EQS GROUP

Annual Report 2022

Building a **European SaaS Champion**

creating trusted companies

About EQS Group

EQS Group is an international cloud software provider in the areas of **Corporate Compliance, Investor Relations** and **ESG**.

Working with EQS Group, thousands of companies worldwide inspire trust by fulfilling complex regulatory requirements in a reliable and secure manner, minimizing risks and communicating their business success and its impact on society and the climate transparently to stakeholders.

EQS Group's products are pooled in the **cloud-based** software **EQS COCKPIT**. This platform ensures the professional handling of compliance workflows in the fields of whistleblower protection and case management, policy management, business approvals, third party management, insider list management and disclosure obligations.

Listed companies also benefit from a global newswire, investor targeting and contact management, as well as IR websites, digital reports and webcasts for efficient and secure investor communication.

In addition, EQS Group develops software for the management of ESG (environment, social, governance) data, the **fulfilment of human rights due diligence obligations** along corporate supply chains and for rule-compliant sustainability reporting.

EQS Group was founded in Munich in 2000. Today, the group employs around **600 professionals** and is represented in the **world's most important financial centres**.

Key Figures

Key earnings figures	**12M 2022**	**12M 2021**	**+/-**
Revenues	**61,430**	50,223	22%
EBITDA	**4,567**	1,742	>100%
EBIT	**-3,584**	-5,397	-34%
Group net income	**-3,332**	-6,629	-50%
Operating cash flow	**5,425**	2,037	>100%
Key asset figures	**Dec. 31,2022**	**Dec. 31,2021**	**+/-**
Balance sheet total	**189,373**	186,837	1%
Equity	**112,210**	70,240	60%
Equity ratio (%)	**59%**	38%	-
Cash and cash equivalents	**10,655**	8,653	23%
Group employees	**12M 2022**	**12M 2021**	**+/-**
Period average	**576**	514	12%
Personnel expenses	**38,837**	31,693	23%
	Dec. 31,2022	**Dec. 31, 2021**	**+/-**
Earnings per share (EUR)	**-0.34**	-0.81	-58%
Market capitalization (MEUR)	**245.59**	386.21	-36%

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

Index

Letter from the Founder

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

2022 was supposed to be the year of whistleblowing. The **EU Directive** was enforced in December 2021. Denmark was the only member state to pass a law protecting whistleblowers in time and our new client numbers increased rapidly. Moreover, the integration of the largest company acquisition in our history, **Business Keeper GmbH** (BK), went well as expected and almost all BK **employees** and BK customers remained on board. We knew that as the European market leader for whistleblowing software, we were in pole position. Expecting the laws to be enforced in the other countries, we were in a perfect position to ride the wave. Consequently, we started full throttle into 2022.

On 20 February, however, the terrible war in Ukraine began, which no one expected just a few months before. We had just launched our first rights issue at €33 per share when prices on the stock market fell. Now we were already below that at €31. Why should anyone buy now at €33? But after two weeks we had our biggest **capital increase** in the bag at **€45 million**. As always, we did it without a broker. Thanks to our new strategic investor Teslin and Langfrist, now our largest shareholder, the rock of our company.

The Ukraine war triggered a global energy crisis. **Inflation** climbed to unexpected heights and interest rates rose quickly to keep up. The uncertainty was there overnight. Market participants were paralysed and hit the brakes hard. As always, the stock market led the way. The stock market was in complete disarray. Especially the prices of tech stocks fell by more than 50% in some cases.

Our **Investor Relations (IR) segment** was the first to feel the effects. IPOs were cancelled, and companies scaled down their communication. Our Russian subsidiary decided not to take on any new business and to wind up only its existing portfolio business. Growth was no longer an option. However, it was encouraging to see how resilient our IR business has become. By switching to **cloud contracts (SaaS)** in recent years and by raising prices, we were able to almost completely offset the decline in sales. We were able to maintain, and in some cases even expand, our undisputed market position in the DACH area (Germany, Austria and Switzerland), and in the USA we were able to grow further and generate a positive EBITDA for the first time in Q4. After this year, we feel reassured to emerge stronger from this development and to be able to significantly increase profitability through lower investments in the coming years.

Back to whistleblowing and our **Corporate Compliance (CC) segment**. We expected 2,500 to 3,500 new clients last year – a large number, but 50,000 companies in the EU (with more than 250 employees) were expected to be affected by the new regulations. We assume that half of them will set up a digital whistleblowing system. Our goal was and is to achieve at least a 20% market share in the coming years. That amounts to a total of 5,000 customers in Europe. In 2021, we were at 2,000 customers.

Things turned out differently. Although Brussels put pressure on member countries and sent warning letters, little happened in terms of **transposing** the **Whistleblowing Directive** into national laws. Of the big countries, only France completed it at the end of the third quarter. In Germany, it was blocked by the CDU, giving the FDP justice ministry all the time in the world. The Bundestag only passed the law shortly before Christmas, but now it still has to go through the Bundesrat.

So no tailwind in 2022, and no year of whistleblowing either? We experienced an increasing purchasing reluctance by companies. As an entrepreneur, you look bad if you go full throttle but the market doesn't develop as expected. That's why we decided to put the **brakes on expenses** during the year. We did not pursue the DFGE takeover any further, stopped new hirings, put new projects on hold and limited business trips to a bare minimum. The employees understood, and we quickly had expenses under control. EBITDA increased from quarter to quarter and in October we were able to refinance the remaining part of the bridge financing for Business Keeper with a **long-term syndicated loan**, which was joined by Commerzbank, Deutsche Bank and Kreissparkasse Biberach.

Even without legislation, we made good progress. We received over 7,000 registrations (previous year 5,000) for our **ECEC** (European Compliance & Ethics Conference), which further expanded its position as the leading industry event. Our webinars, whitepapers and blog posts are also very popular and highlight our standing as a thought leader. In total, we added **1,044 new SaaS clients**, organisations and local authorities as new customers, including 865 new whistleblowing SaaS contracts. This slightly exceeded our revised target of 1,000 new customers in November. This is no trifling matter considering how long it sometimes takes to convince customers to entrust us with their most sensitive data.

Mainly due to the record month of December, we were also able to slightly exceed our revised target for **New ARR** (newly acquired annual recurring revenue) with a total of **€9.3 million** (€9 million). This was an appeasing end to the year, even though many new contracts will not affect revenue until January 2023; therefore, our **revenue growth** was only **22%** (revised target 25%).

For years, we have enjoyed a **high level of customer satisfaction**, which is reflected in high NPS (Net Promoter Score) values in our annual customer surveys. To better measure the success of expanding our customer relationships, we will introduce a new metric: **NRR** (Net Revenue Retention), which shows how much growth we generate from our existing customer base. It compares figures with our expenses on Customer Success, Key Account Management and Growth. We are very confident that we will be able to convince at least 20% of our whistleblowing clients of the benefits of our platform in the coming years. We are convinced that in the future, all companies with more than 250 employees will need a digital compliance management system to meet the requirements of all stakeholders, to minimise corporate risks, and ultimately to build trust.

In terms of product strategy, we took a big step last year. We were able to integrate our whistleblowing software Integrity Line on our Compliance COCKPIT in the last quarter. This now gives us the opportunity to **up-sell and cross-sell.** New customers start right away on the platform, where they can book whistleblowing software as well as our applications for guidelines, approvals and risks. Initial successes have been achieved. In December, the first two companies (from Switzerland) opted for the entire platform. Our ARR per client can increase by up to 500% in this case, compared to the stand-alone whistleblowing revenue.

With our new **Risk Manager**, we are developing our first application that meets compliance as well as sustainability requirements. This is because companies can use the software to fulfil their due diligence obligations with regard to their supply chain, especially to effectively reduce human rights and environmental risks. In this context, the Risk Manager is a prime example of the interaction of various apps on our COCKPIT, such as the link with whistleblowing or policy management. The planned development of the new reporting and audit functions will benefit the entire platform in the future.

Especially small and medium-sized companies see the enormous added value of a uniform workflow platform that maps sustainability functions from the areas of environment, social affairs and good corporate governance. We are also very well positioned with regard to the **sustainability megatrend** because regulation is playing an increasingly important role. For example, the **EU Corporate Sustainability Reporting Directive** (CSRD) came into force in January 2023, which will mandate tens of thousands of companies to prepare reports according to EU taxonomy and submit them in the ESEF format in the coming years. For this event, we will also develop a software application that facilitates the collection, management and reporting of sustainability data.

We have significantly increased our own efforts to become even more sustainable. In May 2022, we published our first **sustainability report** and are very pleased with the increased attention our new sustainability team is receiving within the company. Numerous internal measures such as internal environmental projects (pro bono), no company cars, no domestic flights and carbon-neutral offices have already been implemented or will be considered in future planning. The climate is grateful: even after COVID, we have a relatively low carbon footprint of less than two tonnes per employee per year (TÜV-Rheinland). But we still have a lot to improve. Our three most important goals in the coming years are: 1. carbon-neutral production, 2. 50% female representation at all levels, and 3. no discrimination whatsoever in hiring, promotion and earnings for all employees.

Dear readers, without the passion and team spirit of our **highly qualified and committed employees**, the rapid development of EQS Group would not be possible. At the same time, our strategy offers employees a challenging, international work environment that encourages them to perform at their best. Our **high attractiveness as an employer** is confirmed by external evaluation portals and by our annual anonymous survey of all employees, in which we once again received consistently high ratings last year.

Our **heartfelt thanks** go to all those who support us in making this great company relevant: our highly motivated employees, our long-standing customers and business partners with whom we enjoy a trusting relationship, and our loyal shareholders who support and encourage us on our mission of **creating trusted companies**. Together, we all have a tremendous opportunity to develop the largest cloud provider in Europe for corporate compliance and investor relations. Therefore, we look to the future with great optimism and we look forward to continuing to have you all by our side.

Munich, 15 March 2023

Founder & CEO

Purpose

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

TRUST

Our Mission

creating trusted companies

Investor Relations

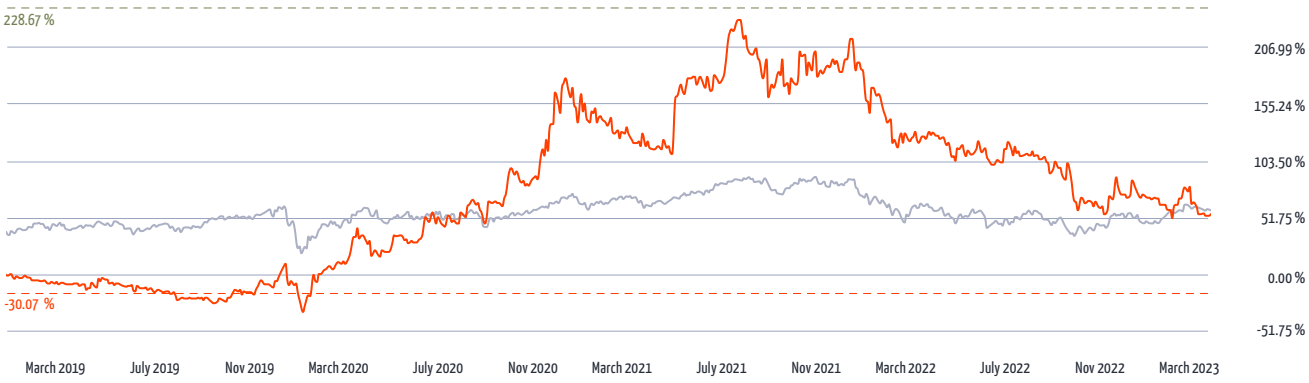
In 2022, the XETRA closing price for the EQS Group AG **share** was **€24.50, -45%** lowerer than at the beginning of the year (€44.20). The share price ranged between €21.60 and €44.60. The benchmark, the **TecDAX**, recorded a decrease of -**26%**. The main reason for the negative performance was the clouding of market expectations, especially for software companies. This is a consequence of **Russia's war of aggression on Ukraine** and the associated consequences for the global economy, as well as the high inflation rates in many countries and the associated **increase in the interest rates** by the Central banks. The **market capitalisation** amounted to **€246 million** as of 31 December 2022. With the lower market capitalisation, the XETRA trading volume of the EQS share also decreased significantly (-24%) compared to the previous year.

As a result of the successful **capital increase** from authorised capital, the EQS Group received an additional **€45 million** in **gross issue proceeds** in total in April last year. The company's share capital therefore increased from €8,659,476 to €10,024,212. The new shares were placed by a subscription offer at a subscription ratio of 6 : 1 at a subscription price of € 33.00 per new share. As in the past without mandating an investment bank and above market price. The funds acquired were used to repay loans from the acquisition of Business Keeper GmbH, Berlin and investments into the development of a ESG product offering.

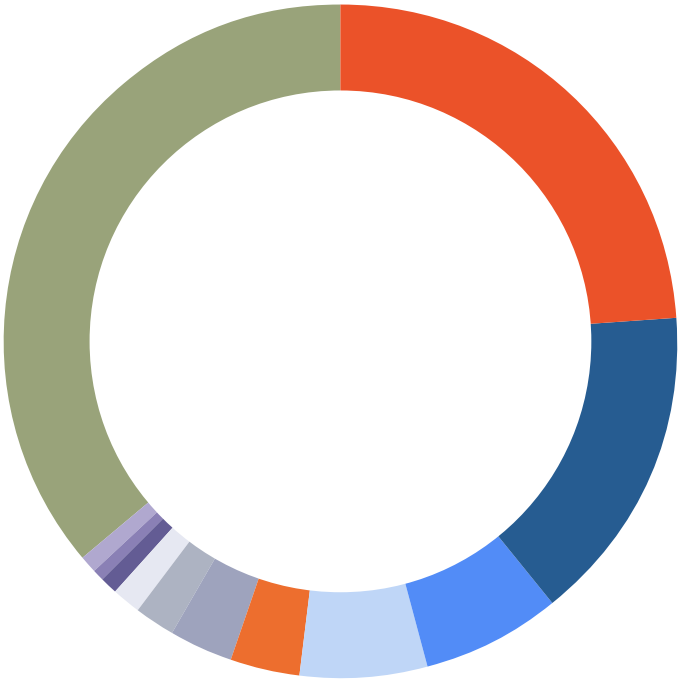
EQS Group AG is represented in Scale, the Deutsche Börse quality segment for small and medium-sized enterprises (SMEs). With Baader Bank, Edison Investment Research, GBC, GSC Research, MM Warburg, Quirin Bank and Stifel, seven independent research houses issue **analyst studies** on EQS Group AG. All recommendations and estimates are available in the Investor Relations section on the EQS Group website. In the 2022 financial year, the Executive Board presented the company at numerous **investor conferences** again. These included the Stifel German SMID Cap Forum, the Spring Conference, the Baader Investment Conference the Equity Forum and the Munich Capital Markets Conference. EQS Group AG published an **interim report** for each quarter and held a **live video conference** with analysts and investors on the same day. The videos are also available for viewing in the Investor Relations section on our **corporate website**.

Due to the pandemic, it was only possible to attend the EQS Group AG **2022 Annual General Meeting virtually**, as in the previous year. Shareholders took advantage of the opportunities offered by the **live debate and vote**.

Share performance



Shareholder structure EQS Group AG



- Investmentaktiengesellschaft für langfristige Investoren TGV: 24.0%
- Achim Weick: 15.3%
- Danske Bank A/S: 6.7%
- Gerlin N.V.: 6.0%
- ProfitlichSchmidlin Fonds UI: 3.5%
- Universal Investment Gesellschaft mbh: 3.2%
- Rony Vogel: 2.0%
- Robert Wirth: 1.3%
- Christian Pfleger: 0.9%
- André Marques: 0.6%
- Marcus Sultzer: 0.6%
- Free Float: 36.1%

Institutional Investors >3% & Management and Board of directors

As of: Dec. 31, 2022

Sustainability

For EQS Group AG, sustainability is the foundation of responsible corporate action. Since our company was founded, values such as integrity, trust and transparency have been essential pillars of our business activities – both internally and in our dealings with customers, business partners and investors. Our ten Work Principles and our five EQS Core Values are an expression of this commitment: Trust, Transparency, Team Spirit, Ownership and Passion.

Although we are an independent commercial enterprise, we're also part of a highly complex world. We maintain a dialogue with our customers, partners, investors, associations and other external stakeholder representatives and are constantly expanding our network at trade fairs and industry events. This enables us to react promptly to current trends and developments – be it in the interests of product development or in relation to sustainability issues. The topic of compliance shows how closely not only our business activities, product development and customer expectations are interlinked, but also social and legal requirements. That is why we seek and foster active exchange in this area. Examples include the European Whistleblowing Report, which we have been publishing since 2018 in cooperation with the University of Applied Sciences of the Grisons, and the European Compliance and Ethics Conference (ECEC), which has been held annually since 2020 and is the largest virtual compliance and ethics conference in Europe.

Stakeholders, Sustainability Report 2022, page 17

Although we are an independent commercial enterprise, we're also part of a highly complex world. We maintain a dialogue with our customers, partners, investors, associations and other external stakeholder representatives and are constantly expanding our network at trade fairs and industry events. This enables us to react promptly to current trends and developments – be it in the interests of product development or in relation to sustainability issues. The topic of compliance shows how closely not only our business activities, product development and customer expectations are interlinked, but also social and legal requirements. That is why we seek and foster active exchange in this area. Examples include the European Whistleblowing Report, which we have been publishing since 2018 in cooperation with the University of Applied Sciences of the Grisons, and the European Compliance and Ethics Conference (ECEC), which has been held annually since 2020 and is the largest virtual compliance and ethics conference in Europe.

Sustainability strategy, goals and measures, Sustainability Report 2022, page 29

Materiality and areas of activity

We have been dealing with sustainability and, in particular, with the impact of our business activities on society and the environment for some time. Conversely, however, social, economic and political developments also increasingly influence our activities as a company. For this reason, after an initial analysis in 2021, which was primarily designed as a desktop analysis, we took the next step in the current reporting year: we redefined the topics that were important to us in a multi-stage, significantly more complex process and reassessed and classified them both internally and externally. We wanted to make initial preparations early on, especially with regard to the European Sustainability Reporting Standards (ESRS), the EU Taxonomy and other external requirements.

Materiality matrix, Sustainability Report 2022, page 25

Our areas of activity are:

Ethics & integrity

Integrity and transparency are the foundations of our business activities. This includes compliance with applicable laws, regulations and external standards as well as internal company guidelines. We respect the values and stipulations of the UN Global Compact principles, the core labour standards of the International Labour Organization and the United Nations Universal Declaration of Human Rights, among others. These values are also reflected in our Codes of Conduct and the EQS Values and Principles. They form the basis of our work and determine our daily actions and interactions. That's because we are sure of one thing: success in business and a positive corporate culture can only arise from respectful, trusting teamwork. These topics play a hugely important role for EQS, especially as we are a provider of products and services to effectively combat corruption and bribery, as well as to fulfil regulatory reporting obligations. We aim to become a role model and consider ethical business conduct to be an essential part of this. This includes, among other things, combating corruption and anti-competitive behaviour. For example, we operate the EQS Ethics Line reporting system for bringing violations of ethical principles and business methods to our attention.

Customers & products

The success of our business depends on an optimised customer experience and, ultimately, also on customer satisfaction. For more than twenty years, we have been helping customers around the world to use our products and services to meet complex compliance and IR requirements, minimise risks and communicate transparently with their stakeholders. With our secure, high-quality products and services, we always aim to be as close as possible to our customers and their needs. That's why, ever since the company was founded, it has always been important to us not only to understand our customers' problems, but also their goals. To this day, developing the right solutions on this basis and continuously offering the best possible service is what we are all about as a company.

Corporate culture & employees

Trust and personal responsibility are the foundations of our corporate culture. We are convinced that they can only come about through complete transparency and openness. A positive corporate culture is essential for both employee satisfaction and the success of EQS Group. We offer our international, high-performing teams an appreciative environment in which they can flourish as well as pursue and achieve ambitious corporate goals in this highly competitive, rapidly changing market. We encourage our employees to act on their own responsibility, thus filling our core value "Ownership" with life: We think like owners and act sustainably towards our planet and society. In addition, we foster agile working practices and offer our employees a variety of flexible working options. We benefit from different perspectives, nationalities, cultures and religions. This can be seen from our global EQS team, which includes people of all ages from 53 nations, all working towards the same goal. We plan to continue increasing diversity in our teams, in particular to increase the proportion of women in management roles. Furthermore, we will continue to promote workforce participation amongst people with disabilities at EQS. With regard to our employees, we focus on the following aspects: internationality, equal opportunities and (professional) diversity.

Environmental protection

Climate protection and the systematic minimisation of energy and resource consumption are important elements in how we at EQS Group and our employees understand the concept of sustainability. As a software-as-a-service (SaaS) provider, we are not one of the energy-intensive industries and use less energy and water than industrial companies, for example. We also generate significantly fewer emissions and significantly less waste. Nevertheless, we are expressly committed to our responsibility and have therefore deliberately developed measures in our sustainability approach that have the greatest possible positive impact on the environment and society. Irrespective of this, we advocate a holistic approach and want to emphasise this even more through our actions in the coming years. To further reduce our ecological footprint, we aim to become climate-neutral in terms of operational emissions by 2025. We voluntarily calculate our scope 1 to 3 greenhouse gas emissions in accordance with the Greenhouse Gas Protocol. According to this calculation, we generated 714 tons of CO2e in 2022.

Supply chain

Since we strive for long-term business relationships based on partnership with our suppliers and service providers in terms of sustainability, our supply chain is also part of EQS's sustainability strategy. We are aware of our responsibility along the entire value chain and see it as our minimum goal to meet the legal requirements in relation to the supply chain. When it comes to purchased products and services, we choose our suppliers and service providers based on the highest current international standard, for example with regard to human rights, environmental requirements or occupational safety regulations.

Management in Dialogue

EQS Group AG achieved turnover of €61.4m in the 2022 financial year – an increase of 22 percent. EBITDA totals €4.6m compared to €1.7m in the previous year. The sales teams gained 1,044 SaaS customers, increasing the new ARR key figure to €9.3m. This is the newly acquired annual recurring revenue.

Achim, at the end of a financial year, we take stock of what has happened and investors take a first look at the financial figures. What are your thoughts on 2022?

Achim Weick (CEO): *„Satisfied, but not ecstatic by any means. I think we did well in a difficult market environment. We were all expecting a lot of tailwinds for 2022, both economic and regulatory. Things turned out differently. The war of aggression against Ukraine has put many things on hold. And it did so simultaneously for all three important market participants: companies, investors and legislators. This had serious consequences: long sales cycles, cancelled IPOs and postponement of planned regulations."*

What does this mean for the development of EQS Group?

Achim Weick (CEO): *„We are active in a growing market. Compliance and sustainability goals are unchallenged in the European Union and are anchored in our society through legislative initiatives. This gives us certainty. Our company as a whole has once again developed enormously in 2022. The financial figures are of course the next thing to look at. Overall, we can be very happy. We achieved our goals for new customers and new ARR, but many contracts were signed late or the start date was postponed to the new financial year. Realisation of turnover then takes place later, which is why we did not achieve our revenue target or our EBITDA target."*

André Marques (CFO): *„Around €1.5m more turnover needed to be achieved for complete satisfaction. Due to the scaling, this affected EBITDA 1:1. We wanted to reach €6m, but we ended up with only €4.6m. For the webcast with the analysts on the nine-month figures in mid-November, we were on track and we felt certain that we could achieve the targets for the year. To qualify that, I must say that we have all the figures, including the revenue figures on hand, but they include a delay."*

Why were so many contracts signed so late?

Marcus Sultzer (CRO): *„The mood among decision-makers in companies has deteriorated due to the general situation. Everyone has become more cautious. The war in Ukraine, cost increases in all areas, interest rate hikes by the central banks and a possible weakening of the global economy as a result. This makes it easy to push the start of a contract into the new year and conserve the budget in the old financial year as a buffer in case of cost increases. Postponing things forever does not work, however, as our products are needed or are prescribed."*

Christian Pfleger (COO): *„And this takes us to another point. The Bundestag only passed the law protecting reporters in Germany on 16 December. It was the last session of 2022 which meant that it had no effect on our new business in the past year. Many companies are waiting for the law to come into force. It may have been European law since 17 December 2021, but for many, it is their national legislation that is authoritative."*

And national implementation is still a long time coming, at least in Germany. The Bundesrat blocked the whistleblower protection law in February. Was that a shock?

Achim Weick (CEO): *„At the very least, it was not a decision that we expected. The reasons that led to the postponement are difficult to understand: a high burden for companies and the risk of a slew of false allegations due to the possibility of reporting anonymously. The Whistleblowing Report that the University of Applied Sciences of the Grisons created in conjunction with us demonstrates the opposite. Only one in 20 reports is not truthful or is of a defamatory nature. By contrast, one in two reports is relevant. And this high rate of relevance is justification enough for companies to spend money on it. The expense is worthwhile for everyone because the reporter is protected, the company creates a climate of trust, and preventing or detecting fraud far exceeds the negligible cost of a reporter channel."*

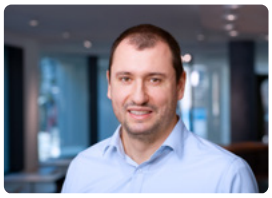
Kai Leisering (MD of Business Keeper GmbH): *„We hope a solution is found quickly. The EU Commission has filed a lawsuit with the European Court of Justice against the Federal Republic of Germany because implementation was not carried out in a timely manner. This is increasing the pressure on Berlin."*

What specific effects does this have on EQS Group AG?

Marcus Sultzer (CRO): *"It is resulting in customer acquisition in our home market of Germany continuing to lag behind. This includes many companies purchasing a compliance product for the first time. The goal of gradually selling these customers further compliance products is therefore also being delayed. This has an impact on turnover planning for the coming financial years."*

André Marques (CFO): *"Our medium-term goal is now set to be achieved 12 to 18 months later, instead of in 2025, in line with the delay in legislation: €130 million turnover with an EBITDA margin of at least 30 percent. Unfortunately, the late or incomplete implementation of the law also affects other EU countries. Infringement proceedings have also been opened against seven other countries. For the 2023 financial year, we will therefore temporarily reduce spending compared to the original plan. Personnel costs account for around two thirds, while marketing and other expenses account for the other third."*

Are the savings measures having an effect on product and software development?



Juan Galan (CTO): *„We are well positioned in software development and can reassemble teams internally and adapt them to changing priorities. We are able to keep investments in software development at a high level, but have restructured internally to focus more on our Compliance COCKPIT and also to generate high added value for our customers. Our Compliance COCKPIT has undergone significant further development and the integration of Integrity Line and the interaction of the various applications are particularly worth emphasising. This offers a range of options for automating compliance workflows. We have also launched the first phase of our new infrastructure model, which will deliver cost savings and efficiency gains over the next three years. High-level investments in IT security remain untouched and are growing year on year.“*

Will the European Compliance and Ethics Conference ECEC take place again in 2023?

Marcus Sultzer (CRO): *„Definitely. The ECEC has become a fixed date in the calendar of the entire compliance industry and this is a major success for EQS Group AG. We saw record participation over the past year with over 7,500 sign-ups from 140 countries. The date is already set: 17 October is when it will start all over again! “*

The management team was strengthened by the arrival of Anka Lappoehn. Anka, you hold responsibility as Chief Product Officer. What does your area of responsibility include and what is your background?

Anka Lappoehn (CPO): *„As Chief Product Officer, I am responsible for our B2B SaaS solutions in the Corporate Compliance segment and Investor Relations. I develop the product vision and strategy and am responsible for their implementation. It is especially important to me that we develop products that our users love. To do this, I work with our cross-functional teams in close alignment with market and customer needs. My goal is always to offer the ideal user experience. I have been passionately developing digital products for over 15 years. Both in the B2B environment (Amadeus, global market leader in travel technologies) as well as in senior leadership positions in B2C eCommerce (weg.de, lastminute.com) and as CPO in the start-up sector."*

Which products will be marketed for the first time in the 2023 financial year and which are still in the pipeline?

Anka Lappoehn (CPO): *„Our biggest launch in 2023 is Risk Manager, an application in the Compliance COCKPIT for documenting, assessing and managing compliance and sustainability risks. The first concrete application for this will be the Supply Chain Due Diligence Act (LkSG). We will be supporting companies in meeting the individual diligence requirements. At the same time, we will continue to develop our market-leading reporting system Integrity Line in order to help companies subject to the LkSG to implement a complaints procedure in accordance with the LkSG. Both applications are meaningfully linked in terms of content. This is the first time we have introduced the sustainability function to companies. In addition to its suitability for the LkSG, the Risk Manager can also be used for managing "traditional" compliance risks such as corruption risks, data protection risks and many more – a fundamental element of any effective compliance programme. In general, we are working on linking the individual applications in our Compliance COCKPIT even more closely since every effective compliance programme consists of interconnected elements."*

Let's take a look at financing. Growth-focussed companies depend on growth capital. Is current financing sufficient?

Achim Weick (CEO): *„Yes and no. In management, we often discuss whether we could grow even faster with more capital, develop and market products faster with more software developers, and whether we should acquire companies in the ESG area in particular. At present, we will not be pursuing these options. We can finance our business plan with the current financing structure and our positive cash flow. But we can say one thing: looking back, we are pleased that we have performed the capital increase with subscription rights despite the Russian war of aggression on Ukraine. The inflow of €45m has enabled us to reorganise our financing and we are fully funded."*

André Marques (CFO): *„After redemptions from the capital increase funds from spring, refinancing took place as part of a syndicated loan totalling €30m. The loan has a term of 5 years and is provided by a banking consortium consisting of Commerzbank AG, Deutsche Bank AG and Kreissparkasse Biberach. We will begin repayment from mid-2023. The interest component consists of the reference interest rate EURIBOR plus an interest margin, which comprises a debt-dependant component, but also takes for the first time into account ESG components with performance values for diversity and saving of CO2 equivalents. An interest rate hedging transaction ensures that the interest rate does not rise above a defined level for the entire term. This secures us against rising interest rates."*

Achim mentioned the war in Ukraine several times. What are the plans for business in Russia?

Marcus Sultzer (CRO): *„We have relinquished business operations with Russia following increasingly strict sanctions and have as a result terminated all contracts with our customers. We will withdraw from all stakeholders responsibly to the best of our abilities."*

As we come to the end of our dialogue, let's talk once again about the current financial year and our prospects. Due to the postponement of the Whistleblower Protection Directive in Germany, giving a forecast is probably not that easy?

André Marques (CFO): *„We have been facing this uncertainty for quite a while. Our new assumption is that we will have a law in Germany latest in the course of the third quarter of 2023. We are expecting an increase in turnover of 15 to 20 percent, from €71m to €74m. EBITDA should be within a range of €9m to €11m. We expect a volume of €9m to €12m for the new ARR key figure, which quantifies the contractually concluded, annually recurring revenue. We also envisage gaining 2,000 to 3,000 customers, the majority of which will be accounted for by the reporting system product range."*

Achim Weick (CEO): *„We will continue developing and advancing our company in 2023. The outlook is still positive as we are active in business fields holding great significance to society and which are embedded in the legislature and will become a natural part of day-to-day life over the coming decades."*

Supervisory Board Report

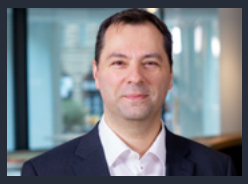
Dear Shareholders,

The **year 2022** was again very challenging for EQS Group AG as it was marked by several uncertainties. Two events should be highlighted in this context. First, we announced our rights issue one day after the invasion of Ukraine by Russian forces. Then we had to significantly postpone the introduction of the Whistleblower Protection Act in our core markets. The Management Board has mastered these and other difficult situations with aplomb and decisive action. Therefore, we can be justifiably proud of how professionally our EQS Group AG is managed.

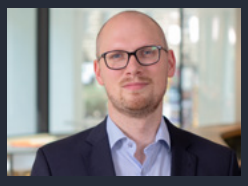
In financial year 2022, the Supervisory Board dealt extensively with the situation and development of EQS Group AG. They also monitored the work of the Management Board based on their comprehensive reports, closely supported them and advised them on important issues. The information was provided in writing and verbally. Moreover, there was 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 goals and the corresponding planned business strategy, operational corporate planning, investment projects including M&A transactions, equity and debt financing, the development of ongoing operations, 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 discussions always maintained an open and trusting tone. Opportunities and risks in the divisions were discussed extensively and corporate planning was presented in detail. Furthermore, revenue, earnings and liquidity were compared with planning based on quarterly reports and additional monthly reports from the Management Board. Deviations were thoroughly investigated. The Supervisory Board was also regularly updated about risk management, the progress of product developments, customer feedback on newly introduced products as well as the design and implementation of the Whistleblower Protection Act in all countries of the European Union.

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

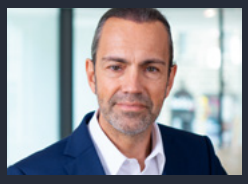


Robert Wirth
(AR - Vorsitzender)

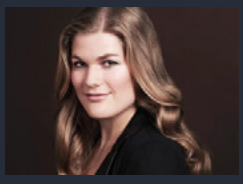


Laurenz Nienaber
(stellv. Vorsitzender)

Prof. Kerstin Lopatta



Rony Vogel



Catharina van Delden

Additional Supervisory Board member

Catharina van Delden, SaaS entrepreneur from Munich, was newly elected to the Supervisory Board. She is a recognised expert in innovation management with a large network in the tech community. Part of her connections were established through years of involvement in the presidium of the industry association BITKOM, of which she was a member until 2021.

Prof. Dr. Kerstin Lopatta was re-elected to the Supervisory Board after her first term of office, where she will contribute her expertise in the areas of external accounting, corporate governance and sustainability **additional three years**. She also serves as the ESG Officer of the Supervisory Board.

The EQS Group AG Supervisory Board is thus made up of the Chairman Robert Wirth and his deputy Laurenz Nienaber, as well as Catharina van Delden, Prof. Kerstin Lopatta and Rony Vogel.

Work of the Supervisory Board

A total of **ten Supervisory Board meetings** were held in financial year 2022. With one exception, the Supervisory Board was fully represented. The members of the Management Board generally attended the Supervisory Board meetings, although not all members of the Management Board were always present for specific topics. Furthermore, two meetings were held without the Management Board. Supervisory Board consultations also took place without the Management 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 28 June 2022. The Audit Committee consists of Prof. Kerstin Lopatta as Chairperson and Laurenz Nienaber. Laurenz Nienaber took over the chairmanship of the **Remuneration Committee**, which also includes Robert Wirth as his deputy and Rony Vogel.

Meetings and key topics of the Supervisory Board

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

In a meeting in January, the Supervisory Board dealt with an amendment to the loan agreement with Commerzbank AG and approved the submitted planning of the Management Board for financial year 2022. Other topics included the ongoing audit of the financial statements, the preparation of the company's own sustainability report, the ESG product strategy and options for structuring a long-term component of the Management Board's remuneration.

In January, the Supervisory Board approved an amendment to the loan agreement with Commerzbank AG by written resolution.

In February, the Supervisory Board approved by written resolution an additional planning scenario based on financing without a capital increase.

In February, the Supervisory Board approved by written resolution the proposal of the

Management Board to carry out a **capital increase** by partially using the authorised capital of up to **1,443,246 shares**. The capital increase was subsequently successfully placed at a price of €33.00 per share.

In a meeting in March, the Supervisory Board dealt with corporate governance issues and consulted Prof. Christian Strenger for advice.

In another meeting **in March**, the Supervisory Board dealt with the **annual financial statements**, adopted them and **approved the 2021 consolidated financial statements including the management reports**. Furthermore, the Supervisory Board discussed the business development in the first quarter and the use of funds after the successful capital increase. The Supervisory Board approved the planned repayment of loan liabilities to the seller of Business Keeper GmbH and Commerzbank AG.

By written resolution in April, the Supervisory Board approved the Management Board's decision to hold the Annual General Meeting of EQS Group AG on 28 June 2022 in virtual form.

At a Supervisory Board meeting in May, the Supervisory Board approved the agenda for the Annual General Meeting and Catharina van Delden's nomination for election to the Supervisory Board.

In another meeting in **May**, the Supervisory Board dealt with the course of the past audit and identified potential for improvement. Other topics included the development of the ESG product area from its own resources or through acquisitions, the further financing strategy, the **status of the introduction of the Whistleblower Protection Act** in the member states of the European Union as well as the effects of the delayed implementation. They also discussed the current situation of the employees (and their families) of our Russian subsidiary in the context of the war and the associated sanctions as well as possible scenarios for the subsidiary. At the meeting, Prof. Kerstin Lopatta was re-elected as ESG representative to the Supervisory Board.

In a meeting following the Annual General Meeting, the Remuneration Committee was newly formed. Laurenz Nienaber replaced Rony Vogel as chairman, who will stay on as a member of the committee. Robert Wirth is replacing Laurenz Nienaber as his deputy. Furthermore, the Supervisory Board obtained information about the status of the legislation on whistleblower protection and possible risks for EQS Group AG due to a postponement as well as the financing strategy regarding a restructuring of the Commerzbank loan.

In a meeting in September, the Supervisory Board obtained detailed information about the marketing measures for customer acquisition for whistleblower protection systems and the current business situation. The Management Board also explained the financing conditions of the planned new loan in detail and gave an update on the expansion of capacities in accounting. Strategic options and potential risks due to the changed environment, primarily driven by inflation, interest rates, energy costs and the war in Ukraine, were also discussed in detail.

In a **meeting in October**, the Supervisory Board obtained detailed information about the conditions of the loan agreement with a bank consortium consisting of Commerzbank AG, Deutsche Bank AG and Kreissparkasse Biberach and **approved the conclusion of the loan agreement**.

In a meeting in November, the Supervisory Board discussed the status of the introduction of a long-term remuneration component for the Management Board, the updated outlook for financial year 2022 and talks with an investor on maintaining the Supervisory Board's strength of five members.

In a meeting in **December**, the **current situation regarding the legislation on whistleblower protection** was back on the agenda list. Other agenda items included the planning for financial year 2023, risk assessments and the status of the preliminary audit by the auditor.

Audit of the annual financial statements and consolidated financial statements

The Annual General Meeting of 28 June 2022 appointed the auditing firm **BDO AG Wirtschaftsprüfungsgesellschaft** from Hamburg as the **auditor for financial year 2022**. After auditing the annual financial statements and the management report of EQS Group AG as of 31 December 2022 as well as the consolidated financial statements in accordance with IFRS as of 31 December 2022, including the group management report and other explanatory notes as of 31 December 2022, the auditing firm issued an **unqualified audit opinion** in each case.

The annual financial statements, consolidated financial statements and management report as well as the audit report were made available to all members of the Supervisory Board. The documents were discussed by the Audit Committee and in the balance sheet meeting with the Management Board and the entire Supervisory Board. The auditor took part in the balance sheet meeting, explained the auditing principles, reported in detail on the audit and significant audit results, and addressed the audit report. All questions from the Supervisory Board members were answered.

In consideration of the auditor's audit reports, the Supervisory Board examined the annual financial statements and the management report of EQS Group AG as of 31 December 2022, as well as the consolidated financial statements in accordance with IFRS as of 31 December 2022, including the group management report and other explanatory notes as of 31 December 2022, and assured itself of the correctness and completeness of the factual information. The Supervisory Board concurred with the results of the auditor's review and determined that there were no objections to be raised. The **Supervisory Board approved the annual financial statements and the 2022 consolidated financial statements of EQS Group AG at the balance sheet meeting on 30 March 2023**. The 2022 annual financial statements are thus adopted within the meaning of Sec. 172 of the German Stock Corporation Act (AktG). The Supervisory Board concurs with the proposal of the Management Board for appropriation of the balance sheet profit of EQS Group AG, which does not provide for a dividend.

The Supervisory Board continued to deal with the principles of good corporate governance in financial year 2022. This included a Supervisory Board workshop led by Prof. Christian Strenger, which not only looked at general corporate governance aspects, but went into great detail on issues of practical implementation for EQS Group AG. In January 2023, the **Supervisory Board and the Management Board issued an updated voluntary declaration of compliance in accordance with Sec. 161 of the German Stock Corporation Act (AktG)** and made it permanently available to shareholders on the EQS Group AG website. EQS Group AG complies with

the 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 compliance.

The Supervisory Board thanks all employees for their high level of personal commitment and outstanding work. At the same time, the Supervisory Board expresses its recognition and high appreciation to the Management Board and the entire management for their excellent performance.

Munich, 30 March 2023

Robert Wirth

Chairman of the Supervisory Board

Case Study Whistleblowing

Digital whistleblowing across borders:
How Webuild successfully implemented EQS Integrity Line

webuild

Sector: Construction

Revenue: €6.4 billion

EBITDA: € 820.6 million

Employees: 70,000

Locations: 50+

Founding year: 2014

In 2018 Italian-based engineering company Webuild switched their digital whistleblowing system to EQS Integrity Line. This case study explains why a digital whistleblowing system makes sense for a global company, the company's experiences of opening up their whistleblowing system to third parties and what strategy they are using to communicate the system across international markets.

Opening the Webuild Integrity Platform up to third parties

Following an open tender Webuild chose EQS Group as their digital whistleblowing partner. Right from the start Webuild took the difficult decision to make the system public and make it accessible on the company website, not only to employees but also to third parties such as service providers and suppliers.

Spreading the word: communicating the Webuild Integrity Platform

When thinking about how to communicate their new digital whistleblowing system, Webuild's Communication department decided on a communications campaign involving intranet news and email alerts to employees. This was less a complete corporate shift, rather more of a revamp of the old system after all. What really helped the communication campaign to fly was the CEO recording a short but effective video explaining that the new digital whistleblowing system was now online, not only open to employees but also to third parties.

Why did you decide on EQS Integrity Line?

"EQS Integrity Line was the technical and economic winner. When it came to the technical abilities of the system, we asked a steering commission made up of internal compliance, technical, HR, CSR, IT professionals to evaluate the tenders and this really provided added value in the selection of the supplier. We wanted to choose the best solution for Webuild."

Daria Angelini
Head of Compliance at Webuild

https://www.integrityline.com/de/referenzen/case-studies/webuild/

OUR CORE VALUES

TEAM SPIRIT

We have empathy and support/respect each other

TRANSPARENCY

We are open-minded and actively share information

OWNERSHIP

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

TRUST

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

PASSION

We love what we do and are driven to achieve

Highlights FY 2022

New SaaS Customers

1,044

(1,017)

SaaS Customers

5,054

(4,240)

New ARR

€9.33m

(€8.90m)

Revenue **COMPLIANCE**

+38%

(+54%)

Revenue **INVESTOR RELATIONS**

-2%

(+10%)

EBITDA

€4.57m

(€1.74m)

Figures in brackets represent the previous year

Case Study Policy Manager

Wie der EQS Policy Manager
das Unternehmenswachstum von tonies begleitet

Industry: Toys
Founded: 2013
Employees: 300+
Turnover: approx. €188 million (2021)

Since summer 2022, Düsseldorf based company tonies has been using EQS Group's Policy Manager to organise policy and guidelines while making them accessible to all employees. In our case study, we look at why the company, which develops and distributes audio systems for children, decided to introduce Policy Manager and the benefits it subsequently experienced.

Initial situation: New requirements due to rapid growth

Since 2016, tonies has been selling audio players for children. The Tonieboxes and their accompanying audio figures, called Tonies, quickly became popular. The company has grown swiftly since it was founded, and it has long been active on the international market.

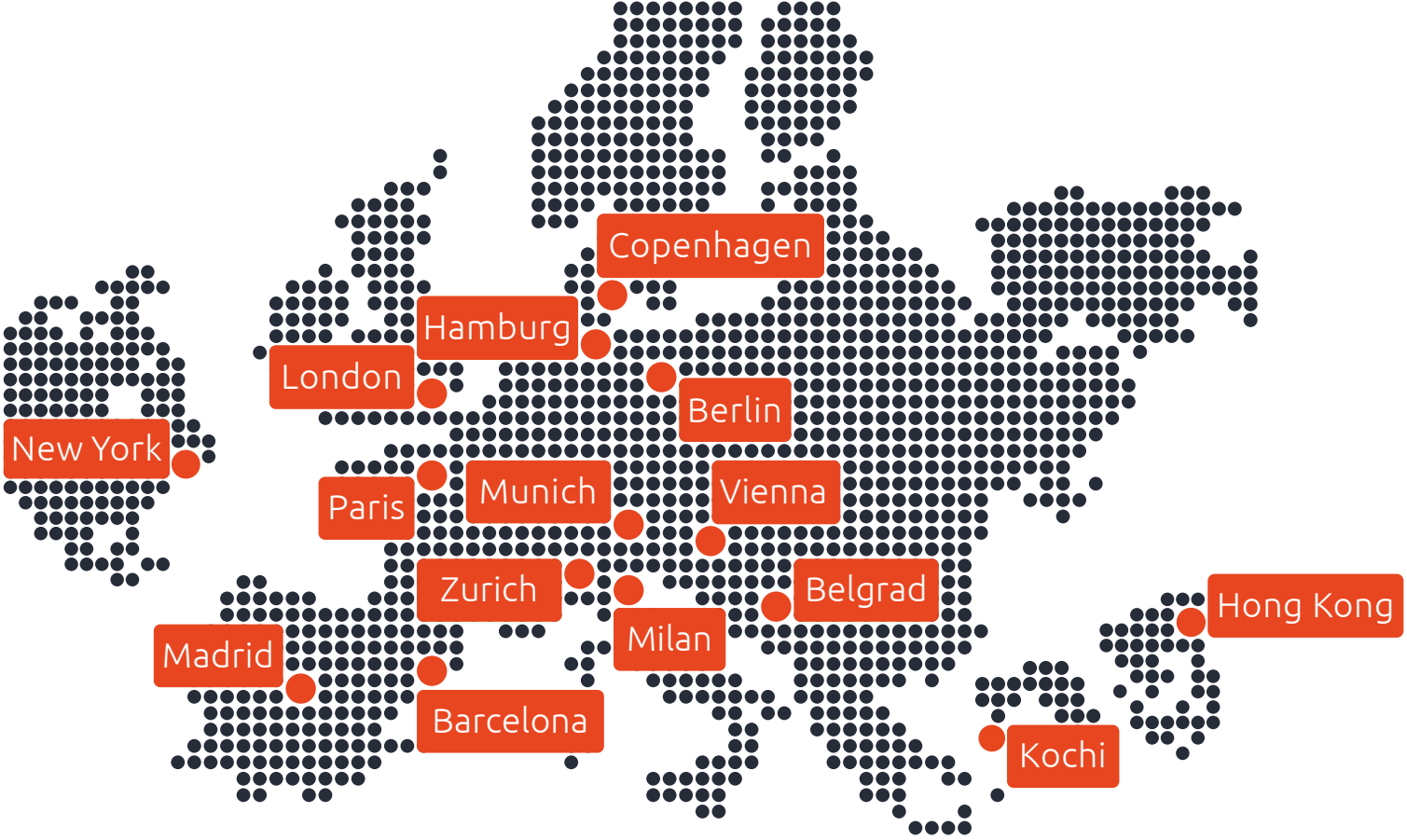
Although tonies retains many elements of a start-up culture, it had nevertheless become clear that guidelines were needed whereby standards could be established and regulatory requirements would be applied to internal processes. These needed to be kept up to date and made available to all employees, particularly against a background of evolving regulatory requirements.

Which Policy Manager function could you no longer do without?

"The automatic distribution of a policy to all employees at the push of a button. As a result of this, we can easily fulfil our task of sharing policies with colleagues and I can be sure that all contacts in our personnel system receive the appropriate notification. This is a great help!"

Edmund Blum
Legal & Compliance Manager, tonies

https://www.eqs.com/de/compliance-wissen/case-studies/tonies-policy-manager/



Corporate structure

Parent

EQS Group AG
(from 2000)

Germany
Austria

from 2006

EQS GROUP AG

Switzerland

from 2007

EQS Financial Markets & Media GmbH

Germany
Austria
Switzerland

from 2008

EquityStory RS LLC. in Liquidation

Russia

from 2013

EQS Asia Ltd.
(EQS TodayIR)

SAR Hong Kong
China

from 2013

EQS Web Technologies Pvt. Ltd.

India

from 2015

EQS Group Ltd.

UK

from 2015

EQS Group Inc.

USA

from 2017

EQS Group SAS

France
Belgium
Netherlands
Luxembourg

from 2021

EQS Group A/S

Denmark
Finland
Norway
Sweden

from 2021

EQS Group S.R.L.

Italy

from 2021

Business Keeper GmbH

Germany

from 2021

EQS Group doo

Serbia

from 2021

EQS Group GmbH

Austria

from 2021

EQS Group RegTech S.L.U.

Spain
Portugal

MANAGEMENT REPORT

(BEGINNING OF THE AUDITED PART)

A. Basic Company Information

All forward-looking statements in the management report are subject to risks and uncertainties. Actual future results may differ from expectations. The company assumes no obligation to update or revise any forward-looking statements. Percentages are rounded in accordance with standard commercial practice without decimal places. Millions (€ m) are with two decimal places and thousands (€ thousand) without decimal places.

Business Model

EQS Group AG is an international **cloudsoftware provider for corporate compliance, Investor Relations and ESG**. In addition to its headquarter in Munich, the Group has locations in the world's financial capitals and technology centres in Kochi (India) and Belgrade (Serbia).

Our **mission „creating trusted companies"** drives us in our daily work. Our **target** is to develop EQS Group AG into the **leading European cloud provider** for **global investor relations & corporate compliance solutions**.

Thousands of companies worldwide inspire trust by using EQS Group's products. These are pooled in the **cloud-based** software **EQS COCKPIT**. This platform ensures the professional handling of compliance workflows in the fields of whistleblower protection and case management, policy management, business approvals, third party management, insider list management and disclosure obligations.

Listed companies benefit from a global newswire, investor targeting and contact management, IR websites, digital reports and webcasts for efficient and secure investor communications. In addition, EQS Group develops software for the management of ESG (environment, social, governance) data, **the fulfilment of human rights due diligence obligations** along corporate supply chains and for rule-compliant sustainability reporting. EQS Group was founded in 2000 in Munich, Germany. Today the group employs around **600 professionals** and has offices in the **world's key financial markets**.

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

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

We use financial and non-financial performance indicators to **measure our corporate success** at Group and company level. The **most important financial performance indicators** are **revenue (growth) and EBITDA**[1] .

[1]EBITDA is calculated as the total income minus operating expenses

The **most important non-financial performance indicators** are **number of new SaaS customers** and the **new ARR**[2] . Other non-financial performance indicators include **customer satisfaction** and **employee satisfaction**. We measure customer satisfaction using the Net Promoter Score, the difference between the customer recommendation rate and the rejection rate, in anonymous online questionnaire[3]. The survey is aimed in particular at Group customers and asks about satisfaction with the services, the new products and customer service. Employee satisfaction is measured using a global survey in which employees rate their satisfaction with the employer on a scale of 1 to 5 in an anonymous online questionnaire . The survey focuses on measuring employee satisfaction with pay, working hours, internal cooperation, internal communication and development opportunities.

Each performance indicator supports the value creation, especially of an appropriate return on capital to our investors. Ultimately though, committed employees are crucial for our customer satisfaction and loyalty and the Group's success.

[2]Der Neu-ARR ist das hinzugewonnene wiederkehrende annualisierte Auftragsvolumen

[3]The choice of 1 stands for very dissatisfied and 5 for very satisfied

Research and Development

The ongoing further d**evelopment of existing products and the new development of cloud solutions** ensure that the applications meet our customers' current and future requirements and form the basis for our future growth. As in the previous year, **2022** was characterised by our product drive and resulted in continued high product development expenses.

The **EQS COCKPIT**, our centralised, cloud-based platform which is being developed for **all business segments.**

In the **Investor Relations** segment, both the further development of the existing applications CRM, Mailing and Investors in **IR COCKPIT** as well as **new applications** such as **Roadshow Manager** and **Sentiment Analysis** were launched in a Beta.

The focus in the **Compliance** segment was on the **GO Live** of the first version of our new **Compliance COCKPIT**. For this purpose, our whistleblowing solution Integrity Line was fully integrated into the Compliance COCKPIT and the applications **Approval Manager and Policy Manager** have been enhanced by essential functions. Finally, **development of the Risk Manager**, an application that is particularly relevant for monitoring supply chain risks, has begun. This is to be launched in the first quarter of 2023. This progress significantly expands the product offering in the Compliance area and adopts the platform approach from the Investor Relations area.

In total, **intangible assets** from own software development in the amount of **€2.16m** were capitalised in the 2022 financial year (previous year: €2.24m), of which €1.55m in the IR segment and €677 thousand in Compliance. This represents 39 % of all research and development costs (€5.54m). These also include programming services of the wholly-owned subsidiary EQS Webtechnologies Pvt. Ltd. in India and of EQS Group DOO in Serbia totalling € 1.69m. **Amortisation** of these intangible assets amounted to **€916 thousand** in the period under review (previous year: €851 thousand).

B. Economic Report

The Economic and Regulatory Environment

In **2022**, the global economy is expected to grow by only **+2.9%** (+5.9%) (real GDP) in a difficult environment according to the World Bank[4] . Existing problems in the supply chains, high inflation and associated interest rate increases, and the ongoing war in Ukraine further cloud expectations for 2023. Although a recession in the industrialized countries currently appears avoidable, a further escalation of the war within Europe or persistently high inflation harbors serious economic risks for the global economy.

Accordingly, the economic situation in **Germany** in 2022 was still characterized by growth, albeit at a lower rate than the global economy. In particular, the continuing bottlenecks in supply chains and the sharp rise in energy and raw material prices as a result of the Ukraine war weighed on the export-oriented German economy. According to the Statistisches Bundesamt (German Federal Statistical Bureau)[5] , real GDP in Germany is expected to increase by **+1.9%** in 2022 (prior year: +2.9%). As for the global economy, the outlook for 2023 is significantly weaker.

Given the weak global economic outlook **stock prices** decreased sharply in the first six month of 2022 globally and in Germany, but recovered partly in the second half of the yearwith first signs of a decreasing inflation.. Starting from 15,947 points at the beginning of 2022, the German leading index **DAX** fell by -25% to 11,863 points and closed with a **-13 %** at **13,923** points as of **31 December 2022**. The total of **3 IPOs** and listings in the Prime and General Standard in Germanyand thus significantly lower than previous year (19) also reflects the weak capital markets. . The number of companies listed on the regulated market (Prime or General Standard) continued to fall as a result of delistings and insolvencies. There were **12 fewer companies** and therefore **418** as of 31 December 2022 in the **regulated market**. In the Scale and Basic Board segment there were 118 companies listed as of 31 December 2022 (+4).

[4]Worldbank, Global Economic Prospects, Jan 2023

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

Financial performance

The financial performance of EQS Group is significantly impacted by the upward trend in **regulations in the compliance segment** for companies and organisations. In order to position EQS Group in the best way possible and achieve the leading market position, we started early to consolidate the European market for digital reporting systems. First, we acquired **Integrity Line AG**, Zurich in January 2018 and **Got Ethics A/S**, Copenhagen in January 2021. Then in July 2021 we were able to acquire **Business Keeper GmbH**, Berlin, one of the leading providers on the German market.

We are expecting considerable growth to be generated by the **most important regulation** for EQS Group AG, the **European Whistleblower Directive** (EU directive 2019/1937) which came into force in **December 2021**. That said, this regulation has not yet been implemented in many EU member states, Germany included. At the end of **2022**, the **German Bundestag** did **pass a law** but the **approval of the Bundesrat, which was necessary for its entry into force, was denied at the first annual meeting in February 2023**. The lack of implementation in Germany and other EU countries led to fewer contracts being signed than planned and thus less revenue being achieved.

In addition, the generally economic conditions, including high inflation and the associated interest rate increases, as well as the war in Ukraine, led to **gloomy economic forecasts** making companies reluctant to invest and giving rise to longer sales cycles. The **capital market environment deteriorated** significantly compared to 2021, which was felt in the **investor relations segment**.

As a result, the Group's sales revenues in 2022 only rose by **+22%** to **€61.43m** (previous year: €50.22m) and not as initially envisaged by between +30% and +50%. Due to the **takeover of Business Keeper GmbH**, the increase in sales included a **base effect** of €5.65m. In addition, we achieved significant sales growth with our **whistleblowing software in the compliance segment**.

Overall performance[6] also rose by **+22%** to **€64.43m** (previous year: €52.83m). The **own costs capitalized of €2.16m** included in this were comparable to the previous year (€2.24 million). The development of further applications in the COCKPIT cloud platform is associated with an increase in subscription revenue and an increase in the proportion of recurring revenue. **Other income** for the Group as a whole was significantly higher than in the previous year at **€836 thousand** (previous year: €363 thousand). The biggest balance sheet entry contributing towards this was the reduction in earnout obligations related to the purchase of Got Ethics A/S (€641 thousand).

In 2022, we gained **1,044 new SaaS customers** through our own marketing and sales activities – more customers than we have ever gained. The original goal of 2,500 to 3,500 new customers was not achieved as this also envisaged a high level of new customers through partners. **Sales activity by our partners** in the small and medium-sized enterprises (SMEs) sector was **significantly lower** than expected at the beginning of the year due to the fact that the transposition of the European Whistleblower Directive had not been passed. Since the majority of companies make their purchasing decisions shortly before and after the implementation of the directive, the surge in demand did not materialise. **The total number of customers** rose considerably to

[6] Revenues plus own cost capitalized and other income

5,054 (previous year: 4,240). The annualised **churn rate** of **5.4%** fell below that of the previous year (5.9%).

Under "**New ARR**", our rate of **€9.33m** did not enable us to achieve the goal set at the start of the year (€11m to €16m). However, due to the higher ARRs in the company's own sales activities, the difference was significantly smaller compared to the deviation in the target for new customers. Based on the share of **recurring revenues** in 2022 of **€54.34**, the **growth in ARR** held a level of **+17%**. The **share of recurring revenues** in overall revenue rose to **88%** through the acquisitions and above-average growth in the cloud products segment (previous year: 85%).

Despite the delay in what would be the most important driver of growth, the national implementation of the Whistleblower Directive, **EBITDA** rose considerably and disproportionately to **€4.57m** due to lower **investments in marketing and sales** (previous year: €1.74m). However, the savings were not large enough to reach the lower end of the €6m to €10m range posted at the start of the year.

[7]The churn rate is measured as the percentage of customers inactive or lost in the last 12 months

Over **200 Sales partnerships**

Segment development

Segments in FY 2022	***Compliance***	*yoy*	***Investor relations***	*yoy*
Umsatz Cloud-Produkte	**€30.34m**	53%	**€10.11m**	6%
Umsatz Cloud-Services	**€11.98m**	10%	**€9.02m**	-10%
EBITDA	**€4.42m**	38%	**€0.15m**	>100%
SaaS-Customers	**3,704**	-9%	**2.811**	13%
Filing-Customers	**3.853**	-9%		

Segment Compliance

The Compliance segment encompasses all products for **meeting regulatory requirements**. It includes reporting obligation **cloud products** in the messaging sector (disclosure), Insider Manager, Integrity Line, BKMS, Policy Manager, Rulebook and Approval Manager. We offer most applications bundled in a **cloud platform, the Compliance COCKPIT**. Additional **cloud services** were also made available through the Filings segment (XML, ESEF) and LEI. Since not every customer uses the COCKPIT, these are listed separately.

In the **Compliance segment**, the **customer base** increased by **28%** compared to the previous year to a total of **3,704 SaaS customers**. In 2022, we gained **865 new SaaS customers for whistleblower systems**. Although EQS Group was able to add to sales through direct customer acquisition, sales through partners have only started ramping up in Portugal and Denmark, due to the pending national implementation of the European Whistleblower Directive in several countries.

Revenue in the **Compliance** segment rose considerably by **+38%** to **€42.32m** due to a high level of customer acquisition and the takeover of Business Keeper GmbH (previous year: €30.71m) but it remained below the planning corridor (+45% to +68%). The main reason for this is the pending implementation of the European Whistleblower Directive in several European countries, including Germany. There were catch-up effects in the second half of the year for the filing services for the ESEF regulation. This increased revenue in Compliance Cloud Services in 2022 by +10%. The **EBITDA** rose still proportionately compared to revenue by **+38%** to **€4.42m** (€3.20m) due to investment.

Excerpt of **new customers**

Whistleblowing 2022

Acciaierie d'Italia, DEKRA, dm, EXCLUSIVE NETWORKS, fielmann, GRAMMER, LAVAZZA, Mademoiselle DESSERTS, ProSiebenSat.1 Media SE, SÉZANE, Trescal, WWF

IR COCKPIT 2022

ABB, Acceleron, can tourage, CHEPLA PHARM, IONOS, PORSCHE

Segment Investor Relations

The **Investor Relations segment** includes the offering in voluntary investor and corporate communication. The cloud products Newswire, Investors (investor data), CRM and mailing, as well as the newly developed Roadshow Manager are bundled in the **COCKPIT cloud platform**. There are also **cloud services** outside the platform such as websites & IR tools, reports, webcasts and other media.

In the Investor Relations segment, **revenue** went down by **-2%** to **€19.12m** (previous year: €19.52m) meaning it remained below the planning corridor (+10% to +15%). While **cloud products increased** as a result of subscription earnings by the IR COCKPIT, there were **no IPOs** on the capital markets due to inflation and the war in Ukraine. This led to a double-digit **downturn in cloud services.** As a result of the growth in highly profitable subscription revenues combined with the planned reduction in investments in the IR area, positive **EBITDA** of **€149 thousand** (€-1.46m) was again reported in 2022.

As of 31 December 2022, **1,076 companies** (previous year: 901) have signed **SaaS contracts** for the new **IR COCKPIT**. Booked SaaS revenue was at €6.44m, up 21% from 2021. The number of **SaaS customers** increased by **327** to 2,811 compared to the previous year.

EQS **IR COCKPIT**

Geographical development

Geographical market[8] in FY 2022	***Domestic***	*yoy*	*International*	*yoy*
Revenue	**€43.85m**	22%	**€17.59m**	23%
EBITDA	**€2.83m**	>100%	**€1.74m**	10%
SaaS-Kunden	**2.191**	13%	**2.863**	25%

Domestic

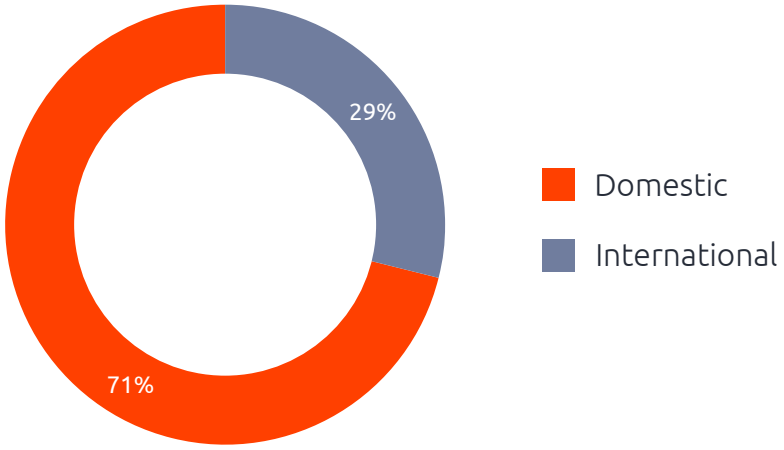
Domestic business revenue in 2022 rose by **+22%** to **€43.85m** (previous year: €35.92m), this includes the base effect of €5.65m from the acquisition of Business Keeper GmbH, which has been recorded in Group revenue since initial consolidation (14 July 2021).

In 2022, we **gained 340 new SaaS customers** in Germany (excluding individual LEI and filing customers). The number of new customers is thus below that of the previous year (500). The main reason for this is the pending implementation of the European Whistleblower Directive in Germany. Our **number of customers** increased to **2,191** by taking into account the acquisition of Business Keeper GmbH and C2S2 GmbH. The churn rate totalled 4.9%.

As a result of the increase in highly profitable SaaS sales, **EBITDA** increased at a significantly faster rate than sales to reach **€2.83m** (previous year: €470 thousand).

[8]The breakdown by geographical markets is based on the companies. The German companies are bundled in the domestic figures, the remaining companies in international.

Share of revenues 2022



International

International business revenue in 2022 rose by **+23%** to **€17.59m** (previous year: €14.31m) meaning it was slightly below our expectations (+30% to +40%). As in Germany, this is primarily due to the pending legal implementation of the Whistleblower Directive in several countries.

In **2022**, our international subsidiaries gained **704 new SaaS customers** (previous year: 517). The number of customers increased by +25% to 2,863. This is due to an annualised churn rate of 5.8%. In 2022, **576 new customers** were gained for the **reporting system** segment.

The **proportion of sales revenues accounted for by international business** in 2022 was at **28.6%**, which is comparable to that of the previous year (28.5%). **EBITDA** in international business was **€1.74m** (€1.58m).

We **halted new business** in **Russia** in Q1 2022 due to the war in Ukraine and only fulfilled existing contractual obligations. With revenue of **€1.03m** (previous year: €1.28m) in 2022, its share in the Group's revenue accounted for **1.7%**. In **Q1 2023**, we took the decision to fully end our activities in the Russian market and liquidate the company.

Expenditure development

Operative expenditure[9] increased at a lower rate than sales development by **+17%** to **€59.86m** (previous year: €51.09m). The main reason for this was a lower increase in other operating expenses (+5%), in particular lower marketing expenses than in the previous year as a result of the delay in implementing the Whistleblower Protection Act.

The largest expenditure item, **personnel expenses**, increased by **+23%** to **€38.84m** (previous year: €31.69m) and was thus commensurate with the trend in revenue. On average over the year, the group employed 576 people (previous year: 514). This increase is largely attributable to a base effect (100 employees) arising from the acquisition of Business Keeper GmbH (July 2021).

Purchased services rose proportionately compared to revenue by **+22%** to **€9.08m** (previous year: €7.42m). The increase is primarily due to the ESEF filing service from which the EQS Group obtains services.

Other **operational expenses** by contrast only rose by **+5%** to **€11.79m** (previous year: €11.26m). While expenses for IT infrastructure increased compared to the previous year, expenses for marketing and consulting services fell.

The **expenses from valuation allowance for trade accounts receivables**, which we have reported separately since 2021, fell to **€150 thousand** (previous year: €710 thousand). This result in particular is the result of significant improvement in receivables management processes at the acquired companies.

As a result, **EBITDA** rose disproportionately to **€4.57m**. (previous year: €1.74m). However, the savings were not large enough to reach the lower end of the €6m to €10m range posted at the start of the year.

Depreciation increased as a result of the takeover of Business Keeper GmbH by **+14%** to **€8.15m** (previous year: €7.14m). This includes depreciation on capitalised own work to the amount of €916 thousand, on rights of use (IFRS 16) to the amount of €2.05m and on purchased customer bases and purchased software totalling €4.59m. As such, **EBIT** continued to remain negative at **€-3.58m** (€-5.40m).

The **financial result** deteriorated to **€-1.76m** due to increased interest expense from the loans (previous year: €-1.46m). At the same time, exchange rate effects from international business led to financial income. The result before tax (EBT) was €-5.34m (previous year: €-6.86m). The capitalisation of a surplus of deferred tax assets led to tax income of €2.01m after offsetting against actual tax expenses (previous year: tax income €229 thousand). This led to a negative **Group result** in 2022 totalling **€-3.33m** (previous year: €-6.63m).

[9] Sum of cost of services, personnel expenses, other expenses and expenses/income from valuation allowance for accounts receivables

Assets and financial situation

The **balance sheet total** increased slightly to **€189.37m** as of the balance sheet date (31 December 2021: €186.84m).

Compared to the previous year, the **intangible assets** as of 31 December 2022 were only slightly reduced at **€60.85m** (31 December 2021: €63.68m). The intangible assets include acquired customer bases with a book value of €33.94m as of 31 December 2022, which are amortised on a linear basis over a respective total term of 15 or 20 years, as well as purchased and proprietary developed software to the amount of €26.90m. **Goodwill** was **€97.24m** as of the reporting date (31 December 2021: €96.71m). **Property, plant and equipment** fell to **€5.01m** as a result of depreciation in accordance with IFRS 16 and on factory and office equipment (31 December 2021: €7.35m).

Compared to the previous year, **trade accounts receivables** fell by **-13%** to **€6.08m** as of 31 December 2022 (31 December 2021: €7.02m), which is attributable to improved receivables management and the high proportion of advance payments. Other short- and long-term assets were at €1.56m (31 December 2021: €1.95m).

Equity capital increased significantly to **€112.21m** as of 31 December 2022 as a result of the capital increase against cash contributions carried out in March 2022 (31 December 2021: €70.24m). The funds from the capital increase were mainly used to partially repay a bank loan from Commerzbank AG and an interest-free seller loan of €17m to finance the purchase of Business Keeper GmbH. The **equity ratio** rose accordingly to **59%** as of the balance sheet date (31 December 2021: 38%). For information on treasury shares pursuant to § 160 (1) No. 2 AktG, please refer to the Notes (§ 315 (2) sentence 2 HGB).

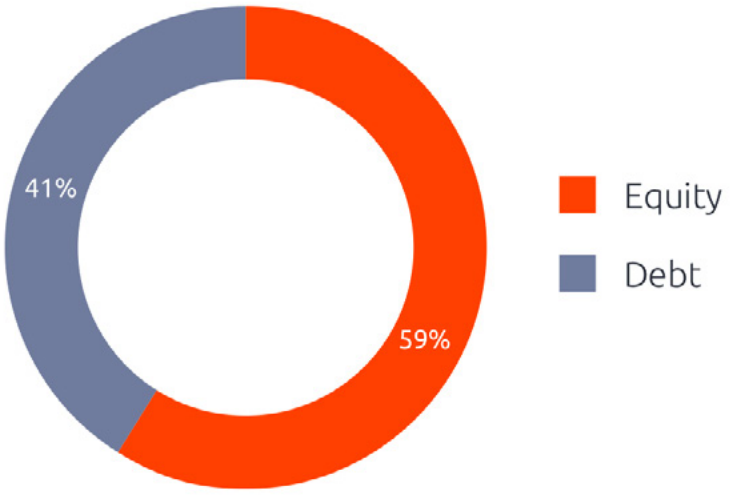
As of said date, the **cash and cash equivalents** rose to **€10.65m** (31 December 2021: €8.65m). Due to the repayments, **short-term and long-term financial liabilities fell** significantly compared to the end of the year to **€39.09m** (31 December 2021: €83.02m). Net debt (liquid funds less financial debt) fell to **€28.43m** (31 December 2021: €74.37m). **Without** including the liabilities from **leasing** of €3.85m, **net debt was €24.59m** (31 December 2021: net debt of €68.34m).

Under the direction of Commerzbank, EQS Group AG restructured the **acquisition loan from Commerzbank**, originally totalling over €50m, for the purchase of Business Keeper GmbH. The remaining part (€25m) was **refinanced** as a long-term loan with instalment repayments and with the inclusion of Deutsche Bank and Kreissparkasse Biberach in the banking consortium and expanded by €5m to **€30m.**

Trade accounts receivables fell by **-15%** to **€2.71m** as of 31 December 2022 (31 December 2021: €3.20m). **Accruals and deferrals** increased to €318 thousand (31 December 2021: €192 thousand). **Employee benefits**, which are spun off in a separate balance sheet item since 2021, fell to **€1.92m** (31 December 2021: €2.23m). Customer prepayments increased with revenue growth, increasing **contract liabilities** by **+16%** to **€11.54m** (31 December 2021: €9.98m). **Deferred tax liabilities** increased to **€18.62m** (31 December 2021: €16.61m).

Due to the low volume of foreign currency sales (20% to 25%), which are mainly in hard currencies (CHF, DKK, GBP, HKD, USD) and are partly characterised by opposing trends, **exchange rate hedging transactions are still not carried out.** All bank loans are also denominated in euros. To control liquidity, the company uses short-term liquidity planning and rolling multi-year liquidity planning. With regard to the **interest rate risk, interest rate derivatives**, which have variable interest rates, **were fully hedged** for the bank loans for the takeover of Got Ethics A/S and Business Keeper GmbH.

Capital structure as of Dec. 31, 2022



Employees

In 2022, the number of permanent employees in the Group rose by just **+2%** to **579** (previous year: 565) as of the balance sheet date due to the reluctance to hire new employees. New employees were mainly hired at the sales locations in other European countries. In Germany, the number only rose to 366 (previous year: 356). The technology location in Kochi remained almost unchanged with 94 employees as of the reporting date (previous year: -2). The same applied to the site founded in 2021 in Belgrade, Serbia (7 employees). At the Russian site, the number of employees was significantly reduced from 12 to 5 as a result of the crisis. On average over the year 2022, the EQS Group employed 576 people (previous year: 514). The number of full-time equivalents (FTE) was 538 (previous year: 525).

Number of employees by function	2022	2021
Software Development	242	263
Marketing & Sales	120	93
Product Management & Customer Success	134	129
Management & Administration	83	80
Total	579	565

General statement on the company's situation

The financial performance of the EQS Group is significantly impacted by the **upward trend in regulations in the compliance segment** for companies and organisations. The most important regulation at the present time, the **European Whistleblower Directive**, has been in force since **December 2021**, but will probably not be implemented legally in most member countries, including Germany, until 2023. As a result, the **Group's sales revenues** in 2022 only rose by **+22%** to **€61.43m** (previous year: €50.22m) and not as initially envisaged by between +30% and +50%.

Operative expenditure increased at a lower rate than sales development by **+17%** to **€59.86m** (previous year: €51.09m). The main reason for this was a lower increase in other operating expenses (+5%), in particular lower marketing expenses than in the previous year as a result of the delay in implementing the Whistleblower Protection Act.

EBITDA rose considerably and disproportionately to **€4.57m** due to lower **investments in marketing and sales** (previous year: €1.74m). However, the savings were not sufficient to reach the lower end of the €6m to €10m range posted at the start of the year.

Equity capital increased significantly to **€112.21m** as of 31 December 2022 as a result of the capital increase against cash contributions carried out in March 2022 (31 December 2021: €70.24m). The **equity ratio** rose accordingly to **59%** as of the balance sheet date (31 December 2021: 38%). **Short-term and long-term financial liabilities fell** significantly as a result of repayments to **€39.09m** (31 December 2021: €83.02m). **Net debt** (liquid funds less financial debt) fell to **€28.43m** (31 December 2021: €74.37m). As a result of the capital increase and loan repayments, the capital structure and thus the overall situation of the company has improved significantly. Although business development in 2022 fell short of the original plan, there was considerable growth in revenue as in the previous year.

C. Forecast, opportunities and risk report

Forecast report

In 2022, high inflation and the associated increases in key interest rates, the war in Ukraine and ongoing supply chain problems led to difficult framework conditions for the **global economy.** This made for a **gloomy outlook** and **worries of recession in Europe** looking ahead to **2023**.

The World Bank expects considerably less growth in **actual GDP** in the global economy of **+1.7%** (2022e: +2.9%) for 2023. As such, the following forecasts on the business, financial and profit trends of EQS Group AG in the 2023 financial year are therefore subject to the proviso that the war in Ukraine is regionally limited and that the negative effects on economic development in the European and global economies remain manageable. If the war escalates, there may be far-reaching consequences for business development.

Under these assumptions, **the management of EQS Group AG forecasts an increase in revenue** in **2023** of **+15% to +20%** compared to the previous year resulting in **€71m to €74m**.

An **increase in revenue** of **+20% to +25%** is forecast for the 2023 financial year for the **Compliance segment.** We expect the European Whistleblower Directive to be implemented in national law in Germany latest in the third quarter of 2023 followed by further sales increases in the reporting systems product area.

In the **Investor Relations** segment, we again expect a low number of **IPOs** for 2023 due to a high level of uncertainty and reluctance on the part of investors. As such, we expect **revenue growth** of **up to +10%**, which is particularly due to the expansion in business following the IR COCKPIT.

In terms of EBITDA, we expect this will be within a range of **€9m to €11m** for **2023**.

We expect a volume of **€9m to €12m** for the **new ARR** key figure, which quantifies the newly contracted recurring business volume.

Again, the focus in 2023 for **new SaaS customers** is on the number of companies and organisations using the EQS Group's **reporting system**. The goal is to gain between **2,000 and 3,000 new customers**.

For 2023, we expect a **consistently high level of employee satisfaction** (2022: 4.07 out of 5 achievable levels), as well as a **stable high score** for **customer satisfaction** measured by the Net Promoter Score (2022: 43).

[10]Worldbank, Global Economic Prospects, Jan 2023

Outlook 2023

New SaaS Customers

2,000 – 3,000

Revenue Growth

15 – 20%

New ARR

€9 - 12m

EBITDA

€9 – 11m

Net Promoter Score

Stable

Employee Satisfaction

Constant Level

Risk Report

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

Systematic risk and opportunity management for the early identification and assessment of risks, as well as the use of appropriate measures to reduce risks, are regarded as an ongoing task of the Executive Board and a management task in every area of the Group. The Group's risk policy also takes into account that the willingness to take risks is a necessary prerequisite for exploiting opportunities. The Executive Board bears the overall responsibility for effective risk and opportunity management, which is designed to ensure comprehensive and consistent management of all significant risks and opportunities.

The Executive Board uses a risk instrument to identify, evaluate and control risks one, in which the individual risks are each evaluated and the individual evaluations into one Total size are aggregated (so-called risk capital or total risk capital).

Business environment risks

EQS Group's long-term development is influenced considerably by **basic economic conditions** on domestic and foreign markets. Economic trends, legal conditions and capital market developments play an important role. Brexit has not had any negative effects on EQS Group's business to date. Regulation on the financial market in Great Britain is expected to continue to remain comparatively high in general. However, the probability of loss in terms of political-legal risks increased from very low to low as a result of the Russian war of aggression. In 2022, there were a number of critical events that led to a significant deterioration in the macroeconomic environment in Europe and the world for companies such as EQS Group. Europe has been suffering from high inflation since 2022. The reasons are an expansive monetary policy of the European Central Bank in reaction to the crises of the last fifteen years (financial crisis in 2009, sovereign debt crisis in 2012, COVID crisis in 2020 and Russian war of aggression on Ukraine in 2022) as well as the disruptions of global supply chains and shortages of raw material supply triggered by the COVID crisis and the Russian war of aggression. Associated with this, certain political and legal risks such as sanctions or restrictions have materialized, particularly with regard to Russia.

The probability of damage in relation to political and legal risks (legal restrictions) and, in particular, economic risks (recession) has also increased from low to high or from high to very high as a result of these developments. In contrast, the risks from the global COVID-19 pandemic with regard to economic development have not increased further, and officials have also announced the end of the pandemic. Overall, economic risks have increased significantly.

In the area of **legal framework conditions**, the continuous expansion of reporting and compliance obligations (including EU Whistleblower Directive, Supply Chain Due Diligence Act, CSRD) to companies with 50 or more employees, organizations and public institutions is leading to additional business opportunities for EQS Group. As a result, the potential customer base has also increased significantly. In the course of the European regulatory initiatives, the product portfolio will be further strengthened. At the same time, further compliance products are being developed in the form of the Policy Manager, Third Party Manager and Approval Manager software applications and marketed as an integrated Compliance Management System

(Compliance COCKPIT). The **expansion of the business** to include compliance is also increasing the proportion of revenue that is not dependent on economic cycles.

The **risk of competition**, in particular through lower prices, is a significant risk. The acquisition of Business Keeper GmbH and Got Ethics A/S has reduced the risk in the area of whistleblowing. Meanwhile, competition in the field of whistleblowing with a focus on the target groups of small and medium-sized enterprises (SMEs) is increasing due to new local providers.

We bundle our range of products in one platform, the COCKPIT, which increases customer loyalty and is intended to counteract price pressure. Differentiation from new competitors through quality, safety and competence based on many years of experience is also important. The risk of EQS Group in the area of **market and industry development** has increased.

Group-specific risks

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

EQS Group AG's **internationalisation strategy** is already well advanced and we are represented locally by affiliate companies in the most relevant markets. The operational break-even of a new company is expected after approximately five years. The investments in foreign expansion made in recent years have paid off. The majority of the companies are already operationally profitable. By contrast, the subsidiary in Russia developed negatively as a result of the Russian war of aggression and its consequences. The continuation of this development is also expected for 2023. EQS Group AG assesses the risk as limited due to the very low volume of business in Russia and the decision to discontinue business activities in Russia.

In the Investor Relations field, the expansion of the business relationship with existing customers and in the course of the successful migration of existing customers to the new IR COCKPIT, confirmed our **market position**. At the same time, the revenue is diversified with our customers to a large extent. 99 % of our customers represent an under one percent share of the revenue, and in any case, a single customer's share of the revenue exceeds five percent of the total revenue. Due to the weakening economic environment, the absence of IPOs, adjustments in corporate strategy, and developments on the Russian market, there was a decline in project-related revenues in 2022. This decline was almost fully compensated for by the increased share of recurring business.

The extensive **new development** of products for the **Compliance COCKPIT** resulted in a continued high-risk assessment in the area of product and performance risks. The probability of damage is however stable, as the development focuses are on standardised cloud software instead of project services for individual customers. Overall, there is no change in the product risks.

For the sales of our products to small and medium sized non-listed companies, as well as public institutions and organisations, sales partnerships play an important role in the success story

of our business. Prior to the entry into force of the EU Whistleblower Directive, a number of partnerships were concluded in the last two years. It is still fraught with uncertainty whether these partnerships can be activated and contribute meaningfully to the success. Therefore, the partnership risk remains stable.

Personnel risks

A **continuing need for skilled workers**, fluctuation and the loss of key employees represent a risk situation in the area of human resources. The risk probability with regard to the **loss of employees in key positions** is similar to the previous year's level. Concurrently, the dependency on the German employment market is decreasing, and therefore so is the group risk due to the further development of the international locations. Thus, **personnel risks** have remained comparably high.

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

Information- and Cybersecurity risks

There is a consistently higher level of **Information- and Cybersecurity risks** during the period under review. As a technology company, EQS Group AG places great importance on securing sensible customer data. A secure IT infrastructure, IT hardening, high availability and resilience against cyber-attacks are key for us. It is equally important to identify the most cost-effective measures that provide the greatest return on investment. EQS Group AG continuously strengthens its security posture against internal and external threats through ongoing investment in an **Information Security program** and various **security controls**, their ongoing evaluation for effectiveness and the comprehensive expansion of the global Information Security team. Through its **comprehensive, multi-layered and global cyber insurance policies with industry-leading providers**, EQS Group AG is covered against damages from internal or external cyber incidents and has significantly increased coverage in the past to absorb residual risks after security controls have been established. Nevertheless, in the area of data security and protection rights, the risk is very high as the number of attacks on IT infrastructures is continuously increasing. In order to further improve the security situation, EQS Group AG is continuously working on the expansion of the Information Security program, the controls and their review with the help of external auditors. Regular internal training is designed to raise awareness of possible attacks and Information Security among all employees.

Financial risks

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

Investment risks as well as the return-on-investment risk have decreased as a result of fewer new investments. However, our extensive experience in our operating business or other related business areas and software development geared closely to customer needs help us to manage the investment risks and to keep the probability of damage low.

The probability of a **liquidity risk** has decreased due to the significant **reduction of short- and medium-term financial debt.** The refinancing of the **remaining liabilities** under a **long-term bank loan** was concluded in the course of the 2022 financial year. This means that the probability of a credit and/or solvency risk is significantly reduced compared to the previous year. As in the past, the main loan agreements contain financial covenants based on the EBITDA and the ratio of net debt to EBITDA during the term of the loan.

Non-compliance with the agreed financial covenants can have serious consequences in terms of securing the company's financing. In 2022, there was non-compliance with the EBITDA covenant. This represented an immediate risk, as the lending banks could have demanded early repayment of the loan. As a result, a supplementary agreement was concluded with the banks to the loan agreement, which retroactively waived the EBITDA covenant for 2022 and agreed to adjust the covenants for 2023 in line with the planning premises. Consequently, the interest rate margin for the period January 1, 2023 to September 30, 2023 was increased by 25 basis points. This eliminated the risk for the next two fiscal years assuming business develops as planned, in particular with regard to the implementation of the Whistleblower Directive.

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

Market risk is the risk that market prices, e.g. exchange rates or interest rates, will change and thus affect the Company's earnings or the value of the financial instruments held. The objective of risk management is to manage and control market risk. In individual cases, the Company acquires derivatives to manage market risk. For risk management purposes, the Company holds interest rate caps based on EURIBOR, which are used to limit the **interest rate risk** from borrowings with banks. So far, no hedging with cash flows from underlying transactions, except for operating hedging, has been performed. The development of the market price of the derivatives and of the variable interest rates from loan financing is monitored on an ongoing basis by the responsible employees in the finance department.

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

Other risks

In the case of **organisational and management risk**, there was no substantial change compared to the previous year in the points of documentation, control and monitoring risk, and information and communication management. The refinancing of the remaining debt significantly reduced the liquidity and insolvency risk, thus reducing the financial risk. The further development of the war in Ukraine may have a negative impact on the planned business development of the EQS Group AG in the current financial year 2023.

Overall risk situation

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

EQS Group's overall risk capital as of the reporting date, 31 December 2022, has increased by eight percent compared to the previous year. On the one hand, risks are as unavoidable as a result of corporate growth, as investments in product development are as part of the overall strategy. On the other hand, the expansion into new markets in particular and product diversification reduces the dependency on the domestic market and gradually ensures the diversification of risks.

The significant deterioration in the economic environment for companies has led to an increase in the business environmental risks. At the same time, the Group-specific risk continuous high. More investments in new markets and products increase growth risks. Advancing digitisation and a focus on IT also increase the risks in the area of Information Security. The repayment and long-term refinancing of financial debt has led to a significant decrease in liquidity and solvency risk and therefore the financial risks. The further development of the Russian war of aggression in Ukraine may lead to negative effects on the planned business development of EQS Group AG in the current 2023 financial year. The management board of EQS Group AG does not see the existing risks and the existing loss situation as a threat to the company as a going concern.

Opportunities Report

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

Opportunities from the development of framework conditions

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

The following opportunities arise in this area for the current 2023 financial year:

The trend towards further **increasing regulations in the area of compliance and sustainability** for companies and organisations is concretised in the **European Whistleblower Directive and the Supply Chain Due Diligence Act in Germany**. Significant revenue growth is to be expected due to these in 2023.

Corporate strategy opportunities

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

The expansion of the **Compliance COCKPIT** to include additional modules will enable us to offer a complete compliance management system to the majority of existing and future whistleblowing customers. This goes hand in hand with the opportunity of significantly higher average revenue per customer in the future. Significant revenue increases are possible from this over the next few years.

In the case of the **IR COCKPIT**, the increase from discounted prices to the list price for existing customers in particular offers additional sales potential. A significant increase in recurring revenue of around € 0.5 to € 1.0 million is also expected in 2023, which will continue in subsequent years.

Performance opportunities

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

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

The linking of various departments' ERP systems will continue in 2023. The migration of financial accounting to the latest version of the ERP system will enable a close linking of sales and financial accounting in the future and may result in efficiency gains as well as further improve the availability of current data.

Munich, March 29, 2023

Achim Weick

(CEO)

Christian Pfleger

(COO)

Marcus Sultzer

(CRO)

André Silvério Marques

(CFO)

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated comprehensive income statement

For the financial year January 01 – December 31, 2022

	Appendix	***2022 thousand€***	*2021 thousand€*
Revenues	3	**61,430**	50,223
Other income	4.1	**836**	363
Own cost capitalised	4.2	**2,159**	2,241
Cost of services	4.3	**-9,084**	-7,425
Personnel expenses	4.4	**-38,837**	-31,693
Other expenses	4.5	**-11,788**	-11,258
Valuation allowances on trade receivables	10.2.2	**-150**	-710
EBITDA		**4.567**	**1.742**
Depreciation / amortisation	6.1|6.2	**-8,151**	-7,138
Operating result (EBIT)		**-3,584**	**-5,397**
finance income	4.7	**1,149**	870
finance expenses	4.7	**-2,910**	-2,332
Interest expenses	4.7	**-2,910**	-2,332
Net financial result	4.7	**-1,761**	-1,461
Earnings before tax (EBT)		**-5,344**	-6,858
Income taxes	4.8	**2,013**	229
Group net income		**-3,332**	**-6,629**
- thereof attributable to the owners of the parent		**-3,332**	-6,629
- thereof attributable to the non-controlling interests		**1**	0
Items that will be reclassified to the consolidat-ed statement of comprehen-sive income in the future under certain conditions:			
Currency translations	7.4	**22**	55
Remeasurements on defined benefit plans	6.8.2|7.4	**247**	99
Other comprehensive income		**270**	154
Comprehensive income		**-3,062**	-6,476
- thereof attributable to the owners of the company		**-3,063**	-6,476
- thereof attributable to the non-controlling interests		**1**	0
Earnings per share attributable to shareholders of the parent company (basic and diluted)	4.9	**-0.34**	-0.81

Consolidated balance sheet as of Dec. 31, 2022

Assets

	Appendix	**Dec. 31, 2022 thousand€**	Dec. 31, 2021 thousand€
Non-current assets			
Intangible assets	6.1.	**60,846**	63,675
Goodwill	6.1.	**97,235**	96,711
Property, plant and equipment	6.2|6.3	**5,011**	7,351
Non-current financial assets	5.2	**1,863**	685
Other non-current assets	6.5	**39**	46
Deffered tax assets	6.4	**5,447**	-
		170,440	168,468
Current assets			
Trade accounts receivables	5.1	**6,075**	7,018
Contract Assets	3.3	**276**	78
Tax refund claims		**106**	278
Current financial assets	5.2	**297**	434
Other current assets	6.5	**1,524**	1,907
Cash and cash equivalents	5.3	**10,655**	8,653
		18.933	18.369
Total assets		**189,373**	**186,837**

Equity and Liabilities

	Appendix	**Dec. 31, 2022 thousand€**	Dec. 31, 2021 thousand€
Equity			
Issued capital	7.1	**10,024**	8,659
Trasury shares	7.1	**-10**	-11
Capital surplus	7.2	**106,853**	63,140
Retained earnings	7.3	**-4,909**	-1,532
Other reserves	7.4	**252**	-17
Non-controlling interests	7.5	**1**	0
		112.210	70.240
Non-current liabilities			
Non-current employee benefits	6.8	**425**	733
Non-current provisions	6.7	**160**	159
Non-current financial liabilities	5.4|5.5	**30,890**	9,927
Deffered tax liabilities	6.4	**18,621**	16,607
		50.095	27.426
Current liabilities			
Current provisions	6.7	**158**	33
Trade accounts payable	5.4	**2,709**	3,197
Contract Liabilities	3.4	**11,541**	9,978
Current financial liabilities	5.4	**8,198**	73,095
Income tax liabilities		**1,350**	214
Current employee benefits	6.8	**1,495**	1,494
Other current liabilities	6.6	**1,615**	1,161
		27,067	89,171
Total equity and liabilities		**189,373**	**186,837**

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

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

for the financial year 2022:

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

Consolidated cash flow statement

For the financial years:

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

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

EQS Group AG notes to the consolidated financial statements

1 General information

EQS Group AG (subsequently: parent company) was established by notarial deed (URNr. 409/200 of Notary Dr Oliver Vossius, Munich) dated Feb. 3, 2000. It is based in Karlstraße 47, 80333 Munich, Germany, and has been entered in the commercial register of the Munich Local Court under HRB 131048. The consolidated financial statement comprises the parent company and its subsidiaries (jointly "Group" and individually "Group companies" resp. "EQS group"). The Group is a cloud-software provider in the areas of corporate compliance, investor relations and ESG. Further information can be found in the segment reporting (Note 2).

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

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

Going concern assumption

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

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

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

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

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

2 Segment reporting

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

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

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

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

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

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

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

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

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

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

3 Revenue from contract with customers

3.1 Breakdown of revenue from contracts with customers

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

	Reportable segments			
	Compliance		***Investor Relations***	
	2022 thousand€	*2021 thousand€*	***2022 thousand€***	*2021 thousand€*
Primary geographical markets				
Domestic	**31,437**	23,248	**12,409**	12.670
International	**10,878**	7,459	**6,707**	6.846
Total	**42,315**	30,707	**19,115**	19.516
Important product and service lines				
Cloud-Products	**30,340**	19,826	**10,101**	9,504
Cloud-Service	**11,975**	10,881	**9,015**	10,012
Total	**42,315**	30,707	**19,115**	19,516
Timing of revenue recognition				
Services rendered at a point in time	**17,417**	16,344	**6,519**	7.382
Über einen Zeitraum erbrachte Dienstleistungen	**24.898**	14.363	**12.596**	12.134
Total	**42,315**	30,707	**19,516**	19.516

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

3.2 Accounting policies and significant judgements

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

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

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

Cloud products

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

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

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

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

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

Cloud service

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

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

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

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

Estimation uncertainties and judgements

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

3.3 Contract assets

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

Contract assets mainly relate to the Group's entitlements to consideration for services neither completed nor settled as of the reporting date from contract manufacturing of IR development services.

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

We expect to recognize the revenue within 6 months.

3.4 Contract liabilities

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

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

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

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

4 Significant positions of the consolidated comprehensive income statement

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

4.1 Other income

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

4.2 Own costs capitalized

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

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

4.3 Cost of services

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

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

4.4 Personnel expenses

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

4.5 Other expenses

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

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

4.6 Government grants

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

4.7 Net financial result

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

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

4.8 Income taxes

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

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

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

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

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

Income taxes recognised in other comprehensive income:

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

4.9 Earnings per share

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

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

4.10 Other comprehensive income

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

5 Financial assets and financial liabilities

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

» An overview of all financial instruments held by the Group

» Detailed information on each type of financial instrument

» Accounting policies,

» Information about the determination of the fair value of the instruments, including related judgemets and estimation uncertainties.

The Group holds the following financial instruments:

Financial assets:

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

Financial liabilities:

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

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

5.1 Trade accounts receivables

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

5.1.1 Classification as trade accounts receivables

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

5.1.2 Fair value of trade accounts receivables

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

5.1.3 Impairments and risks

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

5.2 Other financial assets measured at amortised cost

5.2.1 Classification of financial assets measured at amortised cost

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

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

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

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

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

5.2.2 Fair value of other financial assets measured at amortized cost

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

5.2.3 Impairment and risks

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

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

5.3 Cash and cash equivalents

	Dec. 31, 2022 thousand€	*Dec. 31, 2021 thousand€*
Cash at banks	**10,655**	**8,653**

5.4 Trade accounts payables and other financial liabilities

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

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

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

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

5.5 Loans

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

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

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

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

Compliance with loan covenants

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

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

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

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

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

6 Non-financial assets and liabilities

6.1 Intangible assets and goodwill

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

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

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

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

Allocation of goodwill to the cash generating units

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

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	**9,849**	9,849
CGU EquityStory RS, LLC	2008	Investor Relations	**-**	14
CGU EQS Group AG Investor Relations	2011	Investor Relations	**460**	460
CGU EQS Asia Ltd.	2014	Investor Relations	**2,911**	2,741
CGU EQS Group Ltd.	2015	Investor Relations	**464**	490
CGU EQS GROUP AG (Switzerland) Investor Relations	2015	Investor Relations	**2,343**	2,233
CGU EQS GROUP AG (Switzerland) Compliance	2018	Compliance	**6,051**	5,767
CGU EQS Group A/S	2021	Compliance	**10,391**	10,391
CGU Business Keeper GmbH	2021	Compliance	**64,766**	64,766
Summe			**97.235**	**96.711**

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

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

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

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

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

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

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

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

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

Material intangible assets

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

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

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

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

The main items of purchased intangible assets developed as follows:

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

The customer bases developed as follows:

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

6.1.1 Depreciation methods and useful life

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

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

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

6.2 Property, plant & equipment

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

As of Jan. 1, 2022	4,497	5,139	9,636
Depreciation/impairment	611	2,019	2,630
Disposal	-54	-	-54
Addition	-	-	-
Transfer	-	-	-
Held for sale	-	-	-
Addition to the consolidation group	-	-	-
Disposal from the consolidation group	-	-	-
Exchange rate differences	21	-10	11
As of Dec. 31 2021	**5,075**	**7,148**	**12,224**
Book value			
As of Dec. 31 2022	**1,542**	**3,469**	**5,011**
As of Dec. 31 2021	1,809	5,542	7,351
As of Jan. 1, 2021	1,535	5,681	7,216

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

6.2.1 Depreciation methods and useful life

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

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

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

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

6.3 Leases – lessee

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

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

The accounting policies for leases are explained in note 20.6.

6.3.1 Amounts recognised in the balance sheet

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

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

For the maturity structure, please refer to note 10.3.2.

6.3.2 Amounts recognised in the comprehensive income statement

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

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

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

6.3.3 Extension options

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

6.3.4 Subleases

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

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

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

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

The accounting policies for leases are explained in note 20.6.

6.4 Deferred taxes

As of Dec. 31, 2021

31.12.2021	*Balance net as of Janary 1 thousand€*	*Recognized in Profit or loss thousand€*	*Currency Effect thousand€*	*Recognized in Other income thousand€*	*Directly in Equity considered thousand€*	*Net thousand€*	*Defferred Tax Assets thousand€*	*Defferred Tax Liabilities thousand€*
								Liabli-ties
Intangible assets	-3,551	218	3	-	-14,764	-18,097	-	-18,097
Property, plant and equipment	-1,362	100	-	-	-	-1,261	-102	-1,160
Financial assets	-	-	-	-	-	-	-	-
Other assets	-92	92	-	-	-	-	-	-
Trade accounts receivables	3	6	-	-	-	8	20	-11
Cash and cash equivalents	67	-66	-	-	-	1	3	-2
Employee benefits	154	-73	2	16		97	222	-125
Provisions	33	-13	-	-	-	20	20	-
Liabilities from trade payables	-	1	-	-	-	1	1	-
Contractual liabilities	-	1	-	-	-	1	1	-
Financial liabilities	1,446	-523	-	-	-	924	1,350	-427
Loss carried forward	786	737	-	-	177	1,700	1,700	-
Tax assets (-liabilities) before offsetting							**3.215**	**-19.821**
Offsetting of tax	**-**	**-**	**-**	**-**	**-**	**-**	**-3,215**	**3,215**
Tax assets (-liabilities) after offsetting								-16,607

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

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

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

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

6.5 Other assets

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

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

6.6 Other liabilities

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

6.7 Provisions

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

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

Archiving business documents

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

Dismantling obligation

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

Onerous contracts

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

6.8 Employee benefits

6.8.1 Current employee benefits due

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

6.8.2 Benefits after termination of the employment relationship

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

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

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

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

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

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

Plan assets

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

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

*Values are at Sept 30, 2022

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

The remaining pension plans are not funded.

Defined benefit obligation

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

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

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

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

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

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

Sensitivity analysis	*Change of Assuption*		*Increase of Acceptance*		*Decrease in Acceptance*	
Switzerland	***2022***	*2021*	***2022***	*2021*	***2022***	*2021*
Discount rate	**0.5%**	0.5%	**-6.9%**	-9.4%	**8.3%**	12.0%
Future wage or salary increase	**0,5%**	0,5%	**3,7%**	4,7%	**-3,3%**	-4,1%
(incl. Inflation)	**0.5%**	0.5%	**3.7%**	4.7%	**-3.3%**	-4.1%
Expected pension increase	**0.5%**	0.5%	**2.8%**	4.3%	**-2.6%**	-3.9%
Chage in Life expectancy	**1**	1	**0.6%**	1.3%	**-0.7%**	-1.3%

Sensitivity analysis	*Change of Assuption*		*Increase of Acceptance*		*Decrease in Acceptance*	
India	***2022***	*2021*	***2022***	*2021*	***2022***	*2021*
Discount rate	**1.0%**	1.0%	**-5.5%**	-6.8%	**6.2%**	7.7%
Future wage or salary increase	**1,0%**	1,0%	**5,9%**	7,4%	**-5,5%**	-6,7%
(incl. Inflation)	**1.0%**	1.0%	**5.9%**	7.4%	**-5.5%**	-6.7%
Fluctuation rate	**25.0%**	25.0%	**-3.6%**	-5.5%	**4.5%**	7.2%

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

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

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

7 Equity

7.1 Issued capital / Treasury shares

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

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

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

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

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

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

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

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

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

7.2 Capital reserve

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

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

7.3 Retained Earnings

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

7.4 Other reserves

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

Foreign currency differences

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

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

Actuarial gains and losses on defined benefit plans

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

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

7.5 Shares of non-controlling shareholders

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

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

8 Cash flow disclosures

8.1 Non-cash investing and financing activities

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

» Acquisition of rights of use – note 6.3

» Shares issued to employees under the stock option plan – note 14

8.2 Changes in liabilities from financing activities

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

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

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

Financial liabilities are mainly denominated in Euros.

9 Significant estimates and judgments

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

9.1 Significant estimates or judgements were exercised in respect of:

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

Significant estimates or judgements were exercised in respect of:

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

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

10 Financial risk management

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

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

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

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

10.1 Market risk

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

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

The sensitivity analyses were compiled under the assumption that the net debts, the fixed to variable interest yield of liabilities ratio and the interest in financial instruments in foreign currency remain steady.

10.1.1 Foreign currency risk

Risk position and control

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

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

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

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

The exchange rates used for currency translation are as follows:

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

Sensitivity

The Group is mainly exposed to the exchange rate risk of the foreign currencies indicated in the table above.

The following table illustrates the Group's view of the sensitivity of a 10% increase or decrease in the euro against the respective foreign currency. The 10% change is the value applied as part of the internal reporting of the exchange rate risk to the executive committees and depicts the estimation of the executive management regarding a reasonable potential change in the exchange rate. The sensitivity analysis solely includes outstanding monetary items denominated in foreign currency and adapts their translation as of the end of the period pursuant to a 10% change in the exchange rates. The sensitivity analysis includes external loans if the loan is denominated in a currency other than the functional currency of the lender or borrower. If a figure specified below is positive, this indicates an increase in the annual result or in equity if the euro increases by 10% against the respective currency. If the euro decreased by 10% against the respective currency, this has a comparable impact on the annual result or equity, with the items below being negative.

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

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

10.1.2 Cash flow and market interest rate risk

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

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

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

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

	Dec. 31, 2022 *thousand€*	*Dec. 31, 2021* *thousand€*
Variable-interest loans	**34,054**	**55,895**

A presentation of the maturities is shown in note 10.3.2.

Sensitivity

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

Einfluss auf das Ergebnis nach Steuern

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

10.2 Default risk

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

10.2.1 Risk management

Default risk is the risk of a loss for the Group where a contracting party fails to meet its contractual obligations. The Group anticipates only entering into business relationships with creditworthy contracting parties and, if appropriate, providing securities to reduce the risks of a loss from the non-fulfilment of obligations. The Group only enters into business relationships with solvent companies.

10.2.2 Impairment of financial assets

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

» Trade accounts receivables

» Contract assets.

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

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

Trade accounts receivables and contract assets

Outstanding receivables from customers are regularly monitored to ensure that the Group is not exposed to a substantial default risk. For foreign customers, dealings are increasingly handled at the parent company based on advance payment.

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

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

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

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

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

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

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

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

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

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

Change in valuation allowance:

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

10.2.3 Significant estimates and judgements

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

10.3 Liquidity risk

In the final analysis, the responsibility for liquidity risk management lies with the executive board, who set up a reasonable concept to manage the short-, medium- and long-term financing and liquidity requirements. The Group manages its liquidity risks by holding appropriate reserves, credit lines with banks and further facilities, constantly monitoring the forecast and actual cash flows and coordinating the maturity profiles of financial assets and liabilities. Furthermore, there are additional, unused credit lines available to the Group to reduce liquidity risks even further.

10.3.1 Financing agreements

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

10.3.2 Maturities of financial liabilities

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

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

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

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

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

10.4 Categories of financial instruments

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

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

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

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

Dec. 31, 2022	*Amortized acquisition cost*	*Fair value through profit and loss*	*Fair Value*	*Fair value hierarchy*
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
Deposits	-	-	-	3
Contingent consideration	968		968	3

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

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

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

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

11 Capital management

11.1 Risk management

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

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

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

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

12 Events after the balance sheet date

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

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

In the course of the 2022 financial year, financial liabilities previously due in the short and medium term, arising from 2021 company acquisitions were refinanced as part of followup financing in the form of a long-term bank loan. As in the past, financial covenants have been agreed, which are based on the EBITDA achieved or, from September 30, 2023, on the ratio of net debt to EBITDA at fixed points during the term of the loan. Non-compliance with the agreed financial covenants may have serious consequences in terms of securing the company's financing. As of the reporting date of December 31, 2022, there was non-compliance with the EBITDA covenant. In Q1 2023, compliance with this covenant is at risk. As a result, a supplementary agreement was concluded with the banks to the loan agreement, which retro-actively cancels the EBITDA covenant for 2022 and agrees to adjust the financial covenants for 2023 in line with the planning assumptions for 2023. As a result, interest margin for the period Jan. 1, 2023 to Sept. 30, 3023 is increased by 25 basis points. This eliminates the risk for the next two fiscal years assuming business develops as planned, in particular with regard to the implementation of the Whistleblower Directive.

Other information

13 Transactions with related parties

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

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

13.1 Transactions with related parties

Rendered or purchased services

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

Services received relates to purchase of shares.

Dividends and interest

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

13.2 Outstanding balances from transactions with related parties

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

Loans from / to related parties

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

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

13.3 Remuneration for key management personnel

	2022 *thousand€*	*2021 thousand€*
Short-term benefits	**1,673**	1,682
Post-employment benefits	**177**	177
Total	**1,850**	**1,859**

14 Share-based payment

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

14.1 Share plans

Description of the share-based payment arrangement

The Group has set up two share participation programmes for employees. Pursuant to the plan, matching shares are granted to participants when certain prerequisites are met. The matching shares are issued to any employees of EQS Group AG and its Group companies who acquire EQS shares over a period of maximum 12 months as a personal investment as part of the participation programme and do not dispose of them within the investment period and for a holding period of 12 to 24 months afterwards. Students, interns and executive board members are not eligible for participation. Annually shares valuing up to 2.400 Euro or 12.000 Euro may be purchased. The personal acquisition of each individual share entitles the participant to obtain another EQS share at a 1:1 ratio in accordance with the plan terms. The personally acquired and granted shares are kept in a bank custody for the entire term. Where the plan terms are met in full at the end of the holding period, the matching shares are distributed to the participants.

14.2 Fair value of granted shares

Fair value of matching shares

The fair value of the employee share programme was determined under the Monte Carlo simulation.

The following parameters were used to determine the grant-date fair values of the share-based payment plans with compensation by equity instruments:

Savings plan 1

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

Savings plan 2

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

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

Reconciliation of the outstanding matching shares

The number of matching shares develops as follows:

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

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

Expenses recognised in profit or loss

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

15 Consolidation

15.1 Scope of consolidation

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

» can exercise power of control over the investee,

» is exposed to variable returns from its investment and

» has the ability to affect those returns through its power of control.

The Group reassesses whether or not it controls an investee where facts or circumstances indicate that one or several of the three control criteria referred to above has/have changed.

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

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

*Profit transfer agreement

**Indirect investment through EQS Asia Limited

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

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

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

15.2 Changes in the scope of consolidation

Business combinations in the financial year

Business Keeper GmbH, Berlin

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

Business combinations in the previous year

Got Ethics A/S, Copenhagen, Denmark

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

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

The purchase price allocation has been completed.

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

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

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

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

C2S2 GmbH, Bonn

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

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

The purchase price allocation has been completed.

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

Business Keeper GmbH, Berlin

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

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

The purchase price allocation has been completed.

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

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

Mandatory and supplementary disclosures according to the HGB

Supplementary disclosures pursuant to Section 315e HGB

16 Number of employees

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

17 Auditor's fee

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

18 Executive Board

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

» Achim Weick, Graduate Merchant, Chief Executive Officer, Munich

» Christian Pfleger, Graduate Merchant, Chief Operating Officer, Munich

» André Silvério Marques, Graduate Merchant, MBA, Chief Financial Officer, Munich

» Marcus Sultzer, Graduate Merchant (BA), MBA, Chief Revenue Officer, Pullach i. Isartal

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

19 Supervisory Board

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

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

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

20 Summary of significant accounting policies and measurement principles

20.1 Basics for compilation

20.1.1 Basics for compilation of the financial statement

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

The consolidated financial statement was compiled based on the historical acquisition and manufacturing costs. This does not include specific financial instruments applied at fair value on the balance sheet date.

Historical acquisition or manufacturing costs are generally based on the fair value of the consideration paid in return for the asset.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. This applies irrespective of whether the price is directly observable or had been estimated by applying a measurement method.

When determining the fair value of an asset or a liability, the Group takes account of specific characteristics of the asset or liability (e.g., condition and location or sales or usage restrictions) if market participants would take account of such characteristics when determining the price for the acquisition of the relevant asset or transfer of the liability as of the measurement date as well. In the present consolidated financial statement, the fair value for the measurement and/or disclosure requirements is basically determined on this basis.

This does not apply to:

a) Share-based payments within the scope of IFRS 2

b) Rental income from operating leases within the scope of IFRS 16, and

c) Valuation measures resembling, but not corresponding to the fair value, e.g. the value in use in IAS 36.

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

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

» Level 2 inputs are input parameters other than quoted market prices included within level 1 that are either directly observable for the asset or liability or indirectly derivable from other prices.

» Level 3 input parameters are unobservable parameters for the asset or liability.

20.1.2 Amendment to accounting policies – amended standards and interpretations

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

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

20.1.3 New standards and interpretation not yet applied

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

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

20.2 Corporate acquisitions and changes in the scope of consolidation

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

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

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

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

Loss of control

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

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

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

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

Acquisition of subsidiaries

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

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

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

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

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

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

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

20.3 Foreign currency translation

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

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

» Translation differences from loans denominated in foreign currencies that arise on assets intended for productive use in the process of construction. These are included in cost of sales if they represent adjustments to the interest expense on these loans denominated in foreign currency.

» Translation differences from transactions entered to hedge certain foreign currency risks.

» Translation differences arising on monetary items receivable from/ payable to a foreign operation that are neither planned nor likely to be settled, and therefore form part of the net investment in that foreign operation, are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal.

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

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

20.4 Recognition of revenue

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

20.5 Income taxes

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

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

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

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

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

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

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

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

20.6 Leasing relationships

20.6.1 EQS Group as lessee

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

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

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

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

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

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

20.6.2 EQS Group as lessor

Operating leases

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

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

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

Finance leases

The Company does not hold any leases classified as finance leases

20.7 Impairment of assets

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

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

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

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

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

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

20.8 Cash and cash equivalents

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

20.9 Financial assets and liabilities

20.9.1 Classification

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

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

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

20.9.2 Recognition and derecognition

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

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

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

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

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

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

20.9.3 Valuation

Financial assets - classification, subsequent measurement and gains and losses

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

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

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

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

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

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

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

Financial liabilities - classification, subsequent measurement and gains and losses

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

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

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

Equity instruments

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

20.9.4 Impairment

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

» Trade receivables and

» contract assets.

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

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

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

20.10 Property, plant, and equipment

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

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

Derecognition of tangible assets

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

20.11 Intangible assets and Goodwill

20.11.1 Concessions, industrial and similar rights and assets

Separately acquired intangible assets with finite useful lives

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

Goodwill

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

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

Internally generated intangible assets - research and development costs

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

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

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

» There is an intention to complete the intangible asset and to use or sell it.

» The ability to use or sell the intangible asset exists.

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

» The availability of adequate technical, financial, and other resources to complete development and to use or sell the intangible asset is assured.

» The ability to reliably determine the expenditure attributable to the development of the intangible asset exists.

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

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

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

20.11.2 Depreciation methods and periods

For details of the amortization methods and periods applied by the Group for intangible assets, please refer to Note6.1.1.

20.12 Trade accounts payable and other financial liabilities

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

20.13 Borrowings

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

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

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

20.14 Borrowing costs

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

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

20.15 Provisions

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

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

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

Onerous contracts

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

Asset retirement obligations

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

20.16 Employee benefits

20.16.1 current employee benefits payable

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

20.16.2 Post-employment benefits

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

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

Switzerland

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

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

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

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

India

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

The pension plan is not funded.

France

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

The plan is unfunded.

Italy

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

The plan is unfunded.

Funding

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

20.17 Government grants

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

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

20.18 Equity

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

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

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

20.19 Dividends and interest income

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

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

20.20 Rounding of amounts

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

20.21 Share-based payment

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

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

20.22 Earnings per share

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

21 Approval of the Financial Statement

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

Munich, March 29, 2023.

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

Financial Calendar of EQS Group AG

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

Stock exchange data of EQS Group AG

Share	**EQS Group AG**
WKN	**549416**
ISIN	**DE0005494165**
Ticker Symbol	**EQS**
Type of Shares	**Registered shares**
Sector	**B2B-Software**
Initial listing	**8.6.2006**
Stock Exchange Listing	**Open Market, Frankfurter Wertpapierbörse m:access, Börse München**
Market segment	**Scale**
Company headquarter	**Munich**
Number of Shares	**10.024.212 Stück**
Amount of Nominal Capital	**10.024.212 Euro**
Designated Sponsor	**Baader Bank AG, Unterschleißheim**

Register court:
Amtsgericht Munich

Register number:
HRB 131048

Tax Identification Number in accordance with
Section 27a Umsatzsteuergesetz
[German Sales Tax Law]:
DE208208257

Concept & design, editing and realisation:
EQS Group AG

Graphics:

Imprint:
EQS Group AG
Karlstrasse 47
80333 Munich

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

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

creating trusted companies

EQS GROUP

www.eqs.com