2022 thousand€	2021 thousand€
Cost of services	9,084	7,425

The cost of services contain external services for services rendered at point in time.

4.4 Personnel expenses

	2022 thousand€	2021 thousand€
Wages/Salaries	32,756	26,655
Equity-settled share-based payments	285	211
Statutory social expenses	4,683	2,601
Voluntary social expenses	385	162
Defined contribution plans	450	1,529
Defined benefit plans	278	535
Total	38,837	31,693

4.5 Other expenses

	2022 thousand€	2021 thousand€
Facility expenses	632	470
Insurances/contributions/fees	417	336
IT-infrastructure costs	4,549	3,453
Advertising and travel expenses	2,785	3,085
Telecommunication/office expenses	688	797
Consulting fees	1,744	2,321
External service expenses	240	200
Others	733	596
Total	11,788	11,260

The increase in facility expenses is due to an additional office in Barcelona, Spain and increased rental costs due to first consolidation of Business Keeper GmbH. IT infrastructure expenses mainly include IT services provided by external partners as well as IT provider and IT service costs amounting to €2.94m (previous year: €2.35m) and license fees of €1.40m (previous year: €916 thousand). Consulting fees consist of legal and consulting fees as well as accounting and financial year closing and audit costs.

4.6 Government grants

In financial year 2022, the Company did not receive any government grants. In the previous year, Government grants amounted to €141 thousand, comprising waiver of a government development loan in the USA and a Corona grant of €4 thousand in Italy. These amounts are included in other income of the previous year.

4.7 Net financial result

	2022 thousand€	2021 thousand€
Financial income		
Interest income from financial assets measured at amortized cost	27	17
Net gain from foreign currency translation	855	849
Other financial income	267	4
Financial income	1,149	870
Financial expenses		
Interest paid/payable and finance costs for financial liabilities not measured at fair value through profit or loss	-69	-1,573
Interest paid/payable and finance costs for financial liabilities measured at fair value through profit or loss	-2,250	-542
Interest expense on leasing liabilities	-65	-90
Net loss from foreign currency translation	-334	-127
Other financial expenses	-191	-
Financial expenses	-2.910	-2.332
Net Financial result	-1,761	-1,461

Main financial expense of €2.3m result from interest payments on financial liabilities, arising from refinancing of acquisitions executed in 2021. The most significant items with foreign currency conversion are the exchange rate changes from the US-Dollar to the Euro of €163 thousand (previous year: €251 thousand), the British Pound to the Euro of €-87 thousand (previous year: €104 thousand), the Russian Rouble to the Euro of €17 thousand (previous year: €-11 thousand), as well as the Swiss Franc to the Euro of €459 thousand (previous year: €442 thousand).

4.8 Income taxes

	2022 thousand€	2021 thousand€
Current taxes		
taxes current period	1,266	225
taxes prior periods	211	20
Total current taxes	1,477	245
Deferred taxes		
Change in deferred taxes current period	-3,511	-486
Total deferred taxes	-3,511	-486
Withholding tax		
Withholding tax	21	13
Total withholding tax	21	13
Income taxes Income (-) expense (+)	-2,013	-229

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 including solidarity surcharge and trade tax, totalling to 32.95% (previous year: 32.95%). It may therefore differ from the actual consolidated tax ratio at the end of the year. Tax rates of included companies range from approx. 16% to 37%. There were no changes in tax rates compared to the previous year.

Despite current loss periods, deferred tax assets are recognized on loss carry forwards for companies in the Group. This is based on tax plannings with positive earnings prospects, so that it can be assumed that deferred tax assets are valuable. There was a deferred tax expense due to the devaluation of the capitalized deferred tax assets in the amount of €38 thousand and a deferred tax income of €2 thousand for EQS Equity Story RS LLC.

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

	2022 thousand€	2021 thousand€
Profit before tax	-5,344	-6,858
Income tax income calculated at 32,95% (Previous year: 32,95%)	-1,761	-
Effect of deviating foreign tax rates	-189	608
Effects of expenses not deductible for tax purposes	-308	-436
Effects of tax losses	489	-468
Effects of other temporary differences on which no deferred taxes were recognized	-493	-
Tax expenses/income for previous years	211	20
Others	38	47
Income tax income (-) expense (+)	-2,013	-229
Effective tax rate	37.66%	3.33%

Income taxes recognised in other comprehensive income:

	2022 thousand€	2021 thousand€
Deferred taxes		
Remeasurements on defined benefit plans	43	16

4.9 Earnings per share

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

	2022 thousand€	2021 thousand€
Share of net income attributable to shareholders of the parent company	-3,332	-6,629
	in Thousand	in Thousand
Weighted average number of shares outstanding	9,737	8,143
Earnings per share	-0.34	-0.81

4.10 Other comprehensive income

The composition of other comprehensive income is presented in the consolidated comprehensive income statement, and the development and composition of other reserves in the consolidated statement of changes in equity.

5 Financial assets and financial liabilities

This note provides information on the Group's financial instruments, including:

- » An overview of all financial instruments held by the Group
- » Detailed information on each type of financial instrument
- » Accounting policies,
- » Information about the determination of the fair value of the instruments, including related judgements and estimation uncertainties.

The Group holds the following financial instruments:

Financial assets:

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
Measured at amortized cost:		
Trade accounts receivables	6,075	7,018
Loans and receivables / security deposits	1,443	1,096
Cash and cash equivalents	10,655	8,653
Designated at fair value through profit or loss		
Interest rate derivative	717	23
Total	18,890	16,791
Short term	17,027	16,106
Long term	1,863	685

Financial liabilities:

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
Measured at amortized cost		
Loans from banks	34,054	58,259
Lease liabilities	3,848	6,026
Trade accounts payable	2,709	3,197
Deposits		10
Overdrafts / Credit card settlements	72	73
Other loans	148	17,046
Contingent purchase price liability	968	
Measured at fair value through profit or loss		
Contingent purchase price liability		1,608
Total	41,798	86,219
Short term	10,908	76,292
Long term	30,890	9,927

The Group's position with respect to various risks associated with financial instruments is explained in note 10. As of the balance sheet date, the maximum default risk corresponds to the carrying amount of each category of financial assets listed above.

5.1 Trade accounts receivables

	<i>Dec. 31, 2022</i> <i>thousand€</i>	<i>Dec. 31, 2021</i> <i>thousand€</i>
Trade accounts receivables	6,713	7,812
Valuation allowances on receivables	-638	-794
Total	6,075	7,018

5.1.1 Classification as trade accounts receivables

Trade accounts receivables are amounts owed by customers for goods sold or services rendered in the ordinary course of business. They are generally payable within 30 days and are therefore classified as short term. Longer payment terms will only be granted in exceptional cases. Trade accounts receivables are initially recognised at the amount of the unconditional consideration. The Group holds trade accounts receivables to collect the contractual cash flows and subsequently measures them at amortised cost using the effective interest method. Details of the Group's impairment methods and the calculation valuation allowances on receivables are included in note 10.2.2.

5.1.2 Fair value of trade accounts receivables

Due to the short-term nature of the trade accounts receivables, their carrying amount corresponds to their fair value.

5.1.3 Impairments and risks

Information on impairment losses of trade accounts receivables and the default risk and foreign currency risk, which the Group is exposed to, can be found in note 10.1.1 and 10.2.

5.2 Other financial assets measured at amortised cost

5.2.1 Classification of financial assets measured at amortised cost

The Group measures its financial assets at amortised cost if both of the following conditions are met:

- » The financial asset is held within a business model whose objective is to hold financial assets for the purpose of collecting the contractual cash flows, and
- » Its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Other financial assets measured at amortized cost are composed as follows:

	<i>Dec. 31, 2022</i> <i>thousand€</i>	<i>Dec. 31, 2021</i> <i>thousand€</i>
Loans to foreign managing directors and employees in management positions and employee receivables	974	675
Deposits	436	421
Others	33	0
Total	1,443	1,096
Short term	297	434
Long term	1,146	662

Loans of €1,20m were initially granted to foreign managing directors and employees in management positions. These are used to finance purchase of up to 1% of the shares in the parent company in each case. The interest rates are 2.00 to 2.80%. These loans have maximum term until 2027. The loans are secured.

5.2.2 Fair value of other financial assets measured at amortized cost

The fair value of other current financial assets corresponds to the carrying amount due to their short-term nature. Information on fair values of other non-current financial assets is provided in note 10.4.

5.2.3 Impairment and risks

Note 10.2 includes information on the impairment of financial assets and the Group's default risk volume.

All other financial assets measured at amortised cost are denominated in Euro. As a result, there is no foreign currency risk. Furthermore, there is no interest rate risk, as the financial investments are held until maturity.

5.3 Cash and cash equivalents

	<i>Dec. 31, 2022</i> <i>thousand€</i>	<i>Dec. 31, 2021</i> <i>thousand€</i>
Cash at banks	10,655	8,653

5.4 Trade accounts payables and other financial liabilities

	<i>Dec. 31, 2022</i> <i>thousand€</i>	<i>Dec. 31, 2021</i> <i>thousand€</i>
Unsecured - at amortized cost		
Loans from banks	4,408	3,150
Trade accounts payable	2,709	3,197
Bank overdrafts / credit card settlements	72	73
Other loans	148	1,654
Total	7,338	8,075
Secured - at amortized cost		
Loans from banks	29,645	55,109
Deposits		10
Lease liabilities	3,848	6,026
Other loans		17,000
Total	33,493	78,145
Total	40,830	86,219
Short term	9,940	76,292
Long term	30,890	9,927

Trade accounts payables are not subject to interest and generally have an average maturity of 30 days.

The credit card statements are the amounts not yet debited as of the balance sheet date of Dec. 31, 2022.

Other loans in previous year includes a vendor loan of €17.00m from International Compliance Software Holding B.V. from the acquisition of the Business Keeper GmbH. The loan was repaid in financial year 2022.

5.5 Loans

On October 28, 2022, EQS Group AG concluded syndicated loan agreement for €30.00m, which amends the bridge facility loan of June 11, 2021. The loan has a term of five years and repayment will be done on quarterly basis. First repayments is due July 31, 2023.

The **interest rate for each loan** for each interest period is the percentage per annum resulting from the sum of interest margin and EURIBOR. The interest margin depends on financial covenant net debit/EBITDA and minor on ESG criteria (diversity and CO2 consumption) and may range between 2.50 % to 4.30%. The loan was fully hedged by an interest rate cap derivative with a EURIBOR of minimum 0.00% to maximum 3.00%.

Additionally, on Jan. 4, 2021, EQS Group AG drew down a bank loan in the amount of €7.00m to finance the acquisition of Got Ethics A/S. The loan matures on Dec.31, 2025, and is repayable in quarterly instalments. The interest rate for the loan is the sum of the EURIBOR plus a margin of 2.80% p.a. The loan is fully hedged by an interest rate cap derivative with maximum EURIBOR of 0.00%.

For further information on derivatives, please refer to note 10.1.2. Cash flow and market interest rate risk.

Compliance with loan covenants

In connection with the loan financing of over €30.00m and over €7.00m, the Group must comply with financial covenant EBITDA, net debt/EBITDA and equity ratio. If this is not complied with, the bank has the right to terminate the contract.

Due to the delayed implementation of the Whistleblowing Directive in many countries in the EU, including Germany, EQS Group AG has made an amendment to the contract with Commerzbank AG in which EQS Group AG has agreed to pay an unscheduled special repayment of €5.00m by March 31, 2022. The payment was made on March 14, 2022. A further amendment agreement was concluded on March 15, 2023. It contains the increase in initial interest margin by 25 basis points until September 30, 2023. Based on the company's planning for 2023, the Executive Board of EQS Group AG assumes compliance with the financial covenants.

As security for the syndicated loan of €30.00m, the shares of EQS GROUP AG, Switzerland, Business Keeper GmbH, Berlin (until January 13, 2022: ICS International Compliance Software Beteiligungs Group GmbH, Frankfurt am Main) and EQS Group A/S, Denmark, are pledged.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

For loans, the fair values do not differ significantly from the carrying amounts as the interest payments on these loans are close to current market rates or the loans are short term.

6 Non-financial assets and liabilities

6.1 Intangible assets and goodwill

	<i>Own developed Software thousand€</i>	<i>Other purchased software and licenses thousand€</i>	<i>Customer base thousand€</i>	<i>Goodwill thousand€</i>	<i>Total thousand€</i>
Acquisition or production costs					
As of Jan. 1, 2021	9,978	2,861	9,697	19,042	41,578
Addition	2,355	247	150		2,751
Disposal	-68	-28	-	-515	-611
Transfer	-91	91	-	-	-
Revaluation	-	-	-	-	-
Held for sale	-	-	-	-	-
Addition to the consolidation group	571	19,201	31,187	80,760	131,719
Disposal from the consolidation group	-	-	-	-	-
Exchange rate differences	-	23	323	632	979
As of Dec. 31, 2021	12,745	22,395	41,358	99,919	176,415
As of Jan. 1, 2022	12,745	22,395	41,358	99,919	176,415
Addition	2,159	316	-	-	2,475
Disposal	-	-	-	-	-
Transfer	-	-	-	-	-
Revaluation	-	-	-	-	-
Held for sale	-	-	-	-	-
Addition to the consolidation group	-	-	-	-	-
Disposal from the consolidation group	-	-	-	-	-
Exchange rate differences	-	29	340	586	955
As of Dec. 31, 2022	14,904	22,740	41,698	100,505	179,846
Depreciation and impairment					
As of Jan. 1, 2021	2,110	2,571	3,738	2,144	10,562
Depreciation/impairment	851	1,410	1,532	1,009	4,802
Disposal	-68	-110	-	-	-178
Addition	-	-	-	-	-
Transfer	-	-	-	-	-
Held for sale	-	-	-	-	-
Addition to the consolidation group	335	346	-	-	682
Disposal from the consolidation group	-	-	-	-	-
Exchange rate differences	-	23	86	55	164
As of Dec. 31, 2021	3,228	4,239	5,356	3,208	16,031
As of Jan. 1, 2022	3,228	4,239	5,356	3,208	16,031
Depreciation/impairment	916	2,334	2,257	14	5,521
Disposal	-	-	-	-	-
Addition	-	-	-	-	-
Transfer	-	-	-	-	-
Held for sale	-	-	-	-	-
Addition to the consolidation group	-	-	-	-	-
Disposal from the consolidation group	-	-	-	-	-
Exchange rate differences	-	26	141	48	215
As of Dec. 31, 2022	4,144	6,600	7,753	3,270	21,767

	Own developed Software thousand€	Other purchased software and licenses thousand€	Customer base thousand€	Goodwill thousand€	Total thousand€
Book value					
As of Dec. 31, 2022	10,760	16,140	33,944	97,235	158,080
As of Dec. 31, 2021	9,516	18,155	36,002	96,711	160,385
As of Jan. 1, 2021	7,868	290	5,960	16,898	31,017

The largest changes in 2022 relate to the addition to own developed software (see Note 15.2). Furthermore, an impairment loss of €14 thousand was recognized on capitalized goodwill in the CGU EquityStory RS, LLC in the reporting year. This involved a full impairment of the goodwill allocated to this CGU.

All amortization and impairment losses on intangible assets as well as goodwill are presented in the consolidated comprehensive income statement under the item "Depreciation/amortization".

Allocation of goodwill to the cash generating units

Goodwill has been allocated to cash-generating units for the purpose of impairment testing. With regard to goodwill, the cash-generating unit (CGU) is the respective segment and not the individual company itself. A distinction is made here between the segments "Compliance" and "Investor Relations".

<i>Chronological order according to Date of acquisition</i>	<i>Date of acquisition</i>	<i>Segment</i>	Book value Dec. 31, 2022 thousand€	<i>Book value Dec. 31, 2021 thousand€</i>
CGU EQS Group AG Compliance	2005/2021	Compliance	9,849	9,849
CGU EquityStory RS, LLC	2008	Investor Relations	-	14
CGU EQS Group AG Investor Relations	2011	Investor Relations	460	460
CGU EQS Asia Ltd.	2014	Investor Relations	2,911	2,741
CGU EQS Group Ltd.	2015	Investor Relations	464	490
CGU EQS GROUP AG (Switzerland) Investor Relations	2015	Investor Relations	2,343	2,233
CGU EQS GROUP AG (Switzerland) Compliance	2018	Compliance	6,051	5,767
CGU EQS Group A/S	2021	Compliance	10,391	10,391
CGU Business Keeper GmbH	2021	Compliance	64,766	64,766
Summe			97.235	96.711

In order to determine the recoverable income (value in use), a two level discounted cash flow model was used, which is based on a detailed planning of total income and total expenses for 5 years and on a perpetual annuity taking into account a long-term growth rate of 1%. The carrying amounts of the CGUs EQS Asia Ltd. (Hong Kong), EQS Group Ltd. (UK), EQS GROUP AG (Switzerland) and EQS Group A/S (Denmark) are denominated in foreign currency and are therefore subject to currency effects.

Each planning is subject to uncertainties with regard to the realization of expected parameters, especially in the case of new business areas.

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

- » At the CGU EQS Group AG Compliance, we expect positive influences on sales growth from financial market regulations and the expansion of business relationships with customers for the whistleblower systems area.
- » The assets (goodwill) of the CGU EquityStory RS LLC were fully impaired due to the lack of continuation perspective as a result of the impact of the war in Ukraine.
- » For the CGU EQS Group AG Investor Relations, we expect a disproportionately low growth in sales in the coming years through cross-selling with the products Investors, CRM and Mailing, while at the same time increasing profitability through lower investments.
- » For the CGU EQS Asia Ltd., we plan a disproportionately low growth in sales through cross-selling with the products Investors, CRM and Mailing in the coming years, while at the same time increasing profitability through lower investments.
- » For CGU EQS Group Ltd., we continue to see significant cross-selling potential with existing customers with low investments and thus a significant increase in the EBITDA margin in the coming years.
- » For the CGU EQS GROUP AG (Switzerland) Investor Relations, we expect a disproportionately low growth with low investments a continued high EBITDA margin for the coming years.
- » For the CGU EQS GROUP AG (Switzerland) Compliance, we expect a continuation of the sales growth from new customers and cross-selling from existing customers due to our good market position in 2023 and following years.
- » For the CGU EQS GROUP A/S, we expect a continuation of the strong sales growth with significantly improved profitability due to our good market positioning.
- » For the CGU Business Keeper GmbH, we expect a continuation of the sales growth through cross-selling to major customers due to our strong market positioning.

The EBIT(DA) planning for the individual CGUs is based on the historical experience of the EBIT(DA) margins of the individual products and their existing business volume. Depending on the development phase of the business volume of the CGU and the focus of the business area of the CGU, there is a higher margin development in the detailed planning phase and a higher margin in the perpetual annuity.

The growth rate in perpetuity was assumed to be 1.00% (previous year: 1.00%) for all CGUs of EQS Group in 2022. The discount rate applied to the cash flow forecasts (after-tax WACC) was assumed to be between 7.73% and 8.10% (previous year: 5.69%) for the CGUs. The increase compared to the previous year results from the rise in the risk-free interest rate as of the reporting date.

The recoverable amount of the CGU was also subjected to a sensitivity analysis. Thereby the free cashflows were adjusted by up to 20% and the pre-tax WACC up to 1%. The effects of a change in the underlying assumptions on the carrying amount of the CGU EQS Group AG (Switzerland) are as follows:

Cash generating unit	Assumptions	Parameter	Change in Parameters to:	(cumulative) Effect on the carrying amount thousand€
EQS GROUP AG (Switzerland) Compliance	terminal value	100%	80%	-91.254 CHF
	free cash-flow		(-20%)	
	Pre-tax cost of capital (pre-tax WACC)	9,74%	10,74% (+1%)	

For the CGU Business Keeper GmbH, an impairment risk would exist for a plan deviation of the sustainable free cash flow of 33%. For all other CGUs, the sensitivity analysis does not indicate any need for impairment.

Material intangible assets

Own developed software in progress, which is not yet subject to scheduled amortization, must also be tested annually in accordance with IAS 36. This was done and no impairment loss was recognized as a result. Please refer to Notes 4.2 and 15.2.

The main items of internally generated intangible assets developed as follows:

	Book value thousand€	Book value Dec. 31, 2021 thousand€	remaining amortization period as of Dec. 31, 2022
Own developed software	4,816	5,457	until 2029
Own developed software in progress	5,943	4,059	
Total	10,760	9,516	

Own developed software mainly consist of the product EQS COCKPIT and its modules.

The main items of purchased intangible assets developed as follows:

	Book value thousand€	Book value Dec. 31, 2021 thousand€	remaining amortization period as of Dec. 31, 2022
Software Business Keeper GmbH from PPA	3,611	4,036	31.12.2030
Order backlog Business Keeper GmbH from PPA	7,689	8,594	31.12.2030
Brand Business Keeper GmbH from PPA	3,374	3,771	31.12.2030
Total	14,674	16,401	

The customer bases developed as follows:

	Book value thousand€	Book value Dec. 31, 2021 thousand€	remaining amortization period as of Dec. 31, 2022
TodayIR Ltd.	1,048	1,143	30.04.2029
Tensid AG	1,087	1,166	31.12.2030
Obsidian IR Ltd.	248	294	30.11.2030
news aktuell GmbH	992	1,178	31.03.2028
Integrity Line GmbH	1,686	1,768	31.12.2033
Business Keeper GmbH	25,083	26,439	30.06.2041
Got Ethics A/S	3,404	3,593	31.12.2040
C2S2 GmbH	259	273	31.12.2040
APA-OTS Originaltext-Service GmbH	138	148	30.09.2036
Total	33,944	36,002	

6.1.1 Depreciation methods and useful life

The Group amortizes intangible assets with finite useful lives on a straight-line basis over the following periods:

Asset classes	Useful life
Purchased software	3 - 5 years
Own developed software	5 - 10 years
Industrial property rights	1 - 10 years
Licenses	3 years
Customer base	15 - 20 years

See Note 20.11 for other accounting policies relevant to intangible assets and Note 20.7 for the Company's policies with regard to the recognition of impairment losses.

6.2 Property, plant & equipment

	<i>Property, plant and equipment thousand€</i>	<i>Buildings thousand€</i>	<i>Total thousand€</i>
Acquisition or production costs			
As of Jan. 1, 2021	5,055	9,000	14,056
Addition	506	613	1,119
Disposal	-57	-177	-234
Transfer	-	-	-
Revaluation	-	-	-
Held for sale	-	-	-
Addition to the consolidation group	719	1,060	1,779
Disposal from the consolidation group	-	-	-
Exchange rate differences	83	184	267
As of Dec. 31 2021	6,306	10,681	16,987
As of Jan. 1, 2022	6,306	10,681	16,987
Addition	339	312	651
Disposal	-56	-394	-451
Transfer	-	-	-
Revaluation	-	-	-
Held for sale	-	-	-
Addition to the consolidation group	-	-	-
Disposal from the consolidation group	-	-	-
Exchange rate differences	28	20	48
As of Dec. 31 2022	6,617	10,618	17,235
Depreciation and impairment			
As of Jan. 1, 2021	3,520	3,320	6,840
Depreciation/impairment	540	1,798	2,338
Disposal	-47	-78	-126
Addition	-	-	-
Transfer	-	-	-
Held for sale	-	-	-
Addition to the consolidation group	427	-	427
Disposal from the consolidation group	-	-	-
Exchange rate differences	57	99	156
As of Dec. 31 2021	4,497	5,139	9,636

As of Jan. 1, 2022	4,497	5,139	9,636
Depreciation/impairment	611	2,019	2,630
Disposal	-54	-	-54
Addition	-	-	-
Transfer	-	-	-
Held for sale	-	-	-
Addition to the consolidation group	-	-	-
Disposal from the consolidation group	-	-	-
Exchange rate differences	21	-10	11
As of Dec. 31 2021	5,075	7,148	12,224

Book value

As of Dec. 31 2022	1,542	3,469	5,011
As of Dec. 31 2021	1,809	5,542	7,351
As of Jan. 1, 2021	1,535	5,681	7,216

As of the balance sheet date, there are contractual obligations in the form of purchase orders for the acquisition of property, plant and equipment amounting to €6 thousand.

6.2.1 Depreciation methods and useful life

All items of property, plant and equipment are stated at historical cost less depreciation and any impairment losses.

Scheduled depreciation is carried out on a straight-line basis. The difference between the acquisition or production costs and the residual values is distributed on a straight-line basis over the following expected useful lives:

Asset classes	Useful life
Right of use Buildings (IFRS 16)	1 - 10 years
Property, plant and equipment	1 - 23 years

See Note 20.10 for other accounting policies relevant to property, plant and equipment.

6.3 Leases – lessee

This note provides information on leases in which the Group is the lessee.

The Group rents offices, office equipment and a vehicle. Building leases are usually long-term (up to 10 years) but may have renewal options as described in section 6.3.3. below.

The accounting policies for leases are explained in note 20.6.

6.3.1 Amounts recognised in the balance sheet

The following items are recognised in the balance sheet in connection with leases:

	Dec. 31, 2022 thousand€	Dec. 31, 2021 thousand€
Right of use asset		
Buildings	3,469	5,542
Cars	20	30
Property, plant and equipment	34	59
Total	3,523	5,630
Additions and disposals to right of use		
Additions	312	1,777
Disposals	-394	-177
Total	-83	1,600
Leasing liability		
Short term	1,996	2,110
Long term	1,852	3,916
Total	3,848	6,026

For the maturity structure, please refer to note 10.3.2.

6.3.2 Amounts recognised in the comprehensive income statement

The comprehensive income statement shows the following amounts related to leases:

	2022 thousand€	2021 thousand€
Amortization of right of use		
Buildings	2,019	1,798
Cars	10	1
Property, plant and equipment	24	16
Total	2,053	1,815
Interest expenses		
Interest expenses on leasing liabilities	65	90
Practical remedy		
Expenses for short-term leases	105	39
Expenses for low value leases	3	7
Total	108	46
Amounts recognized in the statement of comprehensive income	2,227	1,952

Payments for leases in the reporting year of €2.19m (Dec. 31, 2021: €1.95m).

6.3.3 Extension options

As of Dec. 31, 2022, there are future cash outflows not included in the leasing liability in the amount of €10.73m (Dec. 31, 2021: €11.03m), as it is not sufficiently certain that the lease agreements will be extended (or not terminated).

6.3.4 Subleases

The Group enters into sublease agreements for rented properties. The subleases are exclusively classified as operating leases.

Rental income from subleases for properties includes €13 thousand (Dec. 31, 2021: €50 thousand) and consist exclusively of fixed lease payments linked to an index or (interest) rate.

The future minimum lease payments from non-cancellable subleases have the following maturities:

	2022 thousand€	2021 thousand€
up to 1 year	-	13

The accounting policies for leases are explained in note 20.6.

6.4 Deferred taxes

As of Dec. 31, 2021

31.12.2021	Balance net as of January 1 thousand€	Recognized in Profit or loss thousand€	Currency Effect thousand€	Recognized in Other income thousand€	Directly in Equity considered thousand€	Net thousand€	Deffered Tax Assets thousand€	Deffered Tax Liabilities thousand€
								Liabi- ties
Intangible assets	-3,551	218	3	-	-14,764	-18,097	-	-18,097
Property, plant and equipment	-1,362	100	-	-	-	-1,261	-102	-1,160
Financial assets	-	-	-	-	-	-	-	-
Other assets	-92	92	-	-	-	-	-	-
Trade accounts receivables	3	6	-	-	-	8	20	-11
Cash and cash equivalents	67	-66	-	-	-	1	3	-2
Employee benefits	154	-73	2	16	-	97	222	-125
Provisions	33	-13	-	-	-	20	20	-
Liabilities from trade payables	-	1	-	-	-	1	1	-
Contractual liabilities	-	1	-	-	-	1	1	-
Financial liabilities	1,446	-523	-	-	-	924	1,350	-427
Loss carried forward	786	737	-	-	177	1,700	1,700	-
Tax assets (-liabilities) before offsetting							3,215	-19,821
Offsetting of tax							-3,215	3,215
Tax assets (-liabilities) after offsetting								-16,607

31.12.2022	Balance net as of Janary 1 thousand€	Recognized in Profit or loss thousand€	Currency Effect thousand€	Recognized in Other income thousand€	Directly in Equity considered thousand€	Net thousand€	Deferred Tax Assets thousand€	Deferred Tax Liabilities thousand€
Intangible assets	-18,097	752	-14	-	-	-17,359	-554	-16,804
Property, plant and equipment	-1,261	285	-24	-	-	-1,001	21	-1,021
Financial assets	-	-92	-	-	-	-92	553	-645
Trade accounts receivables	8	32	-	-	-	39	52	-13
Cash and cash equivalents	1	-1	-	-	-	-	-	-
Employee benefits	97	-66	-	-42	-	-10	1	-11
Provisions	20	29	-	-	-	49	49	-
Liabilities from trade payables	1	-	-	-	-	1	1	-
Contractual liabilities	1	41	-	-	-	42	42	-
Financial liabilities	924	107	-	2	-	1,032	1,159	-126
Loss carried forward	1,700	2,423	-	-	-	4,123	4,123	-
Tax assets (-liabilities) before offsetting	-	-	-	-	-	-	5,447	-18,620
Offsetting of tax	-	-	-	-	-	-	-	-
Steueransprüche (-schulden) nach Saldierung	-	-	-	-	-	-	-	-18,620

It was not possible to some extent to capitalize any deferred taxes on foreign losses carried forward in the reporting year. This is due, among other things, to the fact that loss carry forwards can only be partially utilized within the planning period or to the fact that tax losses cannot be utilized in principle in accordance with individual foreign tax law. Although some of the losses cannot be used indefinitely, no tax losses carried forward have expired to date.

The amount of the not recognised vested losses carried forward at the reporting date is €3.38m (Dec. 30, 2021: €2.11m).

No deferred tax liabilities were recorded on outside basis differences. The related temporary differences amount to €217 thousand (Dec. 30, 2021: €188 thousand) at the reporting date.

6.5 Other assets

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
Advanced payments	1,160	1,338
VAT Receivables	276	-
Receivables from health insurance/insurances	0	21
Other Assets	127	594
Total	1,563	1,953
Short term	1,524	1,907
Long term	39	46

The prepayments relate to services rendered after Dec. 31, 2022.

6.6 Other liabilities

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
VAT liabilities	952	327
Tax on wages	601	629
Employer's liability insurance Association	61	90
Money in transit	-	111
Other	1	3
Total	1,615	1,161
Short term	1,615	1,161
Long term	-	-

6.7 Provisions

	<i>Archiving business documents</i> thousand€	<i>Dismantling obligation</i> thousand€	<i>Onerous contracts</i> thousand€	Total thousand€
As of Jan. 1, 2021	14	144	109	267
Consumption	-	-	-111	-111
Addition	-	-	32	32
Release	-	-	-	-
Accumulation	-	1	-	1
Allocation	-	-	-	-
Currency translation	-	-	2	2
As of Dec. 31, 2021	14	145	33	192
Währungsumrechnung	-	-	2	2
31.12.2021	14	145	33	192
Short term	-	-	33	33
Long term	14	145	-	159

	<i>Archiving business documents thousand€</i>	<i>Dismantling obligation thousand€</i>	<i>Onerous contracts thousand€</i>	<i>Total thousand€</i>
As of Jan. 1, 2022	14	145	33	192
Consumption	-	-	-	-
Release	-	-	-33	-33
Addition	17	1	141	159
Accumulation	-	-	-	-
Currency translation	-	-	-	-
As of Dec. 31, 2022	30	146	142	318
Short term	17	-	142	158
Long term	14	146	-	160

Archiving business documents

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

Dismantling obligation

The obligation to reverse constructional changes results from the relocation of the parent company's business premises and the associated change in the expenses for the restoration measures.

Onerous contracts

Provisions are made for onerous contracts whose contractual fulfilment involves unavoidable costs.

6.8 Employee benefits

6.8.1 Current employee benefits due

	Dec. 31, 2022 thousand€	Dec. 31, 2021 thousand€
Defined benefit plans	361	506
Liabilities from wages and salaries	5	16
Bonus payments	989	829
Vacation / Overtime	242	430
Liabilities - social security	50	7
Liabilities from pension plans	183	180
Service cost on contingent purchase price liabilities	78	237
Other	11	21
Total	1,920	2,227
Short term	1,495	1,494
Long term	425	733

6.8.2 Benefits after termination of the employment relationship

The table below shows the reconciliation of the opening balance to the closing balance for the net defined benefit liability (asset) and its components.

Change in net liability from defined benefit pension plans	Defined benefit obligation		Fair value of Plan Assets		Net defined benefit liability from defined benefit pension plans	
	2022 thousand€	2021 thousand€	2022 thousand€	2021 thousand€	2022 thousand€	2021 thousand€
As of Jan. 1,	1,018	898	-513	-440	506	458
Recognized in profit or loss	224	188	-4	-1	219	186
Current service cost	213	187	-	-	213	187
Past service cost	-3	-5	-	-	-3	-5
Interest expense (inte-rest income)	14	6	-4	-1	9	4
Recognized in other comprehensive income	-325	16	39	-77	-286	-61
- Actuarial Loss (Gain) from:	-	-	-	-	-	-
- demographic assumptions	-4	-77	-	-	-4	-77
- financial assumptions	-230	108	-	-	-230	108
- experience adjustment	-113	-59	-	-	-113	-59
Return on plan assets excluding interest income	-	-	54	-55	54	-55
Net translation differences	22	45	-15	-22	7	22
	-	-	-	-	-	-
Other	-141	-84	63	6	-78	-78
Contributions paid by employer	-	-	-68	-69	-68	-69
Contributions paid by employee	65	69	-65	-69	-	-
Benefit Payments	-206	-153	197	143	-10	-10
As of Dec. 31,	776	1,018	-415	-513	361	506

For country-specific details of defined benefit plans, see Note 20.16.2.

31.12.2022	Switzerland thousand€	France thousand€	India thousand€	Italy thousand€	Total thousand€
Present value of obligations	584	50	127	24	784
Fair value of plan assets	-421				-421
Total liabilities	163	50	127	24	363

31.12.2021	Switzerland thousand€	France thousand€	India thousand€	Italy thousand€	Total thousand€
Present value of obligations	884	8	116	11	1,019
Fair value of plan assets	-513				-513
Total liabilities	371	8	116	11	506

The Group is expecting contributions of €56 thousand to be paid into the defined benefit plans in 2022.

Plan assets

The plan assets at EQS Group AG (Switzerland) include:

<i>Plan assets</i>	2022*	<i>2021</i>
Shares	27.9%	30.4%
Bonds	30.1%	30.4%
Real estate	17.7%	15.6%
Mortgages	7.2%	6.9%
Alternative investments	13.4%	16.1%
Other	0.9%	0.2%
Cash and cash equivalents	2.8%	0.4%

*Values are at Sept 30, 2022

The investment strategy of the fund is based on investment objectives, which are regularly determined by an asset-liability study (ALM) and follows the goal of achieving a stable return through a balanced share of equities, real assets, and investments in alternative investments, and to cushion the short-term fluctuations of the market through diversification.

The remaining pension plans are not funded.

Defined benefit obligation

The most important actuarial assumptions used as of the balance sheet date (in the form of weighted average values in percent) are listed below.

<i>Dec. 31, 2022</i>	Switzerland	Fance	India	Italy
Discount rate	2.1%	0.6%	7.2%	3.7%
Inflation rate	-	-	-	2.5%
Future wage and salary increases	3.5%	1.0%	8.5%	1.0%
Future pension increase	-	-	-	-
Fluctuation rate	-	-	16.0%	5.0%

<i>Dec. 31, 2021</i>	Switzerland	Fance	India	Italy
Discount rate	0.3%	0.6%	6.1%	1.0%
Inflation rate	-	-	-	1.5%
Future wage and salary increases	3.5%	1.0%	9.0%	2.6%
Future pension increase	-	-	-	-
Fluctuation rate	-	-	14.0%	5.0%

The assumptions about future life expectancy are based on published statistics and mortality tables. For Switzerland, the BVG 2020 generation tables were used.

On Dec.31, 2022, the weighted average duration of the defined benefit obligation was 13.8 years (previous year: 19.5 years).

If the other assumptions remain constant, the reasonably possible changes in one of the key actuarial assumptions at the reporting date would have affected the defined benefit obligation by the amounts shown below:

Sensitivity analysis	Change of Assumption		Increase of Acceptance		Decrease in Acceptance	
	2022	2021	2022	2021	2022	2021
<i>Switzerland</i>						
Discount rate	0.5%	0.5%	-6.9%	-9.4%	8.3%	12.0%
Future wage or salary increase (incl. Inflation)	0.5%	0.5%	3.7%	4.7%	-3.3%	-4.1%
Expected pension increase	0.5%	0.5%	2.8%	4.3%	-2.6%	-3.9%
Change in Life expectancy	1	1	0.6%	1.3%	-0.7%	-1.3%

Sensitivity analysis	Change of Assumption		Increase of Acceptance		Decrease in Acceptance	
	2022	2021	2022	2021	2022	2021
<i>India</i>						
Discount rate	1.0%	1.0%	-5.5%	-6.8%	6.2%	7.7%
Future wage or salary increase (incl. Inflation)	1.0%	1.0%	5.9%	7.4%	-5.5%	-6.7%
Fluctuation rate	25.0%	25.0%	-3.6%	-5.5%	4.5%	7.2%

For the countries France and Italy a sensitivity analysis was not performed for reasons of materiality.

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions presented.

The funding gap does not currently represent a significant risk. The obligations are regularly reviewed by management in order to be able to take appropriate precautions in the event of significant changes.

7 Equity

7.1 Issued capital / Treasury shares

	Dec. 31, 2022 thousand€	Dec. 31, 2021 thousand€
Issued as of January 1	8,648	7,518
Capital increase from own funds	-	-
Issued against cash contributions	1,365	1,135
Balance of purchased and sold treasury shares for share savings plans	1	-4
Issued as of Dec. 31 - fully paid	10,014	8,648

The issued capital of EQS Group AG is €10,024,212.00 as of Dec. 31, 2022 (Dec. 31, 2021: €8,659,476.00) and has been paid in full. It is divided into 10,024,212 (Dec. 31, 2021: 8,659,476) no-par value registered shares. As of the balance sheet date, the Group held 10,000 treasury shares, which were separately deducted from the issued capital.

On February 25, 2022, the Executive Board of the Company resolved, with the approval of the Supervisory Board, to increase the share capital of the Company from €8,659,476.00 by €1,443,246.00 to €10,102,722.00 by issuing 1,443,246 new registered no-par value shares, each with a notional value of €1.00 of the Company's share capital, using the Authorized Capital 2021 created by resolution of the Annual General Meeting of the Company on May 14, 2021. A total of 1,364,736 (approx. 94.6%) of the 1,443,246 new shares offered were placed. The capital stock was thus increased from €8,659,476.00 to €10,024,212. The implementation of the capital increase was entered in the commercial register on March 29, 2022. This resulted in gross issue proceeds of €45,036,288.

By resolution of the Annual General Meeting on June 28, 2022, the Board of Management was authorized, with the approval of the Supervisory Board, to increase the share capital on one or more occasions by a total of up to €1,002,421.00 by June 27, 2027 against cash and/or non-cash contributions (Authorized Capital 2022/I).

The following resolutions were adopted by the Annual General Meeting on June 28, 2022:

- » Cancellation of the previous Authorized Capital 2021/I
- » Creation of a new Authorized Capital 2022/I
- » Amendment of § 4 - Capital Stock, Authorized Capital
- » Amendment to § 14 - Compensation of the Supervisory Board
- » Adjustment of the object of the Company
- » Resolution on enlargement of the Supervisory Board

The Management Board did not make use of the authorizations in the financial year.

For the employee stock option program (tranche 2021), 10,000 treasury shares (€10,000 of the capital stock of €10,024,212.00 existing at that time = 0.1%) were purchased again between September and November 2022 at a price of between €23.90 and €29.00. These shares were issued to employees in January 2023 as part of the employee stock option program. The treasury stock amounted to 10,000 shares at the balance sheet date. The effect for the financial year from the repurchase and sale of treasury shares is shown in the capital reserve.

By resolution of the Annual General Meeting, the compensation for each member of the Supervisory Board was adjusted to €32,500 plus any applicable value-added tax plus appropriate expenses. The Chairman of the Supervisory Board receives 2.5 times and his deputy 1.5 times the remuneration. The Chairman of the Audit Committee receives an additional €15,000.00. In addition, each member of the Supervisory Board receives attendance fees for Supervisory Board meetings. The Chairman of the Supervisory Board receives €2,000.00 per meeting per day, irrespective of whether the meeting is a presence, hybrid or virtual meeting and whether he physically attends the meeting. All other members receive €750.00 per meeting per day. If the meeting is a (hybrid) meeting with the possibility of physical presence, each physically present member shall receive €1,000.00 per meeting per day in deviation from the previous rate. For participation in committee meetings, each participating member receives €750.00 per meeting per day. Compensation for attendance fees is limited to a maximum of 10 meetings of the Supervisory Board or committees per year. Supervisory Board meetings shall be given priority over committee meetings.

7.2 Capital reserve

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
Balance of capital reserves at beginning of year	63,140	20,891
Reclassification	-	-
Capital increase	43,672	42,542
Share-based payment	275	211
Change in treasury shares	-234	-504
Total	106,853	63,140

Personnel expenses related to share-based payments are recognised in other reserves. At the end of the reporting period, €-57 thousand (Dec. 31, 2021: €43 thousand) from equity-based remuneration transactions are included in the capital reserve.

7.3 Retained Earnings

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
Balance at beginning of year	-1,532	4,706
Cost of capital increase	-204	-50
Adjustment of retained earnings of subsidiaries	154	-
Initial consolidation of subsidiaries	4	441
Consolidated net income	-3,332	-6,629
Total	-4,908	-1,532

7.4 Other reserves

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
Status at the beginning of the year	-17	-171
Foreign currency differences	22	55
Actuarial gains/losses from defined benefit plans	247	99
Total	252	-17

Foreign currency differences

Exchange differences arising on the translation of a controlled foreign operation are recognized in other comprehensive income in the statement of comprehensive income and accumulated in the other reserve in equity. The cumulative amount in the other reserve is reclassified to profit or loss (net income) when the net investment is disposed of.

At the end of the reporting period, other reserves include currency differences from the translation of foreign businesses of €132 thousand (Dec. 31, 2021: €110 thousand).

Actuarial gains and losses on defined benefit plans

Gains and losses from remeasurements of defined benefit pension plans and the difference between the return on plan assets and the amounts included in net interest on the net liability (the net asset) resulting from experience-based adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the period in which they arise. The cumulative remeasurements are shown in the statement of changes in equity and in the balance sheet under other reserves.

At the end of the reporting period, other reserves include actuarial gains (losses) as well as deferred taxes thereon, in the amount of €120 thousand (Dec. 31, 2021: €-127 thousand).

7.5 Shares of non-controlling shareholders

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
Balance at beginning of year	0	0
Income attributable to non-controlling interests	1	0
Summe	1	0

The interest of the consolidated result attributable to the non-controlling shareholders is €618.21 (Dec. 31, 2021: €56.53).

8 Cash flow disclosures

8.1 Non-cash investing and financing activities

Non-cash investing and financing activities recognised in other notes:

- » Acquisition of rights of use – note 6.3
- » Shares issued to employees under the stock option plan – note 14

8.2 Changes in liabilities from financing activities

	<i>As of Jan. 1, 2021</i> thousand€	<i>Cash effective</i> thousand€	<i>Non cash effective</i> thousand€	<i>As of Dec. 31, 2021</i> thousand€
Non-current bank loans	3,150	4,271	-3,018	4,403
Current bank loans	1,453	50,254	2,223	53,930
Other credits	185	-56	18,525	18,654
Deposits	10	-	-	10
Lease liabilities	6,120	-1,861	1,767	6,026
Total	10,918	52,608	19,497	83,022

Lease liabilities include non-cash additions from first consolidation in the amount of €0.00 (previous year: €1.06m).

	<i>As of Jan. 1, 2022 thousand€</i>	<i>Cash effective thousand€</i>	<i>Non cash effective thousand€</i>	<i>As of Dec. 31, 2022 thousand€</i>
Non-current bank loans	4,403	3,526	21,109	29,039
Current bank loans	53,930	-33,152	-15,763	5,015
Other credits	18,654	-16,897	-641	1,116
Deposits	10	-10	0	-
Leasing liabilities	6,026	-1,763	-416	3,848
Total	83,022	-48,295	4,290	39,017

Financial liabilities are mainly denominated in Euros.

9 Significant estimates and judgments

The preparation of the financial statements requires the use of accounting estimates, which by definition rarely correspond to actual results. The application of the Group's accounting policies is also subject to various judgements by management. Below we provide an overview of areas with higher degrees of judgements or complexity and items that are likely to require a significant adjustment if estimates and assumptions prove to be incorrect. Detailed information on these estimates and judgements is included in the other notes, together with the basis of calculation for each affected line item in the financial statements.

9.1 Significant estimates or judgements were exercised in respect of:

The following discloses the significant estimates and judgments made by management in the process of applying the Company's accounting policies and the significant effects of those estimates and judgments on the amounts recognized in the consolidated financial statements. Judgements involving estimates are excluded from the presentation.

Significant estimates or judgements were exercised in respect of:

- » Recognition of revenue (note 3)
- » Liabilities from employee bonus and commission payments (note 6.8)
- » Internally generated intangible assets (note 6.1)
- » Accounting for leases (note 6.3)
- » Capitalising deferred taxes for losses carried forward (note 6.4)
- » Valuation allowance for expected credit losses on trade receivables and contract assets (note 10.2.)
- » Goodwill (note 6.1)

All estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may affect the Group financially and are believed to be reasonable under the circumstances.

10 Financial risk management

The following section explains the Group's position with regard to financial risks and how these may affect the Group's assets, financial position and earnings in the future. Information on current year profits and losses has been included where relevant to clarify relationships.

Risks	Risks from	Valuation
Market risk - foreign currency	Recognized financial assets and liabilities not denominated in euros	Sensitivity analysis
Market risk - interest rate	Borrowings at variable interest rates	Sensitivity analysis
Default risk	Cash and cash equivalents, debt instruments and contract assets	Age structure analysis
Credit ratings	Kreditaufnahmen und sonstige Verbindlichkeiten	Auszahlungsprofile
Liquidity risk	Borrowings and other liabilities	Disbursement profiles

The Company's risk management is primarily controlled by the Compliance Steering Committee, which includes members of the Executive Board. Controlling identifies, assesses, and hedges financial risks in close cooperation with the Company's operating divisions.

The management of the EQS Group AG reports regularly to the Supervisory Board of the Company.

10.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, e.g. changes in foreign exchange rates or interest rates, and other price risks, such as equity price risk, which may affect the Group's earnings or the value of financial instruments. Financial instruments exposed to market risk include interest-bearing loans.

Each of the sensitivity analyses in the following paragraphs relates to the status as of Dec. 31, 2022 or Dec. 31, 2021.

The sensitivity analyses were compiled under 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.

10.1.1 Foreign currency risk

Risk position and control

Some transactions in the Group are denominated in foreign currency. This results in risks from exchange rate fluctuations. Translation-related risk from the inclusion of foreign Group companies into the consolidated financial statement (translation risks) remain unconsidered. The previous year's figures have been adjusted due to a change in the calculation. Items denominated in a currency other than the functional currency of the respective subsidiary are included in the calculation.

Due to the still low level of foreign currency revenues (25%), which are mainly in hard currencies (CHF, GBP, HKD, USD) and are partly characterized by contrary developments, exchange rate hedging transactions are not used. All loans are also denominated in Euros.

The foreign currency risk at the end of the reporting period is as follows:

	<i>Liabilities</i>		<i>Assets</i>	
	<i>Dec. 31, 2022</i> <i>thousand€</i>	<i>Dec. 31, 2021</i> <i>thousand€</i>	<i>Dec. 31, 2022</i> <i>thousand€</i>	<i>Dec. 31, 2021</i> <i>thousand€</i>
EUR	24	72	360	988
CHF	-	-	17	189
GBP	-	-	18	52
HKD	-	-	3	3
RUB	-	-	-	5
USD	237	106	367	121
SGD	-	-	130	23
AUD	-	-	9	5
DKK	-	-	1	-
NOK	-	-	262	-
CAD	-	-	2	-
TWD	-	-	148	-
CNY	-	-	44	-
SEK	-	-	84	5

The exchange rates used for currency translation are as follows:

	<i>EUR/CHF</i>	<i>EUR/GBP</i>	<i>EUR/HKD</i>	<i>EUR/RUB</i>	<i>EUR/USD</i>	<i>EUR/DKK</i>	<i>EUR/RSD</i>	<i>EUR/INR</i>
Rate at Dec. 31, 2022	0.98	0.89	8.32	79.62	1.07	7.44	117.67	88.17
Rate at Dec. 31, 2021	1.03	0.84	8.83	85.30	1.13	7.44	117.58	84.23
Average rate 2022	1.00	0.85	8.23	74.41	1.05	7.44	117.55	82.66
Average rate 2021	1.08	0.86	9.20	87.23	1.18	7.44	117.57	87.49

Sensitivity

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 executive committees and depicts the estimation of the executive management 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.

	Annual result	
	2022 thousand€	2021 thousand€
Impact EUR	34	92
Impact CHF	2	19
Impact GBP	2	5
Impact HKD	-	-
Impact RUB	-	-
Impact USD	12	1
Impact SGD	10	2
Impact AUD	1	-
Impact DKK	-	-
Impact NOK	4	-
Impact CAD	-	-
Impact TWD	15	-
Impact CNY	4	-
Impact SEK	1	-

From the point of view of the Executive Board, the sensitivity analysis does not depict the actual foreign exchange risk since the risk as of the end of the reporting period does not reflect the risk during the year.

10.1.2 Cash flow and market interest rate risk

The Group's main interest rate risk arises from loans at variable rates, which expose the EQS Group to cash flow interest rate risk. The Group's loans during the reporting period were mainly denominated in Euro.

For the long-term loan with a nominal amount of €7.00m and €30.00m, EQS Group AG uses an interest rate cap to hedge against an increase in the interest rate. The interest rate limit of the interest cap is 0.00% for loan amounting to €7.00m and 3.00% for loan amounting to €30.00m. The term of the derivative corresponds to the term of the loan and covers total amount of loans.

The loans are measured at amortised cost. They are contractually adjusted to market interest rates on a regular basis (see below) and are also exposed to future changes in market interest rates to the same extent.

The extent of the Group's interest rate risk from loans is as follows:

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
Variable-interest loans	34,054	55,895

A presentation of the maturities is shown in note 10.3.2.

Sensitivity

The gain or loss responds to higher/lower interest expense from variable rate loans due to interest rate changes:

Einfluss auf das Ergebnis nach Steuern

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
Interest rates - increase by 100 basis points	-215	-222
Interest rates - decrease by 100 basis points	27	47

10.2 Default risk

Default risks arise from cash and cash equivalents as well as receivables from contracts with customers, which are measured at amortised cost.

10.2.1 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 only entering into business relationships with creditworthy contracting parties and, if appropriate, providing securities to reduce the risks of a loss from the non-fulfilment of obligations. The Group only enters into business relationships with solvent companies.

10.2.2 Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- » Trade accounts receivables
- » Contract assets.

Cash and cash equivalents are also subject to the impairment rules of IFRS 9, there was no need to form a risk provision due to the short-term instruments and their probability of default.

The bank balances and derivatives are mainly with Commerzbank and Deutsche Bank.

Trade accounts receivables and contract assets

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 at the parent company based on advance payment.

The Group applies the simplified approach under IFRS 9 to measure expected credit losses, accordingly, expected credit losses over the term are used for all trade accounts receivables and contract assets.

For the purpose of measuring expected credit losses, trade accounts receivables and contract assets were aggregated based on common credit risk characteristics and days past the due date. Contract assets relate to work in progress that has not yet been invoiced and have essentially the same risk characteristics as trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade accounts receivables are a reasonable approximation of the loss rates for contract assets.

In principle, main target term of upto 30 days is granted. However, this may vary according to the local circumstances on the foreign markets. 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.

As in the previous year, there are no customers who represent more than 5% of the aggregate of trade accounts receivables.

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

When determining the impairment of trade accounts 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.

The expected loss rates are based on the payment profiles of sales over a period of 12 months prior to Dec. 31, 2021, and the corresponding historical defaults during this period. Historical loss ratios are adjusted to reflect current and forward-looking information on macro-economic factors that affect customers' ability to pay receivables. The Group has identified IMF Real GDP Growth (International Monetary Funds Gross domestic product) as the most relevant factor and adjusts historical loss rates based on expected changes for this factor.

On this basis, the impairment loss of trade accounts receivables and contract assets as of Dec. 31, 2022, and Dec. 31, 2021 was determined as follows:

thousand€ Dec. 31, 2021	Not overdue	Overdue in Days					Total
		0	1-30	30-60	60-80	>180	
Gross carrying amounts Trade accounts receivable	4,618	1,786	341	488	579	7,812	
Gross carrying amounts of contract assets	78	-	-	-	-	78	
Default rate (%)	0.3%	-0.8%	-1.8%	-51.2%	-87.9%		
Expected credit loss over the term	-15	-14	-6	-250	-509	-794	

thousand€ Dec. 31, 2022	Not overdue	Overdue in Days					Total
		0	1-30	30-60	60-80	>180	
Gross carrying amounts Trade accounts receivable	6,026	499	5	494	353	7,376	
Gross carrying amounts of contract assets	276	-	-	-	-	276	
Gross book values Employee receivables	20	-	-	-	-	20	
Default rate (%)	0.3%	-1.6%	-37.1%	-34.4%	-118.8%		
Expected credit loss over the term	-15	-14	-6	-250	-509	-794	
Expected credit loss over the term	-18	-8	-2	-170	-419	-617	

Change in valuation allowance:

	Dec. 31, 2022 thousand€	Dec. 31, 2021 thousand€
Opening balance sheet values in accordance with IFRS 9	794	214
Increase in allowance for credit losses recognized in profit or loss	22	454
Decrease in allowance for credit losses recognized in profit or loss	-27	-42
Amounts written off as uncollectible during the year	-172	168
Balance at the end of the year	617	794

10.2.3 Significant estimates and judgements

The impairments for financial assets are based on assumptions about default risk and expected loss rates. The Group exercises discretion in making these assumptions and selecting the input factors to calculate the impairment based on the Group's past experience, existing market conditions and forward-looking estimates at the end of each reporting period. The most important assumptions and input factors used are explained in more detail in the section above.

10.3 Liquidity risk

In the final analysis, the responsibility for liquidity risk management lies with the executive 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.

10.3.1 Financing agreements

At the end of the reporting period, the Group had unused credit lines of €2.53m (Dec. 31, 2021: €2.56m) at its disposal. The Group expects to be able to meet its other obligations by operating cash flows and received revenues upon maturity of financial assets.

10.3.2 Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into their respective maturity bands based on their contractual maturities for all non-derivative financial liabilities.

The amounts shown in the table are the contractual undiscounted cash flows. Balances due within 12 months correspond to their carrying amounts, as the effect of discounting is not significant.

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

<i>Dec. 31, 2021</i>	<i>Effective interest %</i>	<i>Up to one year thousand€</i>	<i>Between 1 to 5 years thousand€</i>	<i>Over 5 years thousand€</i>	<i>Gesamt thousand€</i>	<i>Total thousand€</i>
Trade accounts payable	-	3,197	-	-	3,197	3,197
Leasing liabilities	-	2,171	3,959	14	6,144	6,026
Fixed-interest bank loans	1.80%	3,187	-	-	3,187	3,150
Variable-interest bank loans	5.11%	53,576	4,598	-	58,174	55,109
Contingent consideration	-	-	1,608	-	1,608	1,608
Deposits	-	10	-	-	10	10
Bank overdrafts / credit card settlements	-	73	-	-	73	73
Other loans	-	17,046	-	-	17,046	17,046
Total		79,260	10,165	14	89,439	86,219

<i>Dec. 31, 2022</i>	<i>Effective interest %</i>	<i>Up to one year thousand€</i>	<i>Between 1 to 5 years thousand€</i>	<i>Over 5 years thousand€</i>	<i>Gesamt thousand€</i>	<i>Total thousand€</i>
Trade accounts payable	-	2,709	-	-	2,709	2,709
Leasing liabilities	-	1,996	1,906	-	3,902	3,848
Fixed-interest bank loans	-	-	-	-	-	-
Variable-interest bank loans	5.43%	6,637	32,573	-	39,210	34,054
Contingent consideration	-	968	-	-	968	968
Deposits	-	-	-	-	-	-
Bank overdrafts / credit card settlements	-	72	-	-	72	72
Other loans	-	148	-	-	148	148
Total		12,530	34,480	-	47,009	41,798

10.4 Categories of financial instruments

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The fair value of cash and cash equivalents, trade accounts receivables, other financial assets, trade accounts payables, non-current loans and other current liabilities approximates their carrying amount primarily due to the short-term maturities of these instruments.

There are also no disclosures to be made on the fair value of leasing liabilities for the current year.

<i>Dec. 31, 2021</i>	<i>Amortized acquisition cost thousand€</i>	<i>Fair value through profit and loss thousand€</i>	<i>Fair Value thousand€</i>	<i>Fair value hierarchy</i>
Financial Assets				
Long-term loans to managing directors and employees in management positions	380	-	380	3
Non-current depositors	281	-	281	3
Derivatives not designated as hedging instruments	23	-	23	1
Financial liabilities				
Borrowings from banks	58,259	-	61,361	3
Deposits	10	-	10	3
Contingent consideration	-	1,608	1,608	3

<i>Dec. 31, 2022</i>	<i>Amortized acquisition cost</i>	<i>Fair value through profit and loss</i>	<i>Fair Value</i>	<i>Fair value hierarchy</i>
Financial Assets				
Long-term loans to managing directors and employees in management positions	859	-	859	3
Non-current depositors	287	-	287	3
Derivatives not designated as hedging instruments	-	717	717	1
Financial liabilities				
Borrowings from banks	34,054	-	34,054	3
Deposits	-	-	-	3
Contingent consideration	968	-	968	3

The fair value of loans to executive directors and employees in management positions corresponds to the carrying amount. The fair value was determined based on the discounted cash flows using a current interest rate. This is classified in Level 3 of the fair value hierarchy as a result of unobservable input parameters, including counterparty default risk.

The fair values of the bank loans are based on the discounted cash flows, using the current market interest rate for such financing. They are categorised as Level 3 fair values in the fair value hierarchy due to the use of unobservable input factors, including own credit risk.

The fair value of the contingent consideration was determined as the discounted contractually agreed value of future payments. As a result of unobservable input parameters, this is classified in level 3 of the fair value hierarchy.

The fair value of the derivatives is available on the basis of observable market values and is therefore classified in Level 1 of the fair value hierarchy.

11 Capital management

11.1 Risk management

The Group manages its capital with the aim of ensuring that all Group companies are able to operate under the going concern forecast, while maximizing the returns to the company's stakeholders by optimizing the ratio of equity to debt. The Group's overall strategy has remained unchanged compared to the previous year.

The Group's capital structure consists of net liabilities (loans minus cash and cash in bank) and the Group's equity. This comprises issued shares, additional paid-in capital, retained earnings and other reserves.

The Board of Management monitors capital using a gearing ratio, the ratio of net financial debt to the sum of equity and net financial debt. Net financial debt comprises interest-bearing loans, trade payables plus other liabilities and less cash and cash equivalents. Equity comprises equity attributable to the shareholders of the parent company. Financial covenants are monitored by budget target/actual comparisons and monthly reporting.

	<i>Dec. 31, 2022</i> thousand€	<i>Dec. 31, 2021</i> thousand€
Financial liabilities	41,798	86,219
Income tax liabilities and other current and non-current liabilities	35,046	29,453
Cash and Cash Equivalents	-10,655	-8,653
Net debt	66,189	107,019
Equity	112,211	70,240
Shareholder's equity and Net financial debt	178,400	177,258
Debt-equity ratio	37.1%	60.4%

12 Events after the balance sheet date

The war of against Ukraine poses a significant risk to the global economy. A further escalation of the crisis within Europe or even worldwide could have serious economic consequences. After reporting date, it was decided by the management to dispose the Russian business in the financial year 2023 and to liquidate the company.

We expect significant growth impulses from the currently most important regulation for EQS Group AG, the European Whistleblower Directive (EU Directive 2019/1937), which has been in force since December 2021. However, the regulation has not yet been implemented in many EU member states, including Germany. The German government did pass a law at the end of 2022. However, during the first annual session in February 2023, the approval of the federal council, which is necessary for the law to come into force, was denied. The next step will be to work out a compromise solution. We expect the European Whistleblower Directive to be transposed into national law in Germany by the third quarter of 2023 at the latest, with associated further revenue growth in the whistleblowing systems product area.

In the course of the 2022 financial year, financial liabilities previously due in the short and medium term, arising from 2021 company acquisitions were refinanced as part of followup financing in the form of a long-term bank loan. As in the past, financial covenants have been agreed, which are based on the EBITDA achieved or, from September 30, 2023, on the ratio of net debt to EBITDA at fixed points during the term of the loan. Non-compliance with the agreed financial covenants may have serious consequences in terms of securing the company's financing. As of the reporting date of December 31, 2022, there was non-compliance with the EBITDA covenant. In Q1 2023, compliance with this covenant is at risk. As a result, a supplementary agreement was concluded with the banks to the loan agreement, which retro-actively cancels the EBITDA covenant for 2022 and agrees to adjust the financial covenants for 2023 in line with the planning assumptions for 2023. As a result, interest margin for the period Jan. 1, 2023 to Sept. 30, 2023 is increased by 25 basis points. This eliminates the risk for the next two fiscal years assuming business develops as planned, in particular with regard to the implementation of the Whistleblower Directive.

Other information

13 Transactions with related parties

Related parties within the meaning of IAS 24 are companies or people that control or are controlled by the Group. Control exists when a shareholder has decision-making power over the Group company based on voting rights or other rights, participates in positive and negative returns and can influence these returns through its decision-making power.

In addition, people and their close family members are considered related parties if they exercise significant influence over the Group or hold a key position in the management of the Group or parent company. The Group has identified its executive board members and members of the Supervisory Board as related parties. All transactions with related parties are conducted at arm's length.

13.1 Transactions with related parties

Rendered or purchased services

	<i>Services rendered</i>		<i>Services received</i>	
	<i>2022</i> <i>thousand€</i>	<i>2021</i> <i>thousand€</i>	<i>2022</i> <i>thousand€</i>	<i>2021</i> <i>thousand€</i>
Members of the management in key positions of the company or of its parent company	-	-	395	159
Total	-	-	395	159

Services received relates to purchase of shares.

Dividends and interest

	<i>Dividends and Interest received</i>		<i>Dividends and Interest paid</i>	
	<i>2022</i> <i>thousand€</i>	<i>2021</i> <i>thousand€</i>	<i>2022</i> <i>thousand€</i>	<i>2021</i> <i>thousand€</i>
Members of the management in key positions of the company of its parent company	7	19	-	-
Total	7	19	-	-

13.2 Outstanding balances from transactions with related parties

	<i>Receivables from related parties and persons</i>		<i>Liabilities to related parties and persons</i>	
	<i>Dec. 31, 2022 thousand€</i>	<i>Dec. 31, 2021 thousand€</i>	<i>Dec. 31, 2022 thousand€</i>	<i>Dec. 31, 2021 thousand€</i>
Members of the management in key positions of the company or its parent company	-	-	244	139
other related companies and parties	-	-	-	-
Total	-	-	244	139

Loans from / to related parties

	<i>Loans granted</i>		<i>Loans received</i>	
	<i>Dec. 31, 2022 thousand€</i>	<i>Dec. 31, 2021 thousand€</i>	<i>Dec. 31, 2022 thousand€</i>	<i>Dec. 31, 2021 thousand€</i>
Members of the management in key positions of the company or its parent company	269	237	-	-
other related companies and parties	-	-	-	-
Total	269	237	-	-

As of the balance sheet date, there is a loan receivable of €269 thousand (previous year: €237 thousand) from the Executive Board member André Silvério Marques. The loan has a term until April 30, 2025 and was used to purchase shares in EQS Group AG as part of the management participation program. The loan bore interest at 2.8% p.a. The repayment amount in the financial year was €17 thousand.

13.3 Remuneration for key management personnel

	<i>2022 thousand€</i>	<i>2021 thousand€</i>
Short-term benefits	1,673	1,682
Post-employment benefits	177	177
Total	1,850	1,859

14 Share-based payment

The employee stock participation plans are designed to provide long-term incentives for employees. Under these plans, participants are granted shares that vest only if certain performance conditions are met.

14.1 Share plans

Description of the share-based payment arrangement

The Group has set up two share participation programmes for employees. Pursuant to the plan, matching shares are granted to participants when certain prerequisites are met. The matching shares are issued to any employees of EQS Group AG and its Group companies who acquire EQS shares over a period of maximum 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 to 24 months afterwards. Students, interns and executive board members are not eligible for participation. Annually shares valuing up to 2.400 Euro or 12.000 Euro may be purchased. 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 granted shares are kept in a bank custody for the entire term. Where the plan terms are met in full at the end of the holding period, the matching shares are distributed to the participants.

14.2 Fair value of granted shares

Fair value of matching 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:

Savings plan 1

	<i>Date of grant Jan. 2022</i>	<i>Date of grant Jan. 2021</i>
Fair value at measurement date (in EUR)	44.4	26.6
Expected volatility (in %)	47.0%	38.2%
Expected life (in years)	2	2
Risk-free interest rate (in %)	-0.1%	-0.60%
weight average stock rate	30.29	36.41
strike price	37.20	30.00

Savings plan 2

	<i>Date of grant Jan. 2022</i>	<i>Date of grant Jan. 2021</i>
Fair value at measurement date (in EUR)	44.4	26.6
Expected volatility (in %)	50.0%	38.2%
Expected life (in years)	3	3
Risk-free interest rate (in %)	-0.1%	-0.6%
weight average stock rate	30.29	36.41
strike price	37.20	30.00

The expected volatility is based on an assessment of the historical volatility of the share price of EQS Group AG, in particular in the period corresponding to the expected life of the shares.

Reconciliation of the outstanding matching shares

The number of matching shares develops as follows:

	<i>Number</i> <i>2022</i>	<i>Number</i> <i>2021</i>
Outstanding as of January 1	21,235	20,907
Exercised during the year	12,356	10,112
Committed during the year	17,426	10,440
Outstanding at December 31	26,305	21,235
Exercisable at December 31		-

The weighted average share price of the options exercised during the period was €37.20.

Expenses recognised in profit or loss

The effect on the result for the period is €222 thousand (Dec. 31.2021: €211 thousand).

15 Consolidation

15.1 Scope of consolidation

The consolidated financial statement comprises the financial statement of the parent company and the Group companies under its control. Control exists if EQS Group AG

- » 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 Group 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.

In addition to EQS Group AG as the parent company, the scope of consolidation includes the following companies as of the respective reporting date.

<i>Subsidiaries included in the consolidated financial statements</i>	<i>Location</i>	<i>Share of Equity</i>	
		<i>Dec. 31, 2022</i>	<i>Dec. 31, 2021</i>
Direct investments			
EQS Financial Markets & Media GmbH*	Munich, Deutschland	100,00%	100,00%
EquityStory RS, LLC	Moskau, Russia	100,00%	100,00%
EQS GROUP AG	Zurich, Schweiz	100,00%	100,00%
EQS Asia Limited	Hongkong	100,00%	100,00%
EQS Web Technologies Pvt. Ltd.	Kochi, India	99,99%	99,96%
EQS Group Ltd.	London, Großbritannien	100,00%	100,00%
EQS Group Inc.	New York, USA	100,00%	100,00%
EQS Group SAS	Paris, France	100,00%	100,00%
EQS Group A/S	Kopenhagen, Denmark	100,00%	100,00%
EQS Group S.r.l.	Mailand, Italy	100,00%	100,00%
EQS Group d.o.o.	Belgrad, Serbia	100,00%	100,00%
EQS Group GmbH	Vienna, Austria	100,00%	100,00%
Business Keeper GmbH	Berlin, Germany	100,00%	100,00%
EQS Group Regtech S.L.U.	Madrid, Spain	100,00%	100,00%
Indirect investments			
EQS TodayIR Limited **	Hongkong	100,00%	100,00%
EQS Group (Shenzhen) Ltd. **	Shenzhen, China	100,00%	100,00%
TodayIR (Taiwan) Holdings Limited **	Hongkong	100,00%	100,00%
EQS Digital IR Pte. Ltd.**	Singapur	100,00%	100,00%
EQS Blockchain Media GmbH ***	Munich, Germany	0,00%	82,50%

*Profit transfer agreement

**Indirect investment through EQS Asia Limited

***Indirect investment through EQS Financial Markets & Media GmbH incl. adjustment of previous year. The company was liquidated April 29, 2022.

The fully consolidated company EQS Financial Markets & Media GmbH, registered office: Munich, HRB 199404 (, registered office: Munich, HRB 170868), and the Business Keeper GmbH, registered office: Berlin, RHB 237626) make use of the exemption pursuant to Section 264 (3) of the German Commercial Code (HGB) to prepare full annual financial statements and a management report in accordance with the regulations for corporations pursuant to Sections 264 et seq. HGB, and to have them audited and disclosed.

With regard to non-controlling interests, reference is made to Note 7.5. The changes in the scope of consolidation are presented below.

15.2 Changes in the scope of consolidation

Business combinations in the financial year

Business Keeper GmbH, Berlin

Effective January 13, 2022, Business Keeper GmbH was merged with the upper company ICS International Software Beteiligungs Group GmbH and renamed Business Keeper GmbH.

Business combinations in the previous year

Got Ethics A/S, Copenhagen, Denmark

In January 2021, EQS Group AG acquired 100% of the issued shares in Got Ethics A/S, Denmark, a SaaS provider of digital whistleblowing systems. The acquisition has significantly increased the Group's market share in this industry and complements the Group's existing Compliance Products business.

The purchase price of €10.11m was paid in cash. The final goodwill of €10.39m, which is not deductible for tax purposes, represents synergy potential in the form of extensive cross- and upselling potential of the EQS product portfolio to the acquired customers as well as improved market access.

The purchase price allocation has been completed.

In addition to the base purchase price, there were two contractually agreed earn-out components totalling €5.31m, which were recognized as additional purchase price components and contingent consideration. One earn-out payment was fulfilled and paid by the balance sheet date of December 31, 2021. The second earn-out component was realized in the first quarter of 2023 in an amount of €968 thousand. The occurrence is based on target achievement thresholds defined in the purchase agreement, which were determined in a scenario probability calculation as of December 31, 2022.

In connection with the acquisition, payments of up to €518 thousand may still be due to employees of the acquired company until 2024 for performance-related variable compensation entitlements. The occurrence of these subsequent payments is based on the target achievement limits as of December 31, 2022, as defined in the purchase agreement and the employees' remaining in the EQS Group and was determined on the basis of a scenario probability calculation. Remuneration in the amount of €158 thousand was already realized and paid as of December 31, 2021. The amounts were presented as service cost in personnel expenses in the statement of comprehensive income. Existing interest accrual amounts were recognized in finance costs.

On Jan. 4, 2021, EQS Group AG drew down a bank loan in the amount of €7.00m to finance the acquisition of Got Ethics A/S. The loan matures on Dec. 31, 2025. The loan has a term until Dec. 31, 2025 and is to be repaid in quarterly instalments. Please refer to Note 5.5.

The German subsidiary of Got Ethics A/S, Got Ethics GmbH, Bückeberg, was merged with EQS Group AG, Munich, with retroactive effect from Jan. 1, 2021.

C2S2 GmbH, Bonn

In January 2021, EQS Group AG concluded a participation agreement and an option agreement for the remaining shares in C2S2 GmbH, Bonn. The option was exercised in April 2021 and EQS Group AG therefore holds 100% of the shares in C2S2 GmbH, a SaaS provider for policy management. The acquisition complements the Group's existing Compliance Products business.

The purchase price of €5.47m was paid in cash. The purchase price allocation at the time of acquisition resulted in other intangible assets of €607 thousand. The final goodwill of €4.86m, which is not deductible for tax purposes, represents synergy potential. These are on the one hand a comprehensive growth potential for the C2S2 solutions through the sale to EQS Group AG and Business Keeper GmbH customers and on the other hand a better market access in Europe.

The purchase price allocation has been completed.

C2S2 GmbH, Bonn was merged with EQS Group AG, Munich with retroactive effect from Jan. 1, 2021.

Business Keeper GmbH, Berlin

In July 2021, EQS Group AG acquired 100% of the issued ordinary shares in ICS International Compliance Software Beteiligungs Group GmbH, Frankfurt am Main and thereby indirectly 100% of the shares in ICS International Compliance Software Beteiligungs GmbH, Frankfurt am Main, which in turn holds 100% of the shares in Business Keeper GmbH, Berlin, a provider of digital whistleblowing systems. The acquisition has significantly increased the Group's market share in this sector and complements the Group's existing cloud provider business for whistleblowing systems.

The purchase price of €97.00m was to be paid in cash. The purchase price allocation at the acquisition date resulted in other intangible assets of €44.38m. The final goodwill of €64.77m, which is not deductible for tax purposes, represents synergy potential. These are extensive cross- and upselling potentials of the EQS product portfolio to the acquired customers as well as better market access and a strong market position with corresponding pricing power.

The purchase price allocation has been completed.

The purchase of Business Keeper GmbH was financed by a bridge loan in the amount of €50.00m, which was concluded on Jun.11, 2021 with a term of 12 months and two six-month extension options (for further details, please refer to Note 5.4). In addition, a vendor loan in the amount of €17.00m was granted, which had a term until August 2022.

As of the balance sheet date, Business Keeper GmbH was merged with the upper company ICS International Software Beteiligungs GmbH with retroactive effect from Apr.1, 2021 and renamed Business Keeper GmbH, and its registered office was relocated to Berlin.

Mandatory and supplementary disclosures according to the HGB

Supplementary disclosures pursuant to Section 315e HGB

16 Number of employees

<i>Number of employees per area</i>	2022	2021
Software Development	240	239
Marketing & Sales	120	85
Product Management & Customer Success	134	117
Management & Administration	82	73
Total	576	514

17 Auditor's fee

For the financial year 2022, fee expenses for the auditor totalling €263 thousand (previous year: €120 thousand) were recognised. Of this amount for 2022, €211 thousand (previous year: €120 thousand) are attributable to auditing services and. Furthermore, expenses for auditing services from the previous year of €57 thousand were recognised in the 2022 financial year.

18 Executive Board

The Executive Board had the following members in the financial year:

- » Achim Weick, Graduate Merchant, Chief Executive Officer, Munich
- » Christian Pflieger, Graduate Merchant, Chief Operating Officer, Munich
- » André Silvério Marques, Graduate Merchant, MBA, Chief Financial Officer, Munich
- » Marcus Sultzer, Graduate Merchant (BA), MBA, Chief Revenue Officer, Pullach i. Isartal

The remuneration of the Board of Management in the financial year 2022 amounted to €1.86m (previous year: €1.86m), of which €0 thousand (previous year: €10 thousand) was variable. Of the total compensation, €199 thousand (previous year: €198 thousand) relates to insurance premiums. There is a loan against a member of the Management Board; we refer to Note 13.2.

19 Supervisory Board

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

- » Robert Wirth, Graduate Media Marketing Business Management Specialist, Business Consultant and Investor, Amberg (Chairman)
- » Laurenz Nienaber, M.Sc., Investor and Managing Director of LMN Capital GmbH, Munich (Vice Chairman)
- » Kerstin Lopatta, Prof. Dr., Professor of Financial Accounting, Auditing and Sustainability, University of Hamburg, Hamburg (since May 14, 2021)
- » Rony Vogel, Graduate Engineer and MBA, Entrepreneur and Investor, Munich
- » Catharina van Delden, MBA, Entrepreneur, Munich (since June 28, 2022)

The members of the Supervisory Board received fixed compensation totalling €291 thousand (previous year: €175 thousand) for their activities in the 2022 financial year.

20 Summary of significant accounting policies and measurement principles

20.1 Basics for compilation

20.1.1 Basics for compilation of the financial statement

The consolidated statement of comprehensive income is prepared using the nature of expense method.

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.

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 on the measurement date. This applies irrespective of whether the price is directly observable or had been estimated by applying 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 the present consolidated financial statement, the fair value for the measurement and/or disclosure requirements is basically determined on this basis.

This does not apply to:

- a) Share-based payments within the scope of IFRS 2
- b) Rental income from operating leases within the scope of IFRS 16, and
- c) Valuation measures 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 criteria:

- » Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the company can access on 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.

20.1.2 Amendment to accounting policies – amended standards and interpretations

In the current financial year, the Group applied the following new or amended standards and interpretations for the first time. The amendments did not have any significant impact on the consolidated financial statement.

Amendment/Standard	Date of application (EU)	Brief description
Annual amendments 2018-2020	Jan. 1, 2022	Individual amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.
IFRS 3 Business Combinations	Jan. 1, 2022	Update of IFRS 3 so that the standard refers to the 2018 framework rather than the 1989 framework: additions relating to the identification of assumed liabilities and contingent liabilities
IAS 37 Provisions, contingent liabilities, and contingent assets	Jan. 1, 2022	Determination of the cost of performance of onerous contracts
IAS 16 Property, Plant and Equipment	Jan. 1, 2022	Amendments relating to recognition of revenue from sales during the construction phase of an item of property, plant and equipment

20.1.3 New standards and interpretation not yet applied

The following new or amended standards and interpretations have already been adopted by the IASB but are not yet mandatory. The Company has not applied the regulations ahead of time. The Management Board does not expect the amendments to have a material impact on the Group's results.

Amendment/Standard	Date of application (EU)	Brief description
IFRS 17 Insurance Contracts	Jan. 1, 2023	Recognition, Measurement, Presentation and Disclosure Principles for Insurance Contracts
Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	Jan. 1, 2023	Clarification of existing law: A liability is classified as current if there is no unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.
Amendments to IAS 1 and IFRS Practice Settlement 2: Disclosure of Accounting Policies	Jan. 1, 2023	Obligation to recognize deferred taxes for transactions that give rise to taxable and deductible temporary differences of equal amount on initial recognition.
Amendments to IAS 8: Definition of accounting estimates	Jan. 1, 2023	Obligation to recognize deferred taxes for transactions that give rise to taxable and deductible temporary differences of equal amount on initial recognition.
Amendments to IAS 12 Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction	Jan. 1, 2023	Obligation to recognize deferred taxes for transactions that give rise to taxable and deductible temporary differences of equal amount on initial recognition.
Amendments to IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts	Jan. 1, 2023	Update of IFRS 17: First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information.
Amendments to IFRS 10 and IAS 28: Disposal of an Investor's Assets to, or Contribution to, its Associates or Joint Ventures	n/a	Clarification that the gain or loss on the transfer of assets to an associate or joint venture is to be recognized in full when a business as defined in IFRS 3 is transferred. In contrast, the gain or loss from such a transaction is only to be recognized on a pro rata basis if the assets transferred do not constitute a business.
Amendments to IAS 1 Presentation of Financial Statements	Jan. 1, 2024	Classification of liabilities as current or non-current and non-current liabilities with covenants
Amendment to IFRS 16: Lease liabilities and lease back transactions	Jan. 1, 2024	Clarification how a lessee has to account for subsequent evaluation in IFRS 16 on lease liabilities within a sale and lease-back transaction

20.2 Corporate acquisitions and changes in the scope of consolidation

A subsidiary is included in the consolidated financial statements from the date on which the parent company obtains control over the subsidiary until the date on which control by the parent company ceases. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, respectively.

Profit or loss and each component of other comprehensive income are attributable to the shareholders of the parent company and to non-controlling interests. This applies even if this results in the non-controlling interests having a negative balance. Where necessary, the financial statements of the subsidiaries are adjusted to bring the accounting policies into line with those used in the Group.

All intercompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full on consolidation.

Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control over that subsidiary are accounted for as equity transactions. The carrying amounts of the parent's investments and non-controlling interests are adjusted to reflect the changes in the ownership 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 recognized directly in equity and attributed to the shareholders of the parent.

Loss of control

When the mother company loses control of a subsidiary, the deconsolidation gain or loss is recognized in profit or loss. This is calculated as the difference between the

- » the total fair value of the consideration received, and the fair value of the investment retained and
- » the carrying amount of the assets (including goodwill)
- » and the liabilities of the subsidiary and any non-controlling interests

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

If the Company retains shares in the former subsidiary, these are recognized at the fair value determined at the date when control is lost. This value represents the acquisition cost of the shares, which, depending on the degree of control, are subsequently measured in accordance with IFRS 9 or the regulations for associated companies or joint ventures.

Acquisition of subsidiaries

The acquisition of businesses is accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value. The fair value of the consideration transferred in a business combination is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred by the former owners of the acquiree, and equity instruments issued by the parent in exchange for control of the acquiree. Transaction costs associated with the business combination are expensed as incurred.

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

- » Deferred tax assets or deferred tax liabilities and assets or liabilities relating to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19, respectively.
- » Liabilities or equity instruments relating to share-based payments or to the replacement of share-based payments by the parent company are measured at the acquisition date in accordance with IFRS 2; and
- » Assets classified as held for sale in accordance with IFRS 5 are measured in accordance with this IFRS.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. If a negative difference arises, this is recognized immediately in profit or loss.

Non-controlling interests that currently convey ownership rights and grant the holder the right to receive a pro rata share of the net assets of the entity on liquidation are measured initially either at fair value or at the proportionate share of the identifiable net assets. This option can be exercised anew for each business combination. Other components of non-controlling interests are measured at their fair values, or the value measures derived from other standards.

If the consideration transferred includes contingent consideration, it is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration during the measurement period are adjusted retrospectively and recorded against goodwill accordingly. Adjustments during the measurement period are adjustments to reflect additional information about facts and circumstances that existed at the acquisition date. However, the measurement period may not exceed one year from the acquisition date.

Changes in the fair value of the contingent consideration that are not adjustments during the measurement period are accounted for depending on how the contingent consideration is classified. If the contingent consideration is equity, it is not subsequently measured at subsequent reporting dates and is accounted for within equity. A contingent consideration that is an asset or liability is measured at fair value at subsequent reporting dates and any resulting gain or loss is recognized in the consolidated statement of comprehensive income.

20.3 Foreign currency translation

In preparing the financial statements of each of the Group's entities, transactions denominated in currencies other than the Group's functional currency (foreign currency) are translated using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated using the closing rate. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Non-monetary items measured at cost are translated using the exchange rate at the date of initial recognition.

Translation differences arising on monetary items are recognized in profit or loss in the period in which they arise. This does not apply to

- » Translation differences from loans denominated in foreign currencies that arise on assets intended for productive use in the process of construction. These are included in cost of sales if they represent adjustments to the interest expense on these loans denominated in foreign currency.
- » Translation differences from transactions entered to hedge certain foreign currency risks.
- » Translation differences arising on monetary items receivable from/ payable to a foreign operation that are neither planned nor likely to be settled, and therefore form part of the net investment in that foreign operation, are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal.

For the purpose of preparing the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into euros using exchange rates prevailing at the balance sheet date, except for equity, which is translated at historical rates. Income and expenses are translated at the average exchange rate for the period unless exchange rates fluctuate significantly during the period. In this case, the exchange rates at the date of the transaction are used. Exchange differences arising from the translation of foreign operations into the Group currency are recognized in other comprehensive income and accumulated in other reserves in equity.

Goodwill arising on the acquisition of a foreign operation and adjustments to the fair values of identifiable assets and liabilities are treated as assets or liabilities of the foreign operation and translated at the closing rate. Any resulting translation differences are recognized in other reserves.

20.4 Recognition of revenue

The accounting policies for the Company's revenue from contracts with customers are discussed in Note 3.2.

20.5 Income taxes

Income tax expense/income represents the sum of current and deferred tax expense/income for the current period including prior periods.

Current or deferred tax is recognized in the consolidated statement of comprehensive income unless it relates to items recognized either in other comprehensive income or directly in equity. In this case, current and deferred tax is also recognized in other comprehensive income or directly in equity. If current or deferred taxes result from the initial accounting for a business combination, the tax effects are included in the accounting for the business combination.

The current tax expense is determined on the basis of taxable income for the year. Taxable income differs from net income as reported in the consolidated statement of comprehensive income due to expenses and income that are taxable or tax deductible in later years or never. The Group's liability for current taxes is calculated using enacted tax rates.

Deferred taxes are recognized for differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and on tax loss carry forwards. Deferred tax liabilities are generally recognized for all taxable temporary differences; deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Such deferred tax assets and deferred tax liabilities are not recognized if the temporary differences or tax loss carry forwards arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor net income.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from temporary differences in connection with investments in subsidiaries are recognized only to the extent that it is probable that sufficient taxable profit will be available against which the temporary differences can be utilized. In addition, it must be probable that these temporary differences will reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured using enacted tax rates and laws that are expected to apply when the liability is settled, or the asset is realized. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to settle the liability or realize the asset.

20.6 Leasing relationships

20.6.1 EQS Group as lessee

As a lessee, the Group recognizes a right of use and a liability for the payment obligation entered into at the time the leased asset is available for use by the Group. Exceptions are short-term leases and leases of low-value assets. For these leases, the Group recognizes the lease payments as rental expense on a straight-line basis over the lease term. Leases with a term of up to 12 months are classified as short-term leases. Assets of minor value up to USD 5,000 comprise property, plant and equipment. Rights-of-use over intangible assets that are not already explicitly excluded from the scope of IFRS 16 are optionally not accounted for using the right-of-use model.

In order to maintain operational flexibility, the Group leases in particular property, plant and equipment. At the inception of the lease, an assessment is made as to whether the lease constitutes or contains a lease. A lease is a contract that conveys the right to use an asset (the underlying leased asset) for an agreed period of time in exchange for consideration.

A liability is recognized for the lease agreements in the amount of the present value of the existing payment obligation, comprising fixed payments less any lease incentives to be received and variable lease payments linked to an index or (interest) rate. Subsequent accounting is based on the effective interest method. For the determination of the present value, discounting is performed using a risk- and maturity-equivalent marginal interest rate if it is not possible to determine the implicit interest rate. The current portion of the leasing liability to be disclosed separately in the balance sheet is determined by the repayment portion of the lease payments over the next twelve months.

The initial value of the liability is also the starting point for determining the acquisition cost of the right of use. The cost of the right-of-use asset also includes initial direct costs and expected costs associated with a restoration obligation that do not relate to an item of property, plant and equipment. Prepayments increase and lease incentives received reduce the acquisition value. All rights of use are measured at amortized cost. Depreciation is calculated using the straight-line method over the shorter of the lease term and the useful life of the identified asset. If events or changes in circumstances indicate that the asset may be impaired, it is tested for impairment in accordance with IAS 36.

Leases are generally concluded for fixed periods of up to 10 years, but may have renewal and termination options. In determining the lease term, all facts and circumstances that provide an economic incentive to exercise existing options are taken into account. The assumed lease term therefore includes periods covered by renewal and termination options if there is reasonable certainty that the options will or will not be exercised. A change in the term is taken into account if there is a change in the reasonably certain exercise or non-exercise of an existing option. To ensure entrepreneurial flexibility, extension and termination options are agreed in particular for real estate leases.

Contracts may contain both lease and non-lease components. The Group only exercises the option not to separate lease and non-lease components for the subsidiary in India, but to account for the contract as a whole as a lease. Variable lease payments only occur to an insignificant extent, and the Group does not issue any residual value guarantees. Nor have any significant leasing agreements already been contractually agreed for which utilization has not yet commenced.

20.6.2 EQS Group as lessor

Operating leases

Leases in which the Group acts as lessor are classified as finance or operating leases. The lease is classified as a finance lease if the terms transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

The Group enters into leases as lessor only for leased real estate. For these subleases, the Group acts as an intermediary and accounts for the head lease and the sublease as two separate contracts. The classification of the sublease as a finance or operating lease is based on the right-of-use asset and not the underlying asset of the head lease.

Subleases are classified exclusively as operating leases and are recognized as rental income on a straight-line basis over the term of the respective lease. Initial direct costs incurred in negotiating and arranging the sublease are not added to the carrying amount of the leased asset for reasons of materiality. The subleases exclusively comprise lease components.

Finance leases

The Company does not hold any leases classified as finance leases

20.7 Impairment of assets

At each reporting date and upon a triggering event, the Group reviews the carrying amounts of property, plant and equipment and all intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of any impairment loss. If the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If a reasonable and consistent basis for allocation can be determined, the corporate assets are allocated to the individual cash-generating units. Otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis for allocation can be identified.

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

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

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In determining the value in use, the estimated future cash flows are discounted using a pre-tax interest rate. This pre-tax interest rate considers the current market assessment of the time value of money and the risks inherent in the asset to the extent that these have not already been taken into account in the estimate of the cash flows.

If the estimated recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized immediately in profit or loss unless the asset is carried at its revalued amount. In such a case, the impairment loss is treated as a reduction of the revaluation reserve.

If the impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the most recent estimate of its recoverable amount. An impairment loss recognized for goodwill may not be reversed in future periods. The increase in the carrying amount is limited to the amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

20.8 Cash and cash equivalents

Cash and cash equivalents are measured at cost. They comprise cash on hand, bank balances available on call, and other current highly liquid financial assets with a maturity of three months or less at the time of acquisition.

20.9 Financial assets and liabilities

20.9.1 Classification

Trade receivables are recognized from the date on which they are originated. All other financial assets and liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is classified and measured as follows:

- » at amortized cost
- » FVOCI debt instruments (investments in debt instruments measured at fair value with changes in other comprehensive income)
- » FVOCI equity investments (equity investments measured at fair value with changes in other comprehensive income)
- » FVTPL (financial asset measured at fair value through profit or loss)

20.9.2 Recognition and derecognition

A financial asset (other than a trade receivable without a significant financing component) or financial liability is measured initially at fair value. For an item that is not classified and measured as FVTPL, transaction costs that directly relate to its acquisition or issue are attributable. Trade receivables without a significant financing component are initially measured at transaction price.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the cash flows in a transaction that also transfers substantially all the risks and rewards of ownership of the financial asset.

Derecognition also occurs when the Group neither transfers nor retains substantially all the risks and rewards of ownership of the transferred asset and does not retain control of the transferred asset.

The Group derecognizes a financial liability when the contractual obligations are discharged, cancelled, or expire. The Group also derecognizes a financial liability when the terms of the contract are modified, and the cash flows of the modified liability are significantly different. In this case, a new financial liability is recognized at fair value based on the adjusted terms.

On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Financial assets and liabilities are not offset unless there is a legal right to offset the recognized amounts.

20.9.3 Valuation

Financial assets - classification, subsequent measurement and gains and losses

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period following the change in business model.

A financial asset is measured at amortized cost if both of the following conditions are met, and it is not designated as FVTPL:

- » The financial asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows, and
- » the contractual terms of the financial asset give rise to cash flows at specified times that are solely payments of principal and interest on the principal outstanding.

A financial asset is designated as FVOCI if both of the following conditions are met, and it is not designated as FVTPL:

- » The financial asset is held within a business model whose objectives are both to hold financial assets to collect the contractual cash flows and to sell financial assets; and
- » the contractual terms give rise to cash flows at specified dates that are solely payments of principal and interest on the principal outstanding

On initial recognition of an equity investment that is not held for trading, an irrevocable election may be made to recognize subsequent measurement in other comprehensive income. This choice is made on a case-by-case basis for each investment.

All financial assets that are not measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. Derivatives are initially measured at fair value. Subsequently, derivatives are measured at fair value. Any resulting changes are generally recognized in profit or loss. Upon initial recognition, the Group may irrevocably elect to designate financial assets that otherwise qualify for measurement at amortized cost or FVOCI as FVTPL if doing so results in the elimination or significant reduction of accounting mismatches that would otherwise arise.

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortized cost or 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 is designated as such upon initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains or losses, including interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign currency translation differences are recognized in profit or loss. Gains or losses on derecognition are also recognized in profit or loss.

Equity instruments

Dividends from a subsidiary are recognized in the entity's separate financial statements when the entity's right to receive the dividend is established. The dividend is recognized in profit or loss under other income.

20.9.4 Impairment

The Group has two types of financial assets that are subject to the expected credit loss model:

- » Trade receivables and
- » contract assets.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, but due to the short-term nature of the instruments and their probability of default, there was no need to recognize a provision for impairment. Cash and derivatives are mainly held with Commerzbank and Deutsche Bank.

The Group applies the simplified approach under IFRS 9 to measure expected credit losses. Accordingly, the expected credit losses over the term are used for all trade receivables and contract assets.

For the purpose of measuring expected credit losses, trade receivables and contract assets have been aggregated on the basis of common credit risk characteristics and days past due. Contract assets relate to work in progress that has not yet been invoiced and have substantially the same risk characteristics as trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets. For further details, please refer to Note 10.2.2.

20.10 Property, plant, and equipment

Office and business equipment and buildings are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the useful lives of the assets (with the exception of assets under construction) less their residual values. The expected useful lives, residual values and depreciation methods are reviewed at each balance sheet date. Changes in estimates are taken into account prospectively.

Derecognition of tangible assets

A tangible asset is derecognized either upon disposal or when no further economic benefits are expected from the continued use or sale of the asset. Gains and losses arising from derecognition of the asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period in which the asset is derecognized.

20.11 Intangible assets and Goodwill

20.11.1 Concessions, industrial and similar rights and assets

Separately acquired intangible assets with finite useful lives

Intangible assets with finite useful lives acquired separately, i.e. not as part of a business combination, are recognized at cost less accumulated amortization and impairment losses. Amortization is recognized as an expense on a straight-line basis over the expected useful life. The expected useful life and the amortization method are reviewed at each reporting date and changes in estimates are accounted for prospectively.

Goodwill

Goodwill resulting from a business combination is carried at cost less any necessary impairment losses and is presented separately in the consolidated statement of financial position.

On disposal of a cash-generating unit, the amount of goodwill attributable to it is included in the determination of the gain or loss on disposal.

Internally generated intangible assets - research and development costs

The process of creating internally generated intangible assets is divided into a research phase and a development phase. Only costs incurred in the development phase may be capitalized. Costs for research activities are expensed in the period in which they are incurred. If the research phase cannot be separated from the development phase, the costs are allocated to the research phase.

An internally generated intangible asset arising from development activities or from the development phase of an internal project is recognized when the following evidence has been provided:

- » Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- » There is an intention to complete the intangible asset and to use or sell it.
- » The ability to use or sell the intangible asset exists.
- » The intangible asset is expected to generate future economic benefits.
- » The availability of adequate technical, financial, and other resources to complete development and to use or sell the intangible asset is assured.
- » The ability to reliably determine the expenditure attributable to the development of the intangible asset exists.
- » The amount at which an internally generated intangible asset is initially recognized is the sum of the expenditure incurred from the date when the intangible asset first meets the conditions above. If an internally generated intangible asset cannot be capitalized or no intangible asset exists yet, the development costs are recognized in profit or loss in the period in which they are incurred.

All non-capitalizable research and development expenses were expensed in the period in which they were incurred

In subsequent periods, internally generated intangible assets are recognized at cost less accumulated amortization and impairment losses, in the same way as purchased intangible assets. Capitalized development costs in the Group are generally amortized on a straight-line basis over a useful life of 5 to 10 years.

Intangible assets acquired in a business combination

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

In subsequent periods, intangible assets acquired in a business combination are measured at cost less accumulated amortization and impairment losses in the same way as separately acquired intangible assets.

Derecognition of intangible assets

An intangible asset shall be derecognized upon disposal or when no further economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income when the asset is derecognized. It is recognized in other income or other expenses.

20.11.2 Depreciation methods and periods

For details of the amortization methods and periods applied by the Group for intangible assets, please refer to Note 6.1.1.

20.12 Trade accounts payable and other financial liabilities

These amounts relate to outstanding payables for goods and services received by the Group before the end of the fiscal year. The amounts are uncollateralized and are usually paid within 30 days of recognition. Trade payables and other financial liabilities are classified as current liabilities unless their settlement is not due within 12 months after the reporting period. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

20.13 Borrowings

Subsequently, the loans are measured at amortized cost. Differences between the amounts received (net of transaction costs) and the principal repayments are recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees for the establishment of credit facilities are recognized as transaction costs under the loan to the extent that it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until drawn down. To the extent that there is no indication that drawdown of part or all of the facility is probable, the fee is capitalized as an advance payment for financial services and amortized over the term of the facility to which it relates.

Loans are derecognized when the contractual obligation is discharged, cancelled or expires. The difference between the carrying amount of a financial liability derecognized or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized as other income or finance costs in the statement of comprehensive income.

Borrowings are accounted for as current liabilities unless the Company has an unconditional right to defer settlement of the obligation for at least 12 months after the reporting period.

20.14 Borrowing costs

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

In the Group, all borrowing costs are recognized in the income statement in the period in which they are incurred.

20.15 Provisions

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

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Inherent risks and uncertainties in the obligation must be taken into account. If a provision is measured on the basis of the estimated cash flows required to settle the obligation, these cash flows must be discounted if the interest effect is material.

Where it is probable that some or all of the economic benefits required to settle the obligation will be reimbursed by an external party, the reimbursement is recognized as an asset if the reimbursement is virtually certain and the amount can be reliably estimated.

Onerous contracts

Present obligations arising in connection with onerous contracts are recognized as provisions. The existence of an onerous contract is presumed when the Group is party to a contract under which the unavoidable costs of meeting the obligations under the contract are expected to exceed the economic benefits associated with the contract.

Asset retirement obligations

Restoration obligations exist in particular in the area of real estate leasing. Provisions for restoration expenses for leased office space are recognized if the obligation arises at the inception of the lease or as a result of the use of the property during the lease term. In the valuation, the best estimate is made of the expenditure required to restore the leased property to its original condition. The estimates are reviewed regularly and adjusted if necessary.

20.16 Employee benefits

20.16.1 current employee benefits payable

Liabilities for wages and salaries, including non-monetary benefits, for annual leave and for overtime, which are expected to be settled in full within 12 months after the end of the period in which the employees render the related services, are recognized for employee services until the end of the reporting period and measured at the amounts expected to be paid to settle the liabilities. In the consolidated statement of financial position, the liabilities are presented as current employee benefit obligations.

20.16.2 Post-employment benefits

In the case of defined contribution pension plans, the Company makes contributions to public or private pension insurance institutions on the basis of statutory or contractual provisions or on a voluntary basis. After payment of the contributions, the Company has no further payment obligations. Contributions are recognized as personnel expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments has been made.

In addition, defined benefit plans exist in various foreign entities:

Switzerland

beneficiaries in the years prior to retirement and guarantees them lifelong pension payments. Retirement is at age 65 for men and 64 for women; early retirement is possible from age 58. The insured salary is 100% of the basic salary, reduced by the BVG coordination deduction, but at least 100% of the minimum insured salary and limited to the maximum insurable salary according to BVG.

The defined benefit plans are administered by a single fund that is legally independent of the Group. The Board of Directors of the pension fund is required by law and its charter to act in the interests of the fund and its relevant beneficiaries, i.e. active employees, inactive employees, retirees and employers. The Board of Directors is responsible for the management and for determining the investment policy for the assets of the fund.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The funding requirements are based on the actuarial valuation framework of the fund, which is defined in the plan's funding guidelines. Employees and employers each pay half of the total contributions.

India

The plan provides a lump sum benefit in case of death, disability, resignation, or retirement based on final salary at the time of resignation. The plan benefits amount to 15/26 times the final salary at the time of leaving the company with a cap of approximately €25 thousand per employee.

The pension plan is not funded.

France

The plan provides for a lump-sum benefit upon retirement, provided that the employee has already acquired the entitlement and is employed by the Group at the time of retirement.

The plan is unfunded.

Italy

The plan provides a lump-sum benefit on termination based on length of service and annual compensation.

The plan is unfunded.

Funding

The funding requirements are based on the Fund's actuarial valuation framework, which is set out in the Plan's funding guidelines. Employees and employers each pay one-half of the total contributions.

20.17 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and that the entity will comply with the conditions attaching to it.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the government grants are intended to compensate. Government grants are deducted from the related expenses.

20.18 Equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognized at the proceeds received, net of any directly attributable issue costs. Issuance costs are those costs that would not have been incurred if the equity instrument had not been issued.

Repurchases of own equity instruments are deducted directly from equity. Neither the purchase nor the sale, issue or cancellation of own equity instruments are recognized in profit or loss.

Debt and equity instruments issued by a Group company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangement and the definitions.

20.19 Dividends and interest income

Dividend income from shares is recognized when the entity's right to receive payment is established. This is subject to the condition that it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably.

Interest income is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued in accordance with the outstanding nominal amount using the relevant effective interest rate. The effective interest rate is the rate that exactly discounts expected future cash receipts through the expected life of the financial asset to the net carrying amount of the asset when it is initially recognized.

20.20 Rounding of amounts

Percentages are rounded in accordance with standard commercial practice without decimal places. Millions (€m) are stated with two decimal places and thousands (€ thousand) without decimal places.

20.21 Share-based payment

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date.

The fair value determined on granting the equity-settled share-based payment transactions is recognized as an expense on a straight-line basis over the vesting period with a corresponding increase in equity and is based on the Group's expectations regarding the equity instruments that are expected to vest. At each reporting date, the Group reviews its estimates of the number of equity instruments that will vest. The effects of changes in the original estimates, if any, are recognized in profit or loss. Recognition is such that the total expense reflects the change in estimate and results in a corresponding adjustment to the reserve for equity instruments.

20.22 Earnings per share

Basic earnings per share are calculated by dividing the share of profit after tax attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial year. Diluted earnings per share are calculated assuming that all potentially dilutive securities and share-based payment plans are converted or exercised.

21 Approval of the Financial Statement

The Executive Board approved and released the financial statement for publication on March 29, 2023.

Munich, March 29, 2023.



Achim Weick
(CEO)



Christian Pflieger
(COO)



André Silvério Marques
(CFO)



Marcus Sultzer
(CRO)

Financial Calendar of EQS Group AG

31.3.2023	Publication of Annual Report
12.5.2023	Publication quarterly statement (call-date Q1)
15.5.2023	Spring Conference Frankfurt
30.6.2023	Annual General Meeting 2022
11.8.2023	Publication half-yearly financial report
10.9.2023	Publication quarterly statement (call-date Q3)
16.11.2023	MKK München
27.11.2023	Capital Markets Conference Frankfurt

Stock exchange data of EQS Group AG

Share	EQS Group AG
WKN	549416
ISIN	DE0005494165
Ticker Symbol	EQS
Type of Shares	Registered shares
Sector	B2B-Software
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	10.024.212 Stück
Amount of Nominal Capital	10.024.212 Euro
Designated Sponsor	Baader Bank AG, Unterschleißheim

Register court:

Amtsgericht Munich

Register number:

HRB 131048

Tax Identification Number in accordance with
Section 27a Umsatzsteuergesetz
[German Sales Tax Law]:
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