EQS GROUP

BUILDING AN EUROPEAN SAAS CHAMPION

Annual Report 2023

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Key Figures

Key Financials	*12m 2023 € thousand*	*12m 2022 € thousand*	*+/-*
Revenues*	69,401	60,298	15%
EBITDA*	3,278	4,921	-33%
EBIT*	-5,165	-3,143	-64%
Group net income*	-5,662	-2,871	-97%
Free cash flow	7,182	1,510	>100%
Key asset figures	*Dec. 31, 2023*	*Dec. 31, 2022*	*+/-*
Balance sheet total	184,698	189,373	-2%
Equity	105,798	112,211	-6%
Equity ratio (%)	59%	38%	
Cash and cash equivalents	7,504	10,655	-30%
Group employees	*12m 2023*	*12m 2022*	*+/-*
Period average	566	576	-2%
Personell expenses	41,879	38,837	8%
	Dec. 31, 2023	*Dec. 31, 2022*	*+/-*
Earnings per share (EUR)	-0.56	-0.34	-65%
Market capitalization (mEUR)	400.97	324.80	23%

All figures without designation in € thousand
*from continued operations

Letter from the Founder

Dear shareholders, employees, business partners and friends of EQS Group,

In 2017, 17 years after our company was founded, we decided to establish a second business area in addition to Investor Relations: **Corporate Compliance**. We explained to our shareholders that this was a unique opportunity for us. But it also required **significant investments**, which meant that there would be **no EBITD**A and no dividends for the **next five years.** We did everything we could to develop a **new, modern, and highly scalable technology platform** that could serve both investor relations and corporate compliance - our **COCKPIT**. We had a clear goal: to become **the leading software provider for corporate compliance in Europe.** And whistleblowing was going to be our entry-level product. Why? Because regulation was already on the horizon at this time.

In 2021, we achieved the leading market position in whistleblowing in Europe with the successful acquisition of **Business Keeper GmbH**, Berlin, the pioneer in Europe and number one player in Germany, Europe's largest market. No other vendor had as many customers, **a larger European presence** and as many employees in this area as we did. We were fully prepared for fast scaling and were waiting for a **big wave of new customers**. However, the regulatory tailwind we hoped for did not materialize for the time being. This weighed heavily on our sentiment and our profitability.

Then came 2023, the long-awaited **year of whistleblowing**. After an 18-month-delay, the Whistleblower Directive was implemented in most EU countries in **mid-2023**. Unfortunately, it often took on a very watered-down form - no anonymity, no or only very lenient penalties. Nevertheless, we finally had a basis to conquer the **huge market** of **250,000 companies** in the EU with more than 50 employees. And we delivered: 3,400 new customers in just one year – that is an extraordinary achievement in the B2B SaaS industry. Especially considering how long it takes to convince companies to trust us with highly sensitive data – insider information and misconduct within their own organization.

Largely due to the record month of December, we were also able to achieve our target of **€ 12 million** (previous year: € 9.3M) in **new ARR** (newly acquired annual recurring revenue). This was an encouraging year-end result, even though many new contracts would not take effect until January 2024 and our **sales growth in 2023** was therefore only **15%** (continuing operations).

To maintain our momentum despite the postponement of legislation, we decided in mid-2023 to talk to **private equity investors** about how they could help us grow even faster and more profitably. In **Thoma Bravo**, we have now found the best possible partner: the world's number 1 in B2B SaaS, with many years of experience, excellent expertise, and a wealth of industry data. During the six-month selection process, we learned a lot about our own strengths and weaknesses. We realized that we were very well positioned in the area of corporate compliance, but that our cost structure was too high and that we needed to become even more focused.

On **February 2nd, 2024**, the takeover bid by Thoma Bravo was accepted by a large majority of **98%** of shareholders. The takeover price of **€ 40** was a significant premium of 61% on the average share price of the last three months. Following the takeover, Thoma Bravo carried out a **capital increase** of **€ 40 million** as agreed, which enabled us to repay a large part of our debt capital. We are now able to grow even more strongly through acquisitions.

In addition to reporting financial results, transparent communication of our sustainability efforts also plays a key role for us. In recent years, we have significantly stepped up our efforts to become even more sustainable and are very pleased with the increased attention that our new sustainability team is receiving within the company. We published our second sustainability report in May 2022 and will shortly introduce the third report. Many internal measures such as environmental projects, no company cars, no domestic flights, and 50% green electricity for our offices have already been implemented or are being considered for future planning. This is reflected in our carbon footprint: even after COVID, we have a relatively low CO2 footprint of about 1.3 tons per employee per year (certified by TÜV Rheinland). But we still have a lot to improve. Our three most important goals for the coming years are: Becoming **carbon neutral** in our operational emissions, **50% female representation at all levels**, and full **equality for all employees** in terms of recruitment, promotion, and pay.

Dear readers, EQS Group's rapid growth would not have been 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 motivates them to perform at their best. Our high attractiveness as an employer is confirmed both by external rating portals and by our annual anonymous survey of all employees, in which we were pleased to receive consistently high ratings again last year.

Our sincere thanks go to all those who support us in making this great company relevant: Our highly motivated employees, as well as long-standing customers and business partners with whom we work together in a spirit of trust. We have a great opportunity to build the **largest cloud provider in Europe for corporate compliance and investor relations**. We are therefore looking to the future with great optimism and look forward to having you all by our side in the future.

Finally, I would like to say a very special thank you to our many loyal shareholders who have supported and encouraged us in our mission of "**creating trusted companies"** since our IPO in 2006. This includes many partners, parents, grandparents, aunts and uncles and friends who have been with us from the very beginning. It has made us very proud that you have placed your trust in us and have accompanied us on our journey to success for so long.

Munich, March 11th, 2024

Achim Weick
Founder & CEO

Supervisory Board Report

Dear shareholders,

In just a few weeks, EQS Group AG will no longer be represented in the Scale segment of the German Stock Exchange. As unfortunate as this is for us stock market enthusiasts, it shows once again that the German and European capital markets are not in a position to adequately support small and medium-sized growth companies like EQS Group AG through all phases of a company's development. There is a lack of political will to favor investments in shares and companies. This is accompanied by a steady decline in the number of listed companies to only 384 issuers in the regulated market as of March 1, 2024. Private equity firms, especially from the US, are using this to their advantage and enabling further growth by providing capital at reasonable conditions.

EQS Group AG has also decided to realize further growth without a presence on a stock exchange with the help of private equity investor Thoma Bravo. As you can imagine, as a pioneer of online investor relations in Germany and with a strong connection to the stock market, this decision was not easy for the Executive Board, and the Executive Board and Supervisory Board have been working intensively on this in 2023.

In addition, the Supervisory Board dealt extensively with the situation and development of EQS Group AG in the **2023 financial year** and monitored and closely supported the work of the Executive Board on the basis of its extensive reports and advised it on important issues. Information was provided both in writing and verbally. In addition, there was a regular exchange of information between the Chairman of the Supervisory Board and the CEO. The Audit Committee was also in close contact with the CFO. Accordingly, the Supervisory Board was always informed about the corporate objectives and the associated planned business strategy, operational corporate planning, investment projects including M&A transactions, financing with equity and debt capital, the search for a long-term investment partner, the development of current business, profitability and the financial situation, as well as the situation of EQS Group AG.

The cooperation between the Supervisory Board and the Management Board was constructive and was always characterized by open and trusting discussions. Opportunities and risks in the business areas were discussed at length, corporate planning was presented in detail and sales, earnings and liquidity were compared with the planning on the basis of quarterly reports and additional monthly reports from the Management Board and deviations from this were scrutinized. The Supervisory Board also regularly informed itself about risk management, the progress of product developments and the structure and implementation of the Whistleblower Protection Act in all countries of the European Union.

The Supervisory Board was involved in all important decisions. Where the approval of the Supervisory Board was required for decisions or measures by the Management Board due to legal provisions, the articles of association or rules of procedure, the members of the Supervisory Board examined the draft resolutions at the meetings and voted on them.

Change in the Supervisory Board

Rony Vogel has resigned from the Supervisory Board. He had been a member of the board since the founding of the AG in 2000. With his expertise in new business models and the development of growth companies in particular, he provided EQS Group AG with outstanding support. On behalf of the Supervisory Board and the Management Board, we would like to take this opportunity to express our sincere thanks for the trusting cooperation over all these years.

Stephan Ritter was newly elected to the Supervisory Board. He has worked in management positions for General Electric and Arcadis over the past 24 years. Due to his management activities in large organizations, he can support EQS Group AG in its growth into a new size class.

Catharina van Delden was re-elected to the Supervisory Board after her first term of office. She is a SaaS entrepreneur from Munich and a proven expert in innovation management and also has a large network in the tech community, including through her many years of involvement in the executive committee of the industry association BITKOM, of which she was a member until 2021.

Laurenz Nienaber was also re-elected to the Supervisory Board. He is Managing Director of LMN Capital GmbH. As a business information scientist and capital market expert, he has extensive knowledge of the work of listed technology companies.

The Supervisory Board of EQS Group AG thus consists of the Chairman Robert Wirth, his deputy Laurenz Nienaber, the Chairwoman of the Audit Committee Prof. Kerstin Lopatta, Catharina van Delden and Stephan Ritter.

Robert Wirth

Laurenz Nienaber

Prof. Kerstin Lopatta

Catharina van Delden

Stephan Ritter

Work of the Supervisory Board

A total of **ten Supervisory Board meetings** were held in the 2023 financial year. The Supervisory Board was fully represented at all meetings. The members of the Executive Board generally took part in the Supervisory Board meetings, although not all members of the Executive Board were always present for specific topics. Supervisory Board consultations also took place without the Executive Board. In addition to the meetings, resolutions on current topics were passed by written circulation procedure. The Supervisory Board formed two committees, the Audit Committee and the Remuneration Committee, which were newly appointed after the Annual General Meeting on 30 June 2023. The Audit Committee is chaired by Prof. Kerstin Lopatta and Laurenz Nienaber. Laurenz Nienaber took over as Chairman of the Remuneration Committee, which also includes Stephan Ritter as his deputy and Robert Wirth.

Meetings and focal points of the Supervisory Board

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

At a meeting in January, the Supervisory Board discussed and approved the planning submitted for the 2023 financial year.

At a meeting in February, the Supervisory Board approved a revised plan for the 2023 financial year. This had become necessary as revenue and EBITDA in the fourth quarter of 2022 were below plan due to the postponement of the Whistleblower Protection Act and the targets for 2023 were based on the German law being passed more quickly. Due to the postponement of the law, extensive cost-saving measures were discussed and initiated and an intensive dialog with the syndicate banks was recommended.

At another meeting in March, the Supervisory Board dealt with the annual financial statements, adopted them and approved the consolidated financial statements for 2022, including the management reports. The Supervisory Board also discussed business performance in the first quarter, the development of cost savings, candidates for the Supervisory Board, business in Russia and the negotiations with the bank consortium regarding the loan agreements.

At a meeting of the Supervisory Board in May, the Supervisory Board approved the agenda for the Annual General Meeting and the nomination of Stephan Ritter for the Supervisory Board. The Supervisory Board also discussed the cooperation with the auditor BDO and the plausibility of an additional fee claim due to additional work performed by the auditors.

At a further meeting in May, the Supervisory Board dealt with the current course of business and the effects of the late implementation of whistleblower protection legislation in the EU. The Supervisory Board took note of the evaluation and the Management Board's decision to enter into talks with private equity firms.

At a meeting following the Annual General Meeting, the Deputy Chairman of the Supervisory Board, Laurenz Nienaber, was confirmed in office. The members of the Audit Committee, Prof. Kerstin Lopatta as Chairwoman and Laurenz Nienaber as her deputy, were also confirmed. There was one new appointment to the Remuneration Committee. Laurenz Nienaber again took over the chairmanship. Stephan Ritter was newly elected as his deputy. Robert Wirth was elected as a member of the Remuneration Committee. The Supervisory Board also informed itself about the status of legislation on whistleblower protection and current sales trends in the individual European countries.

In July, the Supervisory Board passed a written resolution approving the Management Board's decision to appoint Goldman Sachs Bank Europe SE as an advisor for a potential investor in EQS Group AG.

At a meeting in September, the Supervisory Board was informed in detail about the legislation on whistleblower protection in the European member states and the sales successes to date, marketing measures, partner business and the current assessment of sales potential. Other topics included developments in the search for investor partners, weighing up the advantages and disadvantages as well as risks for the company and its employees, risk management, the transfer of the audit from BDO to Baker Tilly and a product presentation in the area of compliance.

At a meeting in November, the Supervisory Board discussed the current status of the investor agreement with Thoma Bravo in detail, examined the advantages and disadvantages of the transaction once again and obtained precise information on the further course of the implementation of a possible transaction.

At a joint meeting of the Executive Board and Supervisory Board on November 16, 2023, the Supervisory Board approved the Executive Board's resolution to conclude an investor agreement with Thoma Bravo. The Supervisory Board also gave its approval for a planned capital increase by Thoma Bravo, which became part of the investor agreement.

At a joint meeting in December, the Supervisory Board discussed the draft of the jointly reasoned statement by the Executive Board and Supervisory Board on the takeover bid by Thoma Bravo and approved the draft.

By written resolution on December 12, 2023, the Supervisory Board approved the jointly reasoned statement by the Executive Board and Supervisory Board on the takeover bid by Thoma Bravo.

Audit of annual and consolidated financial statements

The Annual General Meeting on June 30, 2023 appointed Baker Tilly GmbH & Co KG Wirtschaftsprüfungsgesellschaft Düsseldorf, Munich branch, as the auditor for the 2023 financial year. The latter audited the annual financial statements of EQS Group AG as at December 31, 2023 and the consolidated financial statements in accordance with IFRS as at December 31, 2023, including the combined management report as at December 31, 2023, and issued an unqualified audit opinion in each case.

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

Taking into account the auditor's reports, the Supervisory Board examined the annual financial statements of EQS Group AG as at December 31, 2023 and the consolidated financial statements in accordance with IFRS as at December 31, 2023, including the combined management report as at December 31, 2023, and issued an unqualified audit opinion in each case. The Supervisory Board concurred with the auditor's findings and determined that there were no objections to be raised. The Supervisory Board approved the annual financial statements and the consolidated financial statements of EQS Group AG as at December 31, 2023 at the balance sheet meeting on March 27, 2024. The annual financial statements as of December 31, 2023 are thus adopted within the meaning of Section 172 AktG. The Supervisory Board agrees with the Management Board's proposal for the appropriation of EQS Group AG's net retained profits, which does not provide for a dividend.

In the 2023 financial year, the Supervisory Board continued to deal with the principles of good corporate governance and new regulations. This also included a sustainability workshop led by Prof. Kerstin Lopatta, which not only highlighted general sustainability aspects, but also dealt in detail with issues relating to practical implementation for companies. EQS Group AG complies with the recommendations of the Government Commission on the German Corporate Governance Code in accordance with the version of the Code published in the Federal Gazette in June 2022, 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 high level of personal commitment and outstanding work. At the same time, the Supervisory Board would like to express its recognition and great appreciation to the Management Board and the entire management team for their excellent performance.

Munich, March 28, 2024

Robert Wirth

Robert Wirth
Chairman of the Supervisory Board

SUMMARIZED MANAGEMENT REPORT AS OF 31 DECEMBER 2023

EQS GROUP AG
Munich

1 General information on the Summarized Management Report

This Summarized Group Management Report of EQS Group AG (hereinafter: ‘we’, ‘EQS’, ‘the company’, ‘the Group’, ‘you’, ‘EQS Group’) and Management Report of EQS Group AG has been drawn up in accordance with Sections 289 and 315 of the German Commercial Code (HGB).

Since financial year 2023, the Management Report of the parent company EQS Group AG is presented as a combined report with the Group Management Report. The congruent contents are summarized and the Economic and Forecast Reports for the Group and EQS Group AG are presented separately.

Unless otherwise stated, all information in this report relates to the 31 December 2023 or to the financial year ending on this date.

Percentages are commercially rounded without decimal places. Millions (million) are shown with two decimal places and thousands (thousand €) without decimal places.

This Management Report contains forward-looking statements and information that are based on the opinions and assumptions of Management. These for its parts are based on the information currently available to Management. Such forward-looking statements are the result of our current expectations, assumptions and forecasts with regard to future circumstances and events. Consequently, these forward-looking statements and information are subject to various risks and uncertainties, many of which are beyond our control. Should one or more of these risks and uncertainties materialize, or should Management's assumptions prove incorrect, our actual results could differ materially from those described in or implied by the forward-looking statements and information.

2 Foundations of the Group

2.1 Goals, vision, business model

2.1.1 The EQS Group at a glance

The **EQS Group AG** was founded in Munich in 2000. It is a leading international cloud software provider in the areas of **Corporate Compliance, Investor Relations** and **ESG Reporting**. In addition to its headquarters in Munich, the company has a total of 13 locations in various financial centres around the world as well as a technology centre in Kochi (India). With over 500 employees, we serve customers in many countries. Geographically, the markets are divided into domestic (Germany) and foreign. Where appropriate, we establish new subsidiaries or acquire companies in order to achieve our goal and our vision. No new subsidiaries were established or companies acquired in the financial year 2023.

2.1.2 Business model

Thousands of companies around the world use **products of the EQS Group**. EQS Group products are bundled in the **cloud-based** software **EQS COCKPIT**. This allows compliance processes in the areas of whistleblower protection and case management, policy management and authorization processes to be managed just as professionally as business partner management, insider list management and reporting obligations.

We generate extensive **SaaS revenues**[1] from the provision of cloud software. In addition, we generate recurring revenue for report conversion and submission of financial information (filing), for the realization of video and audio webcasts as well as ongoing subscription revenue from the hosting and maintenance of these applications. In the area of the distribution of corporate communications, we generate revenue per message depending on the selected distribution network. Non-recurring revenues result from the setup of websites, apps, charts, tools or digital reports.

2.1.3 Goals, strategy and vision

In recent years, we have continuously expanded our range of services and consolidated our position as the market leader in digital investor relations in the German-speaking region (DACH). Almost all DAX40 companies currently use the **EQS IR COCKPIT**. We are also one of the leading providers in this area in Switzerland and Austria.

There are three key trends in the economy that have a strong influence on EQS's business: **Digitalisation, regulation** and **sustainability**. In particular, the regulatory requirements for groups and SME companies in the areas of compliance and governance have continuously expanded. This gives EQS great potential to introduce innovative products and grow as a result. We are convinced that transparency is a company's most important asset: Trust.

Our goal is to become the **leading European cloud provider** for global investor **relations & corporate compliance solutions**. We see great potential in particular in the expansion of **European regulations** and their local implementation in the EU member states.

[1] Software as a Service

We derive our product portfolio from our strategy. In Investor Relations, we pursue a profitability strategy based on our market coverage. The aim here is to achieve sustainable, constant earnings and high cash flows with the scalable business. In the area of compliance, we want to utilize the increasing legal requirements. The Compliance COCKPIT offers a standardised platform for this. The aim is to fulfil the requirements as comprehensively as possible. The resulting recurring revenues should expand the stable basis of our business model.

2.1.4 Values and mission

Since its foundation, EQS has continuously developed into a leading European software company. This was only possible thanks to our culture, values and principles.

Our **'Creating trusted companies' mission** drives us in our daily work. We believe that **transparency** creates the most important capital, trust. As pioneers in the digitalization of work processes, our passion is to improve **Investor Relations** and **Corporate Compliance**. To this end, we provide digital solutions to minimise risks by complying with local regulations, involving stakeholders and thus saving time by managing work processes digitally.

To this end, we live by the following company values and working principles, which are very important to us, in our day-to-day work:

- **Passion**: We love what we do and want to be successful with it.
- **Team spirit:** We have mutual empathy and respect.
- **Entrepreneurial**: We take responsibility for our activities.
- **Open corporate culture**: We are transparent and trust each other.
- **Flat hierarchies**: We are disciplined in our actions and thoughts.

Values such as openness, transparency and trusting cooperation are the guidelines that employees and managers always follow. They are an essential part of our daily cooperation, both internally as well as with customers, business partners, suppliers and investors.

2.2 Product strategy, customers and investments

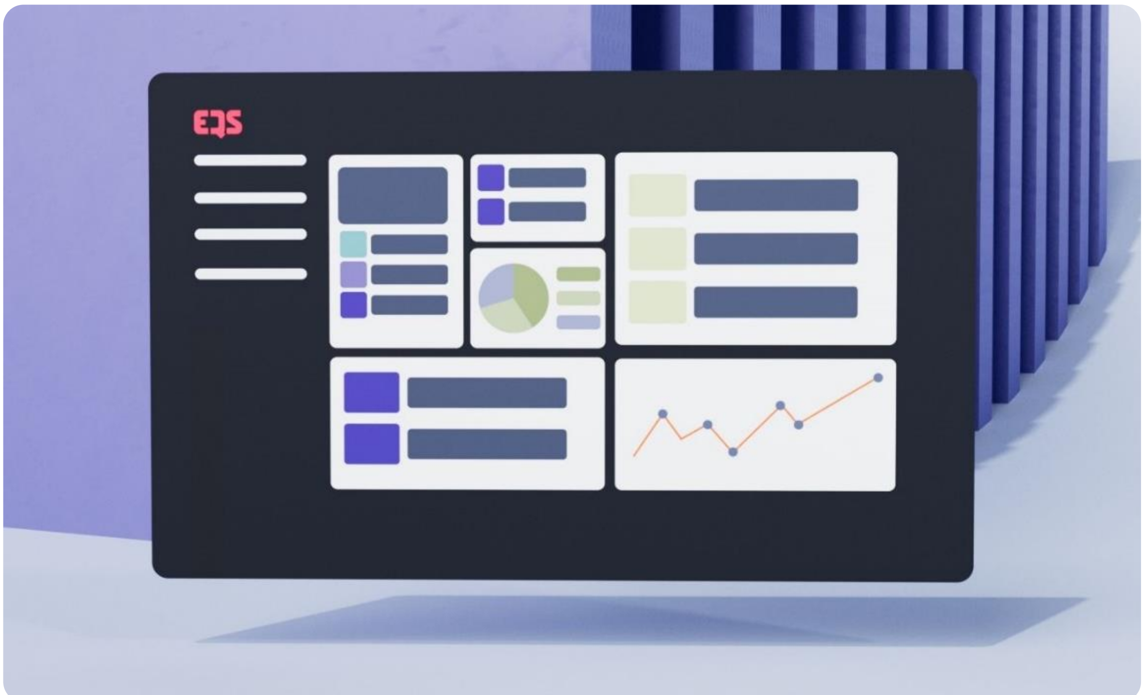
Product strategy

In the area of compliance, we offer a **holistic platform (Compliance COCKPIT)**, that enables companies to implement effective compliance programs and manage them digitally and efficiently. Within the platform, **different modules** are available that represent the essential core elements of an effective compliance program: The '**Policies**' module for managing and communicating regulations and guidelines, '**Approvals**' for approval and disclosure processes, '**Integrity Line**' as a digital whistleblowing system, and '**Third Parties**' as a module for recording and evaluating sustainability-related risks in the supply chain. The functional scope of the Compliance COCKPIT is constantly being expanded, both within existing modules and by adding new modules. The launch of the new '**Risks**' module is planned for 2024, which will enable companies to record and assess their compliance risks and assign measures to them. The existing modules are to be further enhanced in terms of product maturity and the efficiency of compliance processes is to be increased through the use of artificial intelligence across the entire COCKPIT.

In the area of **Investor Relations**, growth is to be enabled through scaling via the extensive offering in our **IR COCKPIT**. The IR COCKPIT will also become a 360-degree corporate communications platform. We enable IR managers to seamlessly create and edit **dynamic factsheets** in real time using user-generated IR content.

Our products are developed in line with market requirements (laws, regulations, trends or ideas) and new technological possibilities. Providing innovative solutions that are tailored to **customer needs** is the core task of our product managers and software developers. To achieve this, they are guided by the state of the art and the latest findings on usability (user experience UX). As part of the **'continuous discovery' process**, our product managers are in close contact with customers – either directly or via departments such as customer support and sales – and find out about their needs and challenges. The combination of customer proximity and an understanding of the market is crucial for reflecting current requirements or legal innovations in the products. Through rapid and practical implementation, we in turn help our customers to efficiently fulfil their obligations, for example as a listed company, or other legal requirements.

In dialogue with our customers, we strive for fast feedback cycles and proactive product management.

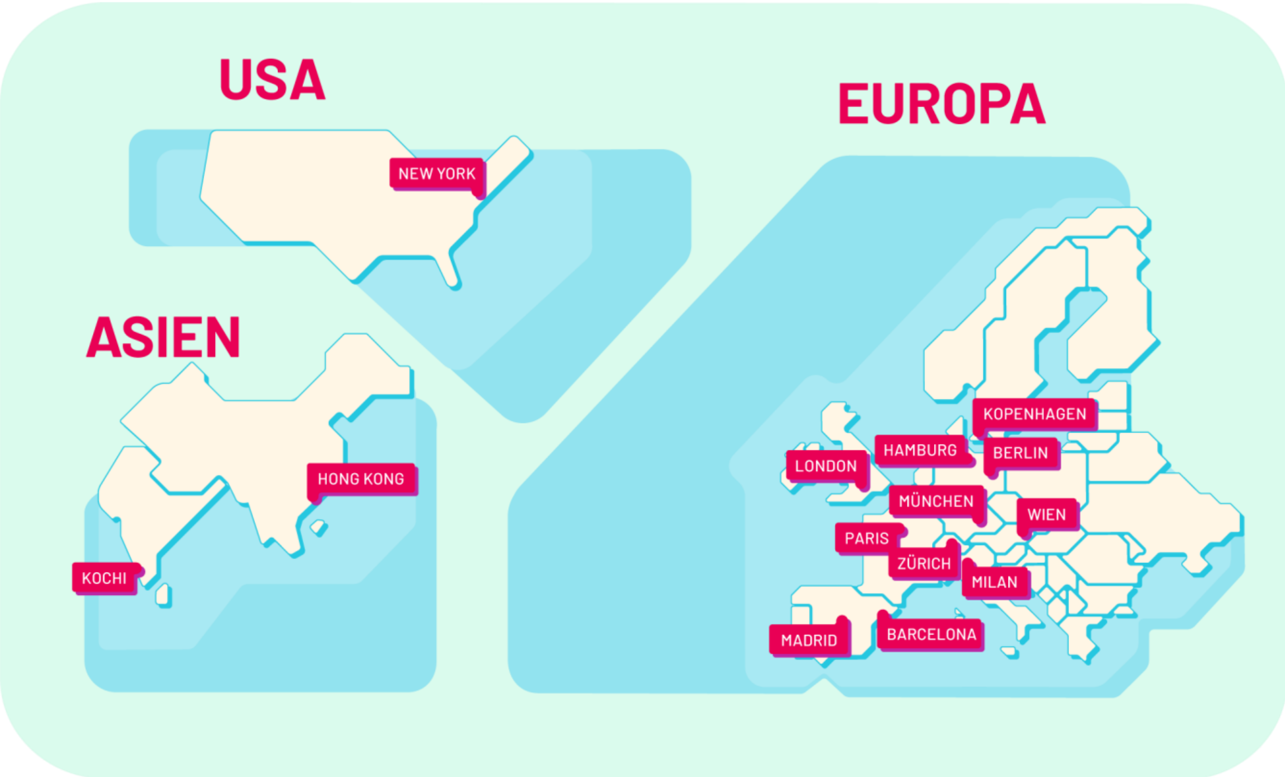


Customers

Thousands of companies around the world use EQS Group products, regardless of industry, sector or company size. Our customers also include institutions (local authorities and state organizations).

In the **Investor Relations** segment, our clients are **public interest companies** that we help to implement statutory and voluntary transparency requirements. Our customer base in the Compliance segment is significantly broader, as regulations in this area, particularly in Europe, are gradually affecting more and more companies and institutions.

Due to standardized European regulations, we focus on the countries of the **European Union**. However, we are also gaining customers in other **global markets**, especially where legislation is already more advanced and where there are links to European markets.



Research and development

The ongoing **refinement of existing products** and the **development of new cloud solutions** ensures that the applications meet the current and future requirements of our customers. They form the **basis for our future growth**. To this end, we maintain development centres in Germany and India.

At the centre of product development is the **EQS COCKPIT**, our central, cloud-based platform that is being developed for all business units. To do this, we use software development methods that comply with current technology standards.

In the **Segment Compliance** segment, development activities focused on the **Go Live** of the **Compliance COCKPIT**. To this end, our whistleblowing solution **Integrity Line** was **fully integrated** into the Compliance COCKPIT and key functions were added to the existing Approval Manager and Policy Manager applications. Finally, the **development of the Third Parties module**, an application that is particularly relevant for monitoring supply chain risks, was continued. This will significantly expand the product range in the area of compliance and adopt the platform approach from the Investor Relations division.

In the **Investor Relations** segment, the further development of the existing CRM, Mailing and Investors applications in the **IR COCKPIT** was driven forward.

In the financial year 2023 **internally generated intangible assets** totalling **€1.89 million** (previous year: €2.16 million) were capitalized in the Group, of which €0.78 million in the Compliance segment and €1.12 million in the Investor Relations segment. This is 28% of research and development costs totalling €6.85 million. This also includes programming services from the Group's internal development service provider EQS Webtechnologies Pvt. Ltd. in India totalling €1.00 million. The **amortization** of internally generated intangible assets amounted to **€1.47 million** (previous year: €916 thousand) in the reporting period.

In future, we want to focus even more on product discovery. The most important customer needs and requirements should be identified at an early stage in order to address them as quickly as possible. These may be new laws or guidelines that customers have to fulfil, new challenges in collaboration, communication or processes, or other requirements in our specialist areas that can be solved by software. In addition, we continuously invest in the user-friendliness of our applications. In future, this is to be supplemented by offers such as how-to articles, video tutorials, product updates and guided tours.

2.3 Employees

Our employees are a key success factor for the EQS Group. We have established a structured HR process that ensures that suitable employees are selected, optimally positioned and continuously developed through training.

An important topic in the context of employee satisfaction is the compatibility of private life and work. We want to enable our employees to have a good balance and have been continuously expanding the measures for years.

In 2023, the number of permanent employees in the Group declined by -3% to 562 (previous year: 579) as a result of the reluctance to recruit new employees. In Germany, the number reduced slightly to 360 (previous year: 366). The technology site in Kochi had an average of 88 employees in 2023 (previous year: 94). The number of full-time equivalents (FTE) as at the reporting date was 522 (previous year: 538).

2.4 Macroeconomic and Regulatory Environment

In 2023, the **world economy** is expected to have grown by **+3.0%** (previous year: +2.9%) in a difficult environment (**real GDP**). In addition to geopolitical developments, the effects of monetary policy with rising interest rates and the effects of overall inflation also have an impact here. The existing problems in the supply chains, high inflation and the associated key interest rate hikes as well as the ongoing war in Ukraine and the Middle East are dampening expectations for 2024 and leading to a reluctance to invest in many sectors. The global economy is expected to grow by 2.4% in 2024.

Persistently high inflation rates, restrictive monetary policy, challenging competitive conditions and the relocation of investments to non-European countries are also impacting the export-dependent region of Europe. The economic situation in **Germany** in 2023 was characterised accordingly. The energy crisis, geo-economic tensions and shortage of skilled labor are also impacting the German economy. All this at a time when many changes needed to ensure the transition to climate neutrality and sustainability. Real GDP in Germany is expected to fall slightly by **0.3%** in 2023 (previous year: +1.9%). In line with the global economy, the outlook for the German economy in 2024 is significantly weaker. GDP growth is expected to be 1.3%.

In the first half of 2023, the German benchmark index **DAX** recovered from a low of 11,000 points in 2022 to over 16,000 points and was trading at historic **highs** at the end of 2023. This reflects the positive outlook for investors despite high inflation, rising interest rates and the ongoing war in Ukraine.

The **European regulation** in the Compliance segment is being implemented step by step. The European **Whistleblower Directive** (EU Directive 2019/1937) came into force in October 2019. The purpose of the directive is to protect whistleblowers, who are to be valued in a standardized and better way. The directive prescribes uniform standards for the reporting of grievances and the protection of reporters. The directive was expected to be implemented **by 2021**. However, this was delayed in many EU member states. The directive has only been transposed into **national law in all European countries** in the last two years. After several delays, the Whistleblower Protection Act came into force in Germany in July 2023. The directive was implemented in key other European countries such as Italy, France and Spain in 2022 and 2023.

2.5 Management system

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 **revenues** (growth) and **EBITDA**[2].

The most important **non-financial performance indicators** are number of new customers and **new ARR** as well as **customer satisfaction** and **employee satisfaction**. We measure customer satisfaction on the basis of the Net Promoter Score, the difference between the customer recommendation rate and the rejection rate, using online questionnaires. The survey is aimed in particular at Group customers worldwide and asks about satisfaction with services, new products and customer service. Employee satisfaction is measured using a global survey in which employees vote on their satisfaction with their employer on a scale of 1 to 5 in an online questionnaire. The survey focuses on measuring employee satisfaction with pay, working hours, internal collaboration, internal communication and development opportunities.

These performance indicators favor the creation of value, including an adequate return on capital. Ultimately, however, committed employees are crucial for the satisfaction and loyalty of our customers and the success of the company.

[2] EBITDA as the result from total operating performance less operating expenses

3 Group economic report

3.1 Review and analysis

Outlook and results for 2023

The outlook for the 2023 financial year from the Management Report for the 2022 financial year is compared below with the actual results for the financial year 2023:

Strategic goal	*Key figure*	*Result 2023*	*Outlook 2023*
Growth	Revenue*	€69.40 million	€71 to 74 million
	Revenue Compliance*	+18%	+20 to +25%
	Revenue Investor Relations*	+3%	+0 to +10%
	New customers	3,415	2,000 to 3,000
	New ARR	€12.01 million	€9 to 12 million
Profitability	EBITDA*	€3.28 million	€9 to 12 million
Customer satisfaction	Net Promoter Score	41	Stable
Employee satisfaction		3.97	Stable

*from continued operations.

EQS Group's earnings position is significantly influenced by the trend towards **increasing regulations** in the area of **Compliance** for companies and organisations. In order to optimally position EQS Group for this and to achieve the leading market position, we began early on to **consolidate** the **European market** for digital whistleblowing systems. We acquired Integrity Line AG, Zurich, in January 2018 and Got Ethics A/S, Copenhagen, in January 2021. In July 2021, we then acquired Business Keeper GmbH, Berlin, a leading provider of electronic whistleblowing systems on the German market.

The transposition (adoption and entry into force) of the **Whistleblower Directive** into national legislation in our **key markets of Spain, Italy, Austria** and most important in **Germany** had positive effects, particularly starting in the second half of 2023.

The challenging **economic conditions**, such as high **inflation** and the associated **key interest rate increases** as well as the war in Ukraine and the conflict in the Middle East, led to a deterioration in economic expectations and a reluctance to invest among companies, resulting in longer sales cycles. The capital market environment deteriorated further compared to 2022, which was felt in the Investor Relations segment.

The **discontinuation of business activities** in **Russia** and **Serbia** and the **liquidation of EQS Financial Markets & Media GmbH, Munich,** results in the presentation as a discontinued operation (see statement of comprehensive income).

3.2 *Group financial performance*

The **Group's revenue**[3] increased 2023 by +15% to €69.40 million (previous year: €60.30 million), or including discontinued operations by +13% to €69.57 million and were therefore below the expectations at the beginning of the year (+15% to +20%). Most of the revenue growth is derived from the **Compliance segment**, as legislation on whistleblower protection came into force in several important markets in the EU in mid-2023. The deviation from plan is the result of delayed revenue effects due to a delayed implementation of the directive.

In 2023, **3,415 new SaaS customers** were acquired through marketing and sales activities, more than ever before. The original target of 2,000 to 3,000 new customers was exceeded. The **sales activities by our partners** in the area of small and medium-sized enterprises (SMEs) were just as successful as planned. The **total number of customers** increased significantly to **8,258** (previous year: 5,054). In 2023, 3,349 new customers were acquired for the whistleblowing systems area. At 4.2%, the annualised **churn rate**[4] was below the previous year's level (previous year: 5.4%).

The **total operating performance**[5] increased by **+11%** to **€71.81 million** (previous year: €64.43 million). At **€1.89 million**, the **own cost capitalized** included in this figure was slightly below the previous year's level (previous year: €2.16 million). The development of further applications in the COCKPIT cloud platform is associated with an expansion of subscription revenue and an increase in the share of recurring revenue. At **€315 thousand** (previous year: €835 thousand), other income for the Group as a whole was significantly lower than in the previous year. In the previous year, earn-out obligations from an acquisition were derecognized through profit or loss at the beginning of 2021.

For '**New ARR**', we were able to achieve the upper end of the target formulated at the beginning of the year (€9 million to €12 million) at **€12.01 million**. Based on the share of **recurring revenue** in 2023 of **€61.15 million**, the **growth of the ARR** was **+20%**. The **share of recurring revenue** in total revenue remained constant at **88%** (previous year: 88%).

The **operating expenses**[6] from continued operations increased in line with revenues growth by **+15%** to **€68.91 million** (previous year: €59.86 million).

The largest expense position, **personnel expenses**, increased by **+8%** to **€41.88 million** (previous year: €38.84 million). This also includes costs of €562 thousand for the settlement of the employee participation programs as a result of the public takeover bid by financial investor Thoma Bravo. The Group employed an annual average of 566 people (previous year: 576).

The **cost of services** decreased by **-6%** to **€8.52 million** (previous year: €9.08 million). This was due to declining revenues in the Investor Relations Cloud Services, LEI and Filing area, for which extensive external services were procured.

Other expenses increased significantly by **+52%** to **€17.89 million** (previous year: €11.79 million). The main reason for this is the increase in consultancy costs of €4.71 million as part of the public takeover bid by the financial investor Thoma Bravo. By contrast, IT and marketing expenses increased as planned as a result of the expansion of business activities following the implementation of the Whistleblower Directive in key European markets.

The **valuation allowance on trade receivables** increased to **€622 thousand** (previous year: €150 thousand). This is the result of increased receivables from a high level of new business in the 2023 financial year.

[3] From continued operations
[4] The churn rate is measured as the percentage of inactive or lost customers in the last 12 months.
revenue plus own cost capitalized and other income
[6] Total of purchased services, personnel expenses, other expenses and expenses from valuation allowances on trade receivables

EBITDA* fell by €1.64 million to **€3.28 million** (previous year: €4.92 million), in particular due to expenses (legal and consulting costs and settlement of employee programs) or, including discontinued operations, by €1.67 million to €2.90 million. Excluding these special effects, EBITDA totalled **€8.55 million** and was therefore slightly below the range of €9 million to €11 million announced at the beginning of the year.

EBITDA reconciliation	*2023 Thousand €*	*2022 Thousand €*
EBITDA	3,278	4,921
Special effect – legal and consulting costs	4,708	-
Special effect – settlement of the employee participation programs	562	-
EBITDA adjusted	**8,548**	**4,921**

Depreciation increased by **+4%** to **€8.46 million** (previous year: €8.15 million). This includes amortization of own cost capitalized in the amount of €1.47 million, from leasing in the amount of €1.87 million and from customer bases and software acquired against payment in the amount of €4.51 million. As a result, **EBIT*** remained at **€-5.16 million** (previous year: €-3.14 million) or including discontinued operations remained negative at **€-5.56 million** (previous year: € -3.58 million).

The **financial result*** deteriorated to **€-2.44 million** (previous year: €-1.76 million), mainly due to higher interest expense on bank loans as a result of interest rate increases in the course of 2023. In addition, exchange rate effects from foreign business led to lower financial income than in the previous year. **Earnings before taxes (EBT)*** totalled **€-7.60 million** (previous year: €-4.92 million) or including discontinued operations at **€-7.96 million** (previous year: €-5.34 million). In particular, the capitalization of a surplus of deferred tax assets led to tax income of €1.94 million after offsetting against actual tax expenses (previous year: Tax income €2.05 million). A negative **Group result*** was presented in 2023 of **€-5.66 million** (previous year: €-2.87 million) or including discontinued operations in the amount of **€-6.05 million** (previous year: €-3.33 million).

The discontinuation of business activities in Russia and Serbia and the liquidation of EQS Financial Markets & Media GmbH, Munich, results in the presentation as **discontinued operation** (see statement of comprehensive income). For discontinued business operations, **revenue** amounting to €172 thousand (previous year: €1.13 million) and an **EBITDA** in the amount of **€-379 thousand** (previous year: €-354 thousand) were reported in financial year 2023.

* from continued operations

3.2.1 Segment development

Segments 2023	*Compliance*	*yoy*	*Investor Relations*	*yoy*
Revenue Cloud Products	€36.38 million	20%	€10.88 million	8%
Revenue Cloud Service	€13.56 million	13%	€8.75 million	-3%
EBITDA	€-0.53 million	>-100%	€3.43 million	>100%
SaaS customers	6,915	87%	2,792	-1%
Filing customers (annual basis)	4,175	8%	-	-

Compliance segment

The Compliance segment comprises all products for the **fulfilment of regulatory obligations**. This includes the Cloud Products reporting obligations in news area (Disclosure), Insider Manager, the Integrity Line and BKMS whistleblowing systems, Policy Manager, Rulebook and Approval Manager. We offer most of the modules bundled in a **cloud platform**, the **Compliance COCKPIT**. In addition, the Filings (XML, ESEF) and LEI areas provide further **cloud services.** As many customers do not necessarily use the COCKPIT, these revenues are shown separately.

As a result of the strong customer acquisition in the area of whistleblowing systems in the **Compliance segment**, **revenue** increased by **+18%** to **€49.95 million** and the **customer base** by **+87%** year-on-year to a total of **6,915** SaaS customers. In 2023, **3,349 new SaaS customers** were acquired **for whistleblowing systems**. EQS Group was successful in both direct customer acquisition and via its partner network. Partner sales also began, particularly in European countries where a whistleblower protection law was passed in 2023. This is shown by the increase in revenue in the **Cloud Products** segment from €30.34 million to **€36.38 million**.

In the **Compliance Cloud Services** area, revenue from XML and LEI services increased by +13% to **€13.56 million** (previous year: €11.98 million). Among other things, this resulted from additional income from filing customers for ESEF.

EBITDA in the Compliance segment totalled **€-531 thousand** (previous year: €4.42 million) was significantly lower than in the previous year due to the extraordinary expenses in connection with the settlement of the employee share plan programs and the legal and consulting costs in connection with the public takeover bid by financial investor Thoma Bravo, which are primarily reflected in the Compliance segment. See the table in the Group earnings position section.

Investor Relations segment

The **Investor Relations (IR)** segment comprises the range of voluntary investor and corporate communications. The cloud products Newswire, Investors (investor data), CRM and Mailing are bundled in the **Cloud platform IR COCKPIT**. Outside the platform, there are **Cloud Services** such as websites & IR tools, reports, webcasts and media.

In the Investor Relations segment, **revenue** increased by **+3%** to **€19.63 million** (previous year: €19.12 million) and were thus within the planning corridor (+0% to +10%). While **Cloud Products** increased **+8%** as a result of the subscription revenue from IR COCKPIT, the discontinuation of business activities in Russia led to a decline in revenue in the **Cloud Services** area by **-3%**. As a result of the growth in highly profitable subscription revenue combined with a planned reduction in investments in the IR segment, a positive **EBITDA** of **€3.43 million** (previous year: €0.15 million) was reported in 2023, reflecting the stable market position in the segment.

As at 31 December 2023, **1,159 companies** (previous year: 1,076) signed **SaaS contracts** for the **new IR COCKPIT**. The recorded **SaaS revenue** for the IR COCKPIT was **€7.05 million**, which corresponds to an increase of +10% compared to 2022. The number of **SaaS customers** decreased slightly from 2,811 to **2,792** compared to the previous year, mainly due to the discontinuation of the Russian business.

3.2.2 Geographical development

Geographical market 2023	*Domestic**	*vs. prev. year*	*International**	*vs. prev. year*
Turnover	€48.33 million	10%	€21.07 million	27%
EBITDA	€-0.99 million	<-100%	€4.27 million	>100%
SaaS customers	3,733	70%	4,525	58%

*from continued operations

Germany

In 2023, the **domestic business** recorded a **revenues increase** of **+10%** to **€48.33 million** (previous year: €43.85 million). The increase is mainly due to the fact that the Whistleblower Protection Act came into force in Germany in the middle of the year.

In 2023, **1,667 new SaaS customers** (excluding individual customers LEI & Filing) were acquired in Germany. The number of new customers is therefore far higher than in the previous year (340). The main reason for this is also the implementation of the European Whistleblower Directive in Germany in mid-2023. The churn rate was 5.71% (previous year: 4.93%).

In particular as a result of the high consultancy expenses in connection with the public takeover bid by Thoma Bravo, **EBITDA** fell to **€-0.99 million** (previous year: €2.87 million). **EBITDA adjusted** for special effects (see table) totalled to **€4.24 million**.

Geographical market 2023	*Domestic**	*yoy*	*International**	*yoy*
EBITDA	€-0.99 million	<-100%	€4.27 million	>100%
Special effect – consulting costs	€4.71 million		€0.00 million	
Special effect – settlement of employee participation programme	€0.52 million		€0.04 million	
EBITDA adjusted	**€4.24 million**	48%	**€4.31 million**	>100%

EQS Financial Markets & Media GmbH is in liquidation and is recognized as a discontinued operation.

International

Our **international business** achieved a **revemue increase** of **+27%** to **€21.07 million** in 2023 (previous year: €16.56 million) and was therefore only slightly below our expectations (+30% to +40%). The increase is primarily due to the implementation of the Whistleblower Directive in several European countries in the course of 2023.

In 2023, our foreign companies acquired **1,748 new SaaS customers** (previous year: 704). The **number of customers** increased from 2,863 to **4,525**. This is based on an annualised churn rate of 3.00% (previous year: 5.84%).

At **30%**, the **international share** of revenue in 2023 was slightly above the previous year (27%) and therefore in line with our expectations. **EBITDA** abroad was **€4.27 million** (€2.05 million) and therefore significantly higher than the previous year, reflecting the success of the implementation of the whistleblower protection laws in the European countries.

Due to the war in Ukraine, the **Russia business** was **terminated** in 2023. The Serbian company is in liquidation. These two divisions are therefore recognized as discontinued operations. The contribution to sales and earnings in 2023 is insignificant (see statement of comprehensive income).

3.3 Financial situation

Our financial management is centralized throughout the Group. Financing from banks is processed via the parent company EQS Group AG and intragroup financing requirements are recognized in the form of loans to the parent company. We are focussing on a capital structure that will enable us to cover our future financing requirements. Our primary source of liquidity is our ongoing business. In recent years, our liquidity has primarily been used to finance our growth in the form of investments.

The **equity ratio** fell slightly to **57%** as at the balance sheet date (31 December 2022: 59%). Please refer to the notes to the consolidated financial statements (Section 315 (2) sentence 2 HGB) for information on treasury shares in accordance with Section 160 (1) no. 2 AktG (Stock Corporation Act).

Following the refinancing of the loans in 2022, the now long-term **syndicated loan** with the participation of Commerzbank, Deutsche Bank and Kreissparkasse Biberach was repaid on schedule and interest is paid quarterly at variable rates. An interest derivative has been agreed for the interest over the term of the loan, which limits interest expenses to a maximum rate.

Due to the **low volume** of **foreign currency revenues** (20% to 25%), which are predominantly generated in hard currencies (CHF, DKK, GBP, HKD, USD) and are partly characterized by opposing developments, exchange rate hedging transactions are currently still not used. All bank loans are also denominated in Euros. The company uses short-term liquidity planning and rolling multi-year liquidity planning to manage its liquidity.

In **February 2024**, all loans were **repaid** in full **after a capital increase**, which was subscribed by the new investor Thoma Bravo. The company is fully self-financed at the time of creation in March 2024.

Additional sources of liquidity are available to us via **credit lines** if required. We have unutilized credit lines amounting to **€1.62 million**.

The cash inflow from **operating activities** increased from €5.43 million to **€9.41 million**. This development is due in particular to an increase in liabilities from €2.50 million to €8.40 million. They are related to the consulting services in connection with the public takeover bid by Thoma Bravo. In addition, the decrease in receivables and other assets in the amount of €-2.16 million (previous year: €1.43 million) led to an increase in operating cash flow.

Cash flow from **investing activities** decreased from €-2.82 million to **€-2.44 million** due to the decline in investments in internally generated intangible assets.

The **free cash flow** increased from €2.60 million to **€6.97 million**. This results from the overall effects of the changes in operating and investing cash flow.

Cash flow from **financing activities** declined compared to the previous year from €-651 thousand to **€-10.23 million.** The cash outflows are related to **repayments** of lease and financial liabilities and the associated interest payments.

3.4 Asset situation

Total assets decreased to **€ 184.70 million** as at the balance sheet date (31 December 2022: €189.37 million). Non-current assets decreased compared to the previous year to €167.24 million (31 December 2022: €170.44 million). Current assets also decreased to €17.46 million (31 December 2022: €18.93 million).

Compared to the previous year, **intangible assets** as at 31 December 2023 decreased to **€56.87 million** (31 December 2022: €60.85 million) due to depreciation and amortization. Intangible assets include acquired customer bases with a carrying amount as at 31 December 2023 of €31.81 million, which are amortized on a straight-line basis over a total term of 15 or 20 years, as well as purchased and internally generated software in the amount of €25.06 million. The **goodwill** amounts to **€97.65 million** as at the reporting date (31 December 2022: €97.24 million). **Property, plant and equipment** decreased to **€3.56 million** due to depreciation of right-of-use assets in accordance with IFRS 16 and property, plant and equipment. (31 December 2022: €5.01 million).

Compared to the previous year, **trade accounts receivables** as at 31 December 2023 increased by **+26%** to **€7.67 million** (31 December 2022: €6.08 million), which is attributable to increased revenue. Other current and non-current assets totalled €1.88 million (31 December 2022: €1.56 million).

As at the reporting date, **cash and cash equivalents** decreased to **€7.50 million** (31 December 2022: €10.65 million).

The **current and non-current financial liabilities** fell to **€32.26 million** due to pro rata **repayment** of the loans (31 December 2022: €39.09 million). **Net debt** (cash and cash equivalents less financial liabilities) fell to **€24.76 million** (31 December 2022: €28.43 million). Excluding lease liabilities of €2.35 million, **net debt** on the reporting date totalled **€22.41 million** (31 December 2022: €24.59 million).

Trade accounts payables increased by €4.53 million to **€7.24 million** (31 December 2022: €2.71 million) due to increased consulting services. **Provisions** fell to **€274 thousand** (31 December 2022: €318 thousand). **Benefits to employees** increased to **€3.55 million** due to the settlement of the employee participation programs (31 December 2022: €1.92 million). Customer prepayments increased in line with the growth in revenue, as a result of which **contract liabilities** rose by **+17%** to **€13.54 million** (31 December 2022: €11.54 million). **Deferred tax liabilities** fell slightly to **€18.25 million** (31 December 2022: €18.62 million).

3.5 General statement on the situation of the Group

Despite the macroeconomic challenges, EQS Group's business performance in the 2023 financial year was **positive**.

EQS Group's earnings position is significantly influenced by the trend towards **increasing regulations in the area of Compliance** for companies and organizations. The currently most important regulation, the **European Whistleblower Directive**, was implemented in all important **core markets in Europe in the course of 2023**. In the 2023 financial year, EQS Group was able to increase **revenue**[7] by **+15%** to **€69.40 million** (previous year: €60.30 million) or, including discontinued operations, by +13% to €69.57 million. This is primarily due to growth in the segment Compliance.

Operating expenses[8] increased in 2023 to **€68.91 million** (previous year: €59.86 million), mainly due to increased personnel costs (€562 thousand) and increased other expenses in form of consulting costs (€5.27 million) in connection with the public takeover bid by financial investor Thoma Bravo.

As a result, **EBITDA**[9] reduced to **€3.28 million** (previous year: €4.92 million) or, including discontinued operations to **€2.90 million** (previous year: €4.57 million) and was therefore below the planning expectation for 2023. **Adjusted for the special effects** for legal and consulting costs as well as the settlement of the employee participation programs in the amount of €5.27 million, EBITDA was **€8.55 million** and thus **only slightly below** expectations.

In addition, EBITDA and business activities in the 2023 financial year were influenced by the **late implementation of the whistleblower laws** in the second half of 2023 in EQS's key markets of Germany, Austria, Italy and Spain.

Non-financial performance indicators such as customer satisfaction and employee satisfaction also developed positively.

Current and non-current financial liabilities declined significantly to **€32.26 million** (previous year: €39.09 million) due to repayments as at 31 December 2023. In February 2024, all loans were **repaid in full** following a capital increase, which was fully subscribed by the new investor Thoma Bravo. The **equity ratio** reducded slightly to **57%** (previous year: 59%) as at the balance sheet date. **Net debt** (cash and cash equivalents less financial liabilities) fell to **€24.76 million** (31 December 2022: € 28.43 million).

[7] From continued operations
[8] Total of purchased services, personnel expenses, other expenses and expenses from valuation adjustments on receivables
[9] From continued operations

4 EQS Group AG Economic Report

EQS Group AG, based at Karlstr. 47 in Munich, is the parent company of EQS Group and its subsidiaries. In addition to its own operating activities, the company fulfils the holding function within the Group and employs most of its staff in Germany in the areas of development, administration and marketing/sales. EQS Group AG is the owner of the most important patents and rights and generates its revenues in particular from provision fees (subscriptions) for software applications and platforms. The annual financial statements of EQS Group AG are prepared in accordance with the accounting regulations of the German Commercial Code and the German Stock Corporation Act.

4.1 Financial performance

The income statement of EQS Group AG is prepared using the total cost method. The figure is shown in millions of euros (€ million).

In the financial year **2023**, EQS Group AG increased **revenue** (including revenues with affiliated companies) by **+36%** to **€53.75 million** (previous year: €39.58 million) and was therefore well above the target corridor for 2023 (+9% to +17%).This is primarily due to the **merger of the German subsidiary Business Keeper GmbH** with effect from 1 April 2023. In addition, stronger revenue growth as a result of the implementation of the German Whistleblower Protection Act in mid-2023 led to an increase. Excluding the sales of Business Keeper GmbH, revenue growth was +15% and therefore in line with expectations.

The **Investor Relations segment** performed in line with expectations with **revenue growth of +5%** (+0% to +10%). Thanks to the planned migration of existing customers to the new IR COCKPIT and the associated increase in SaaS contracts independent of reporting volume, the IR Cloud Products division achieved growth of +8%.

In the **Compliance segment**, there was a significant increase in revenue of **+58%** due to the merger with Business Keeper GmbH, which significantly exceeded expectations of between +9% and +32%. Adjusted for this effect, revenue growth of **+21%** was in line with expectations. Growth came primarily from the product area **Whistleblowing systems** due to the implementation of the Whistleblower Protection Act in Germany in the middle of 2023.

Total operating performance, revenue plus other own cost capitalized, changes in inventories and other operating income, increased by **+33%** to **€56.37 million** (previous year: €42.29 million). The increase is primarily due to the €14.17 million rise in revenue. **Other own cost capitalised** declined slightly to **€1.97 million** (previous year: €2.26 million). **Other operating income** was up on the previous year at **€755 thousand** (previous year: €429 thousand), mainly due to exchange rate effects.

Operating expenses, consisting of purchased services, personnel expenses and other operating expenses, increased by **+31%** to **€59.38 million** (previous year: €45.25 million) as a result of the merger of Business Keeper GmbH on 1 April 2023. The main reason for this was the change in amortization and depreciation from €2.17 million to €11.33 million due to the intangible assets included in the balance sheet as a result of the merger of Business Keeper GmbH. The significant increase in personnel expenses by +36% to €28.83 million (previous year: €21.25 million) also had an impact. EQS Group AG employed an annual average of 323 employees (previous year: 253). In addition, €1.29 million in write-downs on current assets from a waiver of receivables from EQS Group SAS, France are included.

Cost of services decreased slightly and fell by **-2%** to **€11.26 million** (previous year: €11.54 million). The services purchased from third parties result from services purchased in connection with sales from the Investor Relations, LEI and Filing divisions. The services purchased from affiliated companies decreased due to the merger of Business Keeper GmbH.

Other operating expenses increased significantly by €6.84 million to **€19.30 million** (previous year: €12.45 million). This is mainly due to increased consultancy costs (€4.71 million) in connection with the public takeover bid by financial investor Thoma Bravo. In addition, higher IT infrastructure costs and internal Group expenses led to increased expenditure.

EBITDA fell to **€-3.01 million** (previous year: €-2.96 million) and was thus **significantly below** the original expectation of €0 million to €3 million for 2023. The **special effects** in the amount of **€5.23 million**, i.e. excluding the expenses incurred for legal and consulting fees in connection with the public takeover bid by financial investor Thoma Bravo and the settlement of the employee participation programs, EBITDA amounts to €2.22 million and has therefore reached the expected range.

EBITDA reconciliation	*2023 thousand €*	*2022 thousand €*
EBITDA	-3,009	-2,956
Special effect – legal and consulting costs	4,708	-
Special effect – settlement of the employee participation programs	521	-
EBITDA adjusted	**2,220**	**-2,956**

Amortization of intangible assets and depreciation of property, plant and equipment increased significantly to **€10.04 million** (previous year: €2.17 million due to the acquisition of assets following the merger of Business Keeper GmbH. In addition, a waiver of receivables from a subsidiary led to **amortization** of **current assets** in the amount of **€1.29 million**. As a result, **EBIT** was **€-14.34 million** (previous year: €-5.13 million).

The **financial result**, consisting of investment income and expenses, results from loss absorption and interest income and expenses, declined to **€-2.15 million** in 2023 (previous year: €-2.52 million). The continued high level of expenses is due in particular to interest expenses from financial liabilities (€2.52 million). At **€-16.49 million**, the **loss before taxes** was once again higher than in 2022 (previous year: €-7.64 million). As a result of the addition of **deferred taxes** due to the ability to capitalize deferred tax assets in the course of future profit expectations in the amount of €2.72 million, the **net loss** for the 2023 financial year was **€-13.77 million** (previous year: €-5.56 million).

4.2 *Assets and financial situation*

At **€158.24 million, total assets** as at 31 December 2023 were below the previous year (previous year: €167.64 million). This is mainly due to the loss of the investment in Business Keeper GmbH as part of the **merger** (at cost). The goodwill recognized was amortized in the amount of €6.66 million in the 2023 financial year, resulting in a corresponding reduction in total assets.

In this context, **financial assets** declined significantly from **€134.97 million** to €34.81 million as a result of the completion of the **merger**. Corresponding assets were recognized in return. Loans to affiliated companies reduced due to debt restructuring. This is related to the subsidiaries EQS Group Inc, New York, EQS Group SAS, Paris and EQS Group Ltd, London.

Intangible assets increased to **€105.07 million** (previous year: €16.95 million), in particular due to the assets that were included in the balance sheet of EQS Group AG as part of the merger. This also applies to **goodwill**, which increased significantly as a result of the merger from €4.10 million to **€85.76 million**. **Property, plant and equipment** amounted to **€939 thousand** as at the balance sheet date (previous year: €823 thousand).

Compared to the previous year, **trade accounts receivables** increased by +47% to **€5.22 million** as at the reporting date (previous year: €3.55 million). This is due to the increased revenues at the end of the year. Receivables from affiliated companies fell slightly to €1.73 million (previous year: €1.88 million) as at the reporting date.

Deferred tax assets increased by €2.74 million to **€6.90 million** (previous year: €4.15 million) in connection with the capitalization of deferred tax assets on tax loss carry forwards as at the 2023 reporting date. It is assumed that they will be utilized within the next five years.

Equity decreased to **€100.39 million** as at 31 December 2023 (previous year: €114.36 million). Due to the **net loss** for the year of **€-13.77 million**, the accumulated loss totalled to €-16.71 million as at the reporting date (previous year: €-2.73 million). In addition, there was a correction of **€209 thousand** recognized directly in equity due to the **settlement of the employee participation programs**. The notes to the financial statements contain disclosures on treasury shares in accordance with Section 160(1)(2) AktG (Stock Corporation Act).

Provisions increased to **€7.77 million** (previous year: €1.52 million), in particular due to higher provisions for outstanding invoices in connection with consultancy services for the public takeover bid by the investor Thoma Bravo and expenses in connection with the settlement of the employee share programs amounting to **€5.23 million. Trade accounts payables with third parties** increased to **€1.74 million** (previous year: €0.72 million). This is partly due to increased consulting services. **Liabilities to affiliated companies** fell significantly from €6.19 million to **€4.02 million** due to the elimination of liabilities to the merged Business Keeper GmbH. **Other liabilities** fell to **€1.29 million** (previous year: €1.68 million). This is mainly due to the derecognition of a purchase price liability that existed in the previous year. Tax liabilities developed in the opposite direction. **Deferred income** increased by +53% to **€7.37 million** (previous year: €4.82 million) as a result of higher customer prepayments**. Deferred tax liabilities** increased to **€5.99 million** (previous year: €3.80 million) due to the capitalization of development costs and the assets acquired as part of the merger (including hidden reserves).

Liabilities to banks decreased to **€29.63 million** (previous year: €34.47 million) due to repayments. They consist of a syndicated loan agreement (€26.67 million), are refinanced on a long-term basis and require compliance with contractual financial covenants in relation to EBITDA and, from 30 September 2023, net debt in relation to EBITDA. Accordingly, **net debt** (cash and cash equivalents less liabilities to banks) as at 31 December 2023 amounted to **€27.95 million** (31 December 2022: €31.02 million). In February 2024, all loans were repaid in full following a capital increase by the new investor Thoma Bravo. The project is **fully self-financed** at the time of creation in **March 2024**.

The **equity ratio** fell to **63%** as at the balance sheet date (previous year: 68%).

Due to the low volume of foreign currency revenues (20% to 25%), which are predominantly generated in hard currencies (CHF, GBP, HKD, USD) and are partly characterized by opposing developments, **exchange rate hedging transactions are currently still not used**. All bank loans are also denominated in Euros. The company uses short-term liquidity planning and rolling multi-year liquidity planning to **manage its liquidity**. With regard to the interest rate risk, interest rate derivatives were used to hedge the financing of the company acquisitions of Got Ethics A/S and Business Keeper GmbH carried out in the previous year, which are subject to variable interest rates.

4.3 General statement on the position of the company

Despite the macroeconomic challenges, EQS Group AG's business performance in the 2023 financial year was **positive**.

EQS Group AG's earnings position is significantly influenced by the trend towards **increasing regulations** in the area of **compliance** for companies and organisations. The currently most important regulation, the **European Whistleblower Directive**, has been in force since **December 2021** and was implemented in **Germany in the course of 2023**. EQS Group AG increased its **revenue** (including revenue with affiliated companies) by **+36%** to **€53.75 million** in the 2023 financial year (previous year: €39.58 million). This high increase is primarily due to the sales that have been considered EQS Group AG sales since 1 April 2023 as a result of the merger of the subsidiary Business Keeper GmbH.

Operating expenses consisting of cost of services, personnel expenses and other expenses, increased by **+31%** to **€59.38 million** in 2023 (previous year: €45.25 million), which is mainly due to increased personnel expenses and consulting costs of €5.23 million in connection with the public takeover bid by financial investor Thoma Bravo.

As a result, **EBITDA** fell to **€-3.01 million** (previous year: €-2.96 million) and was therefore **significantly below the planning expectations** for 2023. In addition, EBITDA and business activities in the 2023 financial year are influenced by the late implementation of the whistleblower laws in Germany in the second half of 2023.

Liabilities to banks or credit institutions decreased significantly to **€29.63 million** (previous year: €34.47 million). In **February 2024**, all loans were **repaid** in full following a capital increase by the new investor Thoma Bravo. There is full equity financing at the time of construction in March 2024. The **equity ratio** would **reduced** to **63%** (previous year: 68%) as at the balance sheet date.

5 Risk report

The following comments relate to the risks of the EQS Group. As EQS Group AG itself is operationally active, like its subsidiaries, these risks also directly affect EQS Group AG as an individual company. Risks also arise from the function as the Group´s holding company.

5.1 Risk management system

The EQS Group's risk policy is an integral part of the corporate policy. Our aim is to continuously increase the value of the company while maximizing reasonable returns over the long term. As the pursuit of the objective is directly linked to potential risks, the responsible handling of risks is the key principle of our risk policy.

The opportunity and risk management system (CRM) comprises the entirety of all organizational regulations and measures for identifying and dealing with opportunities and risks. CRM must ensure that existing risks are identified, analyzed and evaluated at an early stage and that risk-related information is passed on to the responsible decision-makers in a systematic and orderly manner. This leads to the early identification and assessment of risks and the utilisation of appropriate risk reduction measures. This is seen as an ongoing task for the Management Board and every manager in all areas of the company. The Group's risk policy also recognizes that the willingness to take risks is a necessary prerequisite for exploiting opportunities. The Management Board of EQS Group AG bears overall responsibility for effective risk and opportunity management, which is intended to ensure comprehensive and standardized management of all significant risks and opportunities.

To recognize, assess and manage risks, the Management Board uses a risk matrix in which the individual risks are assessed, and the individual assessments are aggregated into an overall figure (so-called risk capital or total risk capital).

	Overview of risk factors	*Damage level*	*Probability of occurrence*
1. Environmental risks			
1.1.	Global economic and political environment	high	low
1.2.	Market and sector risk	high	low
2. Company-specific/strategic risks			
2.1.	Product/technology risk	high	low
2.2.	Customer risks	high	low
2.3.	M&A/Portfolio development	high	low
2.4.	Planning/orientation	high	low
3. Digital/cyber risks			
3.1.	System risks	high	moderate
3.2.	Data security and property rights	high	moderate
4. Financial risks			
4.1.	External financial risks	moderate	low
4.2.	Financial risks that can be influenced internally	moderate	low
5. Operational risks			
5.1.	Personnel risks	moderate	moderate
5.2.	Process risk (ICS)	moderate	moderate
5.3.	Supply risk	moderate	low
6. Corporate governance & compliance risks			
6.1.	Corporate culture & ethical behavior	high	low
6.2.	Legal risks	moderate	low
6.3.	Sustainability risks	low	low

The following categories apply to the table:

Damage level	
Low	<€1 million
Moderate	€1 million - €5 million
High	> €5 million

Probability of occurrence	
Low	> annually
Moderate	quarterly, annually
High	<monthly

5.2 Risks

5.2.1 Environmental risks

The long-term development of EQS Group is significantly influenced by the general economic conditions in the domestic and international markets. Uncertainties in the economy and on the financial markets as well as social and political instability, terrorist attacks, conflicts and wars could have a negative impact on our business activities. Economic developments, the legal framework and capital market developments play a key role in this. In

2023, economic conditions remained difficult for companies in Europe and many parts of the world, including EQS Group. Europe has been suffering from high inflation since 2022. One reason for this is the European Central Bank's expansionary monetary policy in response to the crises of the last fifteen years (financial crisis in 2009, sovereign debt crisis in 2012 and COVID crisis in 2020) as well as the disruption to global supply chains and shortages in the supply of raw materials triggered by the Russian war of aggression. This has given rise to certain political and legal risks, such as sanctions or restrictions, particularly with regard to Russia. These developments can have a negative impact on the economy and influence the investment behaviour of companies.

The potential level of damage in relation to political and legal risks (legal restrictions) and, in particular, economic risks is high. For EQS Group, this may lead to a reluctance to invest on the part of our customers and thus to longer sales cycles, which could have a negative impact on EQS Group's sales performance. However, the likelihood of this occurring is considered low, as contracts are automatically renewed, and customer loyalty works well.

The market and sector risk is the risk of maintaining competitiveness in the face of price developments. The potential loss amount for EQS Group is high in the area of market and industry development. The acquisition of two competitors, Business Keeper GmbH and Got Ethics A/S, has reduced the competitive risk in the area of whistleblowing for medium-sized companies and large corporations. At the same time, competition in the area of whistleblowing is increasing with new local providers focussing on the target groups of small and medium-sized enterprises (SMEs). The EQS Group's offering is bundled in one platform, the EQS COCKPIT, which increases customer loyalty and counteracts price pressure. Differentiation from new competitors through quality, safety and references based on many years of experience is also important. The probability of occurrence of the risk is therefore assessed as low.

5.2.2 Company-specific/ strategic risks

Company-specific/strategic risks include all risks that can occur to the strategic organisation due to changes in the brand, communication, and reputation. These include risks such as product/technology risks, customer risks, M&A/portfolio development risks as well as management and alignment risks. Potential risks arise primarily in the areas of internationalisation, product development and bad investments due to strategic misalignment. The analysis of company-specific risk factors in the reporting period revealed a largely constant level of risk compared to the previous year. EQS Group's numerous growth activities are continuously reviewed using market research, business case calculations and a comprehensive dialogue between Sales, Product Management, Software Development and Management.

The risk in the development of new applications, the product and technology risk for the Compliance COCKPIT, lies in developing the right products that are desirable and add value for the customer. The risk is that products and technologies are developed with the wrong focus and that the position of EQS products is weakened overall. The corresponding product and technology risks are estimated to be correspondingly high. However, the probability of damage is low, as the development focus is on standardized cloud software instead of project services for individual customers.

Customer risks can result primarily from the focus on major customers and from the contractual arrangements (in particular liability) with customers. In general, sales are highly diversified. Among our customers, 99% represent less than one per cent of sales and in no case does the sales share of an individual customer exceed five per cent of total sales. Direct customers are responsible for the majority of sales. In sales to small and medium-sized, non-listed companies, institutions and organizations, on the other hand, sales partnerships also play an important role in business success. A large number of partnerships have been concluded in recent years. EQS Group can only influence to a limited extent whether and which of these partnerships can be activated and make a significant contribution to success. The loss amount for customer risks is therefore high, but the probability of occurrence is low.

Furthermore, a risk can result from incorrect investments (M&A) with insufficient profitability. The focal points of the corporate strategy are derived from the corporate planning. The risk lies in drawing the wrong conclusions from developments and thus making the wrong decisions regarding the company's direction and positioning. However, this is counteracted by close dialogue and monitoring by the Executive and Supervisory Board. Detailed due diligence is carried out for acquisitions. The amount of damage is therefore considered to be high, but the probability of occurrence can be classified as low thanks to appropriate risk mitigation measures.

The planning risk also arises from EQS Group's internationalisation strategy, which is already at an advanced stage. There are locations in all major customer markets. The potential loss amount of the planning risk is considered high, but the probability of occurrence is low as there is a structured planning process.

5.2.3 *Digital and cyber risks*

Digital and cyber risks encompass the entire IT, digital and cyber infrastructure and organisation of information security, platforms and networks. As a technology company, EQS Group attaches great importance to the protection of customer data. IT infrastructure security, hardening, high availability and resistance to attacks are of paramount importance to us. Through constant investment in our information security programme and various security controls, EQS Group continuously strengthens its security mechanisms against internal and external threat actors. EQS Group is comprehensively insured against losses from internal or external cyber incidents through its global cyber insurance policies with industry-leading providers. Nevertheless, the risk in the area of data security and property rights is high, as the number of attacks on IT infrastructures against EQS Group is continuously increasing. In order to further improve its security situation, EQS Group is constantly working on expanding its information security programme, in particular by introducing strong encryption controls and reviewing them with the help of external auditors. Regular internal training sessions and special security training for developers are designed to raise awareness of potential attacks and information security among all employees. In the area of digital and cybersecurity risks, the risk level therefore remains high with a medium probability of occurrence in the period under review.

5.2.4 *Financial risks*

These are divided into financial risks that can be influenced internally and financial risks that are influenced externally. Financial risks that can be influenced internally include investment risks, liquidity risks and liability risks. Financial risks that are influenced externally include credit risks, payment default risks and market risks.

The investment risk as a risk to the profitability of investments has fallen compared to the previous year, as no new investments were made in the 2023 financial year. Extensive experience within or in neighbouring areas of our operating business and software development that is closely aligned with customer needs help us to manage investment risks and minimize the probability of loss.

The liquidity risk no longer exists due to the full repayment of the loan liabilities carried out by Thoma Bravo after the reporting date.

The risk of non-payment is low due to the low turnover per individual customer and the high credit rating of listed companies and groups compared to the market. To minimize risk, advance payment agreements and credit card payments are also used in some areas.

Market risk is the risk that market prices, such as exchange rates or interest rates, may change, thereby effecting the company's income or the value of the financial instruments held. The aim of risk management is to manage and control market risk. The company acquires derivatives in individual cases to manage market risks. For risk management purposes, the company holds interest rate caps based on EURIBOR, which are used to limit the interest rate risk from loans taken out with banks. No hedging relationships with cash flows from underlying transactions have currently been recognized; only economic hedging is planned. The development of the market price of the derivatives and the variable interest rates from the loan financing is continuously monitored by those responsible in the finance department.

The risk potential from exchange rate risks results mainly from balance sheet items of the parent company in relation to the subsidiaries (including intercompany loans) and from start-up losses of the foreign subsidiaries. Exchange rate risks have decreased due to the significant improvement in the operating performance of the foreign companies. In addition, the scope of external foreign currency transactions is limited, as the bank loans are denominated exclusively in euros. The various currency transactions with CHF, DKK, GBP, USD and HKD, among others, also result in limited hedging.

5.2.5 *Operational risks*

Operational risks describe risks and uncertainties associated with the organization's internal processes, systems and activities. These risks can arise from human error, technical faults or other internal factors. Operational risks are closely linked to daily business processes and the execution of transactions.

Personnel risks arise primarily from the ongoing need for skilled labor, staff turnover and the loss of key employees. The risk probability regarding the loss of employees in key positions is unchanged compared to the previous year. At the same time, our international locations are further reducing our dependence on the German labor market and thus the Group risk. The personnel risks are therefore categorized as medium in terms of probability of occurrence and amount of loss.

Process risks (ICS) arise from the complexity resulting from revenue growth and the extensive investments in new products, business areas and geographical markets. For this reason, additional control structures such as periodic performance reviews of the individual companies and comprehensive cost budgeting and controlling have been introduced in recent years. There are also process risks resulting from the lack of documentation of control and management risks. Information risk comprises the risk of a lack of efficient and timely information to ensure the functionality of work processes and the fulfilment of obligations. Due to the complexity and diversity of the process risks, the extent of damage is assessed as medium and the probability of occurrence as medium. The supplier risk is the risk that industrial property rights may be infringed and that employees may be corrupt. To reduce these risks, there is an efficient supplier management process in the area of purchasing implemented. The risk has a medium level of damage with a low probability of occurrence.

5.2.6 *Corporate governance & compliance risks*

Compliance risks are all risks relating to legal and regulatory changes, legal proceedings, antitrust proceedings, consumer protection proceedings and data protection. This also includes risks relating to compliance violations, the compliance organisation and prevention. There is a risk of a misguided corporate culture and unethical behavior. Governance and compliance risks are relevant for EQS, and a compliance management system is in place to monitor the risks. Although the risks are therefore categorized as high or medium, they are also less likely to occur.

EQS Group defines sustainability risks as negative impacts on sustainability issues that may arise from our direct business activities, our supply chain or our products and services. These can be operational, financial and reputational factors and relate in particular to issues such as climate change, resource scarcity and equality. Based on our business model, sustainability risks are classified as low, and the risk has a low probability of occurrence.

5.3 Overall risk situation

The overall risk for the EQS Group is assessed on the basis of the risk management system. By combining the planning, management and control systems used and quantifying the risk in the form of allocated risk capital and analysing risk correlations, a realistic statement can be made at the present time about EQS Group's overall risk situation and its development. EQS Group's total risk capital increased as at the balance sheet date of 31 December 2023 compared to the previous year.

The deterioration in the general economic conditions for companies has led to an increase in environmental risk. At the same time, the company-specific risk remains high. Advancing digitalisation is leading to increasing risks in the area of cyber security. The repayment of bank loans led to a significant reduction in the liquidity and insolvency risk and thus reduced the financial risk. The further development of geopolitical hotspots may have a negative impact on EQS Group's planned business development in the current financial year 2024.

6 Opportunity report

Besides the risks, the company's opportunities arising from the strategy are also regularly assessed. We divide these into three categories: opportunities arising from the development of framework conditions, corporate strategy opportunities and performance-related opportunities. The following opportunities are explained in order of priority, starting with the largest opportunity.

6.1 Opportunities arising from the development of framework conditions

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

The trend towards further increasing regulations in the area of compliance and sustainability for companies and organisations is manifested, among other things, in the European Whistleblower Directive and the Supply Chain Due Diligence Act in Germany. This resulted in growth opportunities as early as 2023. This growth trend will continue in 2024, as a large number of companies were no longer able to implement the regulations in 2023.

In the area of legal framework conditions, the upcoming expansion of reporting and compliance obligations in the coming years (including the EU Whistleblower Directive, Supply Chain Due Diligence Act, CSRD) is already leading to additional business opportunities for EQS Group, in some cases for companies with 50 or more employees as well as for organisations and public institutions. As a result, the potential customer base has also increased significantly. EQS Group's product portfolio is being continuously expanded as part of these European regulatory initiatives. At the same time, EQS is developing other software applications such as Policy Manager, Third Party Manager and Approval Manager and distributing them as an integrated compliance management system (Compliance COCKPIT).

6.2 Strategic corporate opportunities

Strategic corporate opportunities arise from the implementation of overarching Group strategies:

The integration of Integrity Line and the expansion of the Compliance COCKPIT to include additional modules (Approval Manager, Policy Manager, etc.) will enable the majority of existing and future whistleblowing customers to be offered a complete compliance management system in the future. This goes hand in hand with the opportunity of significantly higher average sales per customer. This could result in significant sales growth in the coming years. The merger of Business Keeper GmbH into EQS Group AG in 2023 contributes to the integration of the corporate structures and thus also promotes the integration of the products and serves to leverage synergies.

With the IR COCKPIT, the reduction in historical discounts for existing customers in particular offers additional sales potential compared to the list price. An increase in recurring revenue in this context is also expected in 2024 and will continue in subsequent years.

6.3 Performance-related opportunities

Performance-related opportunities are closely linked to the company's business activities. These include efficiency improvements as well as value enhancement potential, although the monetary effect is not directly quantifiable.

These opportunities also include the optimisation of purchasing processes and the resulting improvement in conditions through the bundling of purchases. Likewise, the introduced controlling software is used to evaluate all available data on business development. It enables detailed analyses and therefore supports corporate management and decision-making.

6.4 Overall opportunity situation

We expect a positive development in particular from the legal framework, especially the implementation of the Whistleblower Directive in Europe and the advancing regulation in Europe.

We see the customized expansion of our product portfolio and the use of our existing customer relationships as an opportunity to launch further products on the market and make them successful. This results in corresponding opportunities in the development of our business model.

7 Forecast Report

7.1 General forecast

In 2023, the **global economy** was characterized by difficult conditions due to **high inflation** and the associated **interest rate hikes**, the **war in Ukraine and the conflict in the Middle East** as well as ongoing supply chain problems. This also led to a **clouding** of the economic outlook and recession worries in Europe with a view to 2024.

For 2024, the **World Bank** expects lower growth of **+2.4%** (2023e: +2.6%) in the **real gross domestic product of the global economy**. Economic growth of **1.3%** is expected for **Germany** in **2024**. The following forecasts for the business, financial and earnings development of EQS Group AG in the 2024 financial year are therefore subject to the proviso that the war in Ukraine and the war in the Middle East do not have a significant impact on the business development of EQS Group AG. In the event of an expansion of the wars, there could be far-reaching consequences for business development.

7.2 Group forecast

Strategic goal	*Key figure*	*Result 2023*	*Outlook 2024*
Growth	Revenues*	€69.40 million	Double-digit growth
	Compliance	€49.95 million	High growth
	Investor relations*	€19.45 million	Moderate growth
	New customers*	3,415	High growth
	New ARR	€12.01 million	High growth
Profitability	EBITDA*	€3.28 million	Disproportionate growth
Customer satisfaction	Net Promoter Score	41	Constant
Employee satisfaction		3.97	Constant

Based on these assumptions, the Management Board of EQS Group AG forecasts a **double-digit percentage increase in revenues** for the 2024 financial year compared to the previous year. The **major part** of this is made up of growth in the **Compliance area** and **moderate growth** in the **Investor Relations** area. In the area of compliance, growth is expected to result from the further implementation of the **Whistleblower Directive** in the area of whistleblowing and other compliance applications in the Compliance COCKPIT. These growth expectations arise in particular **in Europe (Spain, Italy, France and Austria)** and in our core market **Germany**. In the **Investor Relations segment**, growth is lower due to the low number of IPOs and the associated potential for new customers combined with high existing market penetration. **In the medium term**, we expect **double-digit revenue growth** due to market conditions. Due to the scalability of our business model, we expect **above-average growth** in **EBITDA**. For 2024, **high growth** in the number of **new customers** and continued **high growth** in **New ARR** is also expected. We expect the **non-financial performance indicators of customer and employee satisfaction** to remain constant in 2024.

7.3 EQS Group AG forecast

As the parent company, EQS Group AG serves the **German market** and thus covers one of the most important markets for EQS Group. It generates revenues in **compliance and investor relations** in the German market and additionally from business relationships with its affiliated companies. As in the Group as a whole, growth momentum will result from the implementation of the **Whistleblower Directive** in Germany in 2023 and the associated further increases in revenues in the **Compliance product area in 2024**. In the **Investor Relations** segment, we expect a **constant** development due to the restraint of investors and a lower number of flotations. EQS Group AG expects **positive earnings effects** (EBITDA) due to **lower rising expenses** compared to revenues.

Munich, 27 March 2024

Achim Weick

(Chief Executive Officer)

Christian Pfleger

(Management Board)

Marcus Sultzer

(Management Board)

André Silvério Marques

(Management Board)

EQS GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

EQS GROUP AG
Munich

Consolidated comprehensive income statement

from January 01 – December 31, 2023

	Note	Continued Operations		Discontinued Operations		Group Total	
		2023 thousand €	2022 thousand €	2023 thousand €	2022 thousand €	2023 thousand €	2022 thousand €
Revenues	**3**	**69,401**	**60,298**	**172**	**1,133**	**69,573**	**61,430**
Other income	4.1.	315	834	29	2	344	836
Own cost capitalized	4.2	1,893	2,159	–	–	1,893	2,159
Cost of services	4.3	-8,447	-8,790	-78	-295	-8,524	-9,084
Personnel expenses	4.4	-41,589	-38,020	-290	-817	-41,879	-38,837
Other expenses	4.5	-17,650	-11,476	-235	-312	-17,885	-11,788
Valuation allowances on trade receivables	10.2.2	-644	-86	22	-64	-622	-150
Earnings before interest, tax, depreciation, amotrization (EBITDA)		**3,278**	**4,920**	**-379**	**-354**	**2,899**	**4,567**
	6.1/6.2						
Depreciation		-8,442	-8,064	-16	-86	-8,459	-8,151
Operating result (EBIT)		**-5,165**	**-3,144**	**-395**	**-440**	**-5,560**	**-3,584**
Finance income	4.7	1,043	1,149	45	0	1,088	1,149
Finance expenses	4.7.	-3,479	-2,923	-5	13	-3,484	-2,910
Net financial result		-2,436	-1,774	40	14	-2,396	-1,761
Earnings before tax (EBT)		**-7,600**	**-4,919**	**-355**	**-426**	**-7,955**	**-5,344**
Income taxes		1,938	2,046	-35	-34	1,903	2,013
Group net income		**-5,662**	**-2,872**	**-389**	**-460**	**-6,052**	**-3,332**
- thereof attributable to the owners of the parent company		-5,662	-2,873	-389	-460	-6,052	-3,332
- thereof attributable to the non-controlling interests		0	1	–	–	0	1

Consolidated comprehensive income statement

from January 01 – December 31, 2023

		Continued Operations		Discontinued Operations		Group Total	
		2023 thousand €	2022 thousand €	2023 thousand €	2022 thousand €	2023 thousand €	2022 thousand €
Items that will be reclassified to the consolidated statement of comprehensive income in the future:							
Currency translations	4.7.	55	-47	-77	57	-22	10
Deferred tax on currency translations		-0	13	-	-	-0	13
Items that will not be reclassified to the consolidated statement of comprehensive income in the future:							
Remeasurements on defined benefit plans	4.7/ 6.8.2	6	290	-	0	6	290
Deferred tax on remeasurements		-37	-43	-	-0	-37	-43
Other comprehensive income		24	212	-77	57	-53	270
Comprehensive income		**-5,639**	**-2,660**	**-466**	**-403**	**-6,105**	**-3,062**
- thereof attributable to the owners of the parent company		-5,639	-2,661	-466	-403	-6,105	-3,063
- thereof attributable to the non-controlling interests		0	1	-	-	0	1
Earnings per share attributable to shareholders of the parent company (basic and diluted)	4.9	-0.56	-0.30	-0.04	-0.05	-0.60	-0.34

Consolidated balance sheet

as of 31 December 2023

Assets	*Appendix*	*Dec. 31, 2023 thousand €*	*Dec. 31, 2022 thousand €*
Non-current assets			
Intangible assets	6.1.	56,873	60,846
Goodwill	6.1.	97,649	97,235
Property, plant and equipment	6.2|6.3	3,556	5,011
Non-current financial assets	5.2	1,375	1,863
Other non-current assets	6.5	8	39
Deferred tax assets	6.4	7,777	5,447
		167,238	**170,440**
Current assets			
Trade accounts receivables	5.1	7,669	6,075
Contract Assets	3.3	123	276
Tax refund claims		155	106
Current financial assets	5.2	137	297
Other current assets	6.5	1,871	1,524
Cash and cash equivalents	5.3	7,504	10,655
		17,459	**18,933**
Total assets		**184,698**	**189,373**

Consolidated balance sheet

as of 31 December 2023

Equity and Liabilities	*Appendix*	*Dec. 31, 2023 thousand €*	*Dec. 31, 2022 thousand €*
Equity			
Issued capital	7.1	10,024	10,024
Treasury shares	7.1	-1	-10
Capital surplus	7.2	106,688	106,853
Retained earnings	7.3	-11,113	-4,909
Other reserves	7.4	200	252
Non-controlling interests	7.5	1	1
		105,797	**112,210**
Non-current liabilities			
Non-current employee benefits	6.8	562	425
Non-current provisions	6.7	227	160
Non-current financial liabilities	5.4|5.5	21,879	30,890
Deferred tax liabilities	6.4	18,253	18,621
		40,922	**50,095**
Current liabilities			
Current provisions	6.7	47	158
Trade accounts payable	5.4	7,243	2,709
Contract Liabilities	3.4	13,541	11,541
Current financial liabilities	5.4	10,384	8,198
Income tax liabilities		1,914	1,350
Current employee benefits	6.8	2,985	1,495
Other current liabilities	6.6	1,864	1,615
		37,978	**27,067**
Total equity and liabilities		**184,698**	**189,373**

Consolidated statement of changes in equity

from January 01 – December 31, 2023

	Appen-dix	Issued capital k€	Treasury shares k€	Capital surplus k€	Retained earnings k€	Other Reserves k€	Total k€	Non-con-trolling in-terests k€	Total equity thousand €
As of Jan. 1, 2022		**8,659**	**-11**	**63,140**	**-1,532**	**-17**	**70,240**	**-**	**70,240**
Comprehensive income 2022		–	–	–	-3,332	–	-3,332	1	-3,331
Other compre-hensive income 2022	4.8|4.10	–	–	–	0	270	270	0	270
Total Result		**–**	**–**	**–**	**-3,332**	**270**	**-3,062**	**1**	**-3,061**
Adjustment re-tained earnings previous years	7.3	–	–	–	154	–	154	–	154
Capital in-crease	7.1|7.2	1,365	–	43,672	-204	–	44,833	–	44,833
Acquisition of non-controlling interests	7.5	–	–	–	-1	–	-1	-0	-1
Acquisition of treasury shares	7.1|7.2	–	-10	-252	–	–	-262	–	-262
Sale of treasury shares	7.1|7.2	–	1	18	–	–	18	–	18
Share-based payments	14	–	10	275	–	–	285	–	285
Disposal from consolidation group		–	–	–	4	–	4	–	4
As of Dec. 31, 2022		**10,024**	**-10**	**106,853**	**-4,909**	**253**	**112,210**	**1**	**112,211**

Consolidated statement of changes in equity

from January 01 – December 31, 2023

	Appendix	Issued capital k€	Treasury shares k€	Capital surplus k€	Retained earnings k€	Other Reserves k€	Total k€	Non-controlling interests k€	Total equity thousand €
As of Jan. 1, 2023		**10,024**	**-10**	**106,853**	**-4,909**	**253**	**112,210**	**1**	**112,211**
Comprehensive income 2023		–	–	–	-6,052	–	-6,052	–	-6,052
Other comprehensive income 2023	4.8|4.10	–	–	–	-0	-53	-53	–	-53
Total Result		**-**	**-**	**-**	**-6,052**	**-53**	**-6,105**	**-**	**-6,105**
Acquisition of non-controlling interests	7.5	–	–	–	-0	–	-0	0	–
Sale of treasury shares	7.1|7.2	–	–	0	–	–	0	–	0
Share-based payments	14	–	9	-165	-152	–	-309	–	-309
As of December 31, 2023		**10,024**	**-1**	**106,688**	**-11,113**	**200**	**105,796**	**1**	**105,797**

Consolidated cash flow statement

from 1.1. to 31.12.2023

	Appendix	2023 thousand €	2022 thousand €
Operating Cashflow			
Net Income		-6,052	-3,332
Income tax recognized in profit and or loss	4.8	-1,903	-2,013
Interest expenses (-income) recognized in profit or loss	4.7	2,578	2,357
Loss/profit from disposals of property, plant and equipment		24	2
Other non-cash expenses/income		388	-3,578
Depreciation and impairments	6.1|6.2	8,459	8,151
Increase/decrease of provisions	6.7	51	18
Increase/decrease of trade accounts receivables and other assets not attributable to investing or financing activities		-2,163	1,432
Increase/decrease in trade accounts payables and other liabilities not attributable to investing or financing activities		8,397	2,502
Paid taxes on income and earnings		-367	-113
Cashflow from operating activities		**9,410**	**5,425**
-thereof discontinued operations		*-68*	*-212*

Cashflow from investing activities			
Purchase of property, plant and equipment	6.2	-597	-339
Proceeds from disposals of property, plant and equipment	4.1|6.2	55	1
Purchase of intangible assets	6.1	-1,898	-2,475
Proceeds from disposals of intangible assets		8	-
Proceeds from disposals of non-current financial assets		129	-3
Payments from additions of non-current financial assets		-134	-11
Proceeds from disposals of consolidation group		-	4
Cashflow from investing activities		**-2,436**	**-2,823**
-thereof discontinued operations		*26*	*-13*

Consolidated cash flow statement

from 1.1. to 31.12.2023

	Appendix	*2023 thousand €*	*2022 thousand €*
Cashflow from financing activities			
Cash payments to owners and minority shareholders (dividends, redemption of shares, other distributions)		-	-
Proceeds from additons to equity (capital increases, sale of treasury shares)	7	-	44,833
Proceeds from borrowing of financial liabilities	8.2	555	30,502
Payments from repayment of financial liabilities	8.2	-6,232	-71,744
Payments from purchase of treasury shares of share-based payments	7.2	-	-262
Proceeds from sale of treasury shares of share-based payments	7.2	0	18
Proceeds from grants received	4.6	-	-
Payments from repayment of lease liabilities	8.2	-2,468	-2,052
Payments from issued loans	8.2	-11	-388
Proceeds from issued loans	8.2	135	93
Interest received	4.7	68	20
Interest paid	4.7	-2,279	-1,670
Cashflow from financing activities		**-10,231**	**-651**
-thereof discontinued operations		*-107*	*-293*
Change in cash and cash equivalents		**-3,257**	**1,951**
-thereof discontinued operations		*-150*	*-94*
Change in cash and cash equivalents from exchange rate movements		106	50
-thereof discontinued operations		*-63*	*35*
Cash and cash equivalents at the beginning of period		**10,654**	**8,653**
-thereof discontinued operations		*444*	*503*
Cash and cash equivalents at the end of period		**7,504**	**10,654**
-thereof discontinued operations		*231*	*444*

Notes to the consolidated financial statements

1 General information

EQS Group AG (hereinafter referred to as the parent company) was established by notarial agreement (deed no. 409/200 of the notary Dr. Oliver Vossius, Munich) dated February 3, 2000. It has its registered office at Karlstrasse 47, 80333 Munich, Germany, and is entered in the commercial register of the Munich Local Court under HRB 131048. The consolidated financial statements comprise the parent company and its subsidiaries (together referred to as the "Group" and individually as "Group companies" or "EQS Group"). The Group is an international cloud software provider in the areas of corporate compliance, investor relations and ESG. Further information can be found in the segment reporting (Note 2).

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German commercial law pursuant to Section 315e (1) HGB. They comply with IFRS as published by the International Accounting Standards Board (IASB).

Unless otherwise stated, millions (€ million) are generally stated with two decimal places and thousands (€ thousand) without decimal places. Percentages are rounded to the nearest thousand without decimal places. Rounding differences may occur in percentages and figures in this report.

The discontinuation of business activities in Russia and Serbia and the liquidation of EQS Financial Markets & Media GmbH, Munich, led to the presentation as a discontinued operation (see statement of comprehensive income).

The financial year of EQS Group AG and its consolidated subsidiaries corresponds to the calendar year. The functional currency of the parent company and the presentation currency of the consolidated financial statements is the Euro.

Going concern assumption

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

On 31.1.2024, the company carried out a capital increase from authorized capital with gross issue proceeds of around € 40 million. The implementation of the capital increase was entered in the commercial register on February 7, 2024.

The gross proceeds from the capital increase were used, among other things, to repay all existing debt financing in full.

Based on these factors, management expects that the Group will have adequate resources to continue its business activities for the foreseeable future.

2 Segment reporting

Our Compliance and Investor Relations business segments are operating units that engage in business activities to generate revenue and whose operating results (EBITDA) are regularly reviewed by management and for which separate financial information is available. The internal reporting and organizational structure of EQS Group AG forms the basis for this. The presentation of our product range is divided into two segments, Compliance and Investor Relations, according to the markets in which the products are sold.

The Compliance segment comprises all products for fulfilling a regulatory obligation. This includes the cloud products Disclosure, Insider Manager, Integrity Line, Policy Manager and Approval Manager as well as, since 2021, Rulebook and Third Party Manager, which are combined in the COCKPIT cloud platform. We also provide additional cloud services in the area of filings (XML, ESEF) and LEI. As many customers do not necessarily use COCKPIT, these are reported separately.

The Investor Relations (IR) segment comprises the range of voluntary investor and corporate communications. The cloud platform COCKPIT bundles the cloud products Newswire, Investors, CRM and Mailing as well as the Roadshow Manager. Other cloud services such as websites, tools, reports, webcasts and media are offered outside the platform.

The accounting and valuation methods of the reportable segments correspond to the Group accounting and valuation methods described in Note 16. EBITDA is used to assess the profitability of the segment and to decide on the type of allocation of resources. EBITDA is calculated as total operating performance (revenue, other income and own work capitalized) less purchased services, personnel expenses, other expenses and expenses from the impairment of trade receivables.

The assessment of the segments' earnings power is therefore identical to the assessment of the Group's earnings power.

As the Management Board does not manage according to segment assets and segment liabilities, this information has been omitted.

There are no sales revenues from business transactions with a single external customer that amount to at least 5% of total sales revenues.

Impairment losses on intangible assets amounting to € 453 thousand were recognized in the Compliance segment in the financial year.

2023			
thousand €	***Compliance***	***Investor Relations***	***Group***
Revenue			
Cloud-Products	36,384	10,880	47,264
Cloud-Service	13,563	8,746	22,309
Total Revenue	**49,947**	**19,626**	**69,573**
Other Income	325	19	344
Own cost capitalized	777	1,116	1,893
Operating Expenses	-51,580	-17,331	-68,911
EBITDA	**-531**	**3,431**	**2,899**

2022			
thousand €	***Compliance***	***Investor Relations***	***Group***
Revenue			
Cloud-Products	30,340	10,101	40,441
Cloud-Service	11,975	9,015	20,990
Total Revenue	**42,315**	**19,115**	**61,430**
Other Income	775	61	836
Own cost capitalized	677	1,482	2,159
Operating Expenses	-39,349	-20,510	-59,859
EBITDA	**4,418**	**148**	**4,566**

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	
thousand €	*2023*	*2022*	*2023*	*2022*
Primary geographical markets				
Domestic	35,369	31,437	13,077	12,409
International	14,577	10,878	6,549	6,707
Total	**49,947**	**42,315**	**19,626**	**19,115**
Important product and service lines				
Cloud-Products	36,384	30,340	10,880	10,101
Cloud-Service	13,563	11,975	8,746	9,015
Total	**49,947**	**42,315**	**19,626**	**19,115**
Timing of revenue recognition				
Services rendered at a point in time	19,498	17,417	6,600	6,519
Services provided over a period of time	30,448	24,898	13,026	12,596
Toal	**49,947**	**42,315**	**19,626**	**19,115**

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

3.2 Accounting policies and significant judgements

Revenues are measured on the basis of the consideration specified in a contract with a customer. The fees to be paid by the customer for the provision of the services are set out in the contract and the price list valid at the time the order is placed. Payments for onboarding, packages and the basic fee for twelve months are due and invoiced in advance upon conclusion of the contract. Any additional services will be invoiced when used (e.g. pay per use/click, number of characters, project services) and invoiced monthly. In accordance with the GTC, payments are predominantly due within 30 days of the invoice date.

The Group recognizes revenue when it transfers control of a good or service to a customer. The transaction price is determined on the basis of the contractually agreed prices and the associated performance obligation.

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

Cloud products

Revenues from the COCKPIT cloud platform include Software as a Service (SaaS) applications in the IR and Compliance segments, which provide a right to use software functions (including standard functions and customer-specific adaptations and extensions) in an infrastructure hosted by EQS or third-party providers, as well as associated set-up and support services.

Performance obligations from SaaS solutions are fulfilled 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 provided.

Revenue from separately identifiable performance obligations for the installation and set-up of the COCKPIT is recognized when the performance obligation is met at the time of completion.

For support services requested by customers, the right to consideration arises in an amount that corresponds directly to the value of the services already provided to the customer. When measuring the progress of a performance obligation, use is therefore made of the practical exception to recognize revenue in the amount that is invoiced.

Revenue for the publication of reports is generally recognized at the time the individual service is provided.

Cloud service

Outside the platform, other IR and compliance services such as websites, tools and reports are provided where an asset without alternative use is created according to customer specifications and where there is a claim to payment for products already transferred and services already provided. Revenue from this performance obligation is recognized over time. The percentage of completion (PoC) method is used to measure the stage of completion of the performance obligation.

Revenue from the transfer of LEIs (Legal Entity Identifiers) is recognized at the time the LEI is transferred to the customer.

Revenue from events and webcasts is recognized at the time of full implementation and completion of the service.

Revenue from filings is recognized at the time of complete performance and submission.

Estimation uncertainties and judgements

The exercise of judgement in determining whether revenue should be recognized at a specific point in time or over a specific period and estimates in measuring the stage of completion can have a significant impact on the timing and amount of revenue to be recognized.

3.3 Contract assets

thousand €	*Dec 31, 2023*	*Dec 31, 2022*
Costs incurred up to the balance sheet date plus recognized gains less recognized losses	209	455
Partial revenue already billed	-77	-132
Advance payments received	-9	-47
Total	**123**	**276**

The contract assets mainly relate to the Group's claims to consideration for services from contract manufacturing of IR development services that had neither been completed nor invoiced as at the reporting date.

Contract assets are reclassified to receivables when the claims become unconditional. This usually occurs after the service has been provided in full, when the Group issues a final invoice of the customer.

We expect to realize the proceeds within six months.

3.4 Contract liabilities

thousand €	*Dec 31, 2023*	*Dec 31, 2022*
Contract Liabilities	13,541	11,541

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

The amount of € 11.54 million (previous year: € 9.98 million) reported under contract liabilities at the beginning of the period was recognized as revenue in the 2023 financial year. The revenue recognized in the 2023 financial year from performance obligations fulfilled (or partially fulfilled) in previous periods amounted to € 9.94 million (previous year: € 290 thousand).

No information is provided on the remaining performance obligations that have an expected original term of one year or less.

4 Significant positions of the consolidated comprehensive income statement

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

4.1 Other income

thousand €	*2023*	*2022*
Non-cash renumeration	114	14
Conferences	35	25
Reimbursements from overpayments	3	11
Rental income from operating leases	23	13
Reversal of contingent purchase price liabilities	-	641
Other	169	133
Total	**344**	**836**

4.2 Own costs capitalized

thousand €	*2023*	*2022*
Own developed software	1,893	2,159

In the reporting year, major projects for existing and new applications for the new Compliance COCKPIT were capitalized in the area of Compliance amounting to € 1.01 million (previous year: € 677 thousand) and for the IR COCKPIT amounting to € 884 thousand (previous year: € 1.48 million). The high level of capitalization in the area of investor relations is due to significant improvements to existing modules of IR COCKPIT (analog previous year).

4.3 Cost of services

thousand €	*2023*	*2022*
Cost of services	8,524	9,084

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

4.4 Personnel expenses

thousand €	*2023*	*2022*
Wages/salaries	34,394	32,756
Equity-settled share-based payments	908	285
Statutory social expenses	5,437	4,683
Voluntary social expenses	567	385
Defined contribution plans	398	450
Defined benefit plans	175	278
Total	**41,879**	**38,837**

4.5 Other expenses

thousand €	*2023*	*2022*
Facility expenses	727	632
Insurances/contributions/fees	442	417
IT-infrastructure costs	5,114	4,549
Advertising and travel expenses	3,057	2,785
Telecommunication/office expenses	879	688
Consulting fees	6,181	1,744
External service expenses	360	240
Supervisory Board expenses	295	291
Non-periodic expenses	281	184
Others	550	259
Total	**17,885**	**11,788**

The consulting costs are made up of legal and consulting costs, accounting costs and the costs of preparing and auditing the financial statements and auditing costs and mainly include costs for the takeover bid from the financial investor Thoma Bravo in the amount of € 4.71 million (previous year: € 0.00 million).

IT infrastructure costs include IT services from external partners as well as provider and service costs in the amount of € 3.14 million (previous year: € 2.94 million) and license fees of € 1.98 million (previous year: € 1.40 million).

4.6 Government grants

The Group did not receive any government grants in the reporting year or the previous year.

4.7 Net financial result

thousand €	*2023*	*2022*
Financial income		
Interest income from financial assets measured at amortized cost	68	27
Net gain from foreign currency translation	686	855
Other financial income	335	267
Financial income	**1,088**	**1,149**
Financial expenses		
Interest paid/payable and finance costs for financial liabilities not measured at fair value through profit or loss	2,577	2,319
Interest expense on leasing liabilities	69	65
Net loss from foreign currency translation	307	334
Other financial expenses	532	191
Financial expenses	**3,484**	**2,910**
Net Financial result income (-)/ expense (+)	**2,396**	**1,761**

The main financing expenses of € 2.50 million (previous year: € 2.30 million) result from interest payments for financial liabilities from long-term bank loans. The most significant foreign currency translation items result from changes in the exchange rate of the US dollar to the euro amounting to € 137 thousand (previous year: € 163 thousand), the British pound to the euro amounting to € -21 thousand (previous year: € -87 thousand) and the Swiss franc to the euro amounting to € 492 thousand (previous year: € 459 thousand).

4.8 Income taxes

thousand €	*2023*	*2022*
Current taxes		
taxes current period	852	1,266
taxes prior periods	-12	211
Total current taxes	**840**	**1,477**
Deferred taxes		
Change in deferred taxes current period	-2,770	-3,511
Total deferred taxes	**-2,770**	**-3,511**
Withholding tax		
Withholding tax	27	21
Total withholding tax	**27**	**21**
Income taxes Income (-) I expense (+)	**-1,903**	**-2,013**

The consolidated tax ratio is calculated according to the taxable income pursuant to tax regulations. The expected income tax rate includes the statutory German corporation tax including solidarity surcharge and trade tax, totalling to 32.95% (previous year: 32.95%). It may therefore differ from the actual consolidated tax ratio at the end of the year. Tax rates of included companies range from approx. 16% to 37%. There were no changes in tax rates compared to the previous year.

Despite current loss periods, deferred tax assets are recognized on loss carryforwards for companies within the Group. This is based on tax planning with positive earnings prospects, so that it can be assumed that the deferred tax assets are recoverable.

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.

thousand €	***2023***	***2022***
Profit before tax	**-7,955**	**-5,344**
Income tax income calculated at 32,95% (Previous year: 32,95%)	-2,621	-1,761
Effect of deviating foreign tax rates	-461	-189
Effects of expenses not deductible for tax purposes	1,004	-308
Effectsof tax losses	12	489
Effects of other temporary differences on which no deferred taxes were recognized	129	-493
Tax expenses/income for previous years	-12	211
Others	46	38
Income taxe income (-) | expense (+)	**-1,903**	**-2,013**
Effective tax rate	**23.93%**	**37.66%**

Income taxes recognized in other comprehensive income:

Deferred taxes ***thousand €***	***2023***	***2022***
Remeasurements on defined benefit plans	37	43

4.9 Earnings per share

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

thousand €	***2023***	***2022***
Share of net income attributable to shareholders of the parent company	-6,052	-3,332
	in Thousand	***in Thousand***
Weighted average number of shares outstanding	10,023	9,737
Earnings per share	**-0.60**	**-0.34**

The average number of shares issued is calculated from the shares bought and sold in the financial year. Earnings per share from continuing operations amounted to €-0.56 (previous year: €-0.29).

4.10 Other comprehensive income

The change in other comprehensive income is shown in the statement of comprehensive income. The development and composition of the Other comprehensive income can be found in the statement of changes in equity.

5 Financial assets and financial liabilities

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

- 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 judgments and estimation uncertainties.

The Group holds the following financial assets and liabilities:

Financial assets:

thousand €	*Dec. 31, 2023*	*Dec. 31, 2022*
Measured at amortized cost:		
Trade accounts receivables	7,669	6,075
Loans and receivables / security deposits	1,194	1,443
Cash and cash equivalents	7,504	10,655
Designated at fair value through profit or loss		
Interest rate derivative	318	717
Total	**16,685**	**18,890**
Short term	15,311	17,027
Long term	1,375	1,863

Financial liabilities:

thousand €	*Dec. 31, 2023*	*Dec. 31, 2022*
Measured at amortized cost		
Loans from banks	29,597	34,054
Lease liabilities	2,349	3,848
Trade accounts payable	7,243	2,709
Overdrafts / Credit card settlements	50	72
Other loans	267	148
Contingent purchase price liability	-	968
Total	**39,506**	**41,798**
Short term	17,628	10,908
Long term	21,879	30,890

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

5.1 Trade accounts receivables

thousand €	*Dec. 31, 2023*	*Dec. 31, 2022*
Trade accounts receivables	8,602	6,713
Valuation allowances on receivables	-933	-638
Total	**7,669**	**6,075**

5.1.1 Classification as trade accounts receivables

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

5.1.2 Fair value of trade accounts receivables

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

5.1.3 Impairments and risks

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

5.2 Other financial assets measured at amortized cost

5.2.1 Classification of financial assets measured at amortized cost

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms result in cash flows that represent solely payments of repayment and interest on the outstanding principal amount.

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

thousand €	***Dec. 31, 2023***	***Dec. 31, 2022***
Loans to foreign managing directors and employees in management positions and employee receivables	783	974
Deposits	385	436
Others	26	33
Total	**1,194**	**1,443**
Short term	137	297
Long term	1,057	1,146

Nominal loans of € 1.07 million (previous year: € 1.20 million) were issued to foreign managing directors and employees in management positions. These were used to finance the purchase of shares in the parent company. The interest rates range from 2.0% to 7.9% (previous year: 2.0% to 2.8%). The loans have a maximum term until 2027 and are secured by the acquired shares. All loans were repaid in February 2024.

5.2.2 Fair value of other financial assets measured at amortized cost

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

5.2.3 Impairment and risks

Note 10.2.2 includes information on the impairment of financial assets and the Group's default risk volume.

All other financial assets measured at amortized cost are denominated in euros. As a result, there is no foreign currency risk. There is also no interest rate risk, as the financial investments are held to maturity.

5.3 Cash and cash equivalents

thousand €	*Dec 31, 2023*	*Dec 31, 2022*
Cash at banks	7,504	10,655

5.4 Trade accounts payables and other financial liabilities

thousand €	*Dec. 31, 2023*	*Dec. 31, 2022*
Unsecured - at amortized cost		
Loans from banks	2,940	4,408
Trade accounts payable	7,243	2,709
Bank overdrafts / credit card settlements	50	72
Other loans	267	148
Total	**10,500**	**7,338**
Secured - at amortized cost		
Loans from banks	26,657	29,645
Lease liabilities	2,349	3,848
Other loans	-	-
Total	**29,006**	**33,493**
Total	**39,506**	**40,830**
Short term	17,628	9,940
Long term	21,879	30,890

Trade payables do not bear interest and are generally due within 30 days.

The credit card statements relate to amounts not yet debited as of the balance sheet date.

5.5 Loans

EQS Group AG concluded a syndicated loan for € 30.00 million on October 28, 2022. The loan has a term of five years and is repaid quarterly. The first repayment installment was due on 31.7.2023.

The interest rate for the loan for each interest period is the percentage rate per year resulting from the sum of the interest margin and the EURIBOR. The interest margin depends on the financial covenant net debt/EBITDA and slightly on ESG criteria (diversity and CO^2 emission) and can range from 2.50% to 4.30%. The loan is fully hedged via an interest rate cap agreement with a minimum EURIBOR of 0.00% and a maximum of 3.00%.

In addition, EQS Group AG took out a bank loan of € 7.00 million on January 4, 2021 to finance the acquisition of Got Ethics A/S, Copenhagen, Denmark. The loan has a term until December 31, 2025 and is to be repaid in quarterly installments. The interest rate for the loan is the sum of the EURIBOR plus a margin of 2.80% p.a. The loan is fully hedged using an interest rate cap derivative with a maximum EURIBOR of 0.00%.

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

Compliance with loan covenants

In connection with the loan financing of € 30.00 million and € 7.00 million, the Group must comply with defined targets in relation to EBITDA, the net debt/EBITDA ratio and the equity ratio. If these financial covenants are not met, the bank has the right to terminate the agreement.

The shares in EQS GROUP AG, Zurich, Switzerland, Business Keeper GmbH, Berlin (merger with EQS Group AG on April 1, 2023) and EQS Group A/S, Copenhagen, Denmark, were pledged as collateral for the loan financing of €30.00 million.

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

The fair values of the borrowings do not differ significantly from the carrying amounts, as the interest payments on these borrowings are almost in line with current market rates or the borrowings are short-term. All loans were repaid in full in February 2024.

6 Non-financial assets and liabilities

6.1 Intangible assets and goodwill

thousand €	*Own developed Software*	*Other purchased software and licenses*	*Customer base*	*Goodwill*	*Total*
Acquisition or production costs					
As of Jan. 1, 2022	12,745	22,395	41,358	99,919	176,416
Addition	2,159	316	-	-	2,475
Disposal	-	-	-	-	-
Exchange rate differences	-	29	340	586	955
As of Dec. 31, 2022	**14,904**	**22,740**	**41,699**	**100,505**	**179,847**
As of Jan. 1, 2023	14,904	22,740	41,699	100,505	179,847
Addition	1,893	5	-	-	1,898
Disposal	-	-160	-	-	-160
Exchange rate differences	-	31	209	383	623
As of Dec. 31, 2023	**16,797**	**22,615**	**41,908**	**100,888**	**182,208**

thousand €	Own developed software	Other purchased software and licenses	Customer base	Goodwill	Total
Depreciation and impairment					
As of Jan. 1, 2022	3,228	4,237	5,356	3,208	16,029
Depreciation	916	2,334	2,257	14	5,521
Disposal	-	-	-	-	-
Exchange rate differences	-	26	141	48	215
As of Dec. 31, 2022	**4,144**	**6,598**	**7,753**	**3,270**	**21,765**
As of Jan. 1, 2023	4,144	6,598	7,753	3,270	21,765
Depreciation	1,474	2,251	2,262	-	5,986
Disposal	-	-151	-	-	-151
Exchange rate differences	-	32	83	-30	85
As of Dec. 31, 2023	**5,618**	**8,729**	**10,098**	**3,240**	**27,685**

thousand €	Own developed software	Other purchased software and licenses	Customer base	Goodwill	Total
Book value					
As of Dec. 31, 2023	**11,179**	**13,886**	**31,810**	**97,648**	**154,523**
As of Dec. 31, 2022	10,760	16,142	33,945	97,235	158,082
As of Jan. 1, 2022	9,516	18,156	36,003	96,711	160,387

All amortization and impairment losses on intangible assets and goodwill are presented in the statement of comprehensive income under "Depreciation". In the 2023 financial year, impairment losses of € 453 thousand were recognized on internally developed software in the Compliance segment, as the development of the underlying product will not be continued.

Allocation of goodwill to the cash generating units

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

Chronological order according to Date of acquisition	*Date of acquisition*	*Segment*	*Book value Dec. 31, 2022 thousand €*	*Book value Dec. 31, 2021 thousand €*
CGU EQS Group AG Compliance*	2005/2021	Compliance	74,615	9,849
CGU EQS Group AG Investor Relations	2011	Investor Relations	460	460
CGU EQS Asia Ltd.	2014	Investor Relations	2,805	2,911
CGU EQS Group Ltd.	2015	Investor Relations	474	464
CGU EQS GROUP AG (Switzerland) Investor Relations	2016	Investor Relations	2,492	2,343
CGU EQS GROUP AG (Switzerland) Compliance	2018	Compliance	6,434	6,051
CGU EQS Group A/S	2021	Compliance	10,369	10,391
CGU Business Keeper GmbH*	2021	Compliance	n/a	64,766
Total			**97,649**	**97,235**

* The CGU Business Keeper GmbH has been transferred to the CGU EQS Group AG Compliance as a result of the merger of Business Keeper GmbH with EQS Group AG with effect from April 1, 2023.

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

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

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

- For the CGU EQS Group AG Compliance, we expect positive effects on revenue growth from financial market regulations and the expansion of business relationships with customers in the area of whistleblower systems. In addition, the allocated goodwill will increase as a result of the merger of Business Keeper GmbH into EQS Group AG, which was allocated to the Compliance segment.
- For the CGU EQS Group AG Investor Relations, we expect disproportionately low growth in sales in the coming years through cross-selling with the products Investors, CRM and Mailing, while at the same time increasing profitability through lower investments.
- For the CGU EQS Asia Ltd., we are planning low, constant sales growth in the coming years through cross-selling with the Investors, CRM and Mailing products, while at the same time increasing profitability through efficiency improvements.
- For the CGU EQS Group Ltd., we see significant cross-selling potential with existing customers in the coming years with low investments and thus a significant increase in the EBITDA margin.
- For the CGU EQS GROUP AG (Switzerland) Investor Relations, we expect disproportionately low growth with low investments and a sustained high EBITDA margin in the coming years.
- For the CGU EQS GROUP AG (Switzerland) Compliance, we expect sales growth to continue through new customers and cross-selling to existing customers due to our good market positioning.

- For the CGU EQS GROUP A/S, we expect a continuation of sales growth with significantly improved profitability due to our good market positioning.

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

The long-term growth rate in perpetuity was assumed to be 1.00% (previous year: 1.00%) for all CGUs of EQS Group. The discount rate applied to the cash flow forecasts (after-tax WACC) was assumed to be between 6.11% and 9.86% (previous year: 7.73% and 8.10%) for the CGUs. The change compared to the previous year is due to the increase in the risk-free interest rate as at the reporting date and the inclusion of inflation and country risks.

The recoverable amount of the CGUs was subjected to a sensitivity analysis. The free cash flows were adjusted by up to 20% and the pre-tax WACC by up to 1%. There is no need for impairment with regard to the sensitivity analyses.

Significant intangible assets

Own developed software in progress, which is not yet subject to scheduled amortization, must also be tested annually in accordance with IAS 36. Impairment losses of € 453 thousand were recognized on internally generated software in the 2023 financial year, as the development of the underlying product will not be continued. Please refer to Notes 4.2 and 16.11 for more information.

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

	Book value Dec. 31, 2023 thousand €	***Book value Dec. 31, 2022 thousand €***	***remaining amortization period as of Dec. 31, 2023***
Own developed software	6,307	4,816	until 2029
Own developed software in progress	4,872	5,943	
Total	**11,179**	**10,760**	

Own developed software mainly consist of the product EQS COCKPIT and its modules as well as the Compliance COCKPIT. In the 2023 financial year, € 6.85 million (previous year: € 5.54 million) was recognized in the income statement for research and development.

The main items of purchased intangible assets developed as follows:

	Book value Dec. 31, 2023 thousand €	***Book value Dec. 31, 2022 thousand €***	***remaining amortization period as of Dec. 31, 2023***
Software Business Keeper GmbH from PPA	3,186	3,611	31/12/2030
Order backlog Business Keeper GmbH from PPA	6,785	7,689	31/12/2030
Brand Business Keeper GmbH from PPA	2,977	3,374	31/12/2030
Total	**12,948**	**14,674**	

The customer bases developed as follows:

	Book value Dec. 31, 2023 thousand €	Book value Dec. 31, 2022 thousand €	remaining amortization period as of Dec. 31, 2023
TodayIR Ltd.	850	1,048	30/04/2029
Tensid AG	1,011	1,087	31/12/2030
Obisidian IR Ltd.	221	248	30/11/2030
news aktuell GmbH	806	992	31/03/2028
Integrity Line GmbH	1,613	1,686	31/12/2033
Business Keeper GmbH	23,727	25,083	30/06/2041
Got Ethics A/S	3,208	3,404	31/12/2040
C2S2 GmbH	245	259	31/12/2040
APA-OTS Originaltext-Service GmbH	128	138	30/09/2036
Total	**31,809**	**33,944**	

6.1.1 Depreciation methods and useful life

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

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

See Note 16.11 for other accounting policies relevant to intangible assets and Note 16.7 for the Company's policies with regard to the recognition of impairment losses.

6.2 Property, plant & equipment

thousand €	*Property, plant and equipment*	*Buildings (IFRS 16)*	*Total*
Acquisition or production costs			
As of Jan. 1, 2022	6,306	10,681	16,987
Addition	339	312	651
Disposal	-56	-394	-451
Exchange rate differences	28	20	48
As of Dec. 31 2022	**6,617**	**10,618**	**17,235**
As of Jan. 1, 2023	6,617	10,618	17,235
Addition	621	925	1,547
Disposal	-571	-1,187	-1,758
Transfer	-6	6	-0
Exchange rate differences	2	-95	-93
As of Dec. 31 2023	**6,663**	**10,267**	**16,930**

thousand €	*Property, plant and equipment*	*Buildings (IFRS 16)*	*Total*
Depreciation and impairment			
As of Jan. 1, 2022	4,497	5,139	9,636
Depreciation/impairment	611	2,019	2,630
Disposal	-54	-	-54
Exchange rate differences	21	-10	11
As of Dec. 31 2022	**5,075**	**7,148**	**12,224**
As of Jan. 1, 2023	5,075	7,148	12,224
Depreciation/impairment	645	1,828	2,472
Disposal	-489	-748	-1,237
Exchange rate differences	-3	-82	-85
As of Dec. 31 2022	**5,227**	**8,146**	**13,375**

thousand €	*Property, plant and equipment*	*Buildings (IFRS 16)*	*Total*
Book value			
As of Dec. 31 2023	**1,436**	**2,121**	**3,556**
As of Dec. 31 2022	1,542	3,470	5,011
As of Jan. 1, 2022	1,809	5,542	7,351

As of the balance sheet date, there were contractual obligations in the form of orders for the purchase of property, plant and equipment in the amount of € 3 thousand (previous year: € 6 thousand).

6.2.1 Depreciation methods and useful life

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

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

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

See (Note 16.10 for other accounting policies relevant to property, plant and equipment.

6.3 Leases – lessee

This note provides information on leases with the Group as lessee.

The Group rents business premises, office equipment and a vehicle. Rental agreements for buildings are generally concluded on a long-term basis (up to 10 years), but may include renewal options, as described in section 6.3.3.

The accounting policies for leases are explained in note 16.6.

6.3.1 Amounts recognized in the balance sheet

The following items for leases with the Group as lessee are reported in the balance sheet:

€ thousand	***Dec. 31, 2023***	***Dec. 31, 2022***
Right of use asset		
Buildings	2,121	3,469
Cars	7	20
Property, plant and equipment	17	34
Total	**2,144**	**3,523**
Additions and disposals to right of use		
Additions	949	312
Disposals	-1,190	-394
Total	**-240**	**-83**
Leasing liability		
Short term	1,561	1,996
Long term	788	1,852
Total	**2,349**	**3,848**

For information on the maturity structure, please refer to note 10.3.2.

6.3.2 Amounts recognized in the comprehensive income statement

The statement of comprehensive income includes the following amounts for leases with the Group as lessee:

€ thousand	*2023*	*2022*
Amortization of right of use		
Buildings	1,828	2,019
Cars	4	10
Property, plant and equipment	41	24
Total	**1,873**	**2,053**
Interest expenses		
Interest expenses on leasing liabilities	69	65
Practical remedy		
Expenses for short-term leases	100	105
Expenses for low value leases	-5	3
Total	**95**	**108**
Amounts recognized in the statement of comprehensive income	**2,037**	**2,227**

Payments for leasing amounted to € 2.47 m in the reporting year (previous year: € 2.19 m).

6.3.3 Extension options

As at December 31, 2023 there were future cash outflows not recognized as lease liabilities in the amount of € 10.41 m (Dec 31, 2022: € 10.73 m). It is not sufficiently certain that the associated leases will be extended (or not terminated).

6.3.4 Subleases

The Group concludes subleases for rented properties. The subleases are classified exclusively as operating leases.

Rental income from subleases for properties amounted to € 23 thousand in the 2023 financial year (Dec 31, 2022: T€ 13 thousand) and consists of fixed payments and payments linked to an index or (interest) rate.

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

€ thousand	*2023*	*2022*
up to 1 year	8	-

The accounting policies for leases are explained in note 16.6.

6.4 Deferred taxes

Dec.31, 2022

thousand €	*Balance net as of January 1*	*Recognized in Profit or loss*	*Currency Effect*	*Recognized in Other in-come*	*Directly in Equity considered*	*As of Dec. 31, 2022*		
						Net	***Defferred Tax Assets***	***Defferred Tax Liablities***
Intangible assets	-18,097	752	-14			-17,359	-554	-16,804
Property, plant and equipment	-1,261	285	-24			-1,001	21	-1,021
Financial assets		-92				-92	553	-645
Other assets						-	-	-
Trade Receivables	8	32				39	52	-13
Cash and Cash equivalents	1	-1				-	-	-
Employee benefits	97	-66		-42		-10	1	-11
Provisions	20	29				49	49	-
Liabilities from trade payables	1					1	1	-
Contractual binding-liabilities	1	41				42	42	-
Financial Liabilities	924	107		2		1,032	1,159	-126
Loss carried forward	1,700	2,423				4,123	4,123	-
Tax assets (-liabilities) before offsetting							**5,447**	**-18,620**
Offsetting of tax	-	-	-	-	-	-	-	-
Tax assets (-liabilities) after offsetting								**-13,173**

Dec. 31, 2023

thousand €	*Balance net as of January 1*	*Recognized in Profit or loss*	*Currency Effect*	*Recognized in Other in-come*	*Directly in Equity considered*	*As of Dec. 31, 2023*		
						Net	***Defferred Tax Assets***	***Defferred Tax Liabli-ties***
Intangible assets	-17,359	-123	-32			-17,515	-	-17,515
Property, plant and equipment	-1,001	363	4			-634	-	-634
Financial assets	-92	96				4	27	-22
Trade accounts receivables	39	-52	-2			-16	-13	-3
Cash and cash equivalents		28				28	28	-
Employee benefits	-10	26	-3	32		46	80	-34
Provisions	49	-31				18	18	-
Trade accounts payables	1	-1					-	-
Contractual liabilities	42	-38				4	4	-
Financial liabilities	1,032	-232		-68		732	777	-44
Loss carried forward	4,123	2,733				6,856	6,856	-
Tax assets (-liabilities) before offsetting							**7,777**	**-18,253**
Offsetting of tax	-	-	-	-	-	-	-	-
Tax assets (-liabilities) after offsetting								**-10,476**

Only some deferred taxes on loss carryforwards were capitalized abroad in the reporting year. Among other things, this is due to the limited usability of loss carryforwards within the planning period or to tax losses that cannot generally be used in accordance with individual foreign tax law. Although some of the losses cannot be used indefinitely, no tax loss carryforwards have expired to date.

The amount of the not recognisedunrecognized vested losses carried forwardloss carryforwards as at the re-porting date is was € 2.37 million (previous year: € 3.38 million).

No deferred tax liabilities were recordedrecognized on "outside basis differences". The related amount of tem-porary differences amounted to € 400 thousand (previous year: € 217 thousand).

6.5 Other assets

Assets - thousand €	*Dec. 31, 2023*	*Dec. 31, 2022*
Advanced payments	1,548	1,160
VAT Receivables	282	276
Receivables from health insurance/insurances	1	0
Other Assets	49	127
Total	**1,879**	**1,563**
Short term	1,871	1,524
Long term	8	39

The advance payments relate to services that will not be rendered until after the balance sheet date.

6.6 Other liabilities

thousand €	*Dec. 31, 2023*	*Dec. 31, 2022*
VAT liabilities	1,101	952
Wage- and church tax	669	601
Employer's liability insurance Association	71	61
Other	23	1
Total	**1,864**	**1,615**
Short term	1,864	1,615
Long term	-	-

6.7 Provisions

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

thousand €	*Archiving business documents*	*Dismantling obligation*	*Onerous contracts*	*Total*
As of Jan. 1, 2023	30	146	142	318
Consumption	–	–	–	–
Release	–	–	-141	-141
Addition	–	51	47	98
Currency translation	–	–	-1	-1
As of Dec. 31, 2023	**30**	**197**	**47**	**274**
Short term	–		47	**47**
Long term	30	197		**227**

Archiving business documents

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

Dismantling obligation

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

Onerous contracts

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

6.8 Employee benefits

6.8.1 Current employee benefits due

thousand €	*Dec. 31, 2023*	*Dec. 31, 2022*
Defined benefit plans	438	361
Liabilities from wages and salaries	14	5
Bonus payments/ Special payment due to modification of the sharebased payment plans	2,430	989
Vacation / Overtime	232	242
Liabilities - social security	72	50
Liabilities from pension plans	191	183
Service cost on contingent purchase price liabilities	151	78
Other	20	11
Total	**3,548**	**1,920**
Short term	2,985	1,495
Long term	562	425

In the 2023 financial year, extraordinary expenses of € 562 thousand (previous year: € 0 thousand) were recognized for the settlement of the employee participation programs due to the takeover bid by the financial investor Thoma Bravo.

6.8.2 Benefits after termination of the employment relationship

The following table shows the reconciliation of the opening balance to the closing balance for the net liability (net asset value) from defined benefit plans and their components.

Change in net liability from defined benefit pension plans	***Defined benefit obligation***		***Fair value of Plan Assets***		***Net defined benefit liability from defined benefit pension plans***	
	2023	***2022***	***2023***	***2022***	***2023***	***2022***
	thousand €	***thousand €***	***thousand €***	***thousand €***	***thousand €***	***thousand €***
As of Jan. 1,	**776**	1,018	**-415**	-513	**360**	505
Recognized in profit or loss	**165**	**224**	**-9**	**-4**	**156**	**219**
Current service cost	144	213	-	-	144	213
Past service cost	-1	-3	-	-	-1	-3
Interest expense (interest income)	22	14	-9	-4	13	9
Recognized in other comprehensive income	**10**	**-325**	**-11**	39	**-1**	**-286**
- Actuarial Loss (Gain) from:						
- demographic assumptions	-	-4	-	-	-	-4
- financial assumptions	23	-230	-	-	23	-230
- experience adjustment	-30	-113	-	-	-30	-113
Return on plan assets excluding interest income	-	-	5	54	5	54
Net translation differences	17	22	-16	-15	1	7
Other	**-191**	**-141**	**113**	**63**	**-78**	**-78**
Contributions paid by employer	-	-	-47	-68	-47	-68
Contributions paid by employee	46	65	-46	-65	-	-
Benefit Payments	-237	-206	206	197	-31	-10
As of Dec. 31,	**759**	**776**	**-322**	**-415**	**437**	**360**

For country-specific details of defined benefit plans, see Note 16.16.2.

Dec. 31, 2023	*Switzerland*	*France*	*India*	*Italy*	*Asia, Hongkong*	*Total*
	thousand €	*thousand €*	*thousand €*	*thousand €*	*thousand €*	*thousand €*
Present value of obligations	482	37	196	42	17	773
Fair value of plan assets	-335	-	-	-	-	-335
Total liabilities	**147**	**37**	**196**	**42**	**17**	**438**

Dec. 31, 2022	*Switzerland*	*France*	*India*	*Italy*	*Asia, Hongkong*	*Total*
	thousand €	*thousand €*	*thousand €*	*thousand €*	*thousand €*	*thousand €*
Present value of obligations	584	50	127	24	-	785
Fair value of plan assets	-421	-	-	-	-	-421
Total liabilities	**163**	**50**	**127**	**24**		**363**

The Group expects contributions of € 37 thousand to be paid into the defined benefit plans in 2024 (previous year: expectation for 2023 of € 56 thousand).

Plan assets

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

Plan assets	*2023*	*2022**
Shares	32.0%	27.9%
Bonds	28.7%	30.1%
Real estate	17.8%	17.7%
Mortgages	7.0%	7.2%
Alternative investments	13.4%	13.4%
Other	0.2%	0.9%
Cash and cash equivalents	0.8%	2.8%

*Values are at Sept 30, 2022

The fund's investment strategy is based on investment objectives that are regularly determined by an asset-liability study (ALM) and aims to achieve a stable return through a balanced proportion of equities, real assets and investments in alternative investments and to cushion short-term market fluctuations through diversification.

The remaining pension plans are unfunded.

Defined benefit obligation

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

Dec. 31, 2023	*Switzerland*	*Fance*	*India*	*Italy*
Discount rate	1.8%	3.0%	0.0719	3.2%
Inflation rate	1.5%	0.0%	0	2.0%
Future wage and salary increases	3.5%	2.0%	0.085	1.0%
Future pension increase	0.0%	0.0%	0	0.0%
Fluctuation rate	0.0%	0.0%	0.16	5.0%

Dec. 31, 2022	*Switzerland*	*Fance*	*India*	*Italy*
Discount rate	2.1%	0.6%	0.072	3.7%
Inflation rate	0.0%	0.0%	0	2.5%
Future wage and salary increases	3.5%	1.0%	0.085	1.0%
Future pension increase	0.0%	0.0%	0	0.0%
Fluctuation rate	0.0%	0.0%	0.16	5.0%

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

On 31.12.2023 the weighted average term of the defined benefit obligation was 13.3 years (previous year: 13.8 years).

The impact of changes in assumptions and parameters on the defined benefit obligation is shown in the following sensitivity analysis:

Sensitivity analysis Switzerland	*Change of Assuption*		*Increase of Acceptance*		*Decrease in Acceptance*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
Discount rate	0.5%	0.5%	-7.1%	-6.9%	8.6%	8.3%
Future wage or salary increase (incl. Inflation)	0.5%	0.5%	3.6%	3.7%	-3.1%	-3.3%
Expected pension increase	0.5%	0.5%	2.7%	2.8%	-2.4%	-2.6%
Chage in Life expectancy	1 yr	1 yr	0.7%	0.6%	-0.7%	-0.7%

Sensitivity analysis India	*Change of Assuption*		*Increase of Acceptance*		*Decrease in Acceptance*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
Discount rate	1.0%	1.0%	-5.3%	-5.5%	5.9%	6.2%
Future wage or salary increase (incl. Inflation)	1.0%	1.0%	5.4%	5.9%	-5.1%	-5.5%
Fluctuation rate	25.0%	25.0%	-2.6%	-3.6%	3.2%	4.5%

A sensitivity analysis was not carried out for France, Italy and Hong Kong for reasons of materiality.

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

The coverage gap does not currently represent a significant risk. The obligations are regularly reviewed by the management so that suitable precautions can be taken in the event of significant changes.

7 Equity

7.1 Issued capital / Treasury shares

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Issued as of January 1	10,014	8,648
Issued against cash contributions	-	1,365
Balance of purchased and sold treasury shares for share savings plans	9	1
Issued as of Dec. 31 - fully paid	**10,023**	**10,014**

The subscribed capital of EQS Group AG as of Dec. 31, 2023 is € 10.024.212,00 (Dec 31, 2022: € 10,024,212.00) and is fully paid up. It is divided into 10,024,212 (Dec. 31, 2022: 10,024,212) no-par value registered shares with a pro rata amount of the share capital of € 1.00 each. As of the reporting date, there were 1,220 treasury shares that were openly deducted from the subscribed capital (previous year: 10,000).

By resolution of the Annual General Meeting on June 30, 2023, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital once or several times by a total of up to € 2,506,053.00 until June 29, 2028 against cash and/or non-cash contributions (Authorized Capital 2023/I).

The following resolutions were passed by the Annual General Meeting on June 30, 2023:

- Presentation of the 2022 annual financial statements
- Discharge of the Executive Board for the 2022 financial year
- Discharge of the Supervisory Board for the 2022 financial year
- Resolution on the election of the auditor
- Resolution on the elections to the Supervisory Board
- Cancellation of the previous Authorized Capital 2022/I
- Creation of new Authorized Capital 2023/I
- Amendment to Article 16 of the Articles of Association (virtual Annual General Meeting)

No new treasury shares were purchased for the employee participation program in the 2023 financial year. As a result of the takeover of the new investor, the employee participation program was wound up (the 2022 tranche was modified and the 2023 tranche was terminated early). The employee participation program is no longer settled in the form of shares, but in the form of a cash settlement. This cash settlement was paid out with the January 2024 salary. To compensate for the loss of the tax-free allowance under the action plan, an additional bonus of € 1 thousand per participating employee was also paid out with the January 2024 payroll. The 2023 tranche of the key share plan will be paid out in January 2025 and is linked to an existing employment contract as at January 1, 2025. This plan is classified as a liability in accordance with IAS 19 as at Dec. 31, 2023, as it no longer meets the definition of a share-based payment in accordance with IFRS 2. The remaining portion of the expenses (for the period January to December 2024) will be recognized pro rata until Dec.31, 2024.

7.2 Capital reserve

€ thousand	*Dec. 31, 2023*	*Dec. 31, 2022*
Balance of capital reserves at beginning of year	106,853	63,140
Capital increase	-	43,672
Share-based payment	-165	275
Change in treasury shares	0	-234
Total	**106,688**	**106,853**

Personnel expenses in connection with share-based payments were recognized in the capital reserve until the employee participation programmes are settled in the 2023 financial year. At the end of the reporting period, € -424 thousand (Dec. 31, 2022: € -57 thousand) from equity-based remuneration transactions were included in the capital reserve.

7.3 Retained Earnings

€ thousand	*Dec. 31, 2023*	*Dec. 31, 2022*
Balance at beginning of year	-4,909	-1,532
Cost of capital increase	-	-204
Adjustment of retained earnings of subsidiaries	-	154
Initial consolidation of subsidiaries	-	4
Share based payment	-152	-
Consolidated net income	-6,052	-3,332
Total	**-11,113**	**-4,909**

7.4 Other reserves

€ thousand	*Dec. 31, 2023*	*Dec. 31, 2022*
Status at the beginning of the year	252	-17
Foreign currency differences	-22	22
Remeasurements on defined benefit plans	-30	247
Total	**200**	**252**

Foreign currency differences

Currency differences from the translation of a controlled foreign operation are recognized in other comprehensive income in the statement of comprehensive income and reported cumulatively in other reserves in equity.

The cumulative amount in other reserves is reclassified to profit or loss (consolidated profit or loss) when the net investment is disposed of.

At the end of the reporting period, other reserves include currency differences from the translation of foreign operations in the amount of € 110 thousand (Dec. 31, 2022: € 132 thousand).

Actuarial gains and losses on defined benefit plans

Gains and losses from remeasurements of defined benefit pension plans and the difference between the return on plan assets and the amounts included in net interest on the net liability (the net asset) resulting from experience-based adjustments and changes in actuarial assumptions are recognized 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 as well as deferred taxes thereon, in the amount of € 90 thousand (Dec. 31, 2022: € 120 thousand).

7.5 Shares of non-controlling shareholders

€ thousand	*Dec. 31, 2023*	*Dec. 31, 2022*
Balance at beginning of year	1	0
Income attributable to non-controlling interests	-	1
Summe	**1**	**1**

The share of consolidated net income attributable to non-controlling interests amounts to € 619.49 (Dec. 31, 2022: € 618.21).

8 Cash flow disclosures

8.1 Non-cash investing and financing activities

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

- Acquisition of right-of-use assets - Note 6.3
- Shares issued to employees as part of the employee participation programs - Note 14.

8.2 Changes in liabilities from financing activities

thousand €	*As of Jan. 1, 2022*	*Cash effec-tive*	*Non cash effective*	*As of Dec. 31, 2022*
Non-current bank loans	4,403	3,526	21,109	29,038
Current bank loans	53,930	-33,152	-15,763	5,015
Other credits	18,654	-16,897	-641	1,116
Deposits	10	-10	-	-
Lease liabilities	6,026	-1,763	-416	3,847
Total	**83,023**	**-48,295**	**4,289**	**39,017**

thousand €	*As of Jan. 1, 2023*	*Cash effec-tive*	*Non cash effective*	*As of Dec. 31, 2023*
Non-current bank loans	29,038	-4,807	-3,140	21,091
Current bank loans	5,015	-	3,492	8,507
Other credits	1,116	-870	71	317
Deposits	-	-	-	-
Leasing liabilities	3,847	-1,486	-13	2,349
Total	**39,017**	**-7,163**	**409**	**32,263**

Non-cash changes in current and non-current bank loans mainly result from the reclassification between current and non-current. Financial liabilities are mainly denominated in Euros.

9 Significant estimates and judgements

The preparation of the financial statements requires the use of accounting estimates, which by definition rarely correspond to actual results. The application of the Group’s accounting policies is also subject to various judgements by management. Below we provide an overview of areas with higher degrees of 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 judgements is included in the other notes, together with the basis of calculation for each affected line item in the financial statements.

Significant estimates and judgements

The significant estimates and judgments made by the Management Board in applying the company's accounting policies and the most significant effects of these judgments on the amounts recognized in the consolidated financial statements are presented below.

Significant estimates or discretionary decisions were exercised for:

- Recognition of revenue (Note 3)
- Internally generated intangible assets (Note 6.1)
- Goodwill (Note 6.1.)
- Accounting for leases (Note 6.3)
- Capitalization of deferred taxes on loss carryforwards (Note 6.4)
- Impairment due to expected credit losses on trade receivables and contract assets (Note 10.2.2)
- Liabilities from employee benefits (Note 6.8)
- Provisions (Note 6.7)

All estimates and discretionary decisions are reviewed on an ongoing basis and are based on past experience and other factors, including expectations of future events that may have a financial impact on the company and are considered appropriate under the given 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 net assets, financial position and results of operations in the future. Information on profits and losses for the current year has been included where relevant in order to clarify correlations.

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 insturments 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 Steering Committee, which includes members of the Executive Board. Controlling identifies, assesses, and hedges financial risks in close cooperation with the Company's operating divisions.

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

10.1 Market risk

Market risk is the risk that market prices, e.g. exchange rates or interest rates, will change, thereby affecting the Group's income or the value of the financial instruments held. Financial instruments exposed to market risk include interest-bearing loans.

The sensitivity analyses in the following sections refer to the status as at December 31, 2023 and December 31, 2022.

The sensitivity analyses were prepared on the assumption that net debt, the ratio of fixed to variable interest rates on debt and the proportion of financial instruments in foreign currencies remain constant.

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. Items denominated in a currency other than the functional currency of the respective subsidiary are included in the calculation.

Due to the still low level of foreign currency revenues (20 - 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:

thousand €	*Liabilities*		*Assets*	
	Dec. 31, 2023	*Dec. 31, 2022*	*Dec. 31, 2023*	*Dec. 31, 2022*
EUR	23	24	763	360
CHF	–	–	136	17
GBP	–	–	–	18
HKD	43	–	1	3
USD	323	237	50	367
SGD	–	–	67	130
AUD	–	–	–	9
DKK	–	–	1	1
NOK	–	–	290	262
CAD	–	–	1	2
TWD	–	–	68	148
CNY	–	–	1	44
SEK	–	–	115	84

The exchange rates used for currency translation are as follows:

	EUR/CHF	*EUR/GBP*	*EUR/HKD*	*EUR/USD*	*EUR/CAD*	*EUR/DKK*	*EUR/SEK*	*EUR/NOK*	*EUR/SGD*	*EUR/TWD*	*EUR/CNY*	*EUR/INR*
Rate at Dec. 31, 2023	0.93	0.87	8.63	1.11	1.46	7.45	11.10	11.23	1.46	33.67	7.85	91.90
Rate at Dec. 31, 2022	0.98	0.89	8.32	1.07	1.45	7.44	11.12	10.52	1.43	32.77	7.36	88.17
Average rate 2023	0.97	0.87	8.47	1.08	1.45	7.45	11.47	11.22	1.45	32.90	7.66	89.32
Average rate 2022	1.00	0.85	8.23	1.05	1.44	7.44	10.62	10.59	1.43	32.25	7.08	82.66

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.

thousand €	Annual result	
	2023	2022
Impact EUR	79	34
Impact CHF	14	2
Impact GBP	-	2
Impact HKD	4	-
Impact USD	37	12
Impact SGD	7	10
Impact AUD	-	1
Impact DKK	-	
Impact NOK	29	4
Impact CAD	-	
Impact TWD	7	15
Impact CNY	-	4
Impact SEK	12	1

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

10.1.2 Cash flow and market interest rate risk

The Group's main interest rate risk relates to borrowings with variable interest rates (EURIBOR), which expose the EQS Group to cash flow interest rate risk. The Group's borrowings were denominated in euros in the reporting period.

EQS Group AG uses an interest rate cap for the long-term loans with a nominal amount of € 7.00 million and € 30.00 million (unchanged from the previous year) in order to hedge against an increase in the interest rate. The interest rate cap is 0.00% for the loan of €7.00 million and 3.00% for the loan of €30.00 million. The term of the two derivatives corresponds to the term of the respective loan and fully covers the loan volumes.

Borrowings are measured at amortized cost. They are regularly contractually adjusted to market interest rates (see below) and to this extent are also exposed to future changes in market interest rates.

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

thousand €	**Dec. 31, 2023**	**Dec. 31, 2022**
Variable-interest loans	29,597	34,054

A presentation of the maturities is shown in note 10.3.2.

Sensitivity

Earnings after taxes would react as follows to higher/lower interest expenses from variable-interest borrowing as a result of interest rate changes:

Impact on earnings after taxes thousand €	***Dec. 31, 2023***	***Dec. 31, 2022***
Interest rates - increase by 100 basis points	-363	-215
Interest rates - decrease by 100 basis points	224	27

10.2 Default risk

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

10.2.1 Risk management

Default risk is the risk of loss for the Group if a contracting party fails to meet its contractual obligations. The Group stipulates that business relationships are only entered into with creditworthy contracting parties and, if appropriate, collateral is provided in order to minimize the risk of loss from the non-fulfilment of obligations.

10.2.2 Impairment of financial assets

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

- Trade accounts receivables
- Contract assets.

Cash and cash equivalents are also subject to the impairment provisions of IFRS 9; due to the short-term instruments and their probability of default, there was no need to recognize a risk provision. The bank balances and derivatives are mainly held at Commerzbank and Deutsche Bank. There is no default risk for derivatives.

Trade accounts receivables and contract assets

Outstanding receivables from customers are regularly monitored to ensure that the Group is not exposed to a substantial default risk. For foreign customers, dealings are increasingly handled at the parent company based on advance payment. The Group applies the simplified approach under IFRS 9 to measure expected credit losses, accordingly, expected credit losses over the term are used for all trade accounts receivables and contract assets.

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

In principle, main target term of up to 30 days is granted. However, this may vary according to the local circumstances on the foreign markets. For trade receivables that are older than 90 days, common practice is to make impairments based on historically documented experiences regarding the counterparty, taking into consideration the counterparty’s current financial position.

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 12 months prior to Dec. 31, 2023, 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 accounts receivables and contract assets as of Dec. 31, 2023, and Dec. 31, 2022 was determined as follows:

thousand €	*Not overdue*		*Overdue in Days*			*Total*
As of Dec. 31, 2022	*0*	*1-30*	*30-60*	*60-180*	*>180*	
Gross carrying amounts Trade accounts receivable	6,026	499	5	494	352	**7,376**
Gross carrying amounts of contract assets	276	-	-	-	-	**276**
Gross carrying amounts of employee receivables	20	-	-	-	-	**20**
Default rate (%)	0.3%	-0.8%	-1.8%	-51.2%	-87.9%	
Expected credit loss over the term	**-18**	**-8**	**-2**	**-170**	**-419**	**-617**

thousand €	*Not overdue*		*Overdue in Days*			*Total*
As of Dec. 31, 2023	*0*	*1-30*	*30-60*	*60-180*	*>180*	
Gross carrying amounts Trade accounts receivable	8,590	2,697	587	878	776	**13,528**
Gross carrying amounts of contract assets	123	-	-	-	-	**123**
Gross book values Employee receivables	274	-	-	-	-	**274**
Default rate (%)	-0.2%	-0.7%	-1.4%	-23.7%	-97.3%	
Expected credit loss over the term	**-21**	**-18**	**-8**	**-208**	**-755**	**-1,010**

Change in valuation allowance:

thousand €	*Dec. 31, 2023*	*Dec. 31, 2022*
Opening balance sheet values in accordance with IFRS 9	617	794
Increase in allowance for credit losses recognized in profit or loss	651	22
Decrease in allowance for credit losses recognized in profit or loss	-136	-27
Amounts written off as uncollectible during the year	-122	-172
Balance at the end of the year	**1,010**	**617**

10.2.3 Significant estimates and judgements

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

10.3 Liquidity risk

Ultimately, responsibility for liquidity risk management lies with the Management Board, which has developed a concept for managing short, medium and long-term financing and liquidity requirements. The Group manages its liquidity risks by holding reserves, credit lines with banks and other facilities as well as by constantly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. There are also additional, unused credit lines available to the Group to further reduce liquidity risks.

10.3.1 Financing agreements

At the end of the reporting period, the Group had unused credit lines of € 2.62 million (31.12.2022: € 2.53 million) at its disposal. The Group expects to be able to meet its other obligations through operating cash flows and proceeds received when financial assets fall due.

10.3.2 Maturities of financial liabilities

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

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

The tables are based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be obliged to pay. The table includes both interest and principal payments.

As of Dec. 31, 2022	*Effective interest %*	*Up to 1 year thousand €*	*Between 1 to 5 years thousand €*	*Over 5 years thousand €*	*Total thousand €*	*Book value thousand €*
Trade accounts payable	-	2,709	-	-	2,709	2,709
Leasing liabilities	-	1,996	1,906		3,902	3,848
Fixed-interest bank loans	1.80%		-	-		
Variable-interest bank loans	5.11%	6,637	32,573	-	39,210	34,054
Contingent consideration	-	968		-	968	968
Deposits	-		-	-		
Bank overdrafts / credit card settlements	-	72	-	-	72	72
Other loans	-	148	-	-	148	148
Total		**12,530**	**34,480**		**47,009**	**41,798**

As of Dec. 31, 2023	*Effective interest %*	*Up to 1 year thousand €*	*Between 1 to 5 years thousand €*	*Over 5 years thousand €*	*Total Thousand €*	*Book value thousand €*
Trade accounts payable	-	7,243		-	7,243	7,243
Leasing liabilities	-	1,561	788	-	2,349	2,349
Variable-interest bank loans	3,97%	9,601	22,972	-	32,573	29,597
Bank overdrafts / credit card settlements	-	50	-	-	50	50
Other loans	-	267	-	-	267	267
Total		**18,722**	**23,760**		**42,482**	**39,506**

10.4 Categories of financial instruments

The following table 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 that are 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 current financial assets, trade payables, current loans and other current financial liabilities corresponds approximately to their carrying amount, mainly due to the short 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, 2022	*Amortized acquisition cost thousand €*	*Fair value through profit and loss thousand €*	*Fair Value thousand €*	*Fair value hierarchy thousand €*
Financial Assets				
Long-term loans to managing directors and employees in management positions	859	-	859	3
Non-current depostits	287	-	287	3
Derivatives not designated as hedging instruments		717	717	1
Financial liabilities				
Borrowings from banks	34,054	-	34,054	3
Contingent consideration	968		968	3

As of Dec. 31, 2023	*Amortized acquisition cost thousand €*	*Fair value through profit and loss thousand €*	*Fair Value thousand €*	*Fair value hierarchy thousand €*
Financial Assets				
Long-term loans to managing directors and employees in management positions	783	-	783	3
Non-current depostits	385	-	385	3
Derivatives not designated as hedging instruments	-	318	318	1
	26		26	3
Financial liabilities				
Borrowings from banks	29,648	-	29,648	3
Contingent consideration	267	-	267	3

The fair value of loans to managing directors and employees in management positions corresponds to the carrying amount. The fair value was determined on the basis of the discounted cash flows using a current credit interest rate. As a result of unobservable input parameters, including the counterparty default risk, this is categorized in level 3 of the fair value hierarchy.

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 categorized in level 3 of the fair value hierarchy due to the use of unobservable input factors, including own default risk.

The fair value of the contingent consideration was determined as the discounted, contractually agreed value of the future payments. This is categorized in level 3 of the fair value hierarchy due to unobservable input parameters. See also note 16.

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

11 Capital management

11.1 Risk management

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

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

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

thousand €	*Dec. 31, 2023*	*Dec. 31, 2022*
Financial liabilities	39,506	41,798
Income tax liabilities and other current and non-current liabilities	39,120	35,046
Cash and Cash Equivalents	-7,504	-10,655
Net debt	**71,121**	**66,189**
Equity	105,798	112,211
Shareholder's equity and Net financial debt	**176,919**	**178,400**
Debt-equity ratio	**40.2%**	**37.1%**

12 Events after the balance sheet date

On November 16, 2023, EQS Group AG signed an investor agreement with Pineapple German Bidco to acquire all outstanding shares at an offer price of EUR 40.00 per share in cash. The takeover offer of Pineapple German Bidco GmbH dated December 4, 2023 to the shareholders of EQS Group AG to acquire all shares of the company was completed on February 2, 2024. Subsequently, the shares of the Management Board members were transferred in accordance with the offer (in full except for Achim Weick) and the loans to the Management Board members were repaid. Pineapple German Bidco GmbH has informed EQS Group AG that it holds approximately 98% of the share capital of EQS Group AG.

Pineapple German Bidco GmbH, a holding company controlled by funds managed and/or advised by Thoma Bravo, L.P., has subscribed to a capital increase of 1,002,421 new registered shares at a total issue price of EUR 40,096,840.00 on January 31, 2024. EQS Group AG used the funds from the capital increase to repay the existing loan with Commerzbank and the syndicated loan ahead of schedule on February 2, 2024.

EQS Group AG has applied for the termination of the inclusion of the company's shares (ISIN DE0005494165) in trading on the OTC segments of the Frankfurt and Munich stock exchanges. The Frankfurt Stock Exchange announced on February 6, 2024 that the inclusion of the company's shares in the open market (Scale and Basic Board) will be discontinued at the end of May 6, 2024 and trading will be terminated on this date.

Pineapple German Bidco GmbH has submitted a request to EQS Group AG pursuant to section 327a para. 1 sentence 1 AktG, according to which the general meeting of EQS Group AG shall resolve on the transfer of the shares of the remaining shareholders (minority shareholders) to Pineapple German Bidco GmbH as majority shareholder against payment of an appropriate cash compensation (so-called squeeze-out under stock corporation law).

The employee share ownership programs were settled and the shares acquired last year were immediately matched and paid out in February 2024.

The Russian company Equity Story RS LLC was sold on January 16, 2024.

Other information

13 Transactions with related parties

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

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

13.1 Transactions with related parties

Rendered or purchased services

thousand €	*Services rendered*		*Services received*	
	2023	*2022*	*2023*	*2022*
Members of the management in key positions of the company or of its parent company	–	–	336	395
Total	–	–	**336**	**395**

The purchased services mainly relate to the activities of the Supervisory Board.

Dividends and interest

thousand €	*Dividends and Interest received*		*Dividends and Interest paid*	
	2023	*2022*	*2023*	*2022*
Members of the management in key positions of the company of its parent company	19	7		
Total	19	7		

13.2 Outstanding balances from transactions with related parties

thousand €	Receivables from related parties and persons		Liabilities to related parties and persons	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Members of the management in key positions of the company or its parent company	234	-	117	244
Other related companies and parties				
Total	**234**	**-**	**117**	**244**

Loans from / to related parties

thousand €	Loans granted		Loans received	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Members of the management in key positions of the company or its parent company	234	269		
Other related companies and parties				
Total	**234**	**269**		

There is a loan receivable from the Management Board member André Silvério Marques in the amount of € 234 thousand (previous year: € 269 thousand) as at the balance sheet date. The loan has a term until April 30, 2025 and was used to purchase shares in EQS Group AG as part of the management participation program. The loan bears interest at 7.9% p.a. (previous year: 2.8%). Interest in the financial year amounted to € 17 thousand (previous year: € 17 thousand).

13.3 Remuneration for key management personnel

thousand €	***2023***	***2022***
Short-term benefits	1,671	1,673
Post-employment benefits	178	177
Total	**1,849**	**1,850**

14 Share-based payment

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

14.1 Share plans

Description of the share-based payment arrangement

The Group had set up two share participation programs for employees. Under the program, participants were granted matching shares if certain conditions were met. The matching shares were issued to those employees of EQS Group AG and its subsidiaries who acquire EQS shares as a personal investment over a maximum period of 12 months as part of the participation program and do not dispose of them during the investment period and a subsequent holding period of 12 to 24 months. Students, interns and members of the Executive Board were not eligible to participate . Shares could be purchased for a maximum of EUR 2,400 or EUR 12,000 per year. The personal purchase of each individual share entitles the participant to purchase a further EQS share at a ratio of 1:1 in accordance with the terms and conditions of the plan. The shares purchased and the shares granted were held in a bank custody account for the entire duration of the plan. If the plan conditions have been met in full at the end of the holding period, the matching shares were allocated to the participants.

Both share participation plans were classified as equity-settled share-based payment transactions in accordance with IFRS 2. During the months of November and December 2023, the current 2022 and 2023 plans were modified by EQS Group and the plan participants were given the opportunity to accept the modification of the plan.

The modification primarily concerns the form of settlement. Instead of settlement in equity instruments, the settlement were made in cash. For the plans of the 2023 tranche, this cash settlement was also brought forward by one year, thus shortening the original vesting period by one year. The fair value of an EQS Group AG share at the time of the modification was EUR 40.00.

Another special feature of savings plan 2 is that the payment for 2023 was postponed to 2025, linked to an existing employment relationship and fixed at a settlement value of EUR 40.00 per share. The amount of the consideration is therefore not subject to any further changes in the value of the equity instruments. The definition of a share-based payment plan and the scope of IFRS 2 are therefore no longer fulfilled for this plan. Instead, the provisions of IAS 19 apply to this payment.

14.2 Fair value of granted shares

Fair value of matching shares

The fair value of the employee share program was determined using the Monte Carlo simulation.

The following parameters were used to determine the fair values on the grant date of the equity-settled share-based payment plans:

Savings plan 1

	Date of grant	
	Jan. 2023	*Jan. 2022*
Fair value at measurement date (in EUR)	24.5	44.4
Expected volatility (in %)	31.0%	47.0%
Expected life (in years)	2	2
Risk-free interest rate (in %)	2.0%	-0.1%
Weight average stock rate	23.81	30.29
Strike price	23.00	37.20

Savings plan 2

	Date of grant	
	Jan. 2023	*Jan. 2022*
Fair value at measurement date (in EUR)	24.5	44.4
Expected volatility (in %)	33.0%	50.0%
Expected life (in years)	3	3
Risk-free interest rate (in %)	2.0%	-0.1%
Weight average stock rate	23.81	30.29
Strike price	23.00	37.20

The expected volatility was based on an assessment of the historical volatility of EQS Group AG's share price, particularly in the period corresponding to the expected term.

The total carrying amount for liabilities from share-based payment transactions amounted to € 1.3 million at the end of the reporting period.

Reconciliation of the outstanding matching shares

The number of matching shares developed as follows:

	Number	
	2023	*2022*
Outstanding as of January 1	26,305	21,235
Exercised / expired during the year	8,879	12,356
Committed during the year	16,085	17,426
Outstanding at December 31	**33,511**	**26,305**
Excercisable at December 31		-

The weighted average share price of the options exercised in the period amounted to € 23.00 (previous year: € 37.20).

Expenses recognized in profit or loss

The effect on the result for the period amounted to € 908 thousand (previous year: € 222 thousand).

15 Consolidation

15.1 Scope of consolidation

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

- can exercise power of control over the investee,
- is exposed to variable returns from its investment, and
- has the ability to affect those returns through its power of control.

The Group reassesses whether or not it controls an investee where facts or circumstances indicate that one or several of the three control criteria referred to above 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, 2023	*Dec. 31, 2022*
Direct investments			
EQS Financial Markets & Media GmbH*	Munich, Germany	100.00%	100.00%
EquityStory 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	Copenhagen, Denmark	100.00%	100.00%
EQS Group S.r.l.	Milan, Italy	100.00%	100.00%
EQS Group doo	Belgrade, Serbia	100.00%	100.00%
EQS Group GmbH	Vienna, Austria	100.00%	100.00%
Business Keeper GmbH****	Berlin, Germany	n/a	100.00%
EQS Group Regtech S.L.U.	Madrid, Spain	100.00%	100.00%
Indirect investments			
EQS TodayIR Limited **	Hongkong	100.00%	100.00%
EQS Group (Shenzhen) Ltd. **	Shenzhen, China	100.00%	100.00%
TodayIR (Taiwan) Holdings Limited **	Hong Kong	100.00%	100.00%
EQS Digital IR Pte. Ltd.**	Singapore	100.00%	100.00%
EQS Blockchain Media GmbH***	Munich, Germany	0.00%	0.00%

* Profit and loss transfer agreement; in liquidation

** Indirect participation via EQS Asia Limited

*** Indirect investment via EQS Financial Markets & Media GmbH incl. adjustment of previous year. The company was liquidated as at 29.4.2022.
**** Merger with EQS Group AG as of 1.4.2023

The fully consolidated company EQS Financial Markets & Media GmbH, registered office: Munich, HRB 199404, makes use of the exemption pursuant to Section 264 (3) HGB to prepare annual financial statements and a management report in accordance with the supplementary provisions for corporations pursuant to Sections 264 et seq. HGB and § 289 ff. HGB, to have them audited and to publish them.

Business Keeper GmbH, registered office: Berlin, HRB (237626), was merged with EQS Group AG, Munich, as the acquiring legal entity with effect from April 1, 2023.

Please refer to Note 7.5 for information on non-controlling interests. The changes in the scope of consolidation-are shown below.

15.2 Changes in the scope of consolidation

Business combinations in the financial year

There were no business combinations in the 2023 financial year.

Mandatory and supplementary disclosures in accordance with HGB

Supplementary disclosures pursuant to Section 315e HGB

Number of employees

Employees (per function)	*2023*	*2022*
Software Development	222	240
Marketing & Sales	109	120
Product Management / Customer Success	146	134
General & Administration	89	82
Total	**566**	**576**

Auditor's fee

In the financial year 2023 fee expenses for the auditor totaling T€ 280 thousand (previous year: T€ 268 thousand) were recognized. Of this amount, audit services for 2023 totaled to T€ 190 thousand (previous year: T€ 211 thousand). Furthermore, in the financial year 2023 expenses for auditing services in the previous year in the amount of T€ 90 thousand were recognized.

Management Board

The Management Board consists of the following persons:

- Dipl. - Kfm. Achim Weick, Chief Executive Officer, Munich
- Dipl. - Kfm. Christian Pfleger, Chief Operating Officer, Munich
- Dipl. - Kfm., MBA, André Silvério Marques, Chief Financial Officer, Munich
- Dipl. BW (BA), MBA, Marcus Sultzer, Chief Revenue Officer, Pullach i. Isartal

The remuneration of the Management Board in the financial year 2023 € 1.85 Mio. (previous year: € 1.85 Mio.), of which variable T€ 0 (previous year: T€ 0) are bonus. Of the total remuneration T€ 201 (previous year: T€ 199) is attributable to insurance.

As at the balance sheet date, there is a loan receivable from the Management Board member André Silvério Marques in the amount of T€ 234 thousand (previous year: T€269 thousand). The loan has a term until April 30, 2025 and was used to purchase shares in EQS Group AG as part of the management participation program. The loan was granted at 7.9% p.a. (previous year: 2.8%). The repayment amount in the financial year amounted to T€ 35 thousand (previous year: € 35 thousand). The loan was repaid in full in February 2024.

The other board activities of the members of the Executive Board mainly comprise functions as managing directors of affiliated companies or subsidiaries of EQS Group AG.

The members of the Management Board perform the following additional functions in supervisory bodies:

- Achim Weick
    - Waag & Zübert Value AG, Nuremberg (Chairman of the Supervisory Board)
    - FABRI AG, Nuremberg (Chairman of the Supervisory Board) until June 12, 2023

Supervisory Board

- Robert Wirth, media marketing specialist BAW, entrepreneur and investor, Amberg (Chairman)
- Laurenz Nienaber, M.Sc., Investor and Managing Director of LMN Capital GmbH, Munich (Deputy Chairman)
- Kerstin Lopatta, Prof. Dr., Professor of Financial Accounting, Auditing and Sustainability, University of Hamburg, Hamburg

    Other supervisory board mandates:

    - Freenet AG (Supervisory Board)
    - EUROKAI GmbH & Co. KGaA (Supervisory Board)
- Stephan Ritter, business graduate, Bergisch Glattbach
- Catharina van Delden, MBA, entrepreneur, Munich

    Other supervisory board mandates:

    - Sto SE & Co. KGaA, Stühlingen (Supervisory Board)
    - Deutsche Bank AG, Munich (Member of the Advisory Board South)

16 Summary of significant accounting policies and measurement principles

16.1 Basics for compilation

16.1.1 Basics for preparation of the financial statements

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 that fall within the scope of IFRS 16, and

c) Valuation standards that are similar to fair value but do not correspond to it, e.g. value in use in accordance with IAS 36.

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

- Level 1 inputs are noted (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.

16.1.2 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.

The amendments had no material impact on the consolidated financial statements.

Change/standard	*Date of application (EU)*	*Brief description*
Amendments to IAS 12: Deferred taxes in connection with assets and liabilities from a single transaction	Jan. 1, 2023	Obligation to recognize deferred taxes for transactions that give rise to taxable and deductible temporary differences of the same amount on initial recognition.
IFRS 17 Insurance contracts	Jan. 1, 2023	Principles for recognition, measurement, presentation and disclosure requirements in relation to insurance contracts
Amendments to IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts	Jan. 1, 2023	Update of IFRS 17: First-time application of IFRS 17 and IFRS 9 - Comparative information.
Amendments to IAS 1 and IFRS Practice Settlement 2: Disclosure of accounting policies	Jan. 1, 2023	Clarification in IAS 1: Companies must 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	obligation to recognize deferred taxes for transactions that give rise to taxable and deductible temporary differences of the same amount on initial recognition.
Amendments to IAS 12: International Tax Reform	Immediately Jan. 1, 2023	Implementation of the Pillar 2 model rules

16.1.3 New standards and interpretation not yet applied

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

Change/standard	*Date of application (EU)*	*Brief description*
Amendment to IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current	Jan. 1, 2024	Clarification of the previous law: A liability is to be 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 company expects and can demand that an obligation under an existing loan agreement is refinanced or extended for at least twelve months after the reporting date, the obligation is considered non-current even if it would otherwise fall due within a shorter period.
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets by an Investor to its Associate or Joint Venture	n/a	Clarification that the gain or loss from the transfer of assets to an associate or joint venture must be recognized in full if a business within the meaning of IFRS 3 is transferred. In contrast, the gain or loss from such a transaction is only to be recognized on a pro rata basis if the transferred assets do not constitute a business.
Amendments to IFRS 16: Lease liabilities and leaseback	Jan. 1, 2024	Clarification of how a seller/lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability arising on a sale and leaseback transaction.
Amendments to IAS 7 Statement of Cash Flows: and IFRS 7 Financial Instruments	Jan. 1, 2024	Clarification on the presentation of supplier finance arrangements
Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates	Jan. 1, 2025	Clarification on the mapping of exchange rates when a currency is not exchangeable

16.2 Corporate acquisitions and changes in the scope of consolidation

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

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

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

Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control over that subsidiary are accounted for as equity transactions. The carrying amounts of the parent's investments and non-controlling interests are adjusted to reflect the changes in the ownership interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the parent.

Loss of control

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

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

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

If the company retains shares in the previous subsidiary, these are recognized at the fair value determined at the time of loss of control. This value represents the acquisition cost of the shares, which are subsequently measured in accordance with IFRS 9 or the regulations for associates or joint ventures, depending on the degree of control.

Acquisition of subsidiaries

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

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

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

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

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

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

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

16.3 Foreign currency translation

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

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

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

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

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

16.4 Discontinued operations

A discontinued operation is defined as a part of a company that has either already been sold or has been classified as "held for sale" and represents a major line of business or a focus of geographical activity.

An operation is classified as discontinued at the time when the company has actually sold the operation or when the operation meets the criteria for classification as "held for sale".

For the classification, the business unit:

- represent a major line of business or geographical area of operations;
- be part of a single coordinated plan to divest a separate major line of business or operations in a geographic area;
- or a subsidiary acquired solely for the purpose of resale.

The sum of the profit or loss after tax of the discontinued operation and the profit or loss after tax recognized from the remeasurement from fair value less costs to sell or from fair value adjustments on disposal of the assets (or the group of assets held for sale) must be presented as a single amount in the income statement.

16.5 Recognition of revenue

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

16.6 Income taxes

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

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

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

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

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

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

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

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

16.7 Leases

16.7.1 EQS Group as lessee

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

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

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

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

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

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

16.7.2 EQS Group as lessor

Operating leases

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

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

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

Finance leases

The Company does not hold any leases classified as finance leases.

16.8 Impairment of assets

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

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

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

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

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

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

16.9 Cash and cash equivalents

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

16.10 Financial assets and liabilities

16.10.1 Classification

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

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

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

16.10.2 Recognition and derecognition

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

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

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

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

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

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

16.10.3 Valuation

Financial assets - classification, subsequent measurement and gains and losses

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

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

The financial asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows, and

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

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

- The financial asset is held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- The financial asset is held as part of a business model whose objective is both to hold financial assets to collect contractual cash flows and to sell financial assets, and
- the contractual terms lead to cash flows at fixed points in time that represent solely payments of principal and interest on the outstanding principal amount.

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

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

Financial liabilities - classification, subsequent measurement and gains and losses

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

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

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

Equity instruments

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

16.10.4 Impairment

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

- Trade receivables and
- contract assets.

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

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

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

16.11 Property, plant, and equipment

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

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

Derecognition of tangible assets

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

16.12 Intangible assets and Goodwill

16.12.1 Concessions, industrial and similar rights and assets rights and assets

Separately acquired intangible assets with finite useful lives

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

Goodwill

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

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

Internally generated intangible assets - research and development costs

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

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

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- There is an intention to complete the intangible asset and to use or sell it.

- The ability to use or sell the intangible asset exists.
- The intangible asset is expected to generate future economic benefits.
- The availability of adequate technical, financial, and other resources to complete development and to use or sell the intangible asset is assured.
- The ability to reliably determine the expenditure attributable to the development of the intangible asset exists.

The amount at which an internally generated intangible asset is initially recognized is the sum of the expenditure incurred from the date when the intangible asset first meets the conditions above. If an internally generated intangible asset cannot be capitalized or no intangible asset exists yet, the development costs are recognized in profit or loss in the period in which they are incurred.

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

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

16.12.2 Depreciation methods and periods

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

16.13 Trade accounts payable and other financial liabilities

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

16.14 Borrowings

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

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

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

16.15 Borrowing costs

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

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

16.16 Provisions

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

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

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

Onerous contracts

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

Dismantling obligations

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

16.17 Employee benefits

16.17.1 Current employee benefits payable

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

16.17.2 Post-employment benefits

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

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

Switzerland

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

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

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

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

India

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

The plan is unfunded.

Italy

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

The plan is unfunded.

Hong Kong

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong", which provides guidance on the offsetting mechanism and the abolition of the mechanism. Hong Kong employees who have been continuously employed for at least five years are entitled to long service payments under the Hong Kong Employment Ordinance in certain circumstances.

Funding

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

16.18 Government grants

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

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

16.19 Equity

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

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

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

16.20 Dividends and interest income

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

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

16.21 Share-based payment

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

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

16.22 Earnings per share

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

Approval of the Financial Statement

The Executive Board approved and released the financial statement for publication on March 27, 2024.

Munich, March 27, 2024.

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

Reproduction of the audit opinion

OPINION OF THE INDEPENDENT AUDITOR

To EQS Group AG, Munich,

Audit assessments

We have audited the consolidated financial statements of EQS Group AG, Munich and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1, 2023 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of EQS Group AG for the financial year from January 1, 2023 to December 31, 2023.

In our opinion, based on the findings of our audit:

the accompanying consolidated financial statements comply, in all material respects, with IFRS and give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2023 and of its financial performance for the financial year from January 1, 2023 to December 31, 2023 in compliance with these requirements, and

the accompanying combined management report as a whole provides a suitable view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises the remaining parts of the annual report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report. Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information

are materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or

otherwise appear to be materially misstated.

Management's Responsibility for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with these requirements. Furthermore, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and combined management report.

During the audit, we exercise due discretion and maintain a critical attitude. Furthermore:

Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We are solely responsible for our audit opinions.

Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

Perform audit procedures on the prospective information presented by the legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, March 27, 2024

Baker Tilly GmbH & Co KG

Auditing company

(Düsseldorf)

Weilandt

Auditor

Hars

Auditor