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**

AWADO Gemeinsam. Stark. | Bundesanzeiger Verlag | DATEV | INFORMA | KPMG | KROMANN REUMERT | middlenext | pwc

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

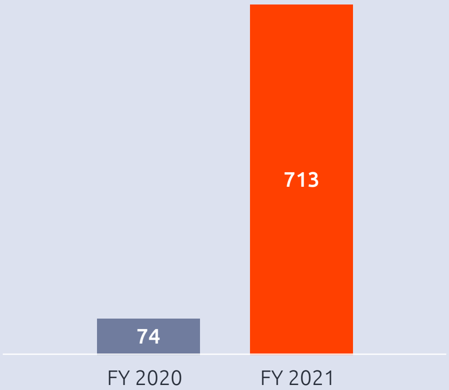
The **Compliance segment** comprises all products required to **fulfil a regulatory obligation**. This includes the **cloud products** for reporting obligations in News (Disclosure), Insider Manager, Integrity Line, Policy Manager and Approval Manager, as well as Rulebook and Third Party Manager since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

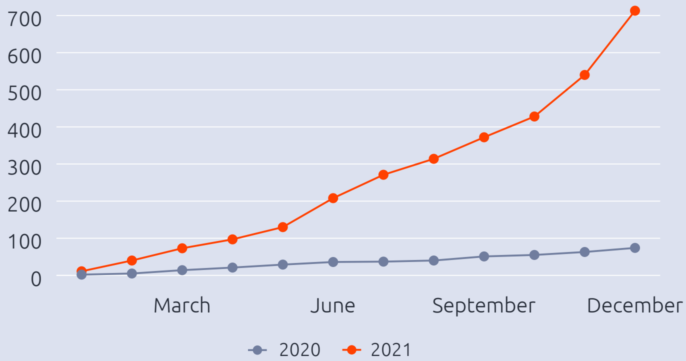
In addition, other **cloud services** are provided in the Filings (XML, XBRL) and LEI area. Since many customers do not necessarily use the COCKPIT, they are recognised separately.

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 %

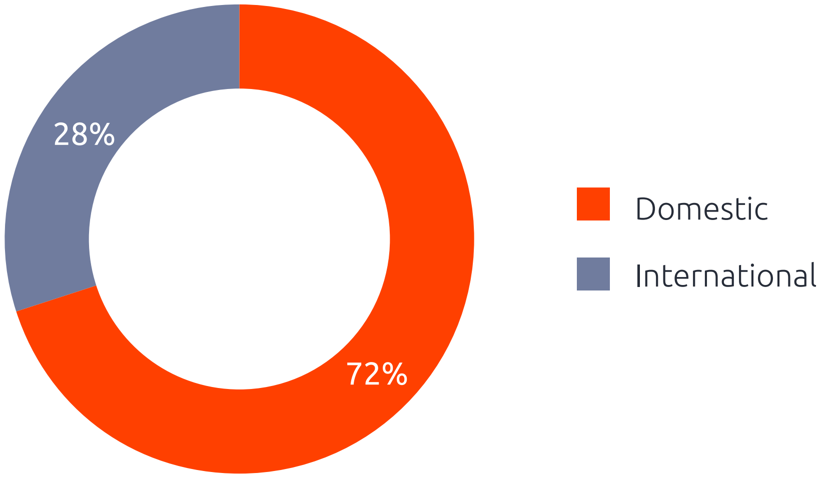
Domestic

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

IPOs 2021

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).

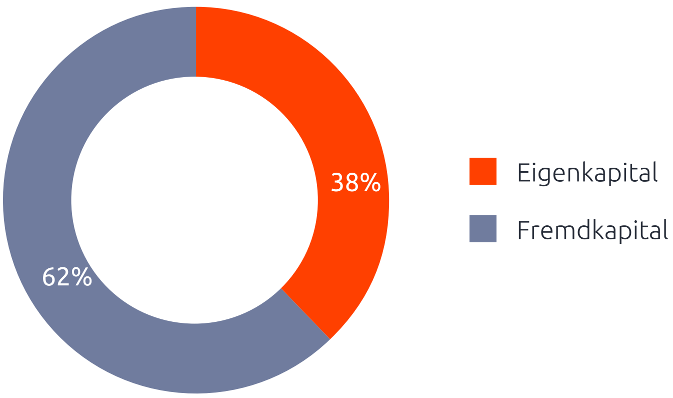
The **refinancing of payment obligations due in the coming 3-15 months** from the bank loans from Commerzbank AG and from the vendor loan in a total amount of **€ 72 million** will be carried out partly through inflows of funds from capital increases in December 2021 and March 2022 and partly through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