Annual Report 2021

Building a European SaaS Champion

Creating trusted Companies

About EQS Group

EQS Group is a leading international provider of regulatory technology (**RegTech**) in the fields of **corporate compliance** and **investor relations**. In working with EQS Group, thousands of companies worldwide inspire trust by fulfilling complex national and international disclosure obligations, minimizing risks and communicating transparently with stakeholders.

EQS Group's products are pooled in the **cloud-based** software **EQS COCKPIT**. They ensure the professional control of compliance workflows in the fields of whistle blower protection and case management, policy management, business approvals, third party management, insider list management and disclosure obligations. In addition, listed companies benefit from a global newswire, investor targeting and contact management, IR websites, digital reports and webcasts for efficient and secure investor communications.

EQS Group was founded in 2000 in Munich, Germany. Today the group employs **550 professionals** and has offices in the **world's key financial markets**.

Key figures

Key earnings figures	FY 2021	FY 2020	+/-
Revenues	**50,223**	37,636	33%
EBITDA	**1,742**	4,760	-63%
EBIT	**-5,397**	163	>-100%
Group result	**-6,629**	-832	>-100%
Operating cash flow	**2,037**	5,942	-66% *
Key asset figures	**Dec. 31,2021**	**Dec. 31,2020**	**+/-**
Balance sheet total	**186,837**	56,093	>100% **
Equity	**70,240**	32,944	>100%
Equity ratio (%)	**38%**	59%	-
Cash and cash equivalents	**8,653**	12,074	-28%
Group employees	**FY 2021**	**FY 2020**	**+/-**
Period average	**514**	371	39%
Personnel expenses	**31,693**	20,847	52%
	Dec. 31,2021	**Dec. 31,2020**	**+/-**
Earnings per share (EUR)	**-0.81**	-0.12	>-100%
Market capitalization (MEUR)	**386.21**	204.68	89%

All figures without designation in € thousand (except number of employees)

* In the interests of better presentation of the financial position, net interest income will be reported under cash flow from financing activities from 2021 onwards. The prior-year figures have been adjusted accordingly.

**Previous year's figures adjusted. We refer to the notes to the Consolidated Financial Statements under item 20.1.4 Changes in presentation and reclassifications

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Foreword, Achim Weick (Founder & CEO)

Dear shareholders, employees, partners and friends of EQS Group AG!

All-time peak: 2nd pandemic year drives digitisation +++ Strong capital markets with numerous IPOs +++ IR COCKPIT grows with more customers and features +++ Largest corporate acquisition in the company's history +++ European market leader for digital whistleblowing systems +++ EU Whistleblower Directive enters into force +++ New megatrend sustainability +++ But first things first …

Back in 2000, the year we were founded, we firmly believed that radical **transparency** and **integrity** create the most important value for all organisations: **trust**. And this was happening at a time when digital investor relations was still in its infancy, just as digital compliance is today.

On our way to becoming the leading **cloud provider** in Europe for global **investor relations** and **corporate compliance** solutions, we achieved significant milestones in the last financial year and are benefiting at the same time from four megatrends: digitisation, regulation, globalisation and sustainability.

For the last 20 years, we have promoted **digitisation** in investor relations and set industrial standards. Right from the start, we understood that our publicly listed customers need an efficient, integrated communications solution that covers all **disclosure, notification and documentation requirements** while enabling **active communication** with global investors, employees and other stakeholders.

The **IR COCKPIT** is our answer to this. It is the world's only cloud platform that digitally maps investor relations managers' most important work processes and intelligently links them to global investor data – a true "**game changer**" in times of MIFID 2 and COVID-19, when issuers and investors are almost exclusively communicating online.

Having been able to sign a new **cloud contract (SaaS)** with our German IR customers last year and then migrating them to the IR COCKPIT, we have finally succeeded in doing this in Switzerland too. In the meantime, we are also the **market leader** in Austria, as well as in the entire **DACH region** and by a large margin.

We are now achieving additional **recurring cloud revenue (ARR)** and continue to rely on our proven, usage-based pricing model for news distribution. Now we are going to roll out the IR COCKPIT internationally and focus on the markets with the greatest growth potential, namely the USA and France, in 2022.

In 2017, we also dedicated ourselves to the digitisation of a related area for us, **corporate compliance**. Compared to the USA, there is still a lot of catching up to do here in Europe. This insight is growing in companies of all sizes.

New compliance departments are being established and they are relying on digital work processes from the start. High **data security and data protection** (GDPR) requirements in particular play a significant role when it comes to selecting providers. Our excellent reputation and wealth of experience, as well as our ISO certification, are significant competitive advantages when compared with European start-ups or U.S. suppliers.

The **regulation** of financial markets and companies continues to progress, worldwide, but especially in Europe. For example, all issuers in the regulated market have been obligated to generate and publish their annual financial reports in accordance with the **ESEF Regulation** since January 1, 2020. Our convenient XBRL filing service, which includes conversion and complex tagging, was ready on time for its introduction. We were able to beat all competitors, such as large auditing firms or international providers, and are also the leading provider in Germany.

For us, the most important regulation of the past 15 years came into force on December 17, 2021. Namely, **EU Directive** 2019/1937 on the **protection of whistleblowers**, which must be transposed into national law. As is often the case, there are delays in almost all member states. The EU is putting on pressure and sent warning letters to 22 countries at the beginning of the year. France was the first large European country to adopt the law on February 16, 2022. In Germany, implementation is expected by mid-2022.

This regulation opens up a huge market for us. In the first stage, this will affect 50,000 companies in Europe with more than 250 employees, which will have to set up a secure reporting channel. From the end of 2023, even smaller companies with 50 employees or more will be regulated, which will then total **300,000 companies**.

Our goal was to be the **market leader in Europe**. We achieved this important milestone on June 11, 2021 when we were able to acquire 100% of the shares in **Business Keeper GmbH, Berlin**. Together with the pioneer for whistleblowing systems in Europe, we now have 2,000 whistle-blowing customers, 1,500 of which are in Europe, and are therefore in pole position as soon as the market rapidly picks up pace.

We are anticipating **2,500-3,500 new customers** for 2022 alone. We are investing heavily in this, especially in marketing and sales. Despite high expenditure, the strong growth of the recurring cloud revenue will accelerate our **scaling** and ensure that our EBITDA will increase disproportionately in the coming years.

We have a two-brand strategy when it comes to products. **BKMS** for large companies, **Integrity Line** for small and medium-sized enterprises. In the next stage, we will offer our customers a complete, digital **compliance management system** and expand **COCKPIT** into a central platform for corporate compliance.

The management of corporate policies plays a key role here. We already cover the rolling out of new policies and the management of existing policies with our **Policy Manager**. In future, we will be able to offer an intelligent search function in the often extensive and confusing policies, including a chatbot and app, through **Rulebook**, which was developed by the Bonn-based SaaS company **C2S2 GmbH**, which we took over completely on 20 April 2021.

We also made progress in the development of other COCKPIT applications last year by successfully launching **Approval Manager**. This application can be used to digitally map approval processes for gifts and invitations, among other things, a requirement that is already regulated by law in France and will presumably also be on the agenda at EU level in the future. Two other applications, **Risk Manager** and **Third Party Manager**, are already in the concept design phase and will complete our platform in the future. We are also creating an integrated e-learning offer through partners.

Digitisation and regulation go hand in hand with advancing **globalisation**. Even if this is increasingly questioned with the **war in Ukraine**. We condemn this war in the strongest possible terms. In response, we have discontinued our sales activities in Russia. As an emergency aid, we collect donations for those affected throughout the company. This is likely to lead to further political and economic consequences. Distortions that will be even greater than the trade conflict between the US and China and the COVID-19 pandemic. Nonetheless, **our customers are active globally** and are therefore subject to countless local regulations, which must be met in as efficient and legally watertight a way as possible. In addition, they have communication strategies to reach investors, customers and employees and build trust.

We see our greatest growth potential in **Europe**. The increase in EU-wide regulation is leading to the strong **standardisation of transparency requirements**. There is still no pan-European supplier. In addition, our U.S. competitors have not been able to offer their full range of products in Europe yet. For this reason, we founded new subsidiaries in **Austria, Italy and Spain** last year. Close contact with our customers is very important, especially in our area where trust is essential. Being able to conclude contracts in the local language according to local law and having a local contact person are crucial factors for SMEs.

Our established foreign markets have developed successfully. In **France**, the most important market outside D-A-CH, we were able to further expand our leading position among large corporations through new customers such as SNCF and Crédit Agricole. It is now important to broaden the scope here too, with the help of the new law. We saw how well that can go in the fourth quarter in **Denmark**, when the number of new customers exploded after the law was introduced.

One important pillar of our expansion strategy is the further expansion of our **technology sites in Munich, Berlin, Kochi and Belgrade**. The battle for excellent software engineers has been intensified worldwide by the coronavirus pandemic. Now that it's almost irrelevant where you're working from, wages are rapidly aligning internationally. However, innovative products and strong market positions are helping us pass the wage pressure onto customers.

To find international talent in the areas of sales and customer support faster, we opened a **hub in Barcelona** last year. The first few months give us great confidence that we can build a team in a short time that will accelerate our international growth.

One new megatrend experienced an incredible dynamic last year: **sustainability**. The rapidly increasing environmental and social awareness, new legislative initiatives worldwide and, not least, the increased pressure from investors, customers and employees are acting as a catalyst.

The European Union is establishing a new legal framework for a sustainable economy, in particular with a view to climate change, in order to achieve the goal of climate neutrality in 2050. Environmental, social and governance criteria and standards are the focus here. These must be disclosed in future. The European Union is therefore introducing an obligation to report non-financial sustainability indicators with the **Corporate Sustainability Reporting Directive (CSRD)**. The EU directive is to apply as early as January 2024 for the 2023 financial year. About 50,000 companies with at least 250 employees are affected. The target group is therefore congruent with the EU Whistleblower Directive and offers us sales synergies along the entire value chain.

Under the new reporting obligation, these companies will for the first time be engaged in collecting data on, for example, carbon footprint, diversity and business ethics in line with the **EU taxonomy for sustainable business activities**, which will serve as the basis for preparing the sustainability report. The report is then to be disclosed in a standardised format to a national business register, which also enables the automated reading of key figures.

Our success story is inextricably linked to **S**ocial and **G**overnance legislation and regulation, with us having developed numerous market-leading SaaS products to meet these standards and criteria. You could therefore say that the CSRD is made for us. For this reason, the logical step is to offer our customers **holistic ESG solutions** in the future, which also include the Environmental aspect. For the EQS Group, this is the entry into a new growth market that promises the largest sales potential in our company's history so far.

We will initially develop a software solution with which companies can calculate key figures such as the carbon footprint and easily and securely meet their reporting obligations in accordance with the CSRD. This is to be based on the scientific models and on the many years of experience with over 700 successfully completed **DFGE sustainability consultancy** projects. We signed a letter of intent to purchase DFGE on 17 February 2022. The new cloud application is expected to be available by the middle of the year and will also become the core of the ESG COCKPIT.

But we have also significantly increased our own efforts to become more sustainable over the past year. With the Q1 2022 figures we will also publish our own **2021 sustainability report** along with the annual report. And as a sneak preview: We are very proud of our low carbon footprint of 1 tonne per employee per year. However, there is still a lot to be improved in our company, we want to increase the proportion of women at all levels of our company in particular and eliminate any remaining disadvantages in terms of recruitment, promotion and earnings.

The rapid development of the EQS Group would not be possible without the passion and team spirit of our **highly qualified and committed employees**. At the same time, our strategy offers our employees a challenging, international working environment that encourages them to perform at their best and strengthens our success factors: innovative products, top quality and the best service. Our **strong appeal as an employer** is confirmed both by external evaluation platforms and by our annual employee survey, in which we were pleased to receive the highest rating to date last year.

Our **heartfelt thanks** go to all those who support us in making this great company relevant: our highly motivated employees, our long-standing customers and business partners, with whom we work together in a spirit of trust, and our loyal shareholders who support our vision and encourage us in pursuing this path. We look to the future with great optimism and look forward to continuing to have you all by our side.

Munich, March 15, 2022

Achim Weick, CEO

Our Belief

We at EQS believe that
Integrity and Transparency
create the most important
corporate capital:
TRUST

Our Mission

CREATING TRUSTED COMPANIES

Investor Relations

On the last trading day of 2021, the XETRA closing price for the **EQS Group AG** share was **€44.60, +63%** higher than at the beginning of the year (€27.40). Despite the strong share price performance, there was a high level of volatility due to the high level of uncertainty on the capital markets as a result of the pandemic. The share price ranged between €26.80 and €48.00. Compared to the benchmark, the TecDAX, which recorded an increase of +21%, the share performance was significantly better. The market capitalisation amounted to €386 million as of 31 December 2021. With the increase in market capitalisation, the XETRA trading volume of the EQS share also increased significantly (+70%) compared to the previous year.

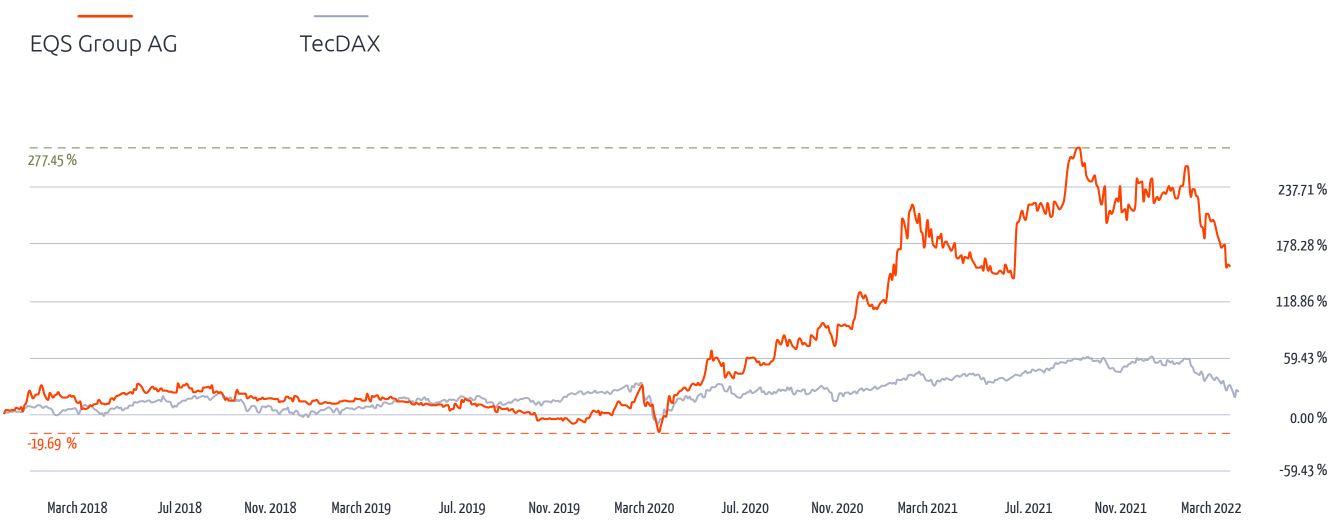
As a result of the successful **capital increases** from authorised capital, the EQS Group received an additional **€43.7 million** in **gross issue proceeds** in total in February, June and December last year. The company's share capital therefore increased from €7,524,890 to €8,659,476. The new shares were placed with institutional investors in an accelerated bookbuilding process at a price of €38.00 or €41.00 per share. The funds acquired were used to finance the investment in C2S2 GmbH, Bonn and Business Keeper GmbH.

EQS Group AG is represented in **Scale**, the Deutsche Börse quality segment for small and medium-sized enterprises (SMEs). With Baader Bank, Edison Investment Research, GBC, GSC Research, MM Warburg, Quirin Bank and Stifel, seven independent research houses produce **analyst studies** on EQS Group AG. All recommendations and estimates are available in the Investor Relations section on the EQS Group website.

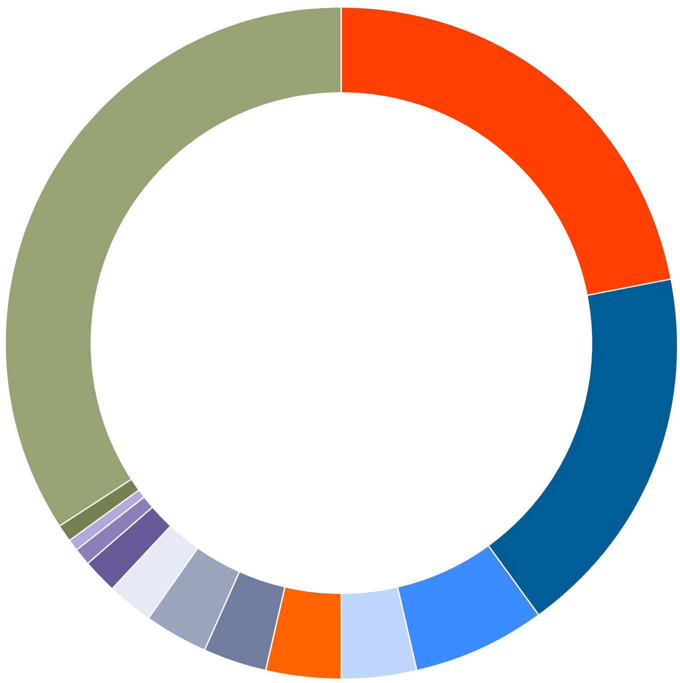
In the 2021 financial year, the Executive Board presented the company at numerous **investor conferences** again, although these were held virtually due to the pandemic. These included the Spring Conference, the Equity Forum, the Quirin Champions Conference, the Baader Investment Conference and the Munich Capital Markets Conference. Digital roadshows were also realised with Baader Bank and Stifel, among others. EQS Group AG published an **interim report** for each quarter and held a **live video conference** with analysts and investors on the same day. The videos are also available for viewing in the Investor Relations section on our **corporate website**.

Due to the pandemic, it was only possible to attend the EQS Group AG **2021 Annual General Meeting virtually**, as in the previous year. Shareholders took advantage of the opportunities offered by the live debate and vote. To our knowledge, EQS Group AG was once again the only stock corporation in Germany to offer this option to its shareholders, delivering pioneering work yet again.

Share price performance



Shareholder structure of EQS Group AG



- Investmentaktiengesellschaft für langfristige Investoren TGV: 22.1%
- Achim Weick: 18.0%
- Danske Bank A/S: 6.3%
- Berenberg Europ. Micro: 3.8%
- EIFFEL INVESTMENT GROUP SAS: 3.4%
- DZ Privatbank S.A: 3.2%
- Allianz Global Investors: 3.0%
- Rony Vogel: 2.3%
- Robert Wirth: 1.5%
- Christian Pfleger: 0.9%
- André Marques: 0.7%
- Marcus Sultzer: 0.7%
- Free Float: 34.0%

Institutional Investors >3% & Management and Board of directors

As of Dec. 31, 2021

Sustainability

For EQS Group AG, sustainability is the basis for responsible corporate action. Values such as integrity, trust and transparency have been essential pillars of our business since the company was founded. This includes applicable laws, regulations and external standards as well as internal company guidelines. By signing the UN Global Compact 2021, we are clearly committed to its principles and the Sustainable Development Goals (SDGs). We are also guided, for example, by the core labour standards of the International Labour Organisation (ILO), the German Corporate Governance Code and the OECD Guidelines for Multinational Enterprises. The EQS Core Values and Principles are our expression of this understanding. They are the backbone of our business – both within the company and in dealings with customers, business partners or investors.

We see ourselves as an independent business enterprise and at the same time as part of a highly complex world. The topic of compliance is a good example of how strongly our business activities, product development, customer expectations, but also social and legal requirements are interlinked. That is why we seek and promote dialogue in this area. Since 2018, we have published the European Whistleblowing Report in cooperation with FH Graubünden, and since 2020 we have hosted the European Compliance and Ethics Conference (ECEC), the largest virtual compliance and ethics conference in Europe.

In general, we maintain a dialogue with customers, partners, investors, associations and other external stakeholders' representatives and continuously expand our network at trade fairs and industry events. This enables us to respond promptly to current trends and developments – be it for product development purposes or for sustainability issues.

Main areas of actions and UN Sustainable Development Goals

In 2021, we intensively analysed the various influences, opportunities and risks for the company in the field of sustainability in order to define the topics and areas of action that are essential for EQS Group AG. The aim was to identify the internal and external trends and tendencies in the best possible way. This resulted in a first draft of the areas of action and related topics. After this analysis phase, we discussed the results internally and compared them with the relevant United Nations Sustainable Goals (SDGs) for EQS Group AG. The final version was commented on, amended and released by the Executive Board.

SUSTAINABLE DEVELOPMENT GOALS

We want to strengthen this process for the next reporting period. Areas of action and topics are to be geared more to the SDGs. It will consider with which topics the EQS Group can increase the positive effects of its corporate actions and with which topics negative effects can be minimised. Stakeholder involvement is also planned.

» Ethics/Integrity

The EQS Core Values and Principles determine our actions and our dealings with each other, because respectful and trusting teamwork is the essential foundation for business success and a positive corporate culture. Our Code of Conduct is also based on these.
The EQS Group Code of Conduct defines in detail what is expected of employees and is intended to help them act with integrity and transparency.
The Business Partner Code of Conduct is part of all agreements between the EQS Group and its business partners. This obliges them to comply with the applicable laws, regulations and external standards.
The UN Global Compact principles with regard to human rights, labour standards, environmental protection and the fight against corruption were taken into account when drafting the two codes.

» Customers

EQS products and services support several thousand customers of different sized companies and industries in meeting compliance requirements, minimising risks or in communicating with stakeholders as transparently as possible. We want to offer our customers the best digital solutions for these tasks at all times. The key for us is to be in close contact with the customer and to respond to their needs.
An important factor in this context is the Net Promoter Score (NPS) for measuring customer loyalty (on a scale of -100 to +100). As of 31 December 2021, we have an NPS of 41. We want to keep this value at the same high level in future too.

» Product responsibility

The overarching security principles, binding processes and responsibilities are described in the internal Information Security Management System (ISMS) policy in accordance with the requirements of the ISO 27001 standard and the Code of Practice for Information Security Controls (ISO 27002) guidelines. This is also associated with a defined test and release process (including a double checking principle) within the scope of product development.
We apply the requirements of the Security Trust & Assurance Registry (STAR) programme from the Cloud Security Alliance (CSA) for more security in cloud computing, for example with our EQS Integrity Line whistleblowing system.

» Employment

A positive and open corporate culture is essential for employee satisfaction. That is why we want to offer our employees an appreciative environment in which everyone can develop.
We are currently planning measures to strengthen the EQS Group employer brand and employee retention. In 2022, we intend to formulate a specific target for this as part of our sustainability strategy.
We promote transparent and constructive dialogue within the company through different formats, such as the regularly held bar camps for the entire staff. Every single employee also receives regular feedback in meetings and performance reviews. In return, we conduct annual employee surveys to determine how satisfied our employees are with the EQS Group

as an employer. In 2021, this figure for employee satisfaction was 4.02 on a scale of one to five possible points.
On the Kununu rating platform, employees also gave us a 4.0 rating, which is above the average for IT companies (3.8).

» **Business resource conservation**
Climate protection and the systematic minimisation of energy and resource consumption are important components of our understanding of sustainability.
As an IT service provider, the EQS Group produces less emissions and waste, and uses less energy and water than other industries. Nevertheless, we expressly acknowledge our responsibility towards the environment and society. Our top environmental priority is CO2 emissions and energy consumption.
To reduce our ecological footprint further, we want to become climate neutral for operating emissions by 2025. For the financial years 2020 (base year) and 2021, we have prepared a voluntary report on greenhouse gas emissions (GHG report, Scope 1, 2 and 3).

Sustainability strategy and objectives

EQS Group is an ESG software provider. Our products in the areas of Investor Relations (G), Corporate Compliance (S,G) and Reporting (E,S,G) enable our clients to achieve transparency create and promote integrity in order to create trusted and sustainable companies.

With regard to our own company, in addition to the selection and definition of the main topics we are intensively concerned integrating sustainability into the corporate strategy. The topic is the responsibility of the CEO and is to be strengthened in the coming years as a pillar of our business activity. In the first step we have defined initial goals in 2021 and compared them with the SDGs that are relevant to us. This will be further developed and concretized in 2022.

Area of action	Target	Related SDGs
General	We offer products that enable our customers to operate sustainably.	12: Sustainable consumption and production 13: Climate action
	We optimise processes for collecting/processing ESG data, also in relation to sustainability reporting.	12: Sustainable consumption and production 13: Climate action
	We establish the issue of resource conservation even more firmly in the corporate culture.	12: Sustainable consumption and production 13: Climate action
Ethics and integrity	We are always up-to-date on compliance and integrity issues and promptly incorporate legal frameworks into our internal regulations.	16: Peace, justice and strong institutions
	We expand our supplier management processes.	8: Decent work and economic growth
Customers	We keep our values in the Net Promoter Score at the same level.	12: Sustainable consumption and production
Product responsibility	Our products always meet the current legal requirements.	12: Sustainable consumption and production
	We consistently increase product quality and create long-term added value for our customers.	
	Product security is our top priority.	

Area of action	Target	Related SDGs
Employment and corporate culture	We strengthen the EQS Group employer brand and employee retention.	5: Gender equality 8: Decent work and economic growth
Business resource conservation	We will be climate neutral in our operating emissions by 2025.	13: Climate action
	We will supply our sites with energy with zero emissions (or offset this if necessary) by 2023.	12: Sustainable consumption and production
	We do not use domestic flights for Business travel	

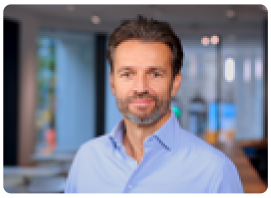
We intend to communicate our sustainability targets just as transparently as our financial targets in future. The issue of sustainability is already an integral part of our governance. The Executive Board will manage and monitor the achievement of targets in cooperation with the Supervisory Board. Shareholders and other stakeholders' opinions are taken into account and we also involve employees as early as possible.

To emphasise the importance of ESG criteria (Environmental, Social, Governance) for the company, an ESG body was set up in 2021, consisting of the CEO, the Chief Financial Officer (CFO) and the CSR manager. This body meets weekly to discuss current topics. We intend to involve the international locations in selecting and implementing measures from 2022 onwards.

Interview with Management

EQS Group AG generated EUR 50.2 million in revenue in the 2021 financial year. An increase of 33 percent. New customer growth was very dynamic, especially in the fourth quarter, and the newly acquired, annually recurring revenue climbed to almost EUR 9 million.

Achim, the world is in permanent crisis mode. EQS Group AG has now lived through two financial years during the COVID-19 pandemic. Looking at the figures, the health crisis doesn't seem to be affecting the company?



Achim Weick (CEO): *"We are very satisfied with the 2021 financial year. And not just with regard to the revenue and new customer figures. 2021 was once again a year of setting our strategic direction. Of course, the pandemic is affecting our work. On the one hand, we are trying to ensure the best possible health protection for our employees with many measures such as remote work, free rapid tests and company vaccination offers, at our locations abroad too, and on the other hand, trying to still make it possible to work efficiently."*

Christian Pfleger (COO): *"We managed this very well in the first year of the pandemic and we have improved even more in this respect. The employees also appreciate this, as the result of the current employee satisfaction survey is at the same high level as the previous year. However, the lack of personal interaction is stressful. Especially for newcomers, but also for the team leads, it is once again extremely challenging to feel and convey the EQS DNA remotely. And a virtual Christmas party with a glass of wine at your desk is no substitute for merrily socialising with each other."*

André Marques (CFO): *"Our business model is generally very robust and crisis-proof. Regulations must continue to be met even in crises. The trend towards digitalisation has also played into our hands. However, when it comes to transposing the EU Whistleblower Directive into national law, I think the fight against the COVID-19 crisis has taken up so much of the governments' time that almost all EU states have failed to transpose it on time. This has hurt us."*

Marcus Sultzer CRO): *"Although the EU Whistleblower Directive has been enshrined in European law since December 17, 2021, the lack of transposition into national law means that the majority of SMEs have not yet dealt with it in sufficient depth. That usually tends to happen at rather short notice, when the law is about to be passed and then comes into force."*

Looking at the new customer figures for the fourth quarter, you might get a different impression. More new customers in one quarter than in the entire previous financial year?

Marcus Sultzer: *"That's right. 423 new customers, to be exact. Several factors play a role here. Year-end business is always strong, especially in the SaaS environment. We are ramping up our marketing efforts from quarter to quarter and they are proving to be successful. The directive has already been transposed in smaller countries, for example in Denmark. Here we were able to achieve a strong market position, just as we had envisaged. The European Compliance and Ethics Conference in October 2021 was a huge success again and brought us a great deal of attention, and not least our acquisition of Business Keeper GmbH. We are now the leading European cloud provider for whistle-blowing systems. Customers like to buy from the market leader, they feel safe and secure there. We are presenting ourselves even more confidently in pitches and the sales strength is growing significantly as a result."*

The European Compliance and Ethics Conference was hosted by EQS for the second time. Virtually again?

Marcus Sultzer: *"Yes, due to the pandemic as a purely virtual conference, with fantastic attendance: 5,500 participants from 100 countries, 70 speakers in 30 sessions. Transparency International founder Peter Eigen was represented as well as Bradley C. Birkenfeld, UBS whistleblower, Klaus Moosmayer, Chief Ethics, Risk & Compliance Officer at Novartis and ex-Federal Minister of Finance Theo Waigel. The winner of the ECEC Award for Outstanding Achievement for Compliance was determined for the first time in a live vote by conference participants and once again went to France. With the ECEC and the Award, we have created a great platform for the compliance industry."*

Marcus, you had already mentioned the acquisition of Business Keeper GmbH. The largest acquisition in the company's history. Have the expectations been met?

Marcus Sultzer: *"We are very happy to have been selected by Business Keeper. With Kai Leisering and his team, we have gained excellent new colleagues who are passionate about compliance and whistleblowing. As a pioneer in whistleblowing systems, Business Keeper has a valuable customer base with world-renowned references, as well as loyal businesses and organisations."*

Kai, have you been well received and how did you feel about the integration process?

Kai Leisering (MD Business Keeper GmbH): *"We get along great. The development of a common product strategy was a top priority in the integration process. However, with a view to the other areas and compared to Got Ethics or C2S2, the integration of Business Keeper was a much greater challenge, as my new colleagues have also confirmed. After all, the task was to integrate a company with over 100 employees, well-established structures and processes into EQS. And this in addition to the ongoing tasks for the employees from day-to-day business. Looking back, we can be very satisfied with what we have achieved and overall the integration is also complete in almost all areas. I would like to take this opportunity to thank everyone who actively supported us. Incidentally, the aim of the acquisition was not cost synergies …"*

Achim Weick: *"… but market leadership for whistleblowing systems. And we have achieved that with this. To return to the initial question, yes, our expectations have been fully met. For us, this acquisition is equivalent to the purchase of DGAP mbH in 2005. At that time, we rose to become the market leader for mandatory reporting by listed companies in Germany, and we still are today, in fact we have been able to build on our position too. The position of market leader is a position of strength that pays off for all stakeholders over many years. The initial purchase price is often perceived as too high at the beginning and probably also is in itself. We asked ourselves this question a lot over 15 years ago when we bought DGAP. And at least as often this time, with a net purchase price of EUR 95 million. What is crucial though is what goal do we want to achieve and how likely it is that we will achieve this goal with this acquisition strategy. The dynamic new customer growth in the fourth quarter is the first confirmation that we are on the right track and can speed up our growth course as a result."*

André, didn't you feel a bit uneasy considering the purchase price?

André Marques: *"No. It is based on solid planning and financial figures. When we got the green light from our main bank, Commerzbank München, and our now largest shareholder, the Investmentaktiengesellschaft für langfristige Investoren TGV, promised its full support, it was clear to us that we could represent the transaction. It was important for us that we were able to complete it before the regulation came into force in Germany."*

When is the EU's Whistleblower Directive due to come into force in Germany?

André Marques: *"Unfortunately, there is not an exact date yet. However, the EU Commission has already started sending out warning letters. In Germany, the "traffic light" government has written the transposition into the coalition agreement. We therefore expect it to be transposed by the middle of the year. Even though Germany is our most important market, we are also establishing a presence on other important markets. New additions are Madrid, Milan and Vienna with sales offices as well as Barcelona for Customer Success and Outbound Sales. We have set up an additional technology team in Belgrade."*

Let's move on to the investor relations segment. The COCKPIT migration for German customers was completed last year and in 2021 the subscription revenues for an entire financial year could be recognised for the first time. What progress has been made in the changeover process abroad?

Christian Pfleger: *"Here too, we have made very good progress. For example, last year we were able to move all our Swiss customers to the new COCKPIT and thus finally switch off a system that we had taken over at the time we purchased Tensid AG. In principle, we are striving to consolidate the technology and reduce the complexity that has grown over the years for all systems, but we are not putting ourselves under any time pressure. Operational safety and growth are clearly more important than quick cost synergies."*

Marcus Sultzer: *"More than 900 companies are now using our new COCKPIT, 700 of them customers from Germany and 200 customers from abroad. This means that the conversion process is almost complete. In the next step, we will focus in particular on the acquisition of new COCKPIT customers abroad and successively expand the use of COCKPIT with existing customers through applications such as Investors and the Roadshow Manager."*

A few weeks ago, EQS Group AG announced its intention to also offer products in the "E" part of ESG. How did that come about?

Achim Weick: *"In recent years, it has once and for all become clear in developed economies that we have incurred huge debts to the environment and our society and that we need to pay them off as soon as possible. That is why we also joined the UN Global Compact last year, a worldwide pact between companies and the UN to make globalisation more socially and ecologically responsible. And we are committed to the ESG guidelines.*

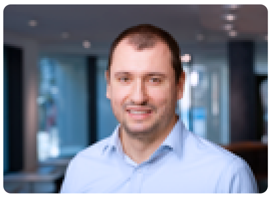
Sustainable corporate governance includes environmental aspects (E for environment), social aspects (occupational safety, health protection, diversity) and governance (such as corporate values, compliance with corporate guidelines, control mechanisms). We already cover the S and G with our cloud products, although the transitions are sometimes fluid. But not the "E" so far, although the topic is not new to us. We had already developed and marketed a sustainability factsheet in 2010. Unfortunately, we were not successful with it, ahead of our time, and due to a lack of interest we discontinued it again. Now – 12 years later, the legislator is once again helping. The European Union is going to introduce an obligation to report non-financial sustainability indicators on an annual basis with the Corporate Sustainability Reporting Directive (CSRD). This is to apply as early as January 2024 for the 2023 financial year and will affect companies with 250 or more employees. Having started to create *our own sustainability report, we quickly realised that this is only possible with the support of experts and that a software solution is a great help for this."*

Christian Pfleger: *"We see great opportunities here and would like to enable our customers to easily implement the legal reporting obligations with a software solution. Our vision is to develop an ESG COCKPIT as an SaaS model."*

André Marques: *"For the 2021 financial year, we produced our own ESG report including KPIs in record time and we will present it together with the Q1 2022 figures. We are very proud of that.*

Achim Weick: *"We have incorporated the learnings we took from this into our software product. So far, we have reported the two ESG key performance indicators customer and employee satisfaction on an annual basis. We will supplement these with environmental targets, such as our carbon footprint. This puts topics such as climate-neutral offices, IT infrastructure and business travel at the top of our agenda."*

Juan, as CTO you are also responsible for recruiting software developers. It is well known that this has become very difficult. Can a sustainable focus maybe assist with this?



Juan Galan (CTO): *"This will also help us enormously in recruiting IT experts. We are already a very attractive employer for software experts with the high degree of freedom we offer and our many innovative applications in the two major workflow platforms IR and Compliance COCKPIT. But international talent wants nothing less than to make the world a better place and where better to do that than in the ESG sector."*

As we come to the end of our interview, let's talk about the current financial business year and the outlook. What can shareholders expect from EQS Group AG in 2022?

André Marques: *"Definitely strong growth. In terms of revenue, we expect an increase of 30 to 50 percent ranging from EUR 65 million to EUR 75 million. For the new ARR key performance indicator, which is the contractually agreed, annually recurring revenue, we expect a volume in the range of EUR 11 million to EUR 16 million. This also means that we want to win 2,500 to 3,500 new customers, the majority of them in the whistleblowing systems product area. We will continue to invest in marketing and sales due to the fact that the EU Whistlebower Directive has not yet been transposed into national law in most EU countries. The EBITDA is expected to be in the range of EUR 6 million to EUR 10 million. In other words, several times the EBITDA of 2021, thus initiating the scaling phase. The outlook is based on the assumption that the EU Directive will be transposed into German legislation in the middle of 2022."*

Achim Weick: *"We will continue to work with great passion to achieve our financial goals while pursuing a sustainable business strategy that benefits our employees and all stakeholders. I am so proud of our entire team and look forward to 2022, which is sure to be the most successful year in our company's history."*

Supervisory Board Report

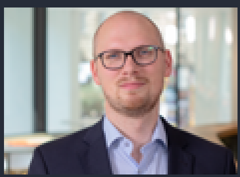
Dear Shareholders,

In the 2021 financial year, the **Supervisory Board** dealt with the **situation and development of the EQS Group** in detail. It closely monitored and supported the work of the Executive Board on the basis of the comprehensive reports from members of the Executive Board, and advised it on important issues. The information was provided both in writing and verbally. There was a **regular exchange of information** between the chairperson of the Supervisory Board and the CEO. This applied both to the chairperson in office until the end of the Annual General Meeting, Rony Vogel, and to me as his successor. The Audit Committee was also in close contact with the CFO. The Supervisory Board was therefore always informed about the company's objectives and the related planned business strategy, corporate planning, investment projects including M&A transactions, the current business performance, the company's profitability and financial situation as well as the situation of the company and the Group. As in the previous year, special attention was paid to the impact of the COVID-19 pandemic on the EQS Group.

The **collaboration** between the **Supervisory Board and Executive Board** was always characterised by **open discussions based on trust**. Opportunities and risks in the two business segments were discussed at length, corporate planning was presented in detail, and the revenue, comprehensive income and liquidity were compared with planning on the basis of the Executive Board's quarterly reports and additional monthly reports, and deviations from these were questioned. The Supervisory Board continued to obtain regular information on risk management, the progress of product developments and customer feedback on newly launched products.

The **Supervisory Board** was **involved in all important decisions**. If the approval of the Supervisory Board was required for decisions or measures by the Executive Board due to legal provisions, the Articles of Association or the Rules of Procedure, the members of the Supervisory Board reviewed the draft resolutions in the meetings and voted on them.

Robert Wirth (Chairman)



Laurenz Nienaber (Deputy Chairman)

Prof. Kerstin Lopatta

Rony Vogel

Changes on the Supervisory Board

Long-term member **Peter Conzatti retired** from the Supervisory Board, after having been a member of this body since 2005. He has been supporting the company since its foundation in the year 2000, in particular thanks to his capital market expertise. On behalf of the Supervisory Board and the Executive Board, we would like to take this opportunity to express **our sincere thanks** for working together with us in a spirit of trust over all these years. Peter Conzatti will remain associated with EQS Group AG.

Prof. Dr. Kerstin Lopatta, Professor for Accounting, Auditing and Sustainability at the University of Hamburg, was **newly elected** to the **Supervisory Board**. She is a recognised **expert** in the fields of **accounting, corporate governance and sustainability** and also contributes her expertise to the German Accounting Standards Committee. She gained international experience in Europe, the USA and Asia. With Prof. Lopatta, EQS Group AG wins an expert whose profile covers both the requirements for a member of the Supervisory Board and the business segments served by EQS Group AG.

The Supervisory Board elected **Robert Wirth** as the new **chairperson of the Supervisory Board** and Laurenz Nienaber as his deputy during the constituent meeting on 14 May 2021. The body consists of a total of four members, including newly elected Prof. Dr. Kerstin Lopatta, and the former chairperson of the Supervisory Board Rony Vogel.

The Supervisory Board's Work

In the **2021 financial year**, a total of **five ordinary Supervisory Board meetings** were held, at which the Executive Board provided information about the economic situation and business development. The **Supervisory Board was fully represented** at all meetings. Members of the Executive Board generally attended the Supervisory Board meetings, although not all members of the Executive Board were always present depending on the topic. The Supervisory Board also held consultations without the Executive Board. In addition to the ordinary meetings, there were other extraordinary meetings as well as resolutions on current topics that were adopted by written circular. The Supervisory Board formed two committees, the Audit Committee and the Remuneration Committee, which were newly appointed after the Annual General Meeting on May 14, 2021. The **Audit Committee** consists of Prof. Dr. Kerstin Lopatta as chairperson and Laurenz Nienaber. With this appointment, we already meet the requirements of the Financial Market Integrity Act (**FISG**). Kerstin Lopatta is a proven expert in accounting and auditing, while Laurenz Nienaber has extensive knowledge of accounting and is constantly expanding this knowledge through his work as a fund manager in practice. Rony Vogel took over the chair of the **Remuneration Committee**, which Robert Wirth is also a member of.

Supervisory Board Meetings and Priorities

The Supervisory Board focused on the following topics in its individual meetings:

At an ordinary meeting in February, the Supervisory Board dealt with the **integration of Got Ethics A/S** and discussed the market entry or **opening of new locations in Spain, Austria, the Czech Republic and Scandinavia**. The Supervisory Board also received a detailed explanation of the **sales strategy** for the Integrity Line **whistleblowing system**. In addition to the presentation of **possible takeover targets**, a lot of time was devoted to reporting on the ongoing audit by the auditing firm BDO and on the status of planning for the 2021 financial year. Other topics discussed at the meeting included the possible adjustment of the remuneration structures for the Executive Board and Supervisory Board in line with the German Corporate Governance Code, the possibility for investors to contact the Supervisory Board, the EQS Group AG 2021 Annual General Meeting and other legal and insurance law topics.

In an extraordinary meeting in February, the Supervisory Board dealt with the Executive Board's proposal for a **capital increase** with partial utilisation of the Authorised Capital 2020/I created by the Annual General Meeting on 17 July 2020 in accordance with Article 4 (3) of the Articles of Association and approved the issue of up to 357,361 new no-par value registered shares against cash contributions. The capital increase was subsequently successfully placed with institutional investors at a price of EUR 38.00 per share.

In March, the Supervisory Board adopted written resolutions on the planning for the 2021 financial year, the invitation and agenda for the Annual General Meeting and followed a proposal by the Remuneration Committee to change the Executive Board's pay.

In an ordinary meeting in March, the Supervisory Board dealt with the **annual financial statements, adopted them and approved the 2020 consolidated financial statements including the management report.** Furthermore, the Supervisory Board approved the **acquisition of the outstanding shares in C2S2 GmbH** and the establishment of an office in Vienna.

In an extraordinary meeting in April, the Supervisory Board dealt with a **possible acquisition of Business Keeper GmbH**.

In the run-up to the Annual General Meeting, the Supervisory Board updated its Rules of Procedure. In an ordinary meeting following the Annual General Meeting, Robert Wirth was elected as the new chairperson of the Supervisory Board and Laurenz Nienaber as his Deputy. Newly elected Prof. Dr. Kerstin Lopatta took over the chair of the Audit Committee, which Laurenz Nienaber is a member of. Rony Vogel chairs the Remuneration Committee, which Robert Wirth is also a member of.

In an extraordinary meeting in June, the Supervisory Board dealt in detail with a possible **acquisition of Business Keeper GmbH and its financing** and granted the necessary **approvals**.

The Supervisory Board approved the repurchase of up to 12,000 shares in EQS Group AG by written resolution in September to fulfil the employee stock option plan.

In an ordinary meeting in September, the Supervisory Board dealt in detail with the status of the **integration of the acquired companies**, in particular Business Keeper GmbH. Other topics were the international location strategy, the introduction of sustainability reporting and the **Audit Committee's** report on **accounting and internal risk control systems**.

In an ordinary meeting in December, the Supervisory Board dealt with **questions regarding the long-term financing and strategy** of EQS Group AG and discussed corporate governance and ESG issues.

In December, the Supervisory Board adopted by written resolution the Executive Board's proposal to **increase the share capital** by up to 187,225 shares by partially using the authorised capital. The capital increase was subsequently successfully placed with institutional investors at a price of EUR 41.00 per share.

In February 2022, the Supervisory Board adopted by written resolution the Executive Board's proposal to **increase the share capital** by up to 1,364,736 shares by partially using the authorised capital. The capital increase was subsequently successfully placed at a price of EUR 33.00 per share.

The Supervisory Board considers sustainable economic activity and sustainable corporate governance to be indispensable. The Executive Board's efforts to introduce sustainability reporting are therefore logical and we have always supported this. A new job has been created for this purpose. The basic work of collecting data for our company also provided us with valuable information for our own product range development. The result is a stand-alone sustainability report, which will be published for the first time with the Q1 2022 figures. This now serves as a starting point to define and implement action points to improve the performance record and then to re-evaluate the formulated targets and their achievement. This also lays the foundation for aligning part of the management remuneration **with ESG criteria. It is also worth mentioning that the introduced compliance** management system has become well established.

Annual and consolidated financial statements

The Annual General Meeting on May 14, 2021 appointed BDO Wirtschaftsprüfungsgesellschaft, Hamburg as auditors for the 2021 financial year. It audited **EQS Group AG's annual financial statements and the management report dated December 31, 2021 and the consolidated financial statements in accordance with IFRS as of December 31, 2021**, including the Group management report and further notes as of December 31, 2021 and issued an **unqualified audit opinion** in each case.

The annual financial statements, consolidated financial statements and management report as well as the auditor's report were available to all members of the Supervisory Board. The documents were discussed on the Audit Committee and at the balance sheet meeting with the Executive Board and the entire Supervisory Board. The auditor attended the balance sheet meeting, explained the auditing principles, reported in detail on the audit and significant audit findings and addressed the audit report. All the Supervisory Board members' questions were answered.

The Supervisory Board has examined EQS Group AG's annual financial statements and management report as of December 31, 2021, as well as the consolidated financial statements in accordance with IFRS as of December 31, 2021, together with the Group management report and further notes as of December 31, 2021, taking into account the auditor's audit reports, and has satisfied itself as to the accuracy and completeness of the factual information. The Supervisory Board concurred with the results of the audit by the auditor and determined that there were no objections to be raised. The **Supervisory Board approved EQS Group AG's 2021 annual and consolidated financial statements** at the balance sheet meeting on March 24, 2022. The 2021 annual financial statements are therefore adopted within the meaning of Section 172 of the German Stock Corporation Act (AktG). The Supervisory Board concurs with the Executive Board's proposal for the appropriation of EQS Group AG's balance sheet profit, which does not provide for any dividends.

The Supervisory Board continued to address the principles of good corporate governance in the 2021 financial year. In March 2022, the Supervisory Board and Executive Board issued an updated voluntary declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on the EQS Group AG website. EQS Group AG complies with the Government Commission's recommendations on the **German Corporate Governance Code** in accordance with the version of the Code published in the Federal Gazette in March 2021, with the exception of the deviations listed and justified in the **Declaration of Conformity**.

The Supervisory Board would like to thank all employees for their successful work and high level of personal commitment. At the same time, the Supervisory Board expresses its recognition and high esteem to the Executive Board and the entire management for their outstanding performance.

Munich, March 24, 2022

Robert Wirth

Chairperson of the Supervisory Board

OUR CORE VALUES

TEAM SPIRIT

We have empathy and support/respect each other

PASSION

We love what we do and are driven to achieve

TRANSPARENCY

We are open-minded and actively share information

TRUST

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

OWNERSHIP

We think like owners and act sustainably towards our planet and society

Highlights FY 2021

New SaaS Customers
1,017
(301)

SaaS Customers
4,240
(2,574)

New ARR
€ 8.90 mln.
(€ 5.32 mln.)

Revenue COMPLIANCE
+54%
(+12%)

Revenue INVESTOR RELATIONS
+10%
(+26%)

EBITDA*
€ 2.09 mln.
(€ 4.76 mln.)

**before purchase price allocation*

Case Study

Fair play: why PUMA opted for a digital whistleblowing channel

Why did PUMA opt for a digital whistleblowingsystem?

"The telephone hotline was used very rarely. After discussions with colleagues from other international companies and additional research, we came to the conclusion that digital whistleblowing systems are more effective and appropriate for our target group, given the young average age of PUMA employees."

Kristina Schmieg, Senior Manager Compliance bei PUMA SE

Openness, honesty and lawful conduct are traits which carry great weight at PUMA. In the interests of guaranteeing “fair play” in the company, the German sporting goods manufacturer has explicitly included whistleblowing in its own Code of Ethics.

PUMA employees have for some time been able to report violations of corporate principles via a group-wide telephone hotline and email address. However, in mid 2018, the PUMA compliance team decided to question their existing approach to whistleblowing. In particular, the discussion focused on whether the company should continue to rely on a telephone hotline or whether another solution would better meet the company’s needs.

PUMA felt that any new reporting channel should be made accessible to as many employees as possible. In addition, they wanted the system to be intuitive, user-friendly and guarantee a high level of data security. After weighing up all factors PUMA’s compliance team decided to implement a digital whistleblowing system. Following this PUMA set about comparing digital whistleblowing system providers.

EQS Integrity Line stood out with its user-friendly interface, broad variety of functions, secure

PUMA

SECTOR:
sporting goods manufacturer

EMPLOYEES:
14,300

ANNUAL SALES:
€5.23 billion

LOCATIONS:
25+

EBITDA:
€209 million

FOUNDING YEAR:
1948

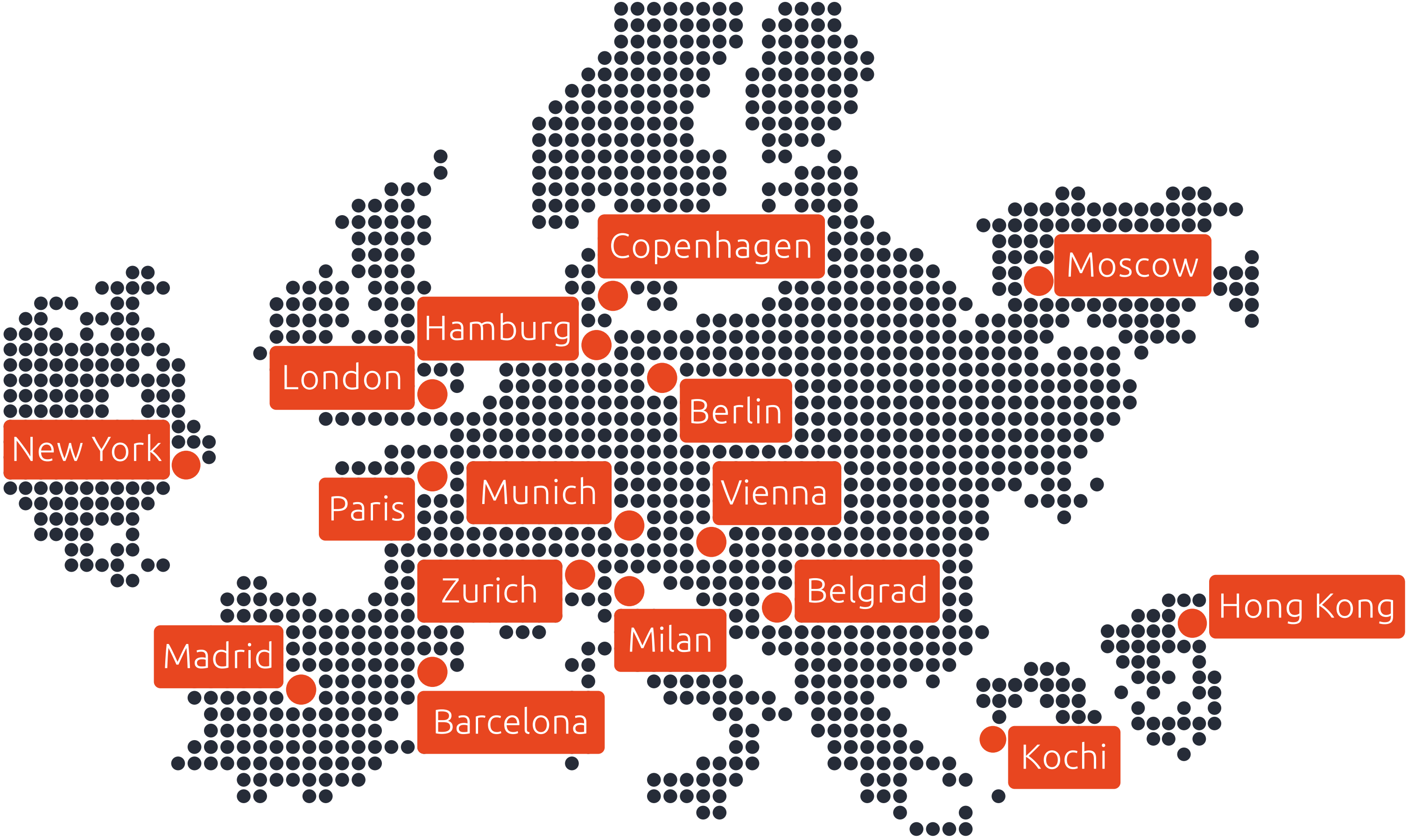
Status: 2020

anonymous communication and integrated case management. For internal communication purposes PUMA christened the system PUMA SpeakUp! Platform.

Lessons learnt with the PUMA SpeakUp! Platform

It has been two years since PUMA implemented its digital whistleblowing system and the results have been positive. The team received numerous reports via the PUMA SpeakUp! platform during the first months and this trend has continued. Reports have been received from different countries and different departments, with most whistleblowers opting to report anonymously. Thanks to the system's encrypted messaging feature, the compliance team was still able to contact these whistleblowers without breaching anonymity and resolve these queries easily.

www.integrityline.com/de/referenzen/puma-case-study/



Corporate structure

Parent
EQS Group AG
(from 2000)
Germany
Austria

from 2006
EQS GROUP AG
Switzerland

from 2007
EQS Financial Markets & Media GmbH
Germany
Austria
Switzerland

from 2008
EquityStory RS, LLC
Russia

from 2013
EQS Asia Ltd.
(EQS TodayIR)
SAR Hong Kong
China

from 2013
EQS Web Technologies Pvt. Ltd.
India

from 2015
EQS Group Ltd.
UK

from 2015
EQS Group Inc.
USA

from 2017
EQS Group SAS
France
Belgium
Netherlands
Luxembourg

from 2021
EQS Group A/S
Denmark
Finland
Norway
Sweden

from 2021
EQS Group S.R.L.
Italy

from 2021
Business Keeper GmbH
Germany

from 2021
EQS Group doo
Serbia

from 2021
EQS Group GmbH
Austria

from 2021
EQS Group RegTech S.L.U.
Spain
Portugal

CONSOLIDATED FINANCIAL STATEMENTS

A. Basic Company Information

Business Model

EQS Group AG is an international **technology provider for compliance and investor relations (RegTech)**. In addition to its head office in Munich, the Group has locations in the world's financial capitals and technology centres in Berlin, Kochi (India) and Belgrade (Serbia).

Our "**Best Digital Solutions**" minimise risks by complying with local regulations, reaching global investors and media, and all relevant audiences.

Our **target** is to develop EQS Group AG into the **leading European cloud provider** for **global investor relations & corporate compliance solutions** by **2025**.

We use the **capital from investors** to offer our customers digital platforms, products and services. Our employees create the necessary innovations and cultivate customer and partner relationships.

EQS Group AG is a full-service digital provider: its **products** and **services** include a global newswire, mandatory reporting service, investor targeting and contact management, and insider list management. These are bundled in the **EQS COCKPIT cloud-based platform** to optimise investor relations, communications and compliance officers' work processes. In addition, EQS Group AG offers software applications for approval management, whistleblower and case management, directive management and supplier management. Its offer is rounded off by websites, digital reports and webcasts for investor communication.

The **Compliance segment** comprises all products required to **fulfil regulatory obligations**. Due to harmonised legal requirements for all customers, this offering exclusively includes cloud solutions. We further differentiate between Software-as-a-Service (SaaS) customers and filing customers in our sales and offering strategy in the Compliance segment. Our marketing and sales activities are mainly aimed at companies, but also at organisations or public bodies that invest in the area of compliance due to legal regulations or out of conviction.

The **Investor Relations (IR) segment** includes the products in **Finance & Corporate Communication** and is aimed exclusively at listed companies.

We generate extensive SaaS revenue in both segments from the provision of cloud software. In addition to receiving recurring revenue for report conversion and financial information filing, the holding of video and audio webcasts, and ongoing subscription revenue from hosting and maintaining these applications. In the News segment, we receive revenue per news item depending on the distribution network selected. One-time revenue results from the setting up of websites, apps, charts, tools or digital reports.

We use financial and non-financial performance indicators to **measure our corporate success** at Group and company level.

The **most important financial performance indicators** are **revenue (growth) and EBITDA**.

EBITDA is calculated as the total income (revenue, other income and own cost capitalised) minus cost of services, personnel expenses, other expenses and write-offs on accounts receivables.

The **most important non-financial performance indicators** are **number of new SaaS customers** and the **new ARR**. The new ARR is defined as the newly acquired recurring annualised order volume.

Other non-financial performance indicators include **customer satisfaction** and **employee satisfaction**. We measure customer satisfaction using the Net Promoter Score, the difference between the customer recommendation rate and the rejection rate, in anonymous online questionnaires. The survey is aimed in particular at Group customers and asks about satisfaction with the services, the new products and customer service. Employee satisfaction is measured using a global survey in which employees rate their satisfaction with the employer on a scale of 1 to 5 in an anonymous online questionnaire. The choice of 1 stands for very dissatisfied and 5 for very satisfied. The survey focuses on measuring employee satisfaction with pay, working hours, internal cooperation, internal communication and development opportunities.

Each performance indicator correlates directly to our ability to deliver returns to our capital providers. Ultimately though, committed employees are crucial for our customer satisfaction and loyalty and the Group's success.

Research and Development

The ongoing further development of existing products and the new development of cloud solutions ensure that the applications meet our customers' current and future requirements and form the basis for our future growth. As in the previous year, **2021** was characterised by our product drive and resulted in continued high product development expenses.

The **EQS COCKPIT**, our centralised, cloud-based platform which is being (further) developed for investor relations and Compliance is at the heart of product development. In the **Investor Relations** segment, both the **further development** of the existing applications CRM, mailing and Investors as well as new applications such as **Roadshow Manager** and **Sentiment Analysis** were driven forward.

The focus in the **Compliance** segment was on the **development of new applications**. In 2021, for example, the **Approval Manager**, an application used to check and digitally manage conflicts of interest were further developed. Our **Policy Manager** which manages policies centrally and in a version-safe manner and which has already been completed in 2021, will, in future, be linked to the **Rulebook**, the policy management solution of the company C2S2 GmbH which was acquired. Likewise, the development of a platform for compliance was started. Completion of the **Compliance COCKPIT** is planned for 2022. This significantly expands the product offering in the Compliance area and adopts the platform approach from the Investor Relations area.

In total, **internally generated intangible assets** in the amount of **€ 2.24 million** were capitalised in the 2021 financial year (previous year: € 1.67 million), of which € 1.74 million in the IR segment and € 502 thousand in Compliance. This represents 41 % of all research and development costs (€ 5.43 million). These also include programming services of the wholly-owned subsidiary EQS Webtechnologies Pvt. Ltd. in India and of EQS Group DOO in Serbia totalling € 544 thousand that were invoiced to EQS Group AG. **Amortisation** of internally generated intangible assets amounted to **€ 851 thousand** in the period under review (previous year: EUR 872 thousand).

B. Economic Report

The Economic and Regulatory Environment

In **2021**, the **global economy** has recovered significantly from the setback in 2020 (real global GDP: -3.4 %) caused by the **COVID-19 pandemic**. In terms of real gross domestic product (**GDP**), an increase of **5.5 %** is expected, according to the World Bank's semi-annual report[1] published in January 2022. But, the pandemic still continues unchanged at the beginning of 2022. It is, in particular, the spread of the Omikron variant that has taken on a whole new dimension. At the same time, the proportion of severe courses seems to be decreasing significantly in many countries and the first indications of a possible switch to an endemic are visible. Acute problems in the supply chains, scarcity of offers, price increases for raw materials and energy as well as inflation concerns remain as possible consequences of the pandemic for 2022, but also for the following years and are of high relevance for economic growth. Likewise, the current war in Ukraine poses a significant risk to the global economy. Another escalation of the crisis within Europe or even on a global level might have serious economic consequences.

Accordingly, the economic situation in **Germany** in 2021 was also characterised by the recovery after the recession years of 2020 (real gross domestic product (**GDP**): -4.9 %), even though underproportionally compared to the global economy. It is, in particular, the supply chain bottlenecks that are an obstacle to growth for the export-oriented German economy. For 2021, the Statistisches Bundesamt[2] expected an increase of the real GDP in Germany of **2.7 %**. However, the German economy has not yet reached the pre-crisis level again.

Given the global economic recovery from the pandemic, the **increase** of the **stock prices** in 2021 continued globally and in Germany which had begun after the price collapse in March of 2020. Starting from 13,890 points at the beginning of 2021, the German leading index **DAX** rose by **+14 %** to **15,885** points as of **31 December 2021**. The number of **IPOs** and listings in the Prime and General Standard in Germany of 19 also significantly exceeds to the previous year's figure of 7. By contrast, the number of companies listed on the regulated market (Prime or General Standard) continued to fall as a result of delistings and insolvencies. As a result, there were 8 fewer companies as of 31 December 2018, and therefore only 430 in the regulated market as of 31 December 2020. Companies also withdrew from the Scale and Basic Board over-the-counter segments. As a result, there were only 114 companies listed in these segments as of 31 December 2021 (decline on previous year: -7).

[1]Worldbank, Global Economic Prospects, Jan. 2022

[2]https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/01/PD22_020_811.html

Result of Operations

EQS Group's result of operations is significantly influenced by the trend of r**ising regulations in the area of compliance** for companies and organisations. One important regulation, the **European Whistleblower Directive**, has been in effect since **December 2021**. However, many countries have not yet transposed the Directive to national law, including Germany.

To position the EQS Group perfectly for this and to achieve the leading market position, we have decided to also grow inorganically through company acquisitions. As a result, a purchase agreement was already concluded for 100 % of the shares in **Got Ethics A/S**, Denmark, also a leading SaaS provider of digital whistleblowing systems, in q4 of 2020. The share acquisition became effective upon payment of the base purchase price in **January 2021** and was **initially consolidated** accordingly. A purchase agreement for 100 % of the shares in **Business Keeper GmbH**, Berlin, (formerly ICS Group GmbH), a leading provider for digital whistleblowing systems in the german market, was also signed in June 2021. Business Keeper GmbH will be **included in the Consolidated Financial Statements from 14 July 2021**. Furthermore, an investment agreement and an option agreement on the remaining shares in **C2S2 GmbH**, Bonn, an innovative SaaS provider for policy management, was signed in December 2020. This became effective in January 2021 when the purchase price was paid, the option was exercised in April 2021. As a result of the existing possibility of control through the option, C2S2 GmbH will be **initially consolidated from 1 January 2021** in accordance with the IFRS. The table below discloses the

Result of operations		*ACTUAL 2021*	*ACTUAL 2021*	*ACTUAL 2021*	*ACTUAL 2021*	*ACTUAL 2020*
		Total EQS	Total increase	New cons. TU*	Increase EQS	Total EQS
Group revenue	in million EUR	**50.22**	**12.58**	**7.38**	**5.20**	**37.64**
EBITDA*	in million EUR	**1.74**	**-3.02**	**-0.04**	**-2.98**	**4.76**

*As a consequence of the merger of C2S2 GmbH into EQS Group AG, it is not included in the newly consolidated subsidiaries for the purposes of the EBITDA.

The **Group's revenue** went up in **2021** by **+33 %** to **€ 50.22 million** (previous year: € 37.64 million) and were thus within the range of the guidance for the full year 2021 adjusted in June 2022 (30 % to 40 %) and significantly above the original forecast (20 % to 30 %). At the same time, we also **benefited due to the acquisitions of Business Keeper GmbH, Got Ethics A/S** and **C2S2 GmbH** (total revenue contributions € 7.38 million), from significant revenue increases in the area of **compliance products**, from growth momentum from the new **ESEF regulation** (obligation for listed companies to submit financial reports for the first time in April 2021) in **Compliance Services**, and from the scheduled migration of existing customers to the **new IR COCKPIT**.

The **EBITDA** decreased in 2021 to **€ 1.74 million** (previous year: € 4.76 million) due to investments in marketing and sales (€ 4.77 million). This also includes purchase price allocation from the acquisitions in the amount of € 353 thousand. **Adjusted** for these, the EBITDA was **€ 2.09 million** and thus in line with expectations (€ 2 million to € 3 million).

The acquisitions significantly increased the customer base. The **total number of SaaS customers** rose to **4,240**. The annualised **churn rate**, i.e. companies that no longer receive services from EQS Group fell to **5.9 %** (previous year: 8 %) once more customers signed the SaaS licence agreement for the new IR COCKPIT. The most important indicator in 2021, new **SaaS customers**, could be more than tripled to **1,017** (previous year: 301) which made us exceed the updated planning for the nine-month figures (900). Originally, the target for 2021 was to acquire 1,500 to 2,000 new customers.

While EQS Group **exceeded expectation in the area of customer acquisition for 2021, sales through partners have not started yet** in view of the pending national implementation of the European Whistleblower Directive. This will negatively affect the acquisition of small and medium-sized enterprises (SMEs) as customers. So, for the largest market, Germany, we expect an implementation of the law in the middle of 2022.

However, this has little impact on the "**New ARR**" indicator, as the ARR contribution of SME segment is significantly lower than average. Accordingly, the newly acquired ARR of **€ 8.90 million** (previous year: € 5.32 million) is almost at the level of the forecast for 2021 which was revised upwards from the original € 6.0 million to € 9.0 million new ARR, with the announcement of the acquisition of Business Keeper GmbH.

Based on the **recurring revenue** in the 12 months of 2021 (taking into account Business Keeper GmbH since 1 January) of **€ 55.96 million**, the **ARR growth** was **+16 %**. The share of recurring revenues in total revenue increased significantly to **85 %** with the acquisitions (previous year: 78 %).

In 2021, development **costs** of **€ 2.24 million** were **capitalised** (previous year: € 1.67 million). The introduction of new cloud products is associated with an expansion of subscription revenues and a further increase in the share of recurring revenues.

Other income for the Group as a whole dropped in 2021 and stood at **€ 363 thousand** which is lower than in the year before (previous year: € 414 thousand). The largest item here is the waiver of a government development loan of € 137 thousand in the USA.

*Previous year's figures adjusted. We refer to the notes to the consolidated financial statements under 20.1.4 Changes in presentation and reclassifications

Over **100 Salespartnerships**

Segments

FY 2021	***Compliance***	*YOY*	***Investor Relations***	*YOY*
Revenues from cloud products	**€ 19.83 million**	85 %	**€ 9.50 million**	21 %
Revenues from cloud service	**€ 10.88 million**	17 %	**€ 10.01 million**	2 %
EBITDA	**€ 3.20 million**	-39 %	**€-1.46 million**	>-100 %
SaaS customers (formerly "corporations")	**2,905**	115 %	**2,484**	15 %
Filing customers (annual basis)	**4,242**	-13 %		

Compliance segment

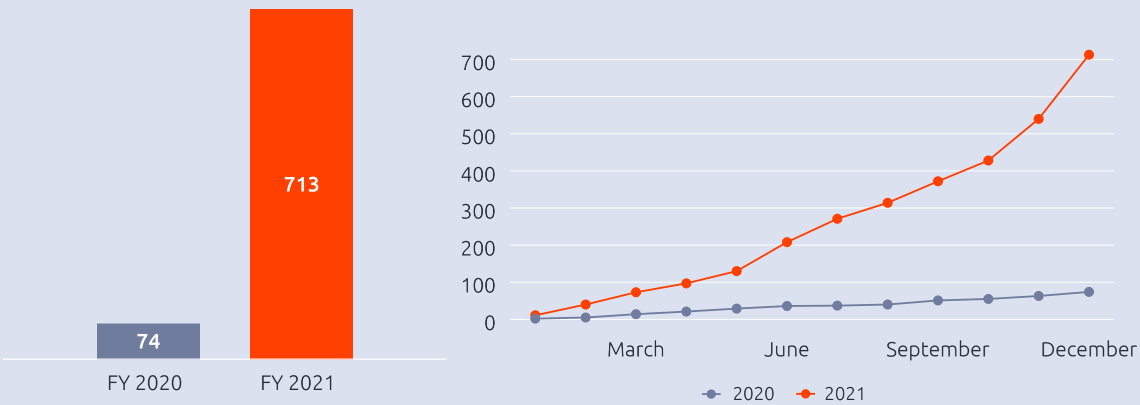
The **Compliance segment** comprises all products required to **fulfil a regulatory obligation**. This includes the **cloud products** for reporting obligations in News (Disclosure), Insider Manager, Integrity Line, Policy Manager and Approval Manager, as well as Rulebook and Third Party Manager since 2021, which are in the **COCKPIT cloud platform**.

In addition, other **cloud services** are provided in the Filings (XML, XBRL) and LEI area. Since many customers do not necessarily use the COCKPIT, they are recognised separately.

In the **Compliance segment**, the **customer base** doubled by **1,551** to a total of **2,905 SaaS customers** due to two acquisitions in the compliance cloud products segment. In addition to **835 customers** which were added through the **acquisition** of the companies **Business Keeper GmbH, Got Ethics A/S and C2S2 GmbH**, 713 **new SaaS customers** could be won for **whistle-blower systems** in 2021. This corresponds to an almost tenfold increase in the number of customers acquired in this product compared to 2020.

While the EQS Group is on target with **direct customer acquisition, sales through partners have not really started yet** in view of the pending national implementation of the European Whistleblower Directive. In its plans, EQS Group assumes that whenever a precise schedule is determined for the implementation, a strong increase in customer acquisition by partners will arise. As a result of the customer acquisitions and takeovers, **revenue** in the **Compliance segment** rose by **+54 % to € 30.71 million** (previous year: € 19.97 million). In addition to the planned growth in **compliance cloud products**, there was also significant growth in **compliance cloud services** in 2021 with filing services due to the new ESEF regulation and stronger than expected demand for the LEI issuance service.

New customers Whistleblowing



Investor Relations segment

The **Investor Relations segment (IR)** includes the products on offer in voluntary **Investor and Corporate Communication**. The **COCKPIT cloud platform** bundles the **cloud products** Newswire, Investors (investor data), CRM and Mailing as well as the newly developed Roadshow manager.

Outside of the platform, there are other **cloud services** such as websites, tools, reports, webcasts, virtual AGM and media.

In the **Investor Relations** segment, **revenue** increased by **+10 %** to **€ 19.52 million** (previous year: € 17.67 million) and was therefore also within the forecast range (10 % to 15 %). The **successful migration** of existing customers to the **new IR COCKPIT** provided significant growth momentum.

By 31 December 2021, **SaaS contracts** for the new IR COCKPIT were signed with **901 companies**. The **booked Saas revenue** was **€ 5.30 million**, up 60 % compared to 2020. While we benefited from an increase in initial public offerings **(IPO)** in **IR cloud services**, revenue from virtual Annual General Meetings declined. The number of **new SaaS customers** increased by **330** to 2,484 in 2021. After the discontinuation of the euro-ad hoc reporting service by APA-OTS in Austria, the demand for the products of the EQS Group was significantly rising.

Geographic Development

2021 FY geographic market	***Domestic***	*YOY*	*International*	*YOY*
Revenue	**€ 35.92 million**	33 %	**€ 14.31 million**	34 %
EBITDA	**€ 0.16 million**	-96 %	**€ 1.58 million**	77 %
SaaS customers	**1,947**	56 %	**2,293**	73 %

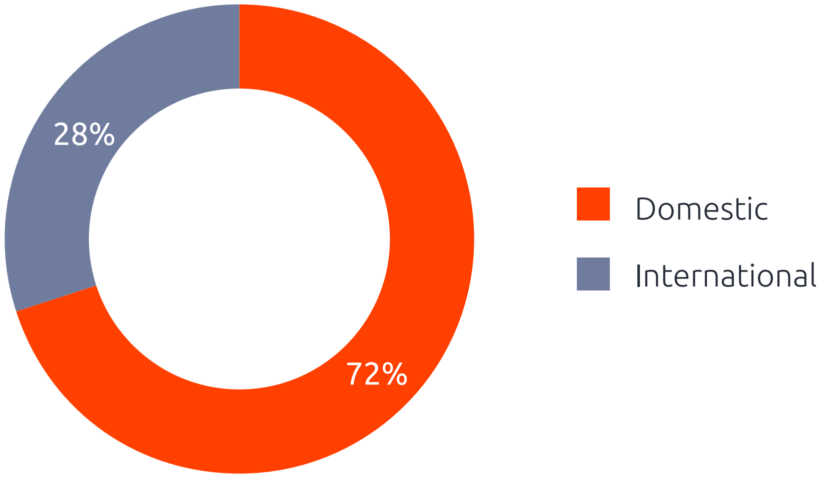
Domestic

Our **domestic business** achieved a **+33 %** increase in revenue to **€ 35.92 million** in 2021 (previous year: € 26.95 million) which includes € 5.19 million in revenues from Business Keeper GmbH and C2S2 GmbH which are included in the Group's revenue from the time of their first-time consolidation. This applies from 14 July 2021 for the company Business Keeper GmbH and from 1 January 2021 for the C2S2 GmbH.

The organic growth, i.e. the growth not including the revenue contributions of the companies acquired in 2021, stood at +14 % and thus **in line with expectations**. We benefited, also due to the acquisition, from revenue increases in the **Compliance COCKPIT**, strong new customer business in Filing (ESEF) and LEI for **Compliance cloud services**, and the migration of existing customers to the new **IR COCKPIT** as planned.

In 2021, **500 new SaaS customers** (excluding individual LEI & Filing customers) were also **acquired**, which represents several times the number of SaaS customers acquired in 2020 (107). Taking into account the acquisition of Business Keeper GmbH and C2S2 GmbH, the **number of customers** increased to **1,947**. The churn rate was 5.92 %. The above-average churn rate is due, in particular, to the product area of press releases where we have some customers who only publish releases irregularly. By the end of the year, **357 customers** were acquired for the **whistleblowing systems**. So, the number of customers gained in q4 of 2021 alone was almost as high as in the first nine months of 2021 which once again demonstrates the momentum.

Share of revenues 2021



International

The acquisition of Got Ethics A/S which was recognised in Group revenue from the date of its first-time consolidation on 10 January 2021 caused our **international business** to achieved a significant **increase in revenue** of **+34 %** to **€ 14.31 million** (previous year: € 10.69 million). Organic growth was +13 % and therefore slightly below our expectations. That was mainly due to the still too low average sales prices and the still missing legal implementation of the Whistle-blower Directive in many countries.

In **2021**, our foreign subsidiaries were able to acquire **517 SaaS customers**. This represents an increase of almost 100 % compared to the previous year (194). Taking into account Got Ethics A/S' existing customers that were taken over (565), the **number of customers** increased significantly by **+73 %** to **2,293**. This is based on an annualised churn rate of 5.88 %.

Until 31 December 2021, **356 new customers** were acquired for the area of whistleblowing systems so that the same number of customers acquired in the first nine months of 2021 were also acquired in q4 2021.

The **foreign share** of revenue in 2021 was at the same level as in the previous year at **28 %** (previous year: 28 %). Thanks to the acquisition of Business Keeper GmbH and the associated first-time consolidation from July 2021, the foreign share will decline further in the coming quarters.

Excerpt **New Customers**

Whistleblowing 2021

Arla
cabify
DELACHAUX
Deutsche Post DHL Group
Deutsche Börse Group
Lufthansa
ZurRose Group
Revolut
TATA STEEL
TeamViewer
Tenaris
TIER

IPOs 2021

ABOUT YOU
AUTO1.com
MISTER SPEX
openSUSE
vitesco TECHNOLOGIES
VORWERK

Development of Expenditure

The Group's operating expenses (purchased services, personnel expenses, other expenses and expenses from write-offs on accounts receivables) increased in 2021 by **+46 %** to **€ 51.09 million** (previous year: € 35.02 million*). The disproportionate increase in expenses compared to revenues is due to the **acquisitions** (first-time consolidation of Business Keeper, Got Ethics und C2S2) **as well as** extensive **investments in sales and marketing** in view of the implementation of the European Whistleblower Directive.

The largest expense item for the Group as a whole, **personnel expenses**, increased by **+52 %** to **€ 31.69 million** (previous year: € 20.85 million) and includes € 353 thousand from the purchase price allocation in the context of the acquisition of Got Ethics. On average, the Group employed 514 people worldwide (previous year: 371). As a result of the acquisition of Business Keeper GmbH, the staff number was 565 as of 31 December 2021.

During the period under review, **purchased services** went up only slightly by **+2 %** to **€ 7.42 million** (previous year: € 7.26 million). EQS Group procures external services for the ESEF Filing service which led to an increase in expenses in 2021. At the same time, third-party services for virtual Annual General Meetings declined as a result of lower demand.

Other expenses rose by **+72 %** to **€ 11.26** million (previous year: € 6.54 million*) and therefore disproportionately to the growth in revenue. In addition to the expected increase in **expenses for online marketing and distribution support**, in view of the pending implementation of the European Whistleblower Directive, the acquisition of Business Keeper GmbH in particular led to **extraordinary consulting expenses** of **€ 567 thousand**.

EBITDA decreased in 2021 to **€ 1.74 million** (previous year: € 4.76 million) due to investments in marketing and sales (€ 4.77 million). This also includes purchase price allocation from acquisitions in the amount of € 353 thousand. **Adjusted** for these, the EBITDA was **€ 2.09 million**.

The Depreciation and Amortisation rose significantly by **+55%** to **€ 7.14 million** due to acquisitions (previous year: € 4.60 million). This includes an **unscheduled amortisation** of the goodwill for the German subsidiary **EQS Financial Markets & Media GmbH**. The expected stabilisation of advertising customers' media budgets failed to materialise here once again. As a result, the goodwill of the CGU EQS Financial Markets & Media amounting to € 1.00 million was written off, in full. Additionally there was amortisation/depreciation of own cost capitalised amounting to € 851 thousand, rights of use (IFRS 16) amounting to € 1.81 million and acquired customer bases as well as acquired software amounting to € 2.94 million. All acquired customer bases were amortised on a scheduled basis. Accordingly, the **EBIT** declined year-on-year to **€ -5,40 million** (previous year: € 163 thousand).

The **financial result** declined to **€ -1.46 million** due to the acquisition-related increase in new debt (previous year: € -396 thousand). Earnings before taxes (EBT) stood at € -6.86 million (previous year: € -233 thousand). The capitalisation of a surplus of deferred tax assets of € 486 thousand resulted in a tax income of € 229 thousand, after a set-off with current tax expenses (previous year: tax expense of € -599 thousand). Accordingly, an **net loss for the year** was disclosed in 2021 of **€ -6.63 million** (previous year: € -832 thousand).

*Previous year's figures adjusted. We refer to the notes to the Consolidated Financial Statements under item 20.1.4 Changes in presentation and reclassifications

Development of the Net Assets and Financial Position

As a result of the acquisitions of Business Keeper GmbH, Got Ethics A/S and C2S2 GmbH as well as a the capital increases in February, July and December **total assets** increased significantly as of 31 December 2021 to **€ 186.84 million** (Dec. 31, 2020: € 56.09 million*).

Compared to the previous year, **intangible assets** increased in 2021 to **€ 63.68 million** as a result of the first-time consolidation of the acquired companies Business Keeper GmbH, Got Ethics A/S and C2S2 GmbH (Dec. 31, 2020: € 14.12 million). Intangible assets include acquired customer bases with a carrying amount of € 36.02 million as of 31 December 2021, which are amortised on a straight-line basis over a total term of 15 or 20 years, as well as purchased software and internally generated software amounting to € 27.67 million. Goodwill rose in the same manner to € 96.71 million (31 December 2020: € 16.90 million). **Property, plant and equipment** also increased due to the first-time consolidation of the acquisitions to **€ 7.35 million** (Dec. 31, 2020: € 7.22 million) although that was counteracted by scheduled depreciation according to IFRS.

For an overview of the assets and liabilities assumed as part of the first-time consolidation of new subsidiaries in the 2021 financial year, see the notes under 15.2 Changes in the scope of consolidation.

Compared to the previous year, **trade accounts receivable** went up by **+79%** to **€ 7.02 million** (30/09/2020: € 3.92 million). This is due, in particular, to the first-time consolidation of Business Keeper GmbH and Got Ethics A/S.

Other current and non-current assets of **€ 1.95 million** (Dec. 31, 2020: € 934 thousand) increased as a result of higher advance invoice payments and acquisitions compared to the beginning of the year.

Equity rose to **€ 70.24 million** as a result of the capital increases against cash contributions as of 31 December 2021 (Dec. 31, 2020: € 32.94 million). The **equity ratio** decreased to **38 %** as of the balance sheet date as a result of taking out a new loan to purchase companies (Dec. 31, 2020: 59 %). Reference is made to the information on treasury shares pursuant to Section 160 (1) No. 2 of the AktG [German Stock Corporation Act] disclosed in the Notes of EQS Group AG (p. 8).

As of the reporting date, **cash and cash equivalents** amounted to **€ 8.65 million** (Dec. 31, 2020: € 12.07 million). **Non-current and current financial debts** increased significantly to **€ 83.02 million** due to the loan raised for the purchase of Business Keeper GmbH and Got Ethics A/S (Dec. 31, 2020: € 10.92 million). Accordingly, there is a **net liquidity** (cash and cash equivalents less financial debt) of **€ 74.37 million** as of 31 December 2021 (Dec. 31, 2020: net liquidity of € 1.16 million). **Not including** the **lease liabilities** of **€ 6.03 million**, the **net debt** was **€ 68.34 million** (Dec. 31, 2020: net liquidity of € 7.28 million).

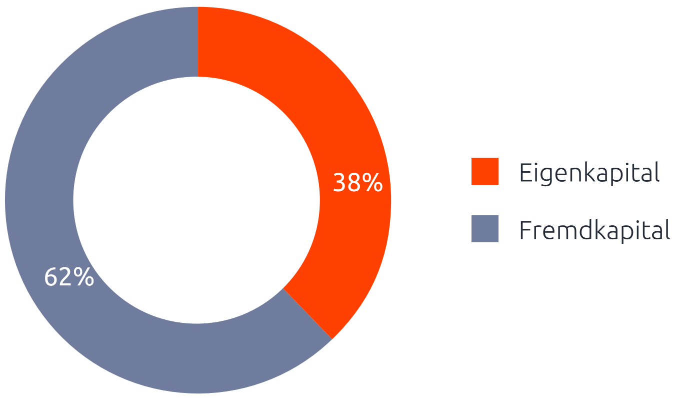
The **refinancing of payment obligations due in the coming 3-15 months** from the bank loans from Commerzbank AG and from the vendor loan in a total amount of **€ 72 million** will be carried out partly through inflows of funds from capital increases in December 2021 and March 2022 and partly through a long-term loan.

Trade accounts payable were **€ 3.20 million** as of 31 December 2021 due to the first-time consolidation of Business Keeper GmbH (Dec. 31, 2020: € 2.75 million*). In contrast, **provisions** fell significantly to **€ 192 thousand** (Dec. 31, 2020: € 267 thousand*). This also reflects the reclassification of employee benefits of € 2.23 million (Dec. 31, 2020: € 1.52 million) to a separate balance sheet item. Higher customer prepayments as well as the first-time consolidation of the acquired companies again led to a strong increase in **other current and non-current liabilities** of **€ 11.14 million** (Dec. 31, 2020: € 5.13 million*). As a result of the acquisitions, **deferred tax liabilities** also went up significantly to **€ 16.61 million** (Dec. 31, 2020: € 2.52 million).

Due to the still low level of revenue in foreign currencies (25 %), which is mainly in hard currencies (CHF, GBP, HKD, USD) and partly characterised by opposing developments, **no currency hedging transactions** are **currently being used**. All loans are also denominated in euros. The Group uses short-term liquidity planning and rolling multi-year liquidity planning to **manage its liquidity**. A hedging was carried out by means of an interest derivative for the bank loan for the acquisition of Got Ethics A/S which is subject to a variable interest rate.

*Previous year's figures adjusted. We refer to the notes to the Consolidated Financial Statements under item 20.1.4 Changes in presentation and reclassifications

Capital Structure, Dec. 31, 2021



Staff

As a result of the acquisitions and the global expansion of the marketing and sales organisation, the number of permanent **staff** increased in the group significantly to **565** as of the balance sheet date (previous year: 414). In Germany, the number of employees rose to 356 (previous 238). The global sales locations were also strengthened. The technology site in Kochi was expanded to 96 employees (+4) and a new site was established in Belgrade, Serbia, with 8 employees in 2021. On average in the year 2021, EQS Group employed 514 people during the year (previous year: 371).

Number of employees by function	***Dec. 31, 2021***	**Dec. 31, 2020**
Development	**263**	**179**
Marketing / Sales	**93**	**81**
Data Services	**46**	**52**
Management / Administration	**80**	**57**
Design / Content	**68**	**36**
Newsroom / ERS System	**15**	**9**
Total	**565**	**414**

Course of Business – Summary

EQS Group AG's goal is to become the l**eading European cloud provider for global investor relations and corporate compliance solutions (RegTech)** by 2025.

EQS Group AG's result of operations is significantly influenced by the trend of **rising regulations in the area of compliance** for companies and organisations. One important regulation, the **European Whistleblower Directive** has been in effect since **December 2021**. However, many countries have not yet transposed the Directive to national law, including Germany.

In order to position the EQS Group perfectly for this and to achieve the leading market position, we have decided to also grow inorganically through acquisitions. For instance, two competitors were acquired in 2021, **Got Ethics A/S**, Copenhagen, a leading provider for whistleblowing systems in the Danish market and **Business Keeper GmbH**, Berlin (International Compliance Software Beteiligungs Group GmbH), a leading provider for digital whistleblowing systems in the German market. Furthermore, C2S2 GmbH, Bonn, was acquired which is a SaaS provider in policy management.

From the company's point of view, the focus in the 2021 business year was on gaining as many customers as possible for the whistleblower systems. **Revenue** increased by **+33 %** and were thus in the range of the guidance for 2021 which had been adapted in June (30%-40%). **Operating expenses** developed over-proportionally to the revenue trend and grew by **+46 %**. Decisive factors for the strong increase in 2021 were planned investments in marketing, sales, customer support and IT as well as a significant increase in expenses for legal advice in the course of the acquisitions. Accordingly, the **EBITDA** before purchase price allocation effects fell in line with expectations by **-56 %** year-on-year to **€ 2.09 million** (previous year: € 4.76 million) and was thus within the forecast corridor (€ 2-3 million) according to the guidance adjusted in June 2021.

Net debt increased to **€ 74.37 million** due to the financing of the acquisitions (Dec. 31, 2020: net liquidity of € 1.16 million) and accordingly led to a decline in the **equity ratio** to **38 %** as at the balance sheet date (Dec. 31, 2020: 59 %).

The repayment or **refinancing** of maturing loan liabilities totalling **€ 72 million** is scheduled for the upcoming 3-15 months. The repayment of part of the liabilities will be made from the funds of the capital increase carried out in March 2022 as well as from existing cash and cash equivalents of € 5 million.

C. Report on Forecast, Risk and Opportunities

Forecast Report

In 2021, the **global economy** has recovered significantly from the setback caused by the **COVID-19 pandemic**. However, the pandemic continues unchanged at the beginning of **2022**. It is, in particular, the spread of the Omikron variant that has taken on a whole new dimension. In contrast, the proportion of severe courses seems to be decreasing significantly in many countries and the first signs of a possible change to an endemic are visible. Acute problems in supply chains, scarcity of offers, price increases for raw materials and energy as well as inflation concerns remain highly relevant for economic growth as potential consequences of the pandemic for 2020 and beyond. For **2022**, the World Bank expects **real GDP** growth in the global economy of **4.1 %**. Likewise, the current war in Ukraine poses a significant risk to the global economy. Another escalation of the crisis within Europe or even on a global level might have serious economic consequences. The direct revenue share of our Russian business which might, in the worst case, be completely affected by sanctions, is below 3 % in the Group.

The following forecasts on the business, financial and earnings development of EQS Group in the 2022 financial year are subject to the proviso that the COVID-19 pandemic does not have a strong negative impact on our business and that the war in Ukraine remains restricted in terms of time and region. In the event of an expansion of the war, far-reaching consequences for the business development might arise.

Taking these assumptions into account, we **forecast** a revenue increase of **+30 % to +50 %** to then **€ 65 million to € 75 million** for the **2022** business year.

We are planning a **revenue increase** of **+45 % to +68 %** for the **Compliance segment** for the 2022 financial year. We expect an implementation of the European Whistleblower Directive in national law in Germany by mid-2022 and the high increase in revenue in the product area of whistleblowing systems associated therewith.

In the **Investor Relations** segment, we expect a lower number of **IPOs** in 2022 than in 2021, due to the high volatility of the stock markets. We therefore expect **revenue growth** of **+10% to +15%**. This increase is due, in particular, to the business expansion with the new IR COCKPIT.

For **2022**, we expect an above-average increase of the **EBITDA** to **€ 6 million to € 10 million** due to the implementation of the European Whistleblower Directive.

With regard to the **new ARR** key figure, which quantifies the contractually newly concluded recurring business volume, we are expecting a volume of **€ 11 million to € 16 million**.

In the area of **new SaaS customers**, the focus in 2022 is (like in the previous year) on the number of companies and organisations using the EQS Group's **whistleblowing system**. The plan is to win **between 2,500 and 3,500 customers**.

We are expecting **consistently high staff satisfaction** for 2022 (2021: 4.02 out of 5 achievable levels). We also expect **customer satisfaction** as measured by the Net Promoter Score to remain **stable at a high level** in 2022 (2021: 40).

Outlook 2022

New SaaS Customers

2,500 – 3,500

Revenue Growth

30% – 50%

New ARR

€ 11 – 16 mln.

EBITDA

€ 6 – 10 mln.

Net Promoter Score

Stable

Employee Satisfaction

Constant Level

Risk Report

EQS Group’s risk policy is an integral part of the corporate policy. Our goal is to continuously increase the value of the Group while generating appropriate returns over the long term. Since the pursuit of the objective is directly linked to potential risks, the responsible handling of risks constitutes the key principle of our risk policy.

Systematic risk management for the early identification and assessment of risks, as well as the use of appropriate measures to reduce risks, are regarded as an ongoing task of the Executive Board and a management task in every area of the Group. The Group’s risk policy also takes into account that the willingness to take risks is a necessary prerequisite for exploiting opportunities.

Business environment risks

EQS Group’s long-term development is influenced considerably by **basic economic conditions** on domestic and foreign markets. Economic trends, legal conditions and capital market developments play an important role. The Brexit has not had any negative effects on EQS Group’s business to date. Regulation on the financial market in Great Britain is expected to continue to remain comparatively high in general. However, the probability of loss in terms of political-legal risks increases from very low to low as a result of the war in Ukraine. The share of the Russian business in revenue is below 3 % so that potential impacts are limited as to their amount. The risks arising from the global COVID-19 pandemic in relation to the economic development have remained high. At the same time, the pandemic has triggered a boost for digitisation in companies, which has led to higher demand for EQS Group’s digital solutions. Overall, the economic risks have increased slightly.

In the area of **legal framework conditions**, the continuous expansion of reporting and compliance obligations (including MAR, MiFID II, ESEF, ARUG II, EU Whistleblower Directive, CSRD) in companies is leading to additional business opportunities for EQS Group. As a result, the potential customer base has also increased to include non-listed companies, organisations and public bodies, as well as the portfolio of services offered by EQS Group. In the course of the European regulatory initiatives, the product portfolio (including the new IR COCKPIT, Insider Manager, LEI, XBRL, Integrity Line) was further strengthened through the acquisition of Business Keeper GmbH and Got Ethics A/S and the market position in Europe was further strengthened. At the same time, further compliance products are being developed in the form of the Policy Manager, Third Party Manager and Approval Manager software applications. The **expansion of the business** to include compliance is also increasing the proportion of revenue that is not dependent on economic cycles.

The **risk of competition**, in particular through lower prices, is a significant risk. Our range of product packages allows us to defend our prices and provide bundled value added for customers. The acquisition of Business Keeper GmbH and Got Ethics A/S has reduced the risk in the area of whistleblowing. In the future, we see the further expansion of our differentiation from competitors as the key to our success. The risk of EQS Group in the area of market and industry development has further decreased compared to the previous year as a result of the increased demand for digital solutions and the improvement in the competitive position.

Group-specific risks

The term group-specific risks includes risks such as growth, product, service, tax and personnel risks. Potential risks arise primarily in the areas of internationalisation, product development and IT security. The analysis of group-specific risk factors during the reporting period resulted in a higher level of risk compared to the previous year. The many **growth activities** within EQS Group are continuously checked using market research, business case calculations and extensive discussions between sales, development and management.

EQS Group's **internationalisation strategy** is already well advanced. The operational break-even of a new Company is expected after approximately five years. The continuous expansion of the companies led to a further reduction of losses from the foreign expansion of the last years in 2021 and a significant number of the companies is already operationally profitable. At the same time, further subsidiaries have been added in Denmark, Italy, Austria and Spain in 2021. The further business development in Russia remains to be seen due to the current political development. The war in Ukraine and the associated sanctions for Russia may mean an increased risk for the subsidiary in Russia in the future.

In the Investor Relations field, the expansion of the business relationship with existing customers and in the course of the successful migration of existing customers to the new IR COCKPIT, confirmed our **market position**. At the same time, the revenue is diversified with our customers to a large extent. 95 % of our customers represent an under one percent share of the revenue and one single customer's share of the revenue never exceeds five percent of the total revenue. By **entering the compliance market** and due to further regulations, products are also being offered to non-listed companies as well as public institutions and organisations. In addition to the Compliance segment, sales partnerships also play an important role in the success story of our business. Prior to the entry into force of the EU Whistleblower Directive, a number of partnerships were concluded in 2021. It is still fraught with uncertainty whether these partnerships can be activated and contribute meaningfully to the success. So, the cooperation partner risk has increased in 2021. The extensive **new development** of products for the **Compliance COCKPIT** result in a continued high risk assessment in the area of product and performance risks. The probability of loss decreases on the other hand as the development focuses are on standardised cloud software instead of project services for individual customers. Overall, there is an increase in company-specific risks due to the expansion of business.

Personnel risks

A **continuing need for skilled workers**, fluctuation and the loss of key employees represent a risk situation in the personnel area. The risk probability with regard to the **loss of employees in key positions** is to be assessed as higher compared to the previous year's level, as the fluctuation has increased as a result of the company acquisitions. At the same time, the dependency on the German employment market is decreasing and therefore so is the group risk due to the continuous development of the technology location in India and also Serbia since 2021. So, **personnel risks** have remained comparably high.

The sales growth and extensive investments in new products, business areas and geographic markets **increase** the **complexity of management**. More control structures, as e.g., fortnightly strategy meetings, quarterly review meetings with the individual companies and comprehensive cost controlling have gradually been introduced to take the increased complexity into account.

IT risks

There is a consistently higher level of risk in **IT risks** during the period under review. As a technology company, EQS Group places great importance on constantly modernising the IT infrastructure to optimise safety, high availability and speed factors and facilitate efficient work processes. This was underpinned by the renewal of the ISO 27001 certification in 2021 and the extensive expansion of the Information Security team. Likewise, EQS Group is covered against damages from internal or external cyber-attacks with its global cybersecurity insurance and further increased it in 2021. Nevertheless, the risk is very high in the area of data security and intellectual property rights, following the steady rise in the number of attacks on IT infrastructures. For this reason, EQS Group is constantly working on new security measures and regularly holds internal training sessions in order to raise the awareness for potential attacks and information security among employees.

Financial risks

Financial risks include investment risks, liquidity risks, credit risks as well as non-payment risks, liability risks and exchange rate risks.

The **investment risks** as well as the profitability risk of investments increased as a result of new investments compared to the previous year. Extensive experience in our operating business or other related business areas and software development geared closely to customer needs help us, however, to manage the investment risks though and to keep the probability of loss low. The probability of a **liquidity risk** has increased due to the significant increase in short- and medium-term financial debt. This means that the probability of a credit and/or solvency risk significant increased compared to the previous year.

The repayment or refinancing of maturing loan liabilities totalling € 72 million is scheduled for the upcoming 3-15 months. The funds required for the planned repayment of liabilities in an amount of € 37 million will be taken from the capital increase performed in March 2022. Further repayments of € 5 million is financed from existing cash and cash equivalents. The follow-up financing of the remaining liabilities, which expire at the latest at the end of the contractual term in the middle is to be carried out in 2023 as part of a long-term bank loan and is not yet secured at the time of preparation of this Group management report.

Our **payment default risk** is diversified due to the relatively low turnover per individual customer and the high creditworthiness of listed companies and groups compared to the market. Agreements are also used for advance payment and credit card payments in some areas to minimise the risk. Despite the negative effects on certain sectors as a result of the COVID-19 pandemic, there was no significant deterioration in credit balances here.

The risk potential due to **exchange rate risks** mainly results from foreign subsidiaries' start-up losses. Exchange rate risks have decreased due to the significant improvement in the foreign companies' operating performance. In addition, the scope of external foreign currency transactions is limited, as bank loans are denominated exclusively in euros. Similarly, the various currency transactions with CHF, GBP, USD, among others, result in limited mutual hedging.

Other risks

In the case of **organisational and management risk**, there was no substantial change compared to the previous year in the points of documentation, control and monitoring risk, and information and communication management.

Overall risk situation

The **overall risk** for **EQS Group** is assessed on the basis of the risk management system. Thanks to the combination of the planning, management and control systems used and the quantification of risk in the form of allocated risk capital and the analysis of risk correlations, a realistic statement can be made about EQS Groups's overall risk situation and its development.

EQS Group's overall risk as of the reporting date, 31 December 2021, has increased compared to the previous year. On the one hand, risks are as unavoidable as a result of corporate growth, as investments in product development are as part of the overall strategy. On the other hand, the expansion into new markets in particular and product diversification reduces the dependency on the domestic market and gradually ensures the diversification of risks.

The acquisition of Business Keeper GmbH, Got Ethics A/S and C2S2 GmbH, the digitalisation drive and the operational progress of the foreign companies have led to a reduction in the external risk. At the same time, the Group-specific risk has increased. More investments in new markets and products increase growth risks. Advancing digitisation and a focus on IT also increase the risks in the area of IT security. The higher financial risks caused by the financing of the acquisitions have led to a significant increase in liquidity and solvency risk in the short term, but were the prerequisite for giving EQS Group a significantly better starting position for the future revenue and profit growth. The Management board of EQS Group AG is convinced that these investments will create a significant increase in the goodwill for the future. The further development of the Ukraine war or unexpected effects from the COVID-19 pandemic may lead to negative effects on the planned business development of EQS Group in the current financial year 2022. The planned business development is also based on the assumption of the implementation of the European Whistleblower Directive into national law in Germany by mid-2022.

Opportunities Report

In addition to risks, the Group's opportunities arising from its strategy are also regularly assessed. We divide them in three categories, opportunities from the development of framework conditions, corporate strategy opportunities and performance opportunities.

Opportunities from the development of framework conditions

This opportunity category describes the potential for value growth based on favourable market developments, adjustments to legislation and changes in the regulatory environment or trends in the industry environment and in customer behaviour.

The following opportunities arise in this area for the current 2022 financial year:

The trend towards further **increasing regulations in the area of compliance and sustainability** for companies and organisations is concretised in the **European Whistleblower Directive which came into effect in December 2021**. Significant revenue growth is possible due to that in the current year 2022.

Corporate strategy opportunities

Corporate strategy opportunities arise from the implementation of overarching Group strategies.

The **expansion of our IR COCKPIT platform** to include further applications such as the Roadshow Manager or Sentiment Analysis offer additional revenue potential in the medium term. A significant increase in recurring revenue of around € 0.5 to € 1.0 million is also expected in 2022, which will continue in subsequent years.

The expansion of the **Compliance COCKPIT** to include additional modules will enable higher average sales per customer in future. Significant revenue growth is possible from this over the next few years.

Performance opportunities

Performance opportunities are closely linked to the Group's business activities. These include efficiency improvements as well as value enhancement potential, where the monetary effect cannot be directly quantified.

These opportunities also include the introduction of a **purchasing software** to optimise purchasing processes and conditions by bundling purchases. Likewise, the controlling software which was introduced to evaluate all available data on business development is also used. It enables detailed analyses and therefore supports corporate management and decision-making.

The linking of various departments' ERP systems will continue in 2022. The migration of financial accounting to the latest version of the ERP system will enable a close linking of sales and financial accounting in the future and might result in efficiency gains as well as further improve the availability of current data.

Munich, March 24, 2022

Achim Weick

(Chairman of the Board)

Christian Pfleger

(Executive Board)

Marcus Sultzer

(Executive Board)

André Silvério Marques

(Executive Board)

FINANCIAL STATEMENTS

Consolidated comprehensive income statement from Jan.1 to Dec. 31, 2021

	Appendix	***FY 2021 EUR '000***	*FY 2020 EUR '000*
Continuing Operations			
Revenues	3	**50,223**	37,636
Other income	4.1	**363**	414 *
Own cost capitalised	4.2	**2,241**	1,671
Cost of Services	4.3	**-7,425**	-7,265
Personnel expenses	4.4	**-31,693**	-20,847
Other expenses	4.5	**-11,258**	-6,537 *
Expenses/income from valuation allowance for trade receivables	10.2.2	**-710**	-312 *
EBITDA		**1,742**	**4,760**
Depreciation & amortisation	6.1|6.2	**-7,138**	-4,597
Operating result (EBIT)		**-5,397**	**163**
Interest income	4.7	**870**	299 *
Interest expenses	4.7	**-2,332**	-695 *
Net Financial Result	4.7	**-1,461**	-396
Profit before tax (EBT)		**-6,858**	-233
Income taxes	4.8	**229**	-599
Group net income		**-6,629**	**-832**
- thereof attributable to the owner of the company		**-6,629**	-866
- thereof attributable to non-controlling interests		**-**	34
Items that will be reclassified to the consolidated statement of comprehensive income in the future under certain conditions:			
Currency translations	7.4	**55**	-216
Revaluation IAS 19	6.8.2|7.4	**99**	-209
Other comprehensive income		**154**	-424
Comprehensive income		**-6,476**	-1,256
- thereof attributable to the owner of the company		**-6,476**	-1,290
- thereof attributable to non-controlling interests		**-**	34
Earnings per share attributable to shareholders of the parent company (basic and diluted)	4.9	**-0.81**	-0.12

*Previous year figures adjusted. Please refer to section 20.1.4 Presentation amendments and reclassifications

Consolidated balance sheet as of Dec. 31, 2021

Non-current assets

	Appendix	**Dec. 31, 2021 EUR '000**	*Dec. 31, 2020 EUR '000*
Non-current assets			
Intangible assets	6.1	**63,675**	14,118
Goodwill	6.1	**96,711**	16,898
Property, plant and equipments	6.2|6.3	**7,351**	7,216
Long-term financial assets	5.2	**685**	733
Other long-term assets	6.5	**46**	42 *
		168,468	39,007
Current assets			
Trade accounts receivables	5.1	**7,018**	3,923
Construction contracts	3.3	**78**	26
Tax refund claims		**278**	32
Current financial assets	5.2	**434**	138
Other current assets	6.5	**1,907**	893
Cash and cash equivalents	5.3	**8,653**	12,074
		18,369	17,086
Total assets		**186,837**	**56,093**

*Previous year figures adjusted. Please refer to section 20.1.4 Presentation amendments and reclassifications.

Equity

	Appendix	**Dec. 31,2021 EUR '000**	*Dec. 31,2020 EUR '000*
Equity			
Issued capital	7.1	**8,659**	7,525
Treasury shares	7.1	**-11**	-7
Capital surplus	7.2	**63,140**	20,891 *
Retained earnings	7.3	**-1,532**	4,706
Other Reserves	7.4	**-17**	-171 *
Non-controlling interests	7.5	**-**	-
		70,240	32,944
Non-current liabilities			
Long-term employee benefits	6.8	**733**	453 *
Non-current provisions	6.7	**159**	158 *
Non-current financial liabilities	5.4|5.5	**9,927**	7,641
Deferred tax liabilities	6.4	**16,607**	2,516
		27,426	10,768
Current liabilities			
Current provisions	6.7	**33**	109 *
Trade account payable	5.4	**3,197**	2,747 *
Liabilities from percentage-of-completion	3.4	**9,978**	4,501 *
Current financial liabilities	5.4	**73,095**	3,278 *
Income tax liabilities		**214**	56
Short-term employee benefits	6.8	**1,494**	1,063 *
Other current liabilities	6.6	**1,161**	627 *
		89,171	12,381
Total equity and liabilities		**186,837**	**56,093**

*Previous year figures adjusted. Please refer to section 20.1.4 Presentation amendments and reclassifications.

Consolidated statement of changes in equity from Jan. 1 to Dec. 31, 2021

	Appendix	Issued capital EUR '000	Treasury shares EUR '000	Capital surplus* EUR '000	Retained earnings EUR '000	Other Reserves* EUR '000	Total EUR '000	Non-controlling interests EUR '000	Total equity EUR '000
As of Jan. 1, 2020		**1,435**	**-2**	**17,899**	**5,610**	**269**	**25,211**	**-35**	**25,176**
Reclassification	20.1.4	-	-	15	-	-15	-	-	-
Capital increase	7.1|7.2	6,090	-	3,010	-14	-	9,086	-	9,086
Change of treasury shares	7.1|7.2	-	-5	-165	-	-	-170	-	-170
Share-based payment for employees	14	-	-	132	-	-	132	-	132
Adjustment profit carried forward previous year subsidiaries		-	-	-	-24	-	-24	-	-24
Comprehensive income 2020		-	-	-	-866	-	-866	35	-831
Other Result 2020	4.8|4.10	-	-	-	-	-425	-425	-	-425
As of Dec. 31, 2020		**7,525**	**-7**	**20,891**	**4,706**	**-171**	**32,944**	**-**	**32,944**

*Previous year figures adjusted. Please refer to section 20.1.4 Presentation amendments and reclassifications

Actuarial changes from pension obligations and the associated deferred taxes are combined with the foreign currency reserve in the item "other reserves" in order to defer the valuation effects. The previous presentation in the capital reserve has been reclassified to other reserves. The previous designation of foreign currency differences has been renamed as a result of this reclassification to other reserves. The reclassification from the capital reserve to other reserves amounted to €15k for the carryforward value as of Jan. 1, 2020.

	Appendix	Issued capital EUR '000	Treasury shares EUR '000	Capital surplus* EUR '000	Retained earnings EUR '000	Other Reserves* EUR '000	Total EUR '000	Non-controlling interests EUR '000	Total equity EUR '000
As of Jan.1, 2021		**7,525**	**-7**	**20,891**	**4,706**	**-171**	**32,944**	**-**	**32,944**
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
Share-based payment for employees	14	-	-	211	-	-	211	-	211
Initial consolidation of subsidiaries		-	-	-	441	-	441	-	441
Comprehensive income 2021		-	-	-	-6,629	-	-6,629	-	-6,629
Other Result 2021	4.8|4.10	-	-	-	-	154	154	-	154
As of Dec. 31, 2021		**8,659**	**-11**	**63,140**	**-1,532**	**-17**	**70,240**	**-**	**70,240**

Consolidated cash flow statement from Jan. 1 to Dec. 31, 2021

	Appendix	FY 2021 EUR '000	FY 2020 EUR '000	
Operating Cashflow				
Group earnings		**-6,629**	-832	
Income tax expense recognized in profit or loss	4.8	**-229**	599	
Interest expenses(- Income) recognized in profit or loss	4.7	**2,187**	190	
Loss/profit on disposals of property, plant and equipment recognized in profit or loss		**8**	1	
Other non-cash expenses		**960**	246	*
Depreciation on fixed assets	6.1|6.2	**7,138**	4,597	
Change in provisions	6.7	**-153**	111	*
Change in trade receivables and other assets not attributable to investing or finan-cing activities		**-1,825**	-880	*
Change in trade accounts payable and other liabilities not attributable to investing or financing activities		**829**	2,063	*
Interest expenses paid		**-**	-	**
Interest income received		**-**	-	**
Income taxes paid on income and earnings		**-251**	-154	
Cashflow from operating activities		**2,037**	5,942	**
Cashflow from investment activities				
Purchase of property, plant and equipment	6.2	**-399**	-326	
Proceeds from disposals of property, plant and equipment	4.1|6.2	**6**	-	
Purchase of intangible assets	6.1	**-2,756**	-1,682	
Proceeds from disposals of financial assets		**49**	-326	
Payments from additions of financial assets		**-150**	389	
Cash outflows from the acquisition of consolidated companies and other business units less acquired cash and cash equivalents		**-96,428**	-	
Proceeds from deconsolidated companies and other business units		**-**	2,246	
Cashflow from investing activities		**-99,678**	302	
Cashflow from financing activities				
Cash payments to owners and minority shareholders (dividends, acquisition of entity's shares, redemption of shares, other distributions)	7	**-810**	-210	
Proceeds from additions to equity (capital increases, sale of treasury shares)	7	**43,929**	9,124	
Cash proceeds from issuing bonds/loans and short or long-term borrowings	8.2	**57,043**	2,143	
Cash repayments of bonds/loans or short or long-term borrowings	8.2	**-2,574**	-4,369	
Proceeds from grants received	4.6	**4**	80	
Cash outflows for the repayment of lease liabilities	8.2	**-1,861**	-1,766	
Interest paid	4.7	**-1,648**	-260	**
Interest received	4.7	**12**	103	**
Cashflow from financing activities		**94,094**	4,846	**
Change in cash funds from cash relevant transactions		**-3,547**	11,090	
Cash funds at the beginning of period		**12,074**	1,184	
Change in cash funds from exchange rate movements		**126**	-199	
Cash funds at the end of period		**8,653**	**12,074**	

*Previous year figures adjusted. Please refer to Note 20.1.4 Changes in presentation and reclassifications.

**In order to improve the presentation of the financial position, net interest income will be reported under cashflows from financing activities from 2021 onwards. The prior-year figures have been adjusted accordingly.

Consolidated financial statement for the financial year 2021

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”). The Group is an international provider of regulatory technologies (RegTech) in the areas of corporate compliance and investor relations. Further information can be found in the segment reporting (note 2).

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

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 the euro. Unless stated otherwise, figures are rounded to thousands of euros (hereinafter referred to as EUR’000 or €K). Percentages and figures in this report may be subject to rounding differences. Previous year’s figures marked with an asterisk in the report have been changed. Further explanations of the changes are provided in section 20.1.4.

Due to the significant changes resulting from the expansion in fiscal year 2021, the presentation in the notes to the consolidated financial statements has been changed so that we can present an improved picture to the reader of the financial statements as a result of the changed structure. In particular, the main accounting policies have been separated from the quantitative disclosures and the information has been classified according to its relevance for the reader of the financial statements. In addition, changes have been made to the presentation of the balance sheet and statement of comprehensive income (cf. Note 20.1.4). In this context, the amounts previously denominated in full euros have been converted to EUR’000/€K.

Going concern assumption

These consolidated financial statements have been prepared on a going concern basis. It is assumed that the EQS Group 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 provider of regulatory technologies in the areas of corporate compliance and investor relations. In July 2021, the EQS Group successfully completed the acquisition ICS International Compliance Software Beteiligungs Group GmbH with its wholly owned subsidiary Business Keeper GmbH (for further details see note 15.2) to further strengthen and expand its position in the corporate compliance market.

On Mar. 15, 2022, the Company carried out a capital increase from authorized capital with gross issue proceeds of around €45 million. The implementation of the capital increase is expected to be entered in the commercial register on Mar. 29, 2022. The Company thus has sufficient liquid funds of its own to carry out the planned or contractually required repayment of financial liabilities in the coming 6-18 months.

The acquisition of Business Keeper GmbH was financed through a bridge loan of €50 million, which was concluded on Jun. 11, 2021, with a term of 12 months and two six-month extension options (for further details see note 5.5). In addition, a vendor loan in the amount of €17 million was granted, which has a term until August 2022. The management of EQS Group AG will make the partial repayment of the loan in accordance with the agreement and the full repayment of the vendor loan by means of the capital increase implemented in March 2022 and refinance the remainder via a bank loan.

Management assumes that due to the positive business development of EQS Group, a further maturity extension could be negotiated with the bank if required in order to be able to manage the Group's liquidity needs in an optimized manner.

Based on these factors, management has a realistic expectation that the Group will have adequate resources to continue in business for 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 organisational structure is the basis for this. The grouping of our products into the two segments Compliance and Investor Relations is in line with our sales markets.

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

The Investor Relations segment includes the products on offer in voluntary Investor and Corporate Communications. The COCKPIT cloud platform bundles the SaaS solutions Newswire, Investors (investor data), CRM and Mailing and the newly developed Roadshow Manager. Outside the platform, there are other cloud services such as websites, tools, reports, webcasts, virtual AGM and media.

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 (sales, other operating income and own work capitalized) less purchased services, personnel expenses and other operating expenses and expenses/income from the allowance for trade accounts receivable.

Earnings power of the segments is thus measured in the same manner as the Group’s earnings power.

As the Executive Board does not manage by segment assets and segment liabilities, this information was not included.

There are no sales revenues from business transactions with one single external customer that amount to at least 10% of the total sales revenue.

In the Investor Relations segment, there was a need for a value adjustment of €1.01 million (previous year: €645k) during the financial year.

FY 2021	*Compliance EUR '000*	*Investor Relations EUR '000*	*Group EUR '000*
Revenues			
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**

FY 2020	*Compliance EUR '000*	*Investor Relations EUR '000*	*Group EUR '000*
Revenues			
Cloud-Products	10,696	7,849	18,545
Cloud-Service	9,273	9,818	19,091
Total Revenue	**19,969**	**17,667**	**37,636**
Other income	219	194	414
Own cost capitalized	710	961	1,671
Operating Expenses	-15,686	-19,275	-34,961 *
EBITDA	**5,213**	**-453**	**4,760**

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

3 Revenue from contracts 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	
	FY 2021 in EUR '000	*FY 2020 in EUR '000*	**FY 2021 in EUR '000**	*FY 2020 in EUR '000*
Primary geographical markets				
Domestic	**23,248**	15,816	**12,670**	11,132
International	**7,459**	4,154	**6,846**	6,535
Total	**30,707**	19,969	**19,516**	17,667
Important product and service lines				
Cloud-Products	**19,826**	10,696	**9,504**	7,849
Cloud-Service	**10,881**	9,273	**10,012**	9,818
Total	**30,707**	19,969	**19,516**	17,667
Timing of revenue recognition				
Services rendered at a point in time services	**16.344**	14.638 *	**7.382**	7.823 *
Services provided over a period of time	**14,363**	5,331 *	**12,134**	9,844 *
Total	**30,707**	19,969	**19,516**	17,667

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

The breakdown by date of revenue recognition was adjusted for a more appropriate presentation. The reclassification in the reporting categories has no effect on the type, amount, timing and uncertainty of revenues and cash flows in the previous year.

3.2 Accounting policies and significant discretionary decisions

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 taken from the contract and the price list applicable at the time of commissioning. 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 otherwise invoiced monthly. Payments are due 14 days after the invoice 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 "Segment reporting".

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 and customisations and extensions) in an infrastructure hosted by EQS or third-party providers, as well as related set-up 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 set-up of the COCKPIT 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.

Revenue recognition for disclosures, 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. If a contract is terminated by the customer, there is a right to reimbursement of the costs incurred to date, including a reasonable margin. Revenue from this performance obligation is recognised on a time-apportioned basis. 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 discretionary decisions

The exercising of discretion 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 effect on the timing and amount of revenue recognised.

3.3 Contract assets

	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
Costs incurred up to the balance sheet date plus recognized gains less recognized losses	**257**	463
Partial revenue already billed	**-76**	-29
Advance payments received	**-103**	-409
Total	**78**	**25**

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 where 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

	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
Contract Liabilities	**9,978**	4,501 *

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

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

The amount of €4.50 million (previous year: €48k) disclosed in the contract liabilities at the beginning of the period was recognised as revenue in the 2021 financial year. The revenue recognised in the 2021 financial year from the performance obligations fulfilled (or partially fulfilled) in previous periods amount to €479k (previous year: €137k).

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

4 Consolidated statement of significant comprehensive income items

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

	FY 2021 EUR '000	*FY 2020 EUR '000*
Remuneration in kind	**20**	-
Conferences	**18**	-
Reimbursements from overpayments	**18**	-
Reversal of liabilities	**54**	-
Grants received	**141**	80
Rental income from operating leases	**50**	30
Income from contingent purchase price payments	**-**	246
Other	**62**	58 *
Total	**363**	**414**

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

Income from grants received mainly relates to the forgiveness of a government reconstruction loan in the USA. See note 4.6.

4.2 Own work capitalised

	FY 2021 EUR '000	*FY 2020 EUR '000*
Own Software	**2,241**	1,671

In the reporting year, the new add-on products for the IR COCKPIT were capitalised as significant projects with €1.48 million (previous year: €1.23 million), the new Compliance COCKPIT with €149k (previous year: €207k), the new Policy Manager with €46k (previous year: €135k), the new Roadshow Manager with €191k (previous year: €0k), the new Rulebook with € 89k (previous year: €0k) as well as the new Approval Manager with €218k (previous year: €104k).

4.3 Purchased services

	FY 2021 EUR '000	*FY 2020 EUR '000*
Cost of services	**7,425**	7,265

4.4 Personnel expenses

	FY 2021 EUR '000	*FY 2020 EUR '000*	
Wages/Salaries	**26,655**	17,911	
Equity-settled share-based payments	**211**	133	
Statutory social expenses	**2,601**	1,515	*
Voluntary social expenses	**162**	92	
Defined contribution plans	**1,529**	1,043	*
Defined benefit plans	**535**	153	
Total	**31,693**	**20,847**	

*Reclassification in prior-year figures - deferral of statutory social security expenses and defined contribution plans

4.5 Other expenses

	FY 2021 EUR '000	*FY 2020 EUR '000*	
Room expenses	**470**	384	
Insurances/contributions/fees	**336**	225	
IT-costs/maintenance	**3,453**	2,384	
Advertising and travel expenses	**3,085**	1,391	
Telecommunication/office	**797**	418	
Consulting fees	**2,321**	1,116	
Outside services	**200**	160	
Others	**596**	459	*
Total	**11,258**	**6,537**	

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

The IT infrastructure expenses/repairs mainly include IT services provided by external partners as well as provider and service costs of €2.35 million (previous year: €1.72 million).

Consultancy fees consist of legal and consultancy fees as well as accounting fees and financial statement and audit costs. Advertising costs rose sharply compared with the previous year due to the marketing campaign in the area of compliance.

4.6 Government grants

Government grants amount to €141k in the financial year and comprise the waiver of a government development loan in the USA and a Corona grant of €4k in Italy. These amounts are included in other operating income.

4.7 Net financial result

	FY 2021 EUR '000	FY 2020 EUR '000
Financial income		
Interest income from financial assets measured at amortized cost	**17**	109
Net gain from foreign currency translation	**849**	191 *
Other financial income	**4**	-
Financial income	**870**	299
Financial expenses		
Interest paid/payable and finance costs for financial liabilities not measured at fair value through profit or loss	**-1,573**	-184
Interest paid/payable and finance costs for financial liabilities measured at fair value through profit or loss	**-542**	-
Interest expense on lease liabilities	**-90**	-115
Net loss from foreign currency translation	**-127**	-396 *
Financial expenses	**-2,332**	**-695**
Net Financial result	**-1,461**	**-396**

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

The most significant items with foreign currency conversion are the exchange rate changes from the American Dollar to the Euro of €251k (previous year: €- 254k), the British Pound to the Euro of €104k (previous year: €-123k), the Russian Rouble to the Euro of €-11k (previous year: €61k), the Indian Rupee to the Euro of € -40k (previous year: €59k), as well as the Swiss Franc to the Euro of €442k (previous year: €50k).

4.8 Income taxes

	FY 2021 EUR '000	FY 2020 EUR '000
Current taxes		
In respect of the current year	**225**	212
In respect of the previous year	**20**	-1
Total current income tax	**245**	**211**
Deferred taxes		
Change in deferred taxes current period	**-486**	382
Total deferred income tax	**-486**	**382**
Withholding tax		
Withholding tax	13	6
Total withholding tax	**13**	**6**
Income taxes Income (-) | expense (+)	**-229**	**599**

The consolidated tax ratio is calculated according to the taxable income pursuant to tax regulations. The expected income tax rate includes the statutory corporation tax including solidary surcharge and the trade tax, totalling 32.95% (previous year: 32.95%). It may therefore differ from the actual consolidated tax ratio at the end of the year. The tax rates of the included companies range from approx. 16% to 33%. There were no changes in tax rates compared to the previous year.

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.

	FY 2021 EUR '000	*FY 2020 EUR '000*
Profit before tax	**-6,858**	-233
Income tax expense calculated at 32.95% (previous year: 32.95%)	**-**	-
Effect of differing foreign tax rates	**608**	122
Effect of expenses that are not deductible in determining taxable profit	**-436**	64
Effect of tax losses	**-468**	388
Actual expenses relating to income tax from earlier periods	**-11**	-
Actual refund relating to income tax from earlier periods	**31**	-1
Others	**47**	26
Income taxes income (-) | expense (+)	**-229**	**599**
Effective tax rate	**3.33%**	**-257,38%**

Despite current loss periods, deferred tax assets are recognized on loss carryforwards for companies in the Group. The basis for this is tax planning that proves the value of the deferred tax assets.

Income taxes recognised in other comprehensive income:

	FY 2021 EUR '000	*FY 2020 EUR '000*
Deferred taxes		
Value adjustment IAS 19	16	-67

4.9 Earnings per share

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

	FY 2021 EUR '000	*FY 2020 EUR '000*
Share of net income attributable to shareholders of the parent company	**-6,629**	-866
	in Thousand	in Thousand
Weighted average number of shares outstanding	**8,143**	7,207
Earnings per share (basic and diluted)	**-0.81**	**-0.12**

4.10 Other comprehensive income

The composition of other comprehensive income is presented in the statement of comprehensive income.

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 discretionary decisions and estimation uncertainties.

The Group holds the following financial instruments:

Financial assets:

	Dec. 31,2021 EUR '000	Dec. 31,2020 EUR '000
Measured at amortized cost:		
Trade receivables	**7,018**	3,923
Loans and receivables / security deposits	**1,096**	871
Cash and cash equivalents	**8,653**	12,074
Designated at fair value through profit or loss:		
Interest rate derivative	**23**	-
Total	**16,791**	16,869
Short term	**16,106**	16,136
Long term	**685**	733

Financial liabilities:

	Dec. 31,2021 EUR '000	Dec. 31,2020 EUR '000
Measured at amortized cost:		
Loans from banks	**58,259**	4,582
Leasing liabilities	**6,026**	6,120
Trade accounts payable	**3,197**	2,747 *
Deposits	**10**	10
Overdrafts / Credit card settlements	**73**	22
Other loans	**17,046**	185
Measured at fair value through profit or loss:		
Contingent consideration	**1,608**	-
Total	**86,219**	13,666
Short term	**76,292**	6,025
Long term	**9,927**	7,641

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

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 receivables

	Dec. 31,2021 EUR '000	Dec. 31,2020 EUR '000
Trade accounts receivables	**7,812**	4,137
Valuation allowances on receivables	**-794**	-214
Total	**7,018**	**3,923**

5.1.1 Classification as trade receivables

Trade receivables are amounts owed by customers for goods sold or services rendered in the ordinary course of business. They are generally payable within 21 days and are therefore classified as short term. Longer payment terms will only be granted in exceptional cases. Trade receivables are initially recognised at the amount of the unconditional consideration. The Group holds trade 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 of the impairment are included in note 10.2.2.

5.1.2 Fair value of trade receivables

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

5.1.3 Impairments and risks

Information on impairment losses of trade receivables and the default risk and foreign currency risk, which the Group is exposed to, can be found in the notes 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 objective of the business model, within the framework of which the financial asset is held, is to hold financial assets to collect 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 amortised cost are composed as follows:

	Dec. 31,2021 EUR '000	Dec. 31,2020 EUR '000
Loans to foreign managing directors and employees in management positions as well as personnel receivables	**675**	604
Deposits	**421**	267
Others	**-**	-
Total	**1,096**	871
Short term	**434**	138
Long term	**662**	733

Loans of €829k were initially granted to foreign managing directors and senior executives. They are used to finance the purchase of up to 1% of the shares in the parent company in each case. The interest rates are 2%. Repayments must be effected by no later than 2027. The loans have been collateralised.

5.2.2 Fair value of other financial assets measured at amortised cost

The fair value of the current other financial assets corresponds to the carrying amount due to their short-term nature. Information on the fair value 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

	Dec. 31,2021 EUR '000	Dec. 31,2020 EUR '000
Cash at banks	**8,653**	**12,074**

5.4 Trade payables and other financial liabilities

	Dec. 31,2021 EUR '000	Dec. 31,2020 EUR '000
Unsecured - at amortized cost		
Loans from banks	3,150	4,582
Trade accounts payable	3,197	2,747 *
Bank overdrafts / credit card settlements	73	22
Other loans	1,654	185
Total	**8,075**	**7,536**
Secured - at amortized cost		
Loans from banks	55,109	-
Deposits	10	10
Leasing liabilities	6,026	6,120
Other loans	17,000	-
Total	**78,145**	**6,130**
Total	**86,219**	**13,666**
Short term	76,292	6,025 *
Long term	9,927	7,641

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

Trade 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, 2021.

Other loans include a vendor loan of €17.00 million from International Compliance Software Holding B.V. from the purchase of the Business Keeper GmbH. The loan is due for payment on Aug. 5, 2022.

5.5 Borrowings

EQS Group AG took out a bridge facility loan of €50 million with Commerzbank AG on Jun. 11, 2021. Transaction costs of €1 million and a further €250k to exercise the first six-month extension option were incurred. The bullet loan has a term of 12 months with two six-month extension options.

The interest rate for each loan for each interest period is the percentage per annum resulting from the sum of the applicable:

a) Margin; and

b) EURIBOR.

The margin is calculated as follows:

initial	3.50%
after the expiry of 12 months from the date of completion of the bridge financing.	4.00%
after expiry of 15 months from the date of completion of bridge financing	4.75%
after 18 months from the date of completion of bridge financing	6.00%
after 21 months from the date of completion of the bridge financing.	7.50%

On Jan. 4, 2021, EQS Group AG drew down a bank loan in the amount of €7 million to finance the acquisition of Got Ethics A/S. The loan matures on Dec.31, 2025, and is repayable in quarterly installments. The interest rate for the loan is the sum of the 3-month EURIBOR plus a margin of 2.80% p.a. At the balance sheet date, this resulted in an effective interest rate of 2.23%. amounting to 2.23%. If the interest rate calculated in this way is 0% or less, no interest is owed. This loan is unsecured.

On March 15, 2022, the Company carried out a capital increase from authorized capital with gross issue proceeds of around €45 million. The Company thus has sufficient liquid funds of its own to carry out the planned or contractually required repayment of financial liabilities in the coming 6-18 months.

Compliance with loan covenants

In connection with the bridge financing of €50.00 million, the Group must comply with EBITDA-related covenants.

In connection with the borrowing of €7 million, the Group must maintain a certain net gearing ratio during the term of the agreement. If this is not met, the bank has the right to demand the provision of bank collateral.

The aim of the EQS Group is to comply with the financial covenants at all times and to use simulated forecasts to ensure that the financial covenants are also complied with in future quarters.

Based on the corporate planning 2022, the Management Board of EQS Group AG assumes compliance with the financial covenants. Due to the delayed implementation of the whistleblowing directive, EQS Group AG has negotiated an easing of the conditions of the acquisition loan with Commerzbank AG, in return for which it undertakes to pay an unscheduled special repayment of €5 million by Mar. 31, 2022. The amendment agreement was concluded on Feb. 4, 2022. EQS Group AG complied with all financial covenants in the reporting period, see note 10.1.2 for further details.

The remaining bank loans are fixed-interest loans of €3.15 million (previous year: €4.58 million) taken out with banks with basic terms of a maximum of 5 years (previous year: 5 years). The loans' weighted average effective interest yield is 1.80% p.a. (previous year: 2.03% p. a.).

The shares in EQS GROUP AG, Switzerland, Business Keeper GmbH, Berlin (until Jan. 13, 2022 ICS International Compliance Software Beteiligungs Group GmbH, Frankfurt am Main) and EQS Group A/S, Denmark, were pledged as collateral for the bridge financing of €50.00 million.

Leasing 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

	Own Software EUR '000	Other purchased Software and licenses EUR '000	Customer base EUR '000	Goodwill EUR '000	**Total EUR '000**
Acquisition or production costs:					
As of Jan.1, 2020	8,145	1,314	9,907	19,317	38,683
Adjustment reporting statement	162	1,649	-16	-	1,796
Addition	1,671	11	-	-	1,682
Disposal	-	-110	-	-	-110
Exchange rate differences	-	-3	-195	-275	-472
As of Dec. 31, 2020	**9,978**	**2,861**	**9,697**	**19,042**	**41,578**
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	-	-	-
Addition to the scope of consolidation	571	19,201	31,187	80,760	131,719
Exchange rate differences	-	23	323	632	979
As of Dec. 31, 2021	**12,745**	**22,395**	**41,358**	**99,919**	**176,415**
Depreciation and impairment:					
As of Jan.1, 2020	1,075	855	3,183	1,562	6,674
Adjustment reporting statement	162	1,649	-16	-	1,796
Depreciation/impairment	872	182	656	645	2,355
Disposal	-	-110	-	-	-110
Exchange rate differences	-	-5	-84	-63	-152
As of Dec. 31, 2020	**2,110**	**2,571**	**3,738**	**2,144**	**10,563**
As of Jan.1, 2021	2,110	2,571	3,738	2,144	10,561
Depreciation/impairment	851	1,409	1,532	1,009	4,801
Disposal	-68	-110	-	-	-178
Addition to the scope of consolidation	335	346	-	-	682
Exchange rate differences	-	23	86	55	164
As of Dec. 31, 2021	**3,228**	**4,237**	**5,356**	**3,208**	**16,029**
Book value:					
As of Dec. 31, 2021	**9,516**	**18,156**	**36,002**	**96,711**	**160,386**
As of Dec. 31, 2020	7,868	290	5,960	16,898	31,016
As of Jan.1, 2020	7,071	459	6,724	17,756	32,008

The biggest adjustments in 2021 relate to additions to internally generated software and additions to the scope of consolidation (see note 15.2). Furthermore, a goodwill impairment of €1.01 million was recognized in the CGU EQS Financial Markets & Media GmbH in the reporting year as part of the impairment test in accordance with IAS 36.24. This resulted in a full impairment of the CGU EQS Financial Markets & Media GmbH. This involved a full impairment of the goodwill allocated to this CGU and the Investor Relations segment.

All scheduled and unscheduled amortization of intangible assets as well as goodwills are presented in the statement of comprehensive income under the item "Depreciation & amortisation".

Allocation of goodwill to the cash generating units

Goodwill was allocated to the cash-generating units for impairment testing purposes. With goodwill, the cash-generating unit (CGU) is the segment within a Group company and not the individual entity itself. A distinction is made here between the "Compliance" and "Investor Relations" segments.

Chronological order according to Date of acquisition	*Date of acquisition*	*Segment*	***Book value Dec. 31, 2021 EUR '000***	*Book value Dec. 31, 2020 EUR '000*
CGU EQS Group AG Compliance	2005/2021	Compliance	**9,849**	4,761
CGU EQS Financial Markets & Media GmbH	2007	Investor Relations	**-**	1,009
CGU Equity Story RS, LLC	2008	Investor Relations	**14**	14
CGU EQS Group AG Investor Relations	2011	Investor Relations	**460**	460
CGU EQS Asia Ltd.	2014	Investor Relations	**2,741**	2,545
CGU EQS Group Ltd.	2015	Investor Relations	**490**	457
CGU EQS GROUP AG (Switzerland) Investor Relations	2016	Investor Relations	**2,233**	2,136
CGU EQS GROUP AG (Switzerland) Compliance	2018	Compliance	**5,767**	5,516
CGU EQS Group A/S	2021	Compliance	**10,391**	
CGU Business Keeper GmbH	2021	Compliance	**64,766**	-
Total			**96,711**	**16,898**

The recoverable amount (value in use) was determined using a two-stage discounted cash flow model based on a detailed forecast of total income and total expenses for 5 years and on a perpetual annuity taking into account a long-term growth rate of 1% (exception Russia: 0%). The carrying amounts of the CGUs EQS Asia Ltd., EQS Group Ltd. and EQS GROUP AG (Switzerland) are denominated in foreign currencies and are therefore subject to currency effects.

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 into the compliance market.

» The assets (goodwill) of the CGU EQS Financial Markets & Media GmbH were fully impaired due to the lack of growth prospects.

» At the CGU Equity Story RS LLC, we expect sales growth to continue due to our good market positioning. However, if the war in Ukraine continues in the longer term, there could be a need for write-downs in the future.

» At the CGU EQS Group AG Investor Relations, we expect additional sales in particular from cross-selling with the new products Investors, CRM and Mailing.

» For CGU EQS Asia Ltd. we plan new customer growth in the coming years through the new IR COCKPIT and webcasts.

» For CGU EQS Group Ltd. we see a significant cross-selling potential with existing customers as well as market share gains through the new IR COCKPIT.

» For CGU EQS GROUP AG (Switzerland) Investor Relations, we expect significant cross-selling potential with existing customers as well as market share gains through the new IR COCKPIT.

» For the CGU EQS GROUP AG (Switzerland) Compliance, we expect a continuation of the sales growth due to our good market positioning.

» For CGU EQS GROUP A/S, we expect a continuation of the strong sales growth due to our good market positioning.

» For CGU Business Keeper GmbH, we expect a continuation of the sales growth due to our good market positioning.

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

The growth rate in perpetuity was generally assumed to be 1.00% (previous year: 1.00%) for all CGUs of EQS Group in 2021, with the exception of Russia: 0.00% (previous year: 0.00%). The discount rate applied to the cash flow forecasts (AfterTax-WACC) was uniformly assumed to be 5.69% (previous year: 5.44%), with the exception of Russia: 12.76% (previous year: 12.51%).

For the CGU EQS Financial Markets & Media GmbH, the recoverable amount (value in use and fair value) is negative. Here, the expected stabilization of the media budgets of advertising customers failed to materialize once again. Accordingly, the goodwill for the CGU was fully impaired (€1.01 million).

The recoverable amount of the following CGUs was also subjected to a sensitivity analysis. The effects of a change in the underlying sensitive assumptions on the carrying amount of the CGU are as follows:

<table>
<tr><th>CGU</th><th>Assumptions</th><th>Parameter</th><th>Change in Parameters to:</th><th>(cumulative) Effect on the carrying amount EUR'000</th></tr>
<tr><td rowspan="2">EQS Group AG Investor Relations</td><td>Growth in the perpetuity</td><td>1%</td><td>0%
(-1 percentage point)</td><td rowspan="2">3,040</td></tr>
<tr><td>Pre-tax cost of capital (pre-tax WACC)</td><td>7.14%</td><td>8.14%
(+1 percentage point)</td></tr>
<tr><td rowspan="2">EQS GROUP AG (Switzerland) Compliance</td><td>Growth in the perpetuity</td><td>1%</td><td>0%
(-1 percentage point)</td><td rowspan="2">512</td></tr>
<tr><td>Pre-tax cost of capital (pre-tax WACC)</td><td>6.79%</td><td>7.79%
(+1 percentage point)</td></tr>
</table>

Material intangible assets

The main changes to intangible assets in the reporting year resulted from additions to internally generated software and additions to the scope of consolidation. Reference is made to notes 4.2 and 15.2.

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

	Book value Dec. 31, 2021 EUR '000	*Book value Dec. 31, 2020 EUR '000*	*remaining amortisation period as of Dec. 31, 2021*
EQS COCKPIT X.0	**4,567**	5,156	Sep. 30, 2029
Total	**4,567**	**5,156**	

The main items of other purchased intangible assets developed as follows:

	Book value Dec. 31, 2021 EUR '000	*Book value Dec. 31, 2020 EUR '000*	*remaining amortisation period as of Dec. 31, 2021*
Software Business Keeper GmbH from PPA	**4,036**	-	Dec. 31, 2030
Order backlog Business Keeper GmbH from PPA	**8,594**	-	Dec. 31, 2030
Brand Business Keeper GmbH from PPA	**3,771**	-	Dec. 31, 2030
Total	**16,401**	**-**	

The customer bases developed as follows:

	Book value Dec. 31, 2021 EUR '000	*Book value Dec. 31, 2020 EUR '000*	*remaining amortisation period as of Dec. 31, 2021*
TodayIR Ltd.	**1,143**	1,207	Apr. 30,2029
Tensid AG	**1,166**	1,239	Dec. 31,2030
Obisidian IR Ltd.	**294**	306	Nov. 30,2030
News aktuell GmbH	**1,178**	1,364	Mar. 31,2028
Integrity Line GmbH	**1,768**	1,844	Dec.31,2033
Business Keeper GmbH	**26,439**	-	Jun. 30, 2041
Got Ethics A/S	**3,593**	-	Dec. 31, 2040
C2S2 GmbH	**273**	-	Dec. 31, 2040
APA-OTS Originaltext-Service GmbH	**148**	-	Sep. 30,2036
Total	**36,002**	**5,960**	

6.1.1 Depreciation methods and useful life

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

Asset classes	**Useful life**
Other purchased software and licenses	**3 - 5 years**
Own 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

	Furniture & office equipments EUR '000	*Buildings (IFRS 16) EUR '000*	***Total EUR '000***
Acquisition or production costs:			
As of Jan.1, 2020	1,894	9,092	10,986
Adjustment reporting statement	2,861	-	2,861
Addition	464	449	913
Disposal	-90	-288	-378
Exchange rate differences	-73	-253	-326
As of Dec. 31, 2020	**5,055**	**9,000**	**14,056**
As of Jan.1, 2021	5,055	9,000	14,056
Addition	506	613	1,119
Disposal	-57	-177	-234
Addition to the scope of consolidation	719	1,060	1,779
Exchange rate differences	83	184	267
As of Dec. 31, 2021	**6,306**	**10,681**	**16,987**
Depreciation and impairment:			
As of Jan.1, 2020	327	1,821	2,148
Adjustment reporting statement	2,861	-	2,861
Depreciation/impairment	472	1,771	2,242
Disposal	-89	-188	-277
Exchange rate differences	-50	-84	-134
As of Dec. 31, 2020	**3,520**	**3,320**	**6,840**
As of Jan.1, 2021	3,520	3,320	6,840
Depreciation/impairment	540	1,798	2,338
Disposal	-47	-78	-126
Addition to the scope of consolidation	427	-	427
Exchange rate differences	57	99	156
As of Dec. 31, 2021	**4,497**	**5,139**	**9,636**
Book value:			
As of Dec. 31, 2021	**1,809**	**5,542**	**7,351**
As of Dec. 31, 2020	1,535	5,681	7,216
As of Jan.1, 2020	1,567	7,271	8,838

At the balance sheet date, there are no contractual obligations in the form of purchase orders for the acquisition of tangible assets.

6.2.1 Depreciation methods and useful life

All property, plant and equipment are recognised at historical cost less depreciation and impairment losses, if any.

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**
Rights of use Building (IFRS 16)	**1 -10 years**
Operating and business 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 various offices, office equipments 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. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
Right of use asset		
Buildings	5,542	5,681
Car	30	-
Office equipment	59	20
Total	**5,630**	**5,701**
Additions and disposals to rights of use		
Additions	1,777	449
Disposals	-177	-288
Total	**1,600**	**161**
Leasing liability		
Short term	2,110	1,640
Long term	3,916	4,480
Total	**6,026**	**6,120**

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:

	FY 2021 EUR '000	*FY 2020 EUR '000*
Amortization of the right of use		
Buildings	1,798	1,771
Car	1	-
Office and business equipment	16	7
Total	**1,815**	**1,778**
Interest expenses		
Interest expenses on leasing liabilities	90	115
Practical remedy		
Expenses for short-term leases	39	-
Expenses for low value leases	7	5
Total	**46**	**5**
Amounts recognized in the statement of comprehensive income	**1,952**	**1,898**

Payments for leases in the reporting year of €1.95 million (Dec. 31, 2020: €1.77 million).

6.3.3 Extension options

As of Dec. 31, 2021, there are future cash outflows not included in the lease liability in the amount of €11.03 million (Dec. 31, 2020: €10.63 million), 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 €50k (Dec. 31, 2020: €30k) 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:

	FY 2021 EUR '000	*FY 2020 EUR '000*
up to 1 year	**13**	**36**

The accounting policies for leases are explained in note 20.6.

6.4 Deferred taxes

						As of Dec. 31, 2020		
Dec. 31, 2020	*Balance net as of January 1 EUR '000*	*Recognized in Profit or loss EUR '000*	*Currency Effect EUR '000*	*Recognized in Other Income EUR '000*	*Directly in Equity considered EUR '000*	*Net EUR '000*	*Deferred Tax Assets EUR '000*	*Deferred Tax Liabilities EUR '000*
Intangible assets	-3,355	-197	-	-	-	-3,551	-	-3,551
Property, plant and equipment	-1,629	268	-	-	-	-1,362	-160	-1,201
Financial assets	-52	52	-	-	-	-	-	-
Other assets	-	-92	-	-	-	-92	-	-92
Trade Receivables	-26	23	-	-	-	3	13	-10
Cash and Cash equivalents	59	8	-	-	-	67	67	-
Employee benefits	114	107	-5	-67	-	154	20	134
Provisions	69	-36	-	-	-	33	33	-
Financial Liablities	1,698	-252	-	-	-	1,446	1,446	-
Loss carried forward	1,044	-258	-	-	-	786	786	-
Tax assets (-liabilities) before offsetting							**2,206**	**-4,722**
Offsetting of tax							-2,206	2,206
Tax assets (-liabilities) after offsetting							**-**	**-2,516**

Dec. 31, 2021	Balance net as of January 1 EUR '000	Recognized in Profit or loss EUR '000	Currency Effect EUR '000	Recognized in Other Income EUR '000	Directly in Equity considered EUR '000	As of Dec. 31, 2021 Net EUR '000	Deferred Tax Assets EUR '000	Deferred Tax Liabilities EUR '000
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 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 binding-liabilities	-	1	-	-	-	1	1	-
Financial Liablities	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							**0**	**-16,607**

It was not possible to some extent to capitalise any deferred taxes on foreign losses carried forward in the reporting year. This is due, among other things, to only partial availability of losses carried forward within the planning period or tax losses not usable in principle according to the individual foreign tax legislation. Although some of the losses cannot be used indefinitely, no tax losses carried forward have expired to date.

The amount of the non-recognised vested losses carried forward at the reporting date is €2.11 million (Dec. 31, 2020: €2.13 million).

No deferred tax liabilities were formed on outside basis differences. The related temporary differences amount to €188k (Dec. 31, 2020: €123k) at the reporting date.

6.5 Other assets

	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
Advance payments	**1,338**	818
VAT Receivables	**-**	14
Receivables from health insurance/insurances	**21**	1
Other Assets	**594**	101
Total	**1,953**	**933**
Short term	**1,907**	893 *
Long term	**46**	41 *

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

The prepayments relate to services rendered after Dec. 31, 2021.

6.6 Other liabilities

	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
VAT liabilities	**327**	147
Tax on wages	**629**	409
Employer's liability insurance Association	**90**	70 *
Money transit	**111**	-
Other	**3**	2
Total	**1,161**	**627**
Short term	**1,161**	627 *
Long term	**-**	-

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

6.7 Provisions

	Retention of business documents EUR '000	*Obligation to dismantle rented premises EUR '000*	*Encumbering contracts EUR '000*	***Total EUR '000***
As of Jan.1, 2020	14	142	-	**156**
Allocation	-	-	113	**113**
Accumulation	-	2	-	**2**
Currency translation	-	-	-4	**-4**
As of Dec. 31, 2020	**14**	**144**	**109**	**267 ***
Short term	-	-	109	**109 ***
Long term	14	144	-	**158 ***

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

	Retention of business documents EUR '000	*Obligation to dismantle rented premises EUR '000*	*Encumbering contracts EUR '000*	***Total EUR '000***
As of Jan.1, 2021	14	144	109	**267**
Consumption in current year	-	-	-111	**-111**
Allocation	-	-	32	**32**
Accumulation	-	1	-	**1**
Currency translation	-	-	2	**2**
As of Dec. 31, 2021	**14**	**145**	**33**	**192**
Short term	-	-	33	**33**
Long term	14	145	-	**159**

Retention of business documents

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

Obligation to dismantle rented premises

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

Encumbering contracts

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

6.8 Employee benefits

6.8.1 Liabilities from employee benefits

	Dec. 31,2021 EUR '000	Dec. 31,2020 EUR '000
Defined benefit plans	**506**	458 *
Liabilities from wages and salaries	**16**	14 *
Bonus payments	**829**	820
Vacation / Overtime	**430**	114
Liabilities - social security	**7**	3 *
Liabilities from pension plans	**180**	100 *
Service cost Earn-out payments from purchase agreement Got Ethics A/S	**237**	-
Other	**21**	8 *
Total	**2,227**	**1,516 ***
Short term	**1,494**	1,063 *
Long term	**733**	453 *

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications.

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 defined benefit pension plans*
	FY 2021 EUR '000	*FY 2020 EUR '000*	***FY 2021 EUR '000***	*FY 2020 EUR '000*	***FY 2021 EUR '000***	*FY 2020 EUR '000*
As of Jan.1,	**898**	**481**	**-440**	**-250**	**458**	**231**
Recognized in profit or loss	**188**	**160**	**-1**	**-1**	**186**	**160**
Current service cost	**187**	157	**-**	-	**187**	157
Past service cost	**-5**	-	**-**	-	**-5**	-
Interest expense (interest income)	**6**	3	**-1**	-1	**4**	3
Recognized in other comprehensive income	**16**	119	**-77**	-5	**-61**	114
Actuarial Loss (Gain) from:						
- demographic assumptions	**-77**	2	**-**	-	**-77**	2
- financial assumptions	**108**	13	**-**	-	**108**	13
- experience adjustment	**-59**	116	**-**	-	**-59**	116
Return on plan assets excluding interest income	**-**	-	**-55**	-5	**-55**	-5
Net translation differences	**45**	-11	**-22**	1	**22**	-10
Other						
Contributions paid by employer	**-**	-	**-69**	-46	**-69**	-46
Contributions paid by employee	**69**	60	**-69**	-60	**-**	-
Benefit Payments	**-153**	78	**143**	-78	**-10**	-
As of Dec. 31,	**1,018**	**898**	**-513**	**-440**	**506**	**458**

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

Dec. 31, 2021	Switzerland EUR '000	France EUR '000	India EUR '000	Italy EUR '000	Serbia EUR '000	Total EUR '000
Present value of obligations	884	8	116	11	-	1,018
Fair value of plan assets Plan assets	-513	-	-	-	-	-513
Total liabilities	**371**	**8**	**116**	**11**	**-**	**506**

Dec. 31, 2020	Switzerland EUR '000	France EUR '000	India EUR '000	Italy EUR '000	Serbia EUR '000	Total EUR '000
Present value of obligations	822	9	67	-	-	898
Fair value of plan assets Plan assets	-440	-	-	-	-	-440
Total liabilities	**382**	**9**	**67**	**-**	**-**	**458**

The Group is expecting contributions of €59k to be paid into the defined benefit plans in 2022.

Plan assets

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

Plan assets	***Dec. 31, 2021***	*Dec. 31, 2020*
Shares	**30.4%**	30.8%
Bonds	**30.4%**	33.0%
Real estate	**15.6%**	13.7%
Mortgages	**6.9%**	7.6%
Alternative investments	**16.1%**	14.8%
Other	**0.2%**	0.6%
Cash and cash equivalents	**0.4%**	-0.4%

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 unfunded.

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.

Dec. 31, 2021	***Switzerland***	***France***	***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%**	**8.5%**	**2.6%**
Future pension increases	**0.0%**	**-**	**-**	**-**
Fluctuation rate	**-**	**-**	**14.0%**	**5.0%**

Dec. 31, 2020	***Switzerland***	***France***	***India***	***Italy***
Discount rate	0.3%	0.6%	5.5%	-
Inflation rate	0.7%	-	-	-
Future wage and salary increases	1.6%	1.0%	8.5%	-
Future pension increases	0.0%	-	-	-
Fluctuation rate	-	-	14.0%	-

The assumptions about future life expectancy are based on published statistics and mortality tables.

For reasons of materiality, the actuarial assumptions used for the pension plan in Serbia have not been presented.

On Dec.31, 2021, the weighted average duration of the defined benefit obligation was 19.5 years (previous year: 22.2 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*
Switzerland	***FY 2021***	*FY 2020*	***FY 2021***	*FY 2020*	***FY 2021***	*FY 2020*
Discount rate	**0.5%**	0.5%	**-9.4%**	-2.8%	**12.0%**	21.4%
Future wage or salary salary increases (incl. inflation)	**0.5%**	0.5%	**4.7%**	12.9%	**-4.1%**	-3.6%
Expected pension increase	**0.5%**	0.5%	**4.3%**	12.8%	**-3.9%**	-3.7%
Change in Life expectancy	**1 Year**	1 Year	**1.3%**	9.5%	**-1.3%**	-6.5%

Sensitivity analysis		*Change of Assumption*		*Increase of Acceptance*		*Decrease in Acceptance*
India	***FY 2021***	*FY 2020*	***FY 2021***	*FY 2020*	***FY 2021***	*FY 2020*
Discount rate	**1.0%**	1.0%	**-6.8%**	-7.1%	**7.7%**	8.1%
Future wage or salary salary increases (incl. inflation)	**1.0%**	1.0%	**7.4%**	7.8%	**-6.7%**	-7.0%
Fluctuation rate	**25.0%**	25.0%	**-5.5%**	-6.8%	**7.2%**	9.1%

For the countries France, Italy and Serbia, 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 coverage 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 Subscribed capital / Treasury shares of stock

	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
Issued as of January 1	**7,518**	1,433
Capital increase from own funds	**-**	5,740
Issued against cash contributions	**1,135**	350
Balance of purchased and sold treasury shares for share savings plans	**-4**	-6
Issued as of Dec. 31 - fully paid	**8,648**	**7,518**

The Group's subscribed capital is €8,659,476.00 as of Dec. 31, 2021 (Dec. 31,2020: €7,524,890.00) and has been paid up in full. It is divided into 8,659,476 (Dec. 31, 2020: 7,524,890) no-par value registered shares. As of the balance sheet date, the Group held 11,000 treasury shares, which were openly deducted from the subscribed capital.

By resolution of the Annual General Meeting on Jul. 17, 2020, 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 €3,587,445.00 until Jul. 16, 2025 against cash and/or non-cash contributions (Authorized Capital 2020/I)

Based on this resolution, the capital stock was increased by €357,361.00 to €7,882,251.00 and, by resolution of the Supervisory Board of Feb. 17, 2021, the Articles of Association were amended in Section 4 (Capital Stock, Authorized Capital). The entry in the commercial register was made on Mar. 02, 2021.

The following resolutions were adopted by the Annual General Meeting on May 14, 2021:

» Cancellation of the previous Authorized Capital 2020/I

» Creation of a new Authorized Capital 2021

» Cancellation of Conditional Capital 2018

» Creation of new Conditional Capital 2021

» Amendment of Section 4 - Capital stock, authorized capital

» Amendment to Section 14 - Compensation of the Supervisory Board

By resolution of the Annual General Meeting, 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 €3,941,125.00 by May 13, 2026 against cash and/or non-cash contributions (Authorized Capital 2021/I).

Based on this resolution, the following increases in share capital were made:

The increase of the share capital by €590,000.00 to €8,472,251.00. By resolution of the Supervisory Board of Jun. 16, 2021, the Articles of Association were amended in Section 4 (Share Capital, Authorized Capital). The entry in the commercial register was made on Jun. 25, 2021.

The capital stock was increased by €187,225.00 to €8,659,476.00. By resolution of the Supervisory Board on Dec. 7, 2021, the Articles of Association were amended in Section 4 (Capital

Stock, Authorized Capital). The entry in the commercial register was made on Dec.13, 2021.

After partial utilization, the conditional capital still amounts to €3,163,900.00 as of Dec. 31, 2021.

By resolution of the Annual General Meeting on May 14, 2021, the cancellation of the Conditional Capital 2018 and the creation of a new Conditional Capital 2021 in the amount of €3,941,125.00 was resolved.

The contingent capital increase is exclusively for the purpose of granting shares to the holders of convertible bonds and/or bonds with warrants issued by the Group or by a 100% direct or indirect affiliated company of the Group until May 13, 2026 in accordance with the authorisation granted by the Annual General Meeting on 14 May 2021. In accordance with the terms and conditions of the convertible bonds, the contingent capital increase also serves to issue shares to holders of convertible bonds with conversion obligations. The contingent capital increase will only be implemented to the extent that the holders of the convertible bonds and/or bonds with warrants exercise their conversion or option rights or the holders of convertible bonds with a conversion obligation fulfil their conversion obligation and to the extent that no treasury shares will be made available to fulfil these rights. The Executive Board was authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of the contingent capital increase.

In January 2021, in addition to the shares already acquired in 2020 for the employee program, a further 2,679 treasury shares were purchased at a price of €27.08 to €29.50 (€2,679 of the share capital of €7,524,890 existing at that time = 0.036%).

Also in January 2021, 9,624 treasury shares were sold at a price of EUR 29.20 as part of the employee participation program (2019 tranche). In August 2021, the remaining 416 treasury shares (€416.00 of the share capital of €8,472,251.00 = 0.005% existing at that time) were sold at a market value of €46.80.

For the employee stock option program (2020 tranche), 11,000 treasury shares (€11,000 of the share capital of €8,472,251.00 = 0.13% existing at that time) were purchased again from September to November 2021 at a market value of €38.60 to €42.80. These will be issued to employees in January 2022 as part of the employee stock option program. The treasury stock amounted to 11,000 shares as of 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 increased to €35,000.00 plus any value-added tax payable on this amount. The Chairman of the Supervisory Board receives twice this amount.

7.2 Capital reserve

	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
Balance of capital reserve at beginning of year	**20,891**	17,899
Reclassification	**-**	15
Capital increase	**42,542**	3,010
Share-based payment	**211**	132
Change in treasury shares	**-504**	-165
Total	**63,140**	**20,891**

Personnel expenses related to share-based payments are recognised in other reserves. At the end of the reporting period, €43k (Dec. 31, 2020: €114k) from equity-based remuneration transactions are included in the capital reserve.

7.3 Retained Earnings

	Dec. 31,2021 EUR '000	Dec. 31,2020 EUR '000
Balance at beginning of year	**4,706**	5,610
Cost of capital increase	**-50**	-14
Adjustment of retained earnings of subsidiaries	**-**	-24
Initial consolidation of subsidiaries	**441**	-
Consolidated net income	**-6,629**	-866
Total	**-1,532**	**4,706**

7.4 Other reserves

	Dec. 31,2021 EUR '000	Dec. 31,2020 EUR '000
Status at the beginning of the year	**-171**	269
Reclassification	**-**	-15
Foreign currency differences	**55**	-216
Actuarial gains/losses	**99**	-209
Total	**-17**	**-171**

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 €110k (Dec. 31, 2020: €53k).

Actuarial gains and losses

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 € -127 k (Dec. 31, 2020: € -226 k).

7.5 Shares of non-controlling shareholders

	Dec. 31,2021 EUR '000	Dec. 31,2020 EUR '000
Balance at beginning of year	**-**	-35
Income attributable to non-controlling interests	**-**	35
Total	**-**	**-**

The income attributable to non-controlling interets is €56.53 (Dec. 31, 2020: €11.67).

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 share plan – note 14.

8.2 Changes in liabilities from financing activities

	As of Jan. 1, 2020 EUR '000	*Cash effective EUR '000*	*Non cash effective EUR '000*	*As of Dec. 31, 2020 EUR '000*
Long-term bank loans	1,530	1,620	-	3,150
Short-term bank loans (current account/credit card)	4,104	-2,651	-	1,453
Other credits	1,302	-1,205	88	185
Deposits	-	10	-	10
Leasing liabilities	7,714	-1,766	172	6,120
Total	**14,650**	**-3,992**	**260**	**10,918**

	As of Jan. 1, 2021 EUR '000	*Cash effective EUR '000*	*Non cash effective EUR '000*	*As of Dec. 31, 2021 EUR '000*
Long-term bank loans	3,150	4,271	-3,018	4,403
Short-term bank loans (current account/credit card)	1,453	50,254	2,223	53,930
Other credits	185	-56	18,525	18,654
Deposits	10	-	-	10
Leasing liabilities	6,120	-1,861	1,767	6,026
Total	**10,918**	**52,608**	**19,506**	**83,022**

Lease liabilities include non-cash additions from initial consolidations amounting to €1.06 million. Financial liabilities are mainly denominated in euros.

Risks

9 Significant estimates, discretionary decisions and errors

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 discretionary decisions by management. Below we provide an overview of areas with higher degrees of discretionary decisions 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 discretionary decisions 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 and discretionary decisions

The following paragraphs illustrate the significant estimates and exercising of discretion by the Executive Board when applying the Group's accounting policies and the most substantial impact of this exercising of discretion on the amounts disclosed in the consolidated financial statement. The illustration does not include any exercising of discretion that includes estimates.

Significant estimates or discretionary decisions 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)

» Acquisition of subsidiaries and allocation of the transaction price (note 15.2)

» Valuation allowance for expected credit losses on trade receivables and contract assets (note 10.2.2)

» Goodwill (note 6.1)

All estimates and discretionary decisions 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**
Liquidity risk	Borrowings and other liabilities	**Disbursement profiles**

The Company's risk management is primarily controlled by the Compliance Stering 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 reports regularly to the Supervisory Board of the Company.

10.1 Market risk

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

Each of the sensitivity analyses in the following paragraphs relates to the status as of Dec. 31, 2021 or Dec. 31, 2020.

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 sales (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:

	Liabilities		*Assets*	
	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*	***Dec. 31,2021 EUR '000***	*Dec. 31,2020 EUR '000*
EUR	**72**	43	**988**	446
CHF	**-**	14	**189**	1
GBP	**-**	-	**52**	1
HKD	**-**	-	**3**	265
RUB	**-**	-	**5**	19
USD	**106**	12	**121**	59
SGD	**-**	-	**23**	-
AUD	**-**	-	**5**	-
SEK	**-**	-	**5**	-

The exchange rates used for currency translation are as follows:

	EUR/CHF	*EUR/GBP*	*EUR/HKD*	*EUR/RUB*	*EUR/USD*	*EUR/SGD*	*EUR/AUD*	*EUR/SEK*
Rate at Dec. 31, 2021	**1.03**	**0.84**	**8.83**	**85.30**	**1.13**	**1.53**	**1.56**	**10.25**
Rate at Dec. 31, 2020	1.08	0.90	9.51	91.47	1.23	-	-	-
Average rate 2021	**1.08**	**0.86**	**9.20**	**87.23**	**1.18**	**1.59**	**1.57**	**10.14**
Average rate 2020	1.07	0.89	8.85	82.65	1.14	-	-	-

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	
	FY 2021 EUR '000	*FY 2020 EUR '000*
Impact EUR	92	40
Impact CHF	19	-1
Impact GBP	5	-
Impact HKD	-	27
Impact RUB	-	2
Impact USD	1	5
Impact SGD	2	-
Impact AUD	-	-
Impact SEK	-	-

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 €7.00 million, 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%. The term of the derivative corresponds to the term of the loan.

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:

	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
Variable-rate loans	**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:

Impact on earnings after taxes

	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
Interest rates - increase by 100 basis points	**-222**	-
Interest rates - decrease by 100 basis points	**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 collaterals 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 new expected credit loss model:

» Trade 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.

Trade 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 receivables and contract assets.

For the purpose of measuring expected credit losses, trade 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 receivables are a reasonable approximation of the loss rates for contract assets.

In principle, a target term of 14 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 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 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 macroeconomic 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 receivables and contract assets as of Dec. 31, 2021, and Dec. 31, 2020 was determined as follows:

EUR '000 As of Dec. 31, 2020	*Not overdue*	*Overdue in Days*					***Total***
	0	***1-22***	***22-30***	***30-60***	***60-180***	***>180***	
Gross carrying amounts Trade accounts receivable	2,760	703	135	183	182	174	4,137
Gross carrying amounts of contract assets (IFRS 15)	26	-	-	-	-	-	26
Default rate (%)	-0.1%	-0.3%	-0.7%	-0.5%	-21.4%	-96.0%	
Expected credit loss over the termt	-4	-2	-1	-1	-39	-167	-214

EUR '000 As of Dec. 31, 2021	*Not overdue*	*Overdue in Days*					***Total***
	0	***1-22***	***22-30***	***30-60***	***60-180***	***>180***	
Gross carrying amounts Trade accounts receivable	4,618	1,680	106	341	488	579	7,812
Gross carrying amounts of contract assets (IFRS 15)	78	-	-	-	-	-	78
Default rate (%)	-0.3%	-0.7%	-1.9%	-1.8%	-51.2%	-87.9%	
"Expected credit loss over the term"	-15	-12	-2	-6	-250	-509	-794

Change in valuation allowance:

	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
Opening balance sheet values in accordance with IFRS 9	**214**	304
Increase in allowance for credit losses recognized in profit or loss	**454**	134
Decrease in allowance for credit losses recognized in profit or loss	**-42**	-
Amounts written off as uncollectible during the year	**168**	-224
Balance at the end of the year	**794**	**214**

10.2.3 Significant estimates and exercising discretion

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 €2.56 million (Dec. 31, 2020: €1.56 million) 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.

As of Dec. 31, 2020	*Effective interest %*	*Up to one year EUR '000*	*between 1 to 5 years EUR '000*	*Over 5 years EUR '000*	*Total EUR '000*	**Book value EUR '000**
Trade accounts payable	-	2,747	-	-	2,747	**2,747** *
Leasing liabilities	-	1,735	4,504	100	6,339	**6,120**
Fixed-interest bank loans	2.03%	1,490	3,186	-	4,676	**4,582**
Security deposits	-	10	-	-	10	**10**
Bank overdrafts / credit card settlements	-	22	-	-	22	**22**
Other loans	-	185	-	-	185	**185**
Total		**6,189**	**7,690**	**100**	**13,979**	**13,666**

*Prior-year figures restated. Please refer to section 20.1.4 Changes in presentation and reclassifications.

As of Dec. 31, 2021	*Effective interest %*	*Up to one year EUR '000*	*between 1 to 5 years EUR '000*	*Over 5 years EUR '000*	*Total EUR '000*	**Book value EUR '000**
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**
Security 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**

10.4 Financial instrument categories

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 receivables, other financial assets, trade payables, short-term 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 lease liabilities for the current year.

As of Dec. 31, 2020	*Amortized Acquisition costs EUR '000*	*Income effective at Fair value measured EUR '000*	*Fair Value EUR '000*	*Fair value hierarchy*
Financial Assets				
Long-term loans to managing directors and employees in management positions	514		514	3
Long-term deposits	218		218	3
Financial liabilities				
Loans from banks	4,582		4,676	3
Deposits	10		10	3

As of Dec. 31, 2021	*Amortized Acquisition costs EUR '000*	*Income effective at Fair value measured EUR '000*	*Fair Value EUR '000*	*Fair value hierarchy*
Financial Assets				
Long-term loans to managing directors and employees in management positions	380	-	380	3
Long-term deposits	281	-	281	3
Derivatives not designated as hedging instruments	23	-	23	1
Financial liabilities				
Loans from banks	58,259	-	61,361	3
Deposits	10	-	10	3
Contingent consideration	-	1,608	1,608	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 borrowing 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 expected value of future payments. As a result of unobservable input parameters, this is classified in level 3 of the fair value hierarchy

11 Capital management

11.1 Risk management

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

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

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

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. Covenants are monitored by budget target/actual comparisons and monthly reporting.

	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*
Financial liabilities	**86,219**	13,666 *
Income tax liabilities and other current and non-current liabilities.	**29,453**	8,763 *
Cash	**-8,653**	-12,074
Net debt	**107,019**	**10,354 ***
Equity	**70,240**	32,944
Shareholders' equity and Net financial debt	**177,258**	**43,298 ***
Debt-equity ratio	**60.4%**	**23.9% ***

*Previous year figures adjusted. Please refer to section 20.1.4 Changes in presentation and reclassifications

12 Events after the balance sheet date

Although it is difficult to assess the impact, the Corona virus is likely to affect the global economy on both the demand and supply side. Nevertheless, it is still not expected to have a significant impact on the Group's business.

Similarly, the current war in Ukraine poses a significant risk to the global economy. A further escalation of the crisis within Europe or even globally could have serious economic consequences. The direct share of sales from our Russian business, which in the worst case could be fully affected by sanctions, is less than 3%.

In the course of a chain merger, Business Keeper GmbH was merged into ICS International Compliance Software Beteiligungs GmbH. This was subsequently merged into ICS International Compliance Software Beteiligungs Group GmbH, which has since operated under the name Business Keeper GmbH. The merger and change of name were entered in the Commercial Register of the Charlottenburg Local Court on Jan. 13, 2022. Thus, a decisive step for the integration of Business Keeper GmbH into EQS has been completed.

Due to the delayed implementation of the Whistleblowing Directive, EQS has agreed with Commerzbank AG on an adjustment of the financial Covenants for the financial year 2022 in exchange for the payment of an unscheduled special repayment of €5 million until Mar. 31, 2022. The amendment agreement was concluded on Feb. 4, 2022.

On Feb. 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 representing €1.00 of the share capital of the Company, by utilizing 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 offered new shares have been placed. In order to be effective, the capital increase still requires the registration for the commercial register. The implementation of the capital increase is expected to be entered in the commercial register on Mar. 29, 2022. This resulted in gross issue proceeds of €45,036,288 on Mar. 15, 2022, which will be used for the (partial) repayment of loans and investments in the development of a product offering for the ESG area and related acquisitions.

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 directors 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

	Services rendered		*Services received*	
	FY 2021 EUR '000	*FY 2020 EUR '000*	***FY 2021 EUR '000***	*FY 2020 EUR '000*
Members of the management in key positions of the company or its parent company	**-**	-	**159**	162
Total	**-**	**-**	**159**	**162**

Dividends and interest

	Dividends and Interest received		*Dividends and Interest paid*	
	FY 2021 EUR '000	*FY 2020 EUR '000*	***FY 2021 EUR '000***	*FY 2020 EUR '000*
Members of the management in key positions of the company or its parent company	**19**	-	**-**	33
Total	**19**	**-**	**-**	**33**

13.2 Outstanding balances from transactions with related parties

	Receivables from related parties and persons		Liabilities to related related parties and persons	
	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*	**Dec. 31,2021 EUR '000**	*Dec. 31,2020 EUR '000*
Members of the management in key positions of the company or its parent company	**-**	-	**139**	162
Total	**-**	**-**	**139**	**162**

Loans from / to related parties

	Loans granted		Loans received	
	Dec. 31,2021 EUR '000	*Dec. 31,2020 EUR '000*	**Dec. 31,2021 EUR '000**	*Dec. 31,2020 EUR '000*
Members of the management in key positions of the company or its parent company	**237**	559	**-**	-
Total	**237**	**559**	**-**	**-**

As of the balance sheet date, there is a loan receivable of €237k from the Executive Board member André Silvério Marques. The loan has a term until Apr. 30, 2022, and was used to purchase 59,500 no-par value shares in EQS Group AG. The loan is subject to 2% p.a. interest.

13.3 Remuneration for key management personnel

	FY 2021 EUR '000	*FY 2020 EUR '000*
Short-term benefits	**1,682**	1,374
Post-employment benefits	**177**	116
Total	**1,859**	**1,490**

14 Share-based payment

The employee stock option 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. 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

	Date of grant Jan. 2021	***Date of grant Jan. 2020***
Fair value at measurement date (in EUR)	**26.60**	62.00 *
Expected volatility (in %)	**38.2%**	31.0%
Expected life (in years)	**2.00**	2.00
Expected dividends (in EUR)	**-**	-
Risk-free interest rate (in %)	**-0.6%**	0.0%

* This is the fair value before the share split on October 6, 2020 (1:5).

Savings plan 2

	Date of grant Jan. 2021	*Date of grant Jan. 2020*
Fair value at measurement date (in EUR)	**26.60**	62.00 *
Expected volatility (in %)	**38.2%**	41.0%
Expected life (in years)	**3.00**	3.00
Expected dividends (in EUR)	**-**	-
Risk-free interest rate (in %)	**-0.6%**	0.0%

*This is the fair value before the share split on October 6, 2020 (1:5).

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:

	Number 2021	*Number 2020*
Outstanding as of January 1	**20,907**	5,391
Exercised during the year	**10,112**	1,595
Committed during the year	**10,440**	17,111
Outstanding at December 31	**21,235**	**20,907**
Exercisable at December 31	**-**	-

The weighted average share price of the options exercised during the period was €29.80.

Expenses recognised in profit or loss

The effect on the result for the period is €211k (Dec. 31.2020: €133k).

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.

Subsidiaries included in the consolidated financial statements	*Location*	*Share of Equity*	
		Dec. 31, 2021	*Dec. 31, 2020*
Direct investments			
EQS Financial Markets & Media GmbH*	Munich, Germany	100.00%	100.00%
Equity Story RS, LLC	Moscow, Russia	100.00%	100.00%
EQS GROUP AG	Zurich, Switzerland	100.00%	100.00%
EQS Asia Limited	Hong Kong	100.00%	100.00%
EQS Web Technologies Pvt. Ltd.	Kochi, India	99.96%	99.96%
EQS Group Ltd.	London, Great Britain	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%	-
EQS Group S.r.l.	Milan, Italy	100.00%	-
EQS Group doo	Belgrade, Serbia	100.00%	-
EQS Group GmbH	Vienna, Austria	100.00%	-
ICS International Compliance Software Beteiligungs Group GmbH	Frankfurt am Main, Germany	100.00%	-
EQS Group Regtech S.L.U. (formerly, Business Keeper Espana S.L.U.)	Madrid, Spain	100.00%	-
Indirect investments			
EQS TodayIR Limited **	Hong Kong	100.00%	100.00%
EQS Group (Shenzhen) Ltd. **	Shenzhen, China	100.00%	100.00%
TodayIR (Taiwan) Holdings Limited **	Hong Kong	100.00%	100.00%
EQS Digital IR Pte. Ltd.**	Singapore	100.00%	100.00%
EQS Blockchain Media GmbH ***	Munich, Germany	82.50%	82.50%
"Business Keeper GmbH (formerly,ICS International Compliance Software Beteiligungs GmbH)****"	Berlin, Germany	100.00%	-

* Profit and loss transfer agreement

** Indirect shareholding via EQS Asia Limited

*** Indirect shareholding via EQS Financial Markets & Media GmbH incl. change of previous year

**** Indirect shareholding via ICS International Compliance Software Beteiligungs Group GmbH

The fully consolidated company EQS Financial Markets & Media GmbH, registered office: Munich, HRB 199404 (formerly financial.de Aktiengesellschaft, registered office: Munich, HRB 170868), makes 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.

Please refer to note 7.5 with regard to non-controlling interests. The changes in the scope of consolidation are shown below.

15.2 Changes in the scope of consolidation

Business mergers in the financial 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 €10.107 million was paid in cash. The purchase price allocation at the acquisition date resulted in other intangible assets of €4.620 million. The final goodwill of €10.391 million, 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 are two contractually agreed earn-out components totaling €5.31 million, 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 Dec. 31, 2021. The second earn-out component is expected to be realized at the beginning of 2023 in an amount of €2.31 million. The occurrence is based on target achievement thresholds defined in the purchase agreement, which were determined in a scenario probability calculation.

In connection with the acquisition, payments for performance-related variable compensation claims of up to €1.078 million may still be due to employees of the acquired company in the period from 2022 to 2026. The occurrence of these subsequent payments is based on the target achievement thresholds defined in the purchase agreement and the retention of the employees in the EQS Group and was determined on the basis of a scenario probability calculation. A payment in the amount of €158k was already realized and paid as of Dec. 31, 2021. The amounts were presented as service cost in personnel expenses in the statement of comprehensive income. Existing accrued interest amounts were recognized in finance costs.

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

The German subsidiary of Got Ethics A/S, Got Ethics GmbH, Bückeburg, 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 €5.469 million was paid in cash. The purchase price allocation at the time of acquisition resulted in other intangible assets of €607k. The final goodwill of €4.862 million, 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 Complicance 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 €97.000 million was to be paid in cash. The final goodwill of €64.766 million, 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 €50.000 million, 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 5.5). In addition, a vendor loan in the amount of €17.000 million was granted, which has 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.

In the period from Jul. 14 to Dec. 31, 2021, the acquired company generated revenues of €4.694 million and a balance sheet loss of € -344k.

If Business Keeper GmbH had been included in the consolidated financial statements since Jan. 1, 2021, sales and profit after tax would have amounted to €9.948 million and €1.379 million, respectively, in the past fiscal year.

The table below shows the fair values of the assets and liabilities acquired in the above transactions:

EUR '000	Got Ethics A/S	C2S2 GmbH	Business Keeper GmbH	**Total**
Intangible assets	4,620	1,071	44,587	**50,279**
Property, plant and equipment	48	82	1,231	**1,360**
Non-current financial assets	-	-	15	**15**
Deferred tax assets	-	-	266	**266**
Trade accounts receivable	678	103	1,786	**2,567**
Tax refund claims	7	-	295	**302**
Other financial assets	65	-	54	**119**
Other assets	27	2	321	**350**
Cash and cash equivalents	628	78	1,441	**2,147**
Total assets	6,074	1,335	49,998	**57,407**
Non-current financial liabilities	-20	-45	-760	**-825**
Non-current employee benefits	-1	-	-	**-1**
Non-current provisions	-	-	-15	**-15**
Trade accounts payable	-53	-67	-586	**-705**
Contract liabilities	-815	-	-1,705	**-2,520**
Income tax liabilities	-125	-	-12	**-137**
Deferred tax liabilities	-1,016	-353	-13,630	**-14,999**
Current financial liabilities	-12	-22	-204	**-238**
Other current financial liabilities	-12	-60	-5	**-77**
Current employee benefits	-128	-163	-649	**-941**
Other current liabilities	-266	-19	-199	**-484**
Total liabilities	-2,450	-729	-17,764	**-20,943**
Identifiable net assets acquired	3,624	607	32,234	**36,464**
Consideration transferred	14,015	5,469	97,000	**116,484**
Non-controlling interests	-	-	-	**-**
Net assets acquired	3,624	607	32,234	**36,464**
Goodwill	10,391	4,862	64,766	**80,020**

The trade receivables presented represent the gross amounts of the contractual receivables at the acquisition date. There are no assumptions regarding the future uncollectibility of these receivables.

There were no changes to the scope of consolidation in the previous year.

Mandatory and supplementary disclosures according to the HGB

Supplementary disclosures pursuant to Section 315e HGB

16 Number of employees

	FY 2021	*FY 2020*
Development	**239**	160
Marketing / Sales	**85**	73
Data Services	**42**	47
Management / Administration	**73**	51
Design / Content	**62**	32
Newsroom / ERS System	**13**	8
Total	**514**	**371**

From 2021, the number of employees in the Group will also be stated as average figures. Prior-year figures have been adjusted accordingly.

17 Auditor's fee

For the financial year 2021, fee expenses for the auditor totalling €120k (previous year: €104k) were recognised. Of this amount, €120k (previous year: €93k) are attributable to auditing services and €0k (previous year: €11k) to other services. Furthermore, expenses for auditing services from the previous year of €24k were recognised in the 2021 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 Pfleger, 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 2021 amounted to €1.86 million (previous year: €1.49 million), of which €10k (previous year: €160k) was variable. Of the total compensation, €198k (previous year: €135k) 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

» Peter Conzatti, M.A. and MBA, Funds Manager, Bad Homburg (till May 14,2021)

The members of the Supervisory Board will receive fixed compensation totaling €175k for their activities in the 2021 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) Measurement standards resembling, but not corresponding to the fair value, e.g. the value in use in IAS 36.

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

» Level 1 input parameters are quoted (unadjusted) prices in active markets for identical assets or liabilities that the company can access 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
Amendment to IFRS 16 Leases: Rent Concessions	Jun. 1, 2020 / Apr. 1, 2021	Temporary relief for the accounting recognition of COVID 19-related rent concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	Jan. 1, 2021	Temporary relief for the impact that the replacement of Interbank Offered Rates (IBOR) with alternative, almost risk-free interest rates will have on financial reporting.
Amendment to IFRS 4 Insurance Contracts: Deferral of IFRS 9	Jan. 1, 2021	Extension of the temporary exemption from the application of IFRS 9, so that the insurance companies concerned will continue to be permitted to apply IAS 39 for financial years beginning before Jan. 1, 2023.

20.1.3 New standards and interpretations 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
Annual Improvements, 2018-2020 Cycle	Jan. 1, 2022	Individual amendments to IFRS 1, IAS 9, IFRS 16 and IAS 41
Amendments to IFRS 3, IAS 16, IAS 37	Jan. 1, 2022	Narrow scope amendments - IFRS 3: Update of cross-references in IFRS 3, introduction of an exemption in the recognition requirements in IFRS 3, inclusion of an explicit prohibition in the standard text for the recognition of contingent assets - IAS 16: Recognition of revenue from sales during the construction phase of an item of property, plant and equipment - IAS 37: Determination of the "cost of the contract performance"
IFRS 17 Insurance Contracts	Jan. 1, 2023	Principles for recognition, measurement, presentation and disclosure requirements in respect of insurance contracts
Amendment to IAS 1 Presentation of Financial Statements: Classification of Debt with Covenants as Current or Non-current	Jan. 1, 2023	Clarification of existing law: 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. If the entity expects and can require an obligation under an existing loan agreement for at least existing credit agreement for at least for at least twelve months after the balance sheet date, the obligation or extended for at least twelve months after the reporting even if it would otherwise be due within a shorter period of time.
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	Jan. 1, 2023	Clarification in IAS 1: Entities shall disclose all significant (material) accounting policies. The amendments define what is meant by "significant accounting policies" and how to identify them.
Amendments to IAS 8: Definition of Accounting Estimates	Jan. 1, 2023	Clarification on how to distinguish between amendments to accounting policies and accounting estimates.
Amendments to IAS 12: Deferred Taxes Related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023	Obligation to recognise deferred taxes for transactions that give rise to taxable and deductible temporary differences of equal amount on initial recognition.
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	n/a	Clarification of how the profit or loss from the transfer of assets to an associate or joint venture is to be recognised in full when a business operation is transferred within the meaning of IFRS 3. By contrast, the gain or loss from such a transaction is only to be recognised on a pro-rata basis if the transferred assets do not constitute a business.

20.1.4 Presentation amendments and reclassifications

To optimise the structure of the balance sheet and consolidated comprehensive income statement, EQS Group AG presents the following items as separate items or makes changes to the presentation. As a result, settlement amounts are also reclassified in accordance with IAS 1.41.

Actuarial changes from pension obligations and related deferred taxes are combined with the foreign currency reserve under "other reserves" item in the statement of changes in equity in order to defer valuation effects. The previous presentation in the capital reserve has been reclassified to other reserves. The previous designation of foreign currency differences has been renamed as a result of this reclassification to other reserves. The reclassification from the capital reserve to other reserves amounted to €15k for the carryforward value as of Jan. 1, 2020.

The effects on the balance sheet are presented and explained in more detail below:

		Dec. 31,2020		***Dec. 31,2020***
	Appendix	*EUR*	*Reclassifications*	***(reclassified)EUR***
Non-current assets				
Intangible assets		14,118,018	-	**14,118,018**
Goodwill		16,898,283	-	**16,898,283**
Property, plant and equipment		7,215,884	-	**7,215,884**
Non-current financial assets		732,863	-	**732,863**
Other non-current assets	C	481,683	-439,865	**41,819**
		39,446,730	**-439,865**	39,006,865
Current assets				
Trade receivables		3,923,150	-	**3,923,150**
Contract assets*	A	25,864	-	**25,864**
Tax refund claims		31,817	-	**31,817**
Current financial assets		138,363	-	**138,363**
Other current assets		892,586	-	**892,586**
Cash and cash equivalents		12,074,462	-	**12,074,462**
		17,086,241	**-**	**17,086,241**
Total assets		**56,532,971**	**-439,865**	**56,093,106**

*Previously “Construction Contracts”

	Appendix	Dec. 31,2020 EUR	Reclassifications	**Dec. 31,2020 (reclassified) EUR**
Equity				
Subscribed capital		7,524,890	-	**7,524,890**
Treasury stock		-7,361	-	**-7,361**
Capital reserve	B	20,667,300	224,011	**20,891,311**
Retained earnings		4,706,320	-	**4,706,320**
Foreign currency differences	B	53,083	-53,083	**-**
Other reserves	B		-170,928	**-170,928**
Non-controlling interests		12	**-**	**12**
		32,944,243	**-**	**32,944,243**
Non-current liabilities				
Long-term employee benefits	C	-	453,416	**453,416**
Non-current provisions	C	1,050,881	-893,281	**157,600**
Non-current financial liabilities		7,641,043	-	**7,641,043**
Other non-current liabilities		-	-	**-**
Deferred tax liabilities		2,516,219	-	**2,516,219**
		11,208,143	**-439,865**	**10,768,278**
Current liabilities				
Current provisions	A,C,D	1,990,433	-1,881,133	**109,300**
Trade accounts payable	D	1,650,656	1,096,184	**2,746,840**
Contract liabilities**	A	109,300	4,391,316	**4,500,616**
Current financial liabilities	D	3,275,962	1,841	**3,277,803**
Income tax liabilities		55,947	-	**55,947**
Current employee benefits	C	-	1,062,793	**1,062,793**
Other current liabilities	A,C,D	5,298,287	-4,671,001	**627,286**
		12,380,586	**-**	**12,380,586**
Total equity and liabilities		**56,532,971**	**-439,865**	**56,093,106**

** Previously “Liabilities from percentage-of-completion”

A. Contract assets and contract liabilities

In accordance with standard practice, the “Construction contracts with an asset-side balance” and “Construction contracts with liability-side balance” items are being renamed “Contract assets” and “Contract liabilities”.

Advance payments received in the amount of €4,501k were reclassified from other current liabilities to contract liabilities to reflect the nature of the obligations. On the other hand, provisions for onerous contracts were reclassified to current provisions (€109k).

B. Equity

Actuarial changes from pension obligations and the associated deferred taxes are combined with the foreign currency reserve in the “Other reserves” item to delimit the valuation effects. The reclassification from the capital reserve to other reserves amounted to €224k for the year 2020.

C. Employee benefits

Liabilities related to employee benefits, such as liabilities from wages and salaries, bonus payments, holiday obligation and social benefits, were reclassified from other liabilities and provisions into separate "Employee benefits" items, divided into current and non-current obligations. Management considers it more appropriate to present all employee benefit obligations in a separate balance sheet item.

The effect of the reclassifications for the financial year 2020 can be broken down as follows:

- Reclassification of provisions for pension obligations from non-current provisions to non-current employee benefits of €893k
- Reclassification of plan assets from pension obligations from other non-current assets to non-current employee benefits of €440k
- Reclassification of bonus obligations and current pension obligations from current provisions to current employee benefits of €825k
- Reclassification of miscellaneous employee benefit liabilities from other current liabilities to current employee liabilities of €238k.

D. Accrued liabilities

Accrued liabilities have been reclassified from current provisions to trade payables (of €1,096k) and other current liabilities (of €70k) to clarify the nature of the liability.

The effects on the consolidated comprehensive income statement are presented and explained in more detail below:

	Appendix	Dec. 31,2020 EUR'000	Reclassifications	**Dec. 31,2020 (reclassified) EUR'000**
Continuing operations				
Sales		37,636	-	**37,636**
Other income	E,F	473	-59	**414**
Own work capitalized		1,671	-	**1,671**
Purchased services		-7,265	-	**-7,265**
Personnel expenses		-20,847	-	**-20,847**
Other expenses	E,F	-6,908	371	**-6,537**
Expenses/income from write-down of trade accounts receivable	E	-	-312	**-312**
EBITDA		**4,760**	**-**	**4,760**
Depreciation		-4,597	-	**-4,597**
Operating result (EBIT)		**163**	**-**	**163**
Financial income	G	109	191	**299**
Financial expenses	G	-505	-191	**-695**
Financial result		**-396**	**-**	**-396**
Earnings before taxes (EBT)		-233	-	**-233**
Income taxes		-599	-	**-599**
Consolidated earnings		**-832**	**-**	**-832**
- of which attributable to shareholders of the parent company		-866	-	**-866**
- of which attributable to non-controlling shareholders		34	-	**34**
Items that will be reclassified to the consolidated statement of comprehensive income in the future under certain conditions:				
Foreign currency differences		-216	-	**-216**
Value adjustments IAS 19		-209	-	**-209**
Other comprehensive income		-424		**-424**
Total comprehensive income		**-1,256**	**-**	**-1,256**
- of which attributable to shareholders of the parent company		-1,290	-	**-1,290**
- of which attributable to non-controlling shareholders		34	-	**34**
Earnings per share attributable to shareholders of the parent (basic and diluted)		-0.12	-	**-0.12**

E. Expenses/income from the impairment loss of trade receivables

Expenses and income from the impairment loss of trade receivables have been reclassified from other income and other expenses to the separate “Expenses/income from the impairment loss of trade receivables” item. As a result, other income decreased by €6k and other expenses by €318k. A separate presentation provides users of the financial statements with a structured view of the Group’s financial position.

F. Other income

Income from the reversal of provisions of €53k was recognised in other expenses and is therefore reversed in this item.

G. Financial result

In order to streamline consolidated comprehensive income statement, separate presentation of other financial income and expenses was combined with interest income and expenses to form the financial income and expenses item. The foreign currency gains and losses are recognised as gross in the notes for this balance sheet.

20.2 Business acquisitions and changes to the scope of consolidation

A Group company will be included in the consolidated financial statement from the date on which the parent company gains control over a Group company until the date on which the control by the parent company ends. In this context, the results of the Group companies acquired or sold during the year are recognised accordingly in the consolidated statement of comprehensive income from the actual acquisition date or up to the actual disposal date.

The profit or loss and any component of the other comprehensive income are attributable to the shareholders of the parent company and to the non-controlling shareholders. This applies even if this results in the non-controlling shareholders having a negative balance. Where necessary, the Group companies’ annual financial statements are adapted to align the accounting policies with the policies applied in the Group.

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

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

Loss of control

If the Group loses control of a Group company, the deconsolidation profit or loss is recognised through profit or loss. It is determined from the difference between:

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

- carrying amount of the assets (including goodwill), and
- Group company's liabilities and all non-controlling interests.

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

Where the Group retains interests in the previous Group company, they are recognised at the fair value established as of the date of the loss of control. This value represents the acquisition cost of the interests which, depending on the level of control, are subsequently measured pursuant to IFRS 9 or under the regulations for associated companies or joint ventures.

Acquisition of Group companies

The acquisition of businesses is accounted for using the acquisition method. The consideration transferred in the event of a business merger is measured at the fair value. This is determined as the aggregate of the acquisition-date fair values of the transferred assets, liabilities assumed from the acquired company's previous owners and equity instruments issued by the parent company in exchange for control of the acquired company. Transaction costs associated with the business merger are recognised through profit or loss as incurred.

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

- Deferred tax assets or liabilities and assets or liabilities in connection with agreements for employee benefits are recognised and measured pursuant to IAS 12 or IAS 19.
- Liabilities or equity instruments relating to share-based payments or to the replacement of share-based payments by the parent company are measured as of the acquisition date pursuant to IFRS 2.
- Assets classified as 'held for sale' pursuant to IFRS 5 are measured pursuant to this IFRS.

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

Non-controlling shareholders' interests that currently convey ownership rights and grant the holder the right, in the event of liquidation, to acquire a proportional interest in the company's net assets are measured upon receipt either at the fair value or at the identifiable net asset's corresponding interest. This option can be exercised again with each business merger. Other components of non-controlling shareholders' interests are measured at their fair values or the benchmarks resulting from other standards.

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

Any changes in the fair value of the contingent consideration that do not depict corrections 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 its fulfilment is accounted for in equity. Contingent consideration, which is an asset or liability, is measured at fair value at subsequent reporting dates and any resulting gain or loss is recognised in the consolidated comprehensive income statement.

20.3 Foreign currency translation

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

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

- » Any exchange differences from borrowings denominated in foreign currency accruing during the creation process of assets intended for productive use that are allocated to the manufacturing cost, if they are adjustments of the interest expense from such borrowings denominated in foreign currency;
- » Exchange differences from transactions entered to hedge specific foreign currency risks;
- » Any exchange differences from monetary items to be received from or paid to a foreign business, the fulfilment of which is neither scheduled nor likely to be settled and therefore form part of the net investment in such foreign business, which are initially recognised in other comprehensive income and transferred from equity into profit and loss upon sale.

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

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

20.4 Recognition of sales revenue

The accounting policies for the Group’s revenue from contracts with customers are explained 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 taxes are recognised in the consolidated comprehensive income statement, unless they are related to items recognised either in other comprehensive income or directly in equity. In this case, the current and deferred tax is recognised in other comprehensive income or directly in equity as well. If current or deferred taxes result from the initial accounting for a business merger, the tax effects are included in the accounting for the business merger.

The current tax expense is determined based on the taxable income for the year. The taxable income differs from the net income for the year in the consolidated comprehensive income sstatement due to (non-)taxable or (non-)tax-deductible expenses and income in subsequent years. The Group’s liability for the current taxes is calculated based on the applicable tax rates.

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

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

Deferred tax assets arising from temporary differences related to interests in Group companies are only recognised to the extent that it is likely that sufficient taxable income is available to use the claims from the temporary differences. Moreover, it must be possible to assume that such temporary differences will reverse in the foreseeable future.

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

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

20.6 Leases

20.6.1 EQS as lessee

As a lessee, the Group generally recognises a right-of-use asset and a liability for the payment obligation for all leases at the time the leased asset is available for use by the Group. Exceptions exist for short-term leases and leases of low-value assets. For these leases, the Group recognises the lease payments as rental expense on a straight-line basis over the lease term. Short-term leases are leases with a term of up to 12 months. Assets with a low value of up to USD 5,000 include operating and office equipment. Rights of use over intangible assets that are not already explicitly excluded from the scope of IFRS 16 are optionally not accounted for under the right-of-use model.

To maintain operational flexibility, the Group leases real estate, as well as operating and office equipment. At the start of the contract, an assessment is made as to whether the contract 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 a fee.

A liability is recognised for the lease agreements in the amount of the present value of the existing payment obligation, which consists of 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. To determine the present value, discounting is carried out with a risk- and maturity-equivalent marginal borrowing rate if it is not possible to determine the implicit interest rate. The current portion of the lease liability to be shown separately in the balance sheet is determined by the repayment portion included in the lease payments for the next twelve months.

The acquisition value of the liability is also the starting point to determine the acquisition costs of the right of use. The acquisition costs of the right of use also include initial direct costs and expected costs with a restoration obligation that do not relate to a property, plant and equipment item. Prepayments increase and lease incentives received reduce the acquisition value. All the rights of use are measured at amortised cost. Depreciation is calculated on a straight-line basis over the shorter of the lease term and the identified asset’s useful life. If events or changes in circumstances indicate an impairment, an impairment test is carried out in accordance with IAS 36.

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

Contracts can include both lease and non-lease components. The Group only makes use of the option for the Group company in India not to separate lease and non-lease components, but to account for the contract as a whole as a lease. Variable lease payments are only incurred to an insignificant extent and the Group does not issue any residual value guarantees. Significant leasing agreements have also not been contractually agreed whose use has not yet commenced.

20.6.2 EQS 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 essentially transfer all the risks and rewards associated with ownership to the lessee. All other leases are classified as operating leases.

The Group only enters into lease agreements as a lessor for rented properties. For these subleases, the Group acts as an intermediary and accounts for the main lease and sublease as two separate contracts. The sublease is classified into finance and operating lease on the basis of the right of use and not the underlying asset from the main lease.

Subleases are classified exclusively as operating leases and are recognised as rental income on a straight-line basis over the term of the respective lease. Initial direct costs to negotiate and agree the sublease are not added to the carrying amount of the leased property for materiality reasons. The subleases exclusively comprise leasing components.

Finance leasing

The Group does not hold any leases that are classified as finance leases.

20.7 Impairment of assets

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

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

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

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

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

Where the impairment expense subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the latest estimate of the recoverable amount. Impairment loss recognised for goodwill must not be reversed in future periods. In this case, the increase in the carrying amount is limited to the value that would have arisen if no impairment expense had been recognised for the asset or cash-generating unit in previous years. Reversal of an impairment loss is recognised directly in profit or loss.

20.8 Cash and cash equivalents

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

20.9 Financial assets and liabilities

21.9.1 Classification

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

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

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

20.9.2 Recognition and derecognition

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

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

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

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

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

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

20.9.3 Measurement

Financial assets – classification, subsequent measurement and profits and losses

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

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

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

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

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

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

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

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

All financial assets not measured at amortised cost or at FVOCI are measured at FVTPL. This includes all derivative financial assets. Derivatives are measured at fair value upon initial recognition. As part of the subsequent measurement, derivatives are measured at fair value. Resulting changes are principally recognised in profit or loss. The Group can make an irrevocable election at initial recognition to designate financial assets otherwise meeting the conditions for the measurement at amortised cost or for FVOCI as FVTPL, if doing so eliminates or significantly reduces otherwise arising accounting mismatches.

Financial liabilities – classification, subsequent measurement and profits and losses

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

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

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

Equity instruments

Dividends from a Group company are recognised in the Group's separate financial statements when the company becomes legally entitled to the dividend. The dividend is recognised 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 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 Group applies the simplified approach under IFRS 9 to measure expected credit losses. Accordingly, the credit losses expected over the term are used for all trade receivables and contract assets.

For measuring expected credit losses, trade 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 receivables are a reasonable approximation of the loss rates for contract assets. For further details, see note 10.2.2.

20.10 Property, plant & equipment

Office and business equipment as well as commercial buildings are disclosed at acquisition or manufacturing cost less accumulated scheduled depreciations and recognised impairments.

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

Derecognition of tangible assets

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

20.11 Intangible assets

20.11.1 Concessions, industrial property rights and similar rights and assets

Separately acquired intangible assets with finite useful lives

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

Goodwill

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

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

Internally generated intangible assets – research and development costs

The creation process of internally generated intangible assets must be divided into a research phase and a development phase. Only the development phase costs can be capitalised. Costs for research activities are charged to expense in the period of their accrual. If the research phase cannot be separated from the development phase, the costs shall be allocated to the research phase.

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

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

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

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

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

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

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

The amount at which an internally generated intangible asset is initially capitalised is the total of expenses incurred from the date on which the intangible asset initially meets the conditions above. Where an internally generated intangible asset cannot be capitalised or no intangible asset yet exists, the development costs are recognised through profit or loss in the period of their accrual.

All research and development expenses not eligible for capitalisation were recognised as expense in the period in which they were incurred (€3.19 million; previous year: €2.79 million).

In subsequent periods, internally generated intangible assets are accounted for, analogously to acquired intangible assets, at manufacturing costs, less accumulated amortisations, and impairments. The Group usually amortises capitalised development costs on a straight-line basis over a useful life of 5 to 10 years.

Intangible assets acquired as part of a business merger

Intangible assets acquired as part of a business merger are recognised separately from goodwill and measured at their fair value on the acquisition date.

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

Derecognition of intangible assets

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

20.11.2 Depreciation methods and periods

For details on the depreciation methods and periods applied by the Group for intangible assets, please refer to note 6.1.1.

20.12 Trade payables and other financial liabilities

These amounts relate to outstanding payables for goods and services received by the Group before the end of the financial year. The amounts are unsecured and are usually paid within 30 days of posting. Trade payables and other financial liabilities are recognised as current liabilities unless they are not due to be settled within 12 months of the reporting period. They are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

20.13 Loans taken out

Loans taken out are initially recognised at fair value less transaction costs incurred. Subsequently, the loans are measured at amortised cost. Differences between the amounts received (net transaction costs) and the repayment amount are recognised in the comprehensive income statement over the term of the loans using the effective interest method. Credit facility establishment fees are recognised as transaction costs under the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until use. Unless there is evidence that drawdown of part or all of the facility is probable, the fee is capitalised as an advance payment for financial services and amortised over the term of the facility it relates to.

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

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

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

20.15 Provisions

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

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

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

Onerous contracts

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

Obligations to reverse constructional changes

Obligations to reverse constructional changes exist in particular in the area of real estate leasing. Provisions for expenses to reverse constructional changes are recognised when the obligation arises at the commencement of the lease or as a result of the use of the property during the lease term. For the measurement, the best possible estimate is made of the expenses incurred that are necessary to restore the leased asset. The estimates are reviewed regularly and adjusted if necessary.

20.16 Employee benefits

20.16.1 Current employee benefits due

Liabilities for wages and salaries, including non-monetary benefits, for annual leave and for overtime that 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 recognised for the employees' services until the end of the reporting period and measured at the amounts expected to be paid to settle the liabilities. Liabilities are recognised as current employee benefit liabilities in the consolidated balance sheet.

20.16.2 Benefits after termination of the employment relationship

In the case of defined contribution plans, the Company pays 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, no further payment obligations arise for the Group. The contributions are recognised as personnel expenses when due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments has been made.

In addition, defined benefit pension plans exist in various foreign companies:

Switzerland

The amount of the benefits depends on the length of employment and the salary of the beneficiaries in the years before retirement and ensures them lifelong pension payments. Retirement is at the age of 65 for men and 64 for women; early retirement is possible from the age of 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 under the BVG.

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

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 set out in the plan's funding guidelines. Employees and employers each pay half of the total contributions.

India

The plan provides for a lump-sum benefit in the event of death, disability, resignation or retirement, based on final salary at the time of departure. The plan's benefits amount to 15/26 times the final salary at retirement with a cap of approximately €25k 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 in employment with the Group at the time of retirement.

The pension plan is not funded.

Italy

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

The pension plan is not funded.

Serbia

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

The pension plan is not funded.

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 half of the total contributions.

20.17 Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and that the Group will comply with the conditions attached to them.

Government grants will be recognised in profit or loss on a systematic basis over the periods in which the Group recognises the related costs for which the government grants are intended to compensate as expenses. Government grants are deducted from the corresponding expenses.

20.18 Equity

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

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

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

20.19 Dividends and interest income

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

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

20.20 Rounding of amounts

Unless stated otherwise, all amounts disclosed in the financial statements and notes are rounded to the nearest thousand (EUR'000/€k) of the currency units.

20.21 Share-based payment

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

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

20.22 Earnings per share

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

21 Approval of the Financial Statement

The Executive Board approved and released the financial statement for publication on March 24, 2022.

Munich, March 24, 2022.

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

Financial Calendar of EQS Group AG

March 25, 2022	Publication of Annual Report
May 13, 2022	Publication quarterly statement (call-date Q1)
May 23, 2022	Spring Conference
June 02, 2022	m:access Conference
June 28, 2022	Annual General Meeting 2022
August 12, 2022	Publication half-yearly financial report
September 19, 2022	Analysts' Conference
November 11, 2022	Publication quarterly statement (call-date Q3)
November 15, 2022	Munich Capital Markets Conference
November 28, 2022	German Equity Forum

Stock exchange data of EQS Group AG

Share	**EQS Group AG**
WKN	**549416**
ISIN	**DE0005494165**
Ticker Symbol	**EQS**
Type of Shares	**Registered shares**
Sector	**RegTech**
Initial listing	**June 8, 2006**
Stock Exchange Listing	**Open Market, Frankfurter Wertpapierbörse** **m:access, Börse München**
Market segment	**Scale**
Company headquarter	**Munich**
Number of Shares	**8,659,476 Units**
Amount of Nominal Capital	**8,659,476 Euro**
Designated Sponsor	**Baader Bank AG, Unterschleißheim**

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

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Register number:
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Concept & design, editing and realisation:
EQS Group AG

Imprint:
EQS Group AG
Karlstrasse 47
80333 Munich

Tel.: +49 (0) 89 444 430-000
Fax: +49 (0) 89 444 430-049
info@eqs.com
www.eqs.com

Management Board:
Achim Weick, Founder and CEO
Christian Pfleger, COO
André Silvério Marques, CFO
Marcus Sultzer, CRO

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