

Letter to shareholders

3. Quarter of 2017



BEST ADVICE. BETTER TECHNOLOGY.



Stefan Bachmann
CDO

Ralph Konrad
CFO, CIO

Dr. Sebastian Grabmaier
CEO

Management Board letter to shareholders

DEAR SHAREHOLDERS, DEAR BUSINESS PARTNERS,

We have good news for you: In concluding the agreements with the Albatros Versicherungsdienste GmbH, part of the Lufthansa Group, JDC Group has achieved a breakthrough in our key account strategy. Two years ago we announced that going forward we would be focusing on digitisation services, and therefore less on individual brokers and more on larger sales entities such as small-to-medium-sized brokers, distributors and banks.

Following the mid-sized reference projects of recent months, like those with Assekuranz Herrmann, NWF or VVO, each of which contributes between one and four million in revenues, the agreement concluded with Albatros, one of the largest employee brokers in Germany, increases JDC Group revenues by about a fifth, or around 20 million euros. We expect to see additional significant agreements in the next few months, particularly in this segment. Therefore we are anticipating new levels of revenues and earnings in 2018.

In addition, our regular business is also performing well, allowing us to once again increase revenues and earnings in Q3. Our investments in inventory purchases and digitisation are now clearly paying off. The third quarter showed significant revenues growth in the Advisortech segment in particular. As announced, following the successful integration of the retail customer portfolio of Geld.de and Aon in 2016, we are planning further portfolio purchases in 2017, so we anticipate another transaction in the current year.

We are also profiting from a generally positive capital market environment in the Advisory segment. Given the healthy state of insurance sales, we were able to increase revenues and earnings in this segment as well.

As a result, we were able to boost the Group's EBITDA in the first nine months of 2017 compared to the previous year, thereby proving the viability of our strategy. Below is an overview of the development in the first nine months and the third quarter of 2017.

JDC and Lufthansa subsidiary Albatros agree on a 5-year contract to fully outsource transaction processing

Albatros Versicherungsdienste GmbH, which is part of the Lufthansa Group, and Jung, DMS & Cie. Pool GmbH, part of the JDC Group, have signed comprehensive agreements on outsourcing the processing and brokering of financial products for a minimum of 5 years. Albatros will transfer all the insurance contracts of its approximately 150,000 clients, meaning more than 500,000 contracts, to the JDC platform and handle all new business via JDC-IT and its infrastructure.

This will enable Albatros to drastically reduce its own IT investments and focus its own resources on sales instead of IT and administration. In turn, JDC will be able to better utilise its existing platform through the additional sales of up to 20 million euro, and thereby achieve an above-average margin on these additional sales.

We believe that the outsourcing business will significantly accelerate JDC's growth over the coming years, and thus we expect additional significant agreements in this segment.

Results from the third quarter and the first nine months of 2017

Consolidated revenues increased significantly in the first nine months of 2017 by around 9 percent to 59.5 million euro (9M 2016: 54.7 million euro). Although the purchase of Geld.de was paid in the prior-year quarter, revenues rose again in quarterly comparison, namely to 19.2 million euro (Q3 2016: 18.5 million euro).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) advanced in the first nine months to 2,285 kEUR (9M 2016: 707 kEUR). In the third quarter of 2017, EBITDA increased to 573 kEUR (Q3 2016: 339 kEUR).

Despite sharply higher depreciation on investments in property acquisitions, earnings before interest and taxes (EBIT) improved considerably by 974 kEUR year-on-year to -30 kEUR (9M 2016: -1,004 kEUR). EBIT improved to -189 kEUR (Q3 2016: -532 kEUR) in quarterly comparison.

The investment fund portfolio managed by the JDC Group AG (assets under administration) also performed well, rising to 4.5 billion euro, which equates to a roughly 5 percent increase over the previous year's figure as of 30 September 2016 of 4.3 billion euro. Portfolio commissions from investment funds rose accordingly.

Equity capital stood at 28.5 million euro as of 30 September 2017. The equity ratio thus continued to rise to a very solid 42.4 percent (31 December 2016: 29.7 million euro and 40.7 percent).

in kEUR

	Q3/2017 kEUR	Q3/2016 kEUR	Changes compared to previous year in %	30/09/2017 kEUR	30/09/2016 kEUR	Changes compared to previous year in %
Revenues	19,220	18,499	4	59,547	54,742	9
– of which Advisortech	14,664	13,799	6	47,677	43,097	11
– of which Advisory	6,820	5,937	15	18,505	16,201	14
– of which Holding/Konsolidierung	–2,264	–1,237	–83	–6,635	–4,556	–46
EBITDA	573	339	69	2,285	707	>100
EBIT	–189	–532	65	–30	–1,004	97

THE INDIVIDUAL SEGMENTS DEVELOPED AS FOLLOWS

Advisortech

The Advisortech segment significantly increased revenues in the first nine months of 2017 by around 11.0 percent to 47.7 million euro (9M 2016: 43.1 million euro). At 14.7 million euro, revenue was significantly above the same quarter last year (Q3: 16: 13.8 million euro).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) in the first nine months of 2017, at 2.5 million euro, were significantly higher than the previous year's figure of 1.3 million euro. Compared to the same quarter last year, EBITDA increased to 0.6 million euro (Q3 2016: 0.5 million euro).

Despite higher depreciation, earnings before interest and taxes (EBIT) improved in the first nine months of 2017 to 0.6 million euro (9M 2016: –0.1 million euro).

Advisory

Revenues in the Advisory segment improved by around 14 percent in the first nine months of 2017 compared to the previous year, rising to 18.5 million euro (9M 2016: 16.2 million euro). In quarterly comparison, sales rose to 6.8 million euro following 5.9 million euro in the same quarter last year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) in the Advisory segment rose in the first nine months to 0.5 million euro (9M 2016: 0.1 million euro). In Q3 2017, EBITDA increased slightly to 0.2 million euro (Q3 2016: 0.1 million euro).

Despite higher depreciation, earnings before interest and taxes (EBIT) improved in the first nine months of 2017 to 0.1 million euro (9M 2016: –0.2 million euro). EBIT remained unchanged in quarterly comparison.

Forecast

Prospects for the rest of 2017 are very positive. In 2017, on the one hand, we systematically pursued our strategy involving the profitable integration of additional insurance and fund portfolios, while on the other hand, continued to firmly establish our Fintech and Insurtech platform.

The fourth quarter, following the positive trends set by previous quarters, will be – as in previous years – the best quarter for 2017. Therefore, we are optimistic that we will once again significantly increase sales and earnings.

Due to the operational partnership with Albatros, which starts at the beginning of the year, we are also optimistic about 2018.

Thanks to our staff and shareholders

Lastly, we would like to express our particular thanks once again to both our employees and the sales partners at JDC Group AG, along with our subsidiaries, as it is their commitment and drive that are the basis of our success.

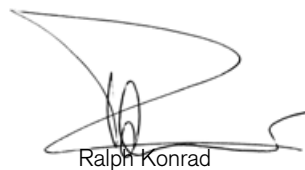
Thanks also go to our shareholders, who have demonstrated their faith in our business model and given our management and supervisory boards their support and approval.

We would be pleased to have your continued support as we move forward.

sincerely,



Dr. Sebastian Grabmaier



Ralph Konrad



Stefan Bachmann

Consolidated income statement

	Q3/2017 kEUR	Q3/2016 kEUR	01/01- 30/09/2017 kEUR	01/01- 30/09/2016 kEUR
1. Commission income	19,220	18,499	59,547	54,742
2. Capitalised services	143	149	450	461
3. Other operating income	403	238	854	1,066
4. Commission expenses	-13,414	-12,826	-40,997	-39,469
5. Personnel expenses	-3,617	-3,210	-10,578	-9,531
6. Depreciation and amortisation of tangible and intangible assets	-762	-871	-2,315	-1,711
7. Other operating expenses	-2,162	-2,511	-6,991	-6,562
8. Other interest and similar income	3	9	10	61
9. Interest and similar expenses	-266	-260	-770	-747
10. Operating profit/loss	-452	-783	-790	-1,690
11. Income tax expenses	-133	-130	-375	24
12. Other tax expenses	-16	-22	-18	-45
13. Net profit	-601	-935	-1,183	-1,711
14. Earnings per share	-0.05	-0.08	-0.10	-0.14

Segment reporting

30 September 2017

	Advisortech		Advisory	
	30/09/2017 kEUR	30/09/2016 kEUR	30/09/2017 kEUR	30/09/2016 kEUR
Segment income				
Commission income	47,677	43,097	18,505	16,201
of which with other segments	493	635	6,142	3,922
Total segment income	47,677	43,097	18,505	16,201
Capitalised services	450	461	0	0
Other income	494	585	254	482
Segment expenses				
Commissions	-33,588	-31,732	-13,601	-12,061
Personnel expenses	-7,353	-6,360	-1,879	-1,900
Depreciation and amortisation	-1,943	-1,344	-359	-353
Other	-5,144	-4,786	-2,779	-2,596
Total segment expenses	-48,028	-44,222	-18,618	-16,910
EBIT	593	-79	141	-227
EBITDA	2,536	1,265	500	126
Income from investments	0	0	0	0
Other interest and similar income	548	590	43	49
Yield on other securities	0	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	-1,084	-933	-462	-847
Financial result	-536	-343	-419	-798
Segment earnings before tax (EBT)	57	-422	-278	-1,025
Tax expenses	-336	-408	-57	40
Segment net profit	-279	-830	-335	-985

Holding		Total reportable segments		Transfer		Total	
30/09/2017 kEUR	30/09/2016 kEUR	30/09/2017 kEUR	30/09/2016 kEUR	30/09/2017 kEUR	30/09/2016 kEUR	30/09/2017 kEUR	30/09/2016 kEUR
1,485	1,483	67,667	60,781	-8,120	-6,039	59,547	54,742
1,485	1,483	8,120	6,040	-8,120	-6,040	0	0
1,485	1,483	67,667	60,781	-8,120	-6,039	59,547	54,742
0	0	450	461	0	0	450	461
106	66	854	1,133	0	-67	854	1,066
0	0	-47,189	-43,793	6,192	4,324	-40,997	-39,469
-1,346	-1,271	-10,578	-9,531	0	0	-10,578	-9,531
-13	-14	-2,315	-1,711	0	0	-2,315	-1,711
-996	-962	-8,919	-8,344	1,928	1,782	-6,991	-6,562
-2,355	-2,247	-69,001	-63,379	8,120	6,106	-60,881	-57,273
-764	-698	-30	-1,004	0	0	-30	-1,004
-751	-684	2,285	707	0	0	2,285	707
0	0	0	0	0	0	0	0
801	1,083	1,392	1,722	-1,382	-1,661	10	61
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-606	-628	-2,152	-2,408	1,382	1,661	-770	-747
195	455	-760	-686	0	0	-760	-686
-569	-243	-790	-1,690	0	0	-790	-1,690
0	347	-393	-21	0	0	-393	-21
-569	104	-1,183	-1,711	0	0	-1,183	-1,711

Segment reporting

Quarters

	Advisortech		Advisory	
	Q3/2017 kEUR	Q3/2016 kEUR	Q3/2017 kEUR	Q3/2016 kEUR
Segment income				
Commission income	14,664	13,799	6,820	5,937
of which with other segments	-185	176	2,449	1,060
Total segment income	14,664	13,799	6,820	5,937
Capitalised services	143	149	0	0
Other income	336	48	61	206
Segment expenses				
Commissions	-10,470	-9,542	-5,073	-4,454
Personnel expenses	-2,549	-2,205	-629	-615
Depreciation and amortisation	-642	-749	-116	-117
Other	-1,518	-1,797	-1,029	-941
Total segment expenses	-15,179	-14,293	-6,847	-6,128
EBIT	-36	-297	34	16
EBITDA	606	452	150	133
Income from investments	0	0	0	0
Other interest and similar income	176	183	12	22
Yield on other securities	0	0	0	0
Depreciation of financial assets	0	0	0	0
Other interest and similar expenses	-360	-325	-153	-287
Financial result	-184	-142	-141	-265
Segment earnings before tax (EBT)	-220	-439	-107	-249
Tax expenses	-102	-153	-46	1
Segment net profit	-322	-592	-153	-247

Holding		Total reportable segments		Transfer		Total	
Q3/2017 kEUR	Q3/2016 kEUR	Q3/2017 kEUR	Q3/2016 kEUR	Q3/2017 kEUR	Q3/2016 kEUR	Q3/2017 kEUR	Q3/2016 kEUR
492	489	21,976	20,225	-2,756	-1,726	19,220	18,499
492	489	2,756	1,726	-2,756	-1,726	0	0
492	489	21,976	20,225	-2,756	-1,726	19,220	18,499
0	0	143	149	0	0	143	149
6	7	403	262	0	-23	403	238
0	0	-15,543	-13,996	2,129	1,170	-13,414	-12,826
-439	-391	-3,617	-3,210	0	0	-3,617	-3,210
-4	-5	-762	-871	0	0	-762	-871
-242	-353	-2,789	-3,090	627	579	-2,162	-2,511
-685	-748	-22,711	-21,168	2,756	1,749	-19,955	-19,418
-187	-251	-189	-532	0	0	-189	-532
-183	-246	573	339	0	0	573	339
0	0	0	0	0	0	0	0
250	368	438	573	-435	-564	3	9
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-188	-212	-701	-824	435	564	-266	-260
62	156	-263	-251	0	0	-263	-251
-125	-95	-452	-783	0	0	-452	-783
-1	0	-149	-152	0	0	-149	-152
-126	-96	-601	-935	0	0	-601	-935

Consolidated Balance Sheet

Assets	30/09/2017 KEUR	31/12/2016 KEUR
Non-current assets		
Intangible assets	43,708	45,090
Fixed assets	698	714
Financial assets	143	143
	44,549	45,947
Deferred taxes	3,568	3,847
Long-term non-current assets	864	847
Accounts receivable	1,846	2,448
Other assets	2,710	3,295
Total non-current assets	50,827	53,089
Current assets		
Accounts receivable	9,804	13,354
Other assets	3,285	2,987
Other securities	0	0
Cash and cash equivalents	2,989	2,913
Deferred charges	450	579
Total current assets	16,528	19,833
Total assets	67,355	72,922

Liabilities	30/09/2017 kEUR	31/12/2016 kEUR
Equity		
Subscribed capital	11,935	11,935
Capital reserves	45,851	45,851
Other retained earnings	283	283
Other equity components	-29,539	-28,356
Non-controlling interests	0	0
Total equity	28,530	29,713
Non-current liabilities		
Deferred taxes	1,312	1,279
Bond	14,675	12,871
Liabilities due to banks	245	291
Accounts payable	8,237	7,889
Other liabilities	920	170
Accruals	1,636	1,577
Total non-current liabilities	27,025	24,077
Current liabilities		
Accrued taxes	140	168
Liabilities due to banks	76	97
Accounts payable	8,894	12,820
Other liabilities	2,656	5,999
Deferred income	34	48
Total current liabilities	11,800	19,132
Total equity and liabilities	67,355	72,922

Kontakt

JDC Group AG
Kormoranweg 1
65201 Wiesbaden

Telephone: +49 (0)611 890 575 0

Telefax: +49 (0)611 890 575 99

info@jdcgroup.de

www.jdcgroup.de

The letter to shareholders of JDC Group AG is available in German and English. The German version is legally binding. The reports can be downloaded from the company's website: www.jdcgroup.de

We will provide you with additional information about JDC Group AG and its subsidiaries upon request.