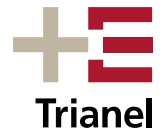


Ideen.
Gemeinsam.
Umsetzen.



Management Report 2017

Key Figures

for the 2017 financial year

Trianel GmbH (Individual Financial Statements)

in € million	2017	2016*	Changes in %	Changes absolute
Sales	3,068	2,136	43.6%	932
EBT	1.7	-3.2		4.9
Annual net income	1.5	-4.1		5.6
Equity	85.4	83.9	1.8%	1.5
Equity ratio	22.2%	23.9%	-7.0%	-1.7
Balance sheet total	384.6	351.5	9.4%	33.0
Investments	10.3	7.5	37.3%	2.8
Employees	309	347	-11.0%	-38

Trianel GmbH (Consolidated Financial Statements)

in € million	2017	2016*	Changes in %	Changes absolute
Group external sales	3,133	2,173	44.2%	960
Consolidated annual net income	1.6	-4.1		5.7

* The sales proceeds of the previous year were adapted according to the new definition per the Reporting Guideline Implementation Act (BilRUG).



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Trianel Annual Report 2017

Report of the Supervisory Board



Dietmar Spohn

Management Spokesman
of Stadtwerke Bochum
Holding GmbH (Chairman)

The 2017 financial year was dominated by the continuing weak revenue from conventional generation, consolidation of direct marketing, uncertainties due to the new tender design for renewable energy and the opportunities of digitalisation for the different value chain stages in the energy industry.

In the 2017 financial year, the Supervisory Board focused routinely and intensively on the company's situation and development and discussed the consequences of the significant changes in the general conditions. We fulfilled all tasks and obligations required of us by law, articles of association and rules of procedure, comprehensively and diligently.

We regularly advised the Management Board of Trianel GmbH in its management of the company, and continuously monitored its measures. We also advised the general meeting on resolutions and recommended resolutions. We were directly involved in decisions by the general meeting, which were of significant importance for the company, and regularly discussed the current strategic concerns of the company with the Management Board.

The Management Board reported regularly and in a timely manner to the Supervisory Board both in writing and orally on all key aspects of business development. The Supervisory Board convened for four ordinary Supervisory Board meetings on 21 February, 1 June, 21 September and 23 November 2017. Two extraordinary meetings took place on 22 March and 30 June 2017. The Supervisory Board was informed of the current operative development of the company, the primary business transactions, the development of the financial figures and relevant pending decisions at all times.

The Supervisory Board reached a quorum at every ordinary and extraordinary meeting of the Supervisory Board. The Management Board informed the Supervisory Board in writing and orally on important occasions and also between the meetings.

The Supervisory Board was involved in all main decision-making processes. This focused on the continuous monitoring of the "Horizon 2018" restructuring program and monitoring of the consolidation and efficiency measures introduced. As part of this process, the sale of the digital sales platform Trianel PED to Vattenfall Smarter Living GmbH, the reorganisation of direct marketing and the merger of Trianel Finanzdienste GmbH with Trianel GmbH were discussed. Other topics included future handling of the project options at Trianel GmbH and the future orientation of the project development and generation activities. The Supervisory Board was also involved with matters relating to the employment relationships of the Management Board. As the previous authorised signatories Dr Alexander Kox, Stefan Sewckow and Thomas Spinnen left the company, their authorisations were revoked in early 2018. Also in early 2018, Department Heads Dr Reinhard Klimeck and Dr Rüdiger Schills joined experienced Ulrich Schmerkotte and Michael Ober as authorised signatories. The Supervisory Board

also assessed the annual financial statements for 2016, the management of the company's trading activities, the future orientation of the Municipal Utilities Sales Solutions segment and the 2018 business plan.

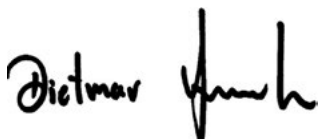
After the end of its five-year legislation period, the Supervisory Board reconstituted on 23 November 2017 and was streamlined from 15 to 12 members in line with the company's consolidation. In its new structure, the Supervisory Board continues to reflect the diversity of the group of partners, and does not include any expert external members. As a result, the previous members of the Supervisory Board who were not from the shareholders, Dr Ulf Böge, Prof. Dr Marc Bettzüge and Michael Hegel left the supervisory group. We would like to thank them sincerely for their dedication and the expertise they contributed over the past five years.

With the constituting meeting for the third legislation period on 23 November, the Supervisory Board confirmed Dietmar Spohn, Spokesman of the Management Board of Stadtwerke Bochum Holding GmbH, as Chairman and Michael Lucke, Managing Director of Allgäuer Überlandwerk GmbH, as Deputy Chairman in their offices. The other members of the new Supervisory Board are Dr Christian Becker (Stadtwerke Aachen AG), Martin Heun (RhönEnergie Fulda GmbH), Ulrich Koch (Stadtwerke Herne AG), Jürgen Schöffner (Stadtwerke Lübeck Holding GmbH) and Marco Westphal (Stadtwerke Bonn GmbH) Supervisory Board members delegated by the shareholders, and Dr Achim Grunenberg (Stadtwerke Lünen GmbH), Christian Meyer-Hammerström (Osterholzer Stadtwerke GmbH & Co. KG) and Dr Leonhard Schitter (Salzburg AG für Energie, Verkehr und Telekommunikation) as (re-)elected members of the Supervisory Board. In addition the Supervisory Board welcomed members elected for the first time Dr Rudolf Irmischer (Stadtwerke Heidelberg GmbH) and Cord Müller (Stadtwerke Aalen GmbH). After the withdrawal of Cord Müller from the Management Board of Stadtwerke Aalen GmbH at the end of 2017, Dr Branca Rogulic, Managing Director of Stadtwerke Tuttlingen GmbH, was elected to the Supervisory Board by the general meeting in March 2018.

The annual financial statements and consolidated financial statements of Trianel GmbH for the year ending 31 December 2017, as well as the Management Report, were audited by PKF FASSELT SCHLAGE Partnerschaft mbB Auditing, Tax Consulting and Law Firm, Duisburg, and received an unqualified Auditor's Certificate.

On behalf of the entire Supervisory Board, I would like to thank all employees who worked so energetically and loyally to ensure the company's future success in a busy and productive year. For the current financial year, I wish the company every success in overcoming the challenges of the market and continued successful implementation of Horizon 2018 together.

Bochum, 25 April 2018



Dietmar Spohn
Chairman

Summarised Management Report

of Trianel GmbH for the 2017 financial year

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35 Reporting pursuant to Section 108 para. 3 no. 2 of the North Rhine-Westphalian Local Government Ordinance (GO NRW)

A. Company situation

1. Business model

1.1 Legal corporate structure

In the 2017 reporting year, Trianel GmbH's shareholder structure changed as follows: Energie- und Wasserversorgung Mittleres Ruhrgebiet GmbH from Bochum transferred its participating interests to Stadtwerke Bochum Holding GmbH, Stadtwerke Herne AG and Stadtwerke Witten GmbH. That increases the number of shareholders of Trianel GmbH from 56 to 58 shareholders. The NEW Group from Mönchengladbach transferred the participating interest in Trianel GmbH to NEW Niederrhein Energie- und Wasser GmbH and Stadtwerke Wedel GmbH transferred its participating interest to Stadtwerke Wedel Beteiligungs GmbH.

As of 31 December 2017, the company's share capital remains unchanged at € 20,152,575.

The following diagram gives an overview of the 58 shareholders with participating interests in Trianel GmbH as of the balance sheet date.

Trianel GmbH shareholders

Stadtwerke Bochum Holding GmbH	14.07 %	BBSW Energie GmbH, Steinheim	0.50 %
Stadtwerke Aachen AG (STAWAG)	11.97 %	ENNI Energie&Umwelt Niederrhein GmbH, Moers	0.50 %
RhönEnergie Fulda GmbH	7.44 %	Gemeindewerke Steinhagen GmbH	0.50 %
Stadtwerke Herne AG	6.86 %	GWS Stadtwerke Hameln GmbH	0.50 %
Stadtwerke Bonn GmbH	5.81 %	Osterholzer Stadtwerke GmbH & Co. KG	0.50 %
Stadtwerke Lübeck Holding GmbH	5.12 %	Schleswiger Stadtwerke GmbH	0.50 %
SWU Energie GmbH, Ulm	4.78 %	Stadtwerke Bad Salzuflen GmbH	0.50 %
Stadtwerke Witten GmbH	3.75 %	Stadtwerke Dachau	0.50 %
Stadtwerke Energie Jena-Pößneck GmbH	2.99 %	Stadtwerke Elmshorn	0.50 %
NEW Niederrhein Energie-und Wasser GmbH, Mönchengladbach	2.87 %	Stadtwerke Gronau GmbH	0.50 %
N.V. HVC, Netherlands	2.48 %	Stadtwerke Mosbach GmbH	0.50 %
enwor – energie und wasser vor ort GmbH, Herzogenrath	2.21 %	Stadtwerke Rüsselsheim GmbH	0.50 %
Salzburg AG für Energie, Verkehr und Telekommunikation	1.76 %	Stadtwerke Sindelfingen GmbH	0.50 %
Allgäuer Überlandwerk GmbH, Kempten (Allgäu)	1.74 %	Stadtwerke Tuttlingen GmbH	0.50 %
Stadtwerke Halle GmbH	1.57 %	Stadtwerke Wedel Beteiligungs GmbH	0.50 %
SWT Stadtwerke Trier Versorgungs-GmbH	1.49 %	T.W.O. Technische Werke Osning GmbH	0.50 %
Stadtwerke Heidelberg GmbH	1.24 %	Stadtwerke Bad Pyrmont Beteiligungs und Bäder GmbH	0.37 %
nvb Nordhorner Versorgungsbetriebe GmbH	1.19 %	Stadtwerke Uelzen GmbH	0.37 %
Trianel Suisse AG, Switzerland	1.18 %	Stadtwerke Detmold GmbH	0.36 %
Stadtwerke Hamm GmbH	1.12 %	Stadtwerke Unna GmbH	0.33 %
Stadtwerke Solingen GmbH	0.99 %	Stadtwerke EVB Huntetal GmbH	0.30 %
Stadtwerke Lindau (B) GmbH & Co. KG	0.97 %	Regio Energie Solothurn, Switzerland	0.30 %
GSW Gemeinschaftsstadtwerke GmbH Kamen-Bönen-Bergkamen	0.83 %	Stadtwerke Soest GmbH	0.29 %
Stadtwerke Aalen GmbH	0.74 %	Stadtwerke Schwäbisch Hall GmbH	0.26 %
Stadtwerke Borken/Westf. GmbH	0.74 %	Stadtwerke Georgsmarienhütte GmbH	0.25 %
Stadtwerke Lünen GmbH	0.66 %	Stadtwerke Herford GmbH	0.25 %
Energie- und Wasserversorgung Rheine GmbH	0.57 %	Stadtwerke Lengerich GmbH	0.25 %
Hertener Energiehandels-gesellschaft mbH	0.54 %	Stadtwerke Verden GmbH	0.25 %
Stadtwerke Fröndenberg GmbH	0.53 %	Teutoburger Energie Netzwerk e.G., Hagen a.T.W.	0.25 %

Taking into account the annual net income of € 1,504 thousand for the 2017 financial year, Trianel GmbH has equity of € 85,442 thousand on the balance sheet date.

On the reporting date of 31 December 2017, Trianel GmbH had direct shares in 15 subsidiaries and participating interests.

Participating interests of Trianel GmbH

Trianel Gaskraftwerk Hamm GmbH & Co. KG	6.12 %	Trianel Gaskraftwerk Hamm Verwaltungs GmbH	100 %
Trianel Kohlekraftwerk Lünen GmbH & Co. KG	6.34 %	Trianel Kohlekraftwerk Lünen Verwaltungs GmbH	100 %
Trianel Gasspeicher Epe GmbH & Co. KG	7.60 %	Trianel Gasspeicher Epe Verwaltungs GmbH	100 %
Trianel Windkraftwerk Borkum GmbH & Co. KG	2.69 %	Trianel Windkraftwerk Borkum Verwaltungs GmbH	100 %
Trianel Windkraftwerk Borkum II GmbH & Co. KG	2.00 %	Trianel Kraftwerk Krefeld Verwaltungs GmbH *	100 %
Trianel Onshore Windkraftwerke GmbH & Co. KG	5.35 %	Trianel Finanzdienste GmbH	100 %
Trianel Erneuerbare Energien GmbH & Co. KG	5.36 %	Trianel Service GmbH	100 %
GESY Green Energy Systems GmbH	24.90 %	Trianel Energie B.V.	100 %

* according to financial attribution
Status: 31/12/2017

As shown in the overview, Trianel GmbH holds shares in the following companies:

Gaskraftwerk Hamm GmbH & Co. KG, domiciled in Aachen, has operated the first municipal gas and steam turbine power plant with a capacity of 800 MW since 2008 in Hamm-Uentrop (North Rhine-Westphalia). **Trianel Gasspeicher Epe GmbH & Co. KG**, domiciled in Aachen, manages a natural gas storage facility located in Epe in the district of Borken (North Rhine-Westphalia) since 2009/2010. **Trianel Kohlekraftwerk Lünen GmbH & Co. KG**, domiciled in Lünen, has been operating a modern, highly efficient 750 megawatt hard coal-fired power station in Lünen (North Rhine-Westphalia) since 2013. **Trianel Windkraftwerk Borkum GmbH & Co. KG**, with a registered office in Aachen, is the operator of the first expansion stage of 200 MW of the total 400 MW project Trianel offshore wind farm Borkum (formerly Borkum-West II) roughly 40 kilometres off the coast of the North Sea island of Borkum (Lower Saxony). **Trianel Windkraftwerk Borkum GmbH & Co. KG** began commercial regular operation in 2015. **Trianel Windkraftwerk Borkum II GmbH & Co. KG**, founded as a standard limited partnership (Einheits-KG), already began planning the second expansion stage of a further 200 MW in 2016. In the 2017 reporting year, **Trianel GmbH** joined Trianel Windkraftwerk Borkum II GmbH & Co. KG as a shareholder.

As general partners, the personally liable companies Trianel Gaskraftwerk Hamm Verwaltungs GmbH, Trianel Gasspeicher Epe Verwaltungs GmbH, Trianel Kohlekraftwerk Lünen Verwaltungs GmbH, as well as Trianel Windkraftwerk Borkum Verwaltungs GmbH assume the management for the above limited partnerships as the general partners. Trianel Kraftwerk Krefeld Verwaltungs GmbH manages Trianel Kraftwerk Krefeld GmbH & Co. KG for the development of a gas and steam turbine power plant at the CHEMPARK site in Krefeld-Uerdingen (North Rhine-Westphalia); it is wholly commercially attributed to Trianel GmbH. All companies are domiciled in Aachen.

Trianel Onshore Windkraftwerke GmbH & Co. KG, domiciled in Aachen and founded in 2013 as a standard limited partnership (Einheits-KG), plans, builds and operates systems for generating electricity from renewable sources. It is also responsible for participating interests in companies domiciled in Germany that operate systems for generating electricity from renewable sources.

Trianel Erneuerbare Energien GmbH & Co. KG was founded in the 2015 calendar year, also as a standard limited partnership (Einheits-KG) domiciled in Aachen, with the same business purpose as Trianel Onshore Windkraftwerke GmbH & Co. KG.

Trianel Finanzdienste GmbH, domiciled in Aachen, is a wholly owned subsidiary of Trianel GmbH. The activities of the Trianel Group which require authorisation for the provision of financial services pursuant to Section 32, para. 1 of the German Banking Act (Kreditwesengesetz, KWG) are pooled in this company.

The Dutch sales and distribution company Trianel Energie B.V. domiciled in Maastricht was forced to apply for insolvency at the end of 2012 due to customer default. The insolvency proceedings are still ongoing.

GESY Green Energy Systems GmbH is domiciled in Berlin, and was working together in direct marketing of renewable energy sources with Trianel in the 2017 reporting year. As part of the restructuring of direct marketing, the cooperation with Green Energy Systems GmbH was terminated by Trianel on 31 December 2017. The sale of the participating interests is currently subject to approval by the shareholders of Trianel.

The strategic orientation of Trianel Service GmbH domiciled in Aachen is currently under review, as a result of which business operations have been suspended.

1.2 Business fields

Trianel GmbH's business activities aim to enhance the competitiveness and therefore independence of municipal utilities. As the largest European cooperation of municipal utilities, Trianel GmbH utilises the potential of liberalised energy markets by pooling shared interests from the municipal environment. For example, this opens up business fields which would not be economically viable for individual municipal utilities.

Trianel GmbH operates in multiple sectors of the energy industry throughout the entire value chain. Its core business is trading, procurement and supply of energy. The company purchases energy on wholesale markets for redistributors and municipal utilities on wholesale markets, providing easy market access for its customers. In this way, Trianel helps municipal utilities supply their end customers. In addition, Trianel optimises energy industry management of conventional and renewable energy generation systems for municipal utilities and industrial customers. For existing renewable energy projects and major electricity generation and gas storage systems, Trianel takes on the energy business and commercial management and optimisation of the systems.

In addition, Trianel is active in project development (offshore wind, onshore wind, photovoltaic systems). Together with municipal utilities, it develops new projects or analyses and extends existing systems.

As a third element, Trianel designs and supports the business activities of municipal utilities in end-customer focused areas, such as smart metering, energy efficiency and expansion of electromobility.

The further expansion of renewable energies, the increasing decentralisation and decarbonisation of the energy industry and the innovation potential due to digitalisation and automation are currently dominating all business fields of Trianel.

All activities of Trianel GmbH are developed in close coordination with the business aims of the shareholder companies and tailored for their needs and circumstances.

1.3 Important products and services, business processes and projects

Trianel GmbH operates in all trading markets for electricity and gas products, both as a trading partner for bilateral transactions (OTC market) and as a member of the most important energy exchanges. Market access for electricity includes the German, Dutch, Belgian, Swiss and French market areas. In the gas sector, Trianel covers the German market areas, for H-gas and L-gas, as well as the liquid TTF market. Diverse sales products in the delivery sector are based on activities on the market. That allows Trianel customers to purchase trade products directly.

Energy business products and services:

In 2017, the portfolio management on the procurement and generation side again formed a main pillar of the activities in the energy business sector. It consists of electricity and gas procurement, marketing and securing electricity from own generation plants and management of storage facilities for our customers.

Trianel is developing a central interface for pooling trade and sales information for municipal utilities and industrial customers, the integrated, web-based monitoring and control platform Trianel DESK. In 2017, optimising the internal processes for developing the platform was the priority for the development of Trianel DESK, in addition to optimising the internal processes. To this end, the energy trading IT division was established, which creates the technical and organisational preconditions to develop digital processing of portfolio management and energy trading. Digitalisation via Trianel DESK gives portfolio management and energy trading efficiency boosts and process excellence, creating more scope for a more individual customer care and market consulting. From forecasts to pricing, portfolio structuring, trading standard and non-standard products to balancing group accounting, customers are to be provided with all energy business procurement and sales functions for electricity and gas in a consistent, interactive, web-based customer interface on the Trianel DESK. Trianel DESK aims to optimise processes in interaction with customers and within the Trianel organisation.

Besides developing the applications of the Trianel DESK, customer and process integration of the former location of Leipzig into the system infrastructure in Aachen was the priority in procurement management. In this context, comprehensive handovers, process optimisations and strategy meetings were held in cooperation with our customers.

With a view to the targeted extension to the industrial customer segment, we must emphasise that a major industrial customer was attracted in 2017, beginning on 1 January 2018.

In the ranking of the generation portfolio managers of shareholders in the Trianel coal-fired power station in Lünen, Trianel Finanzdienste GmbH (TFD) once again topped the charts when comparing all companies involved in power station optimisation, generating a seven-figure revenue surplus for its customers. In addition to this, TFD expanded its role as a comprehensive service provider for optimised marketing of generation plants of all types.

Via marketing activities in the spot, intraday and balancing energy markets, an additional € 3.2 million was earned in the management of Lünen coal-fired power station (TKL). In addition to this, € 2.7 million was saved as part of shortfall management compared with the failure reserve contract. The shareholders in TKL benefit from both. Trianel also benefits as part of the contractually defined variable remuneration of these results achieved.

For Gaskraftwerk Hamm, the “warm reserve” agreed with the TGH shareholders generated a net income of € 5.6 million. This value is approx. € 0.9 million above the originally planned value. In addition, a block of the power station was marketed to a market partner as part of an option transaction for 2018. Compared with leasing in 2017, the price for this has almost doubled. Trianel holds a one-third share in these earnings for the above-mentioned period.

In direct marketing, Trianel repositioned itself in 2017 and reviewed its portfolio of roughly 5,200 MW (as of 1 January 2017). Trianel's has many years of experience in direct marketing and continues to focus on this business field as long as it is economically attractive. Given the increasing margin pressure in direct marketing, Trianel consolidated and restructured its portfolio during 2017. To this end, the portfolio was reduced significantly to 3,200 MW as of 1 January 2018. Most of the direct marketing portfolio consist of wind energy.

End-customer focused services and products:

Trianel supports municipal utility in developing from mere suppliers to modern energy service providers and offers a range of services to create synergies here too. In particular, this will focus on the challenges that municipal utilities must overcome due to the changing requirements of end customers. Trianel enables municipal utilities to look into the latest trends like digitalisation, sustainable mobility, energy efficiency and energy autonomy, and implement specific projects together. The goal is to support municipal utilities in a wide range of transformation processes.

To meet the needs of municipal utilities in digitalisation, Trianel founded the first exclusively municipal Digital Lab in 2017 with 38 municipal utilities. The aim of the idea and innovation workshop for municipal utilities is to implement digital projects in municipal utilities in short periods and learn from experiences together. The Trianel Digital Lab aims to analyse the opportunities of digitalisation and apply them specifically. This allows synergies to be developed in applying digital solutions, and possibly also new business models to be developed jointly.

In addition to founding the Trianel Digital Lab, another focus for the Municipal Utility Sales Solutions business unit (now Digital Energy Solutions) was selling the sales platform for PV Contracting Models Trianel PED. As early as the end of 2016, initial talks were held on the sale of the Trianel PED platform, to focus activities in the Municipal Utility Sales Solutions business unit to a greater extent. As business on the Trianel PED platform continued to develop well, a potential buyer was found in Vattenfall Smarter Living GmbH in early 2017. The platform was handed over to Vattenfall on 30 June 2017. At the same time, the ten employees required to operate the platform also transferred to Vattenfall. The customers on the platform continue to run the business, with a few exceptions. Trianel supports Vattenfall with sales and support for the municipal utilities as part of a service agreement.

2017 was dominated by a reorientation in the energy efficiency sector, as the current legal general conditions deny municipal utilities the opportunity to remedy inefficiencies identified in audits of industrial customers. For reasons of neutrality, these measures must be implemented by third parties. For this reason, Trianel has concentrated significantly on consulting. A change in the regulatory framework conditions is expected for the near future, which could facilitate more comprehensive activities in this area.

Introduction of Smart Metering is a key precondition for digitalising energy industry processes. Since 2012, Trianel has been building the required expertise for the pending rollout and the technical preconditions for gateway administration.

In 2017, the first 14 municipal utilities chose Trianel as a service provider in gateway administration. This is less than originally expected, as the companies involved are slow to establish the technical general conditions for the start of the smart meter rollout and award decisions are being delayed. Other contract conclusions with municipal utility customers and the start of the rollout are now expected in the first half of 2018.

Trianel Academy has further consolidated its position in the market for training and consulting. With the new e-learning product, a second mainstay was developed, which has now already been implemented for the first customers, and offers major potential for scaling.

Project development and projects:

The project development business of Trianel GmbH now focuses almost entirely on renewable energy projects. For example, the second expansion stage of the Borkum offshore wind farm (TWB II) was launched successfully in 2015. Together with **17 municipal utilities** from the Trianel Group, as well as EWE Oldenburg and ewz from Switzerland, Trianel GmbH will develop the next **200 MW**. Trianel GmbH's offshore segment is responsible for construction processing with EWE OSS. Trianel GmbH is also preparing the commercial and superordinate operational management for TWB II from 2020 on. 2017 was dominated by the tenders and award of the major subsections and conclusion of the equity and borrowed capital process. The decision to build for the offshore wind farm was passed by the shareholders on 7 April 2017. The financial close was approved on 28 April 2017.

200 MW

will be developed by Trianel GmbH together with 17 municipal utilities from the Trianel Group, as well as EWE Oldenburg and ewz.

The first asset company, Trianel Onshore Windkraftwerke GmbH & Co. KG (TOW), concluded its investment activities as planned, and now operates eight wind farms, with a total capacity of roughly 100 MW after the latest turbines were commissioned. As a result, TOW is now focusing on operating the wind farms.

When success of TOW was foreseeable, 38 municipal shareholders founded the successor company Trianel Erneuerbare Energien GmbH & Co. KG (TEE) in 2015. TEE focuses on both wind farms and solar parks. In 2017, it succeeded in expanding to 260 MW. Another 300 MW are being processed in roughly 20 projects.

Retaining the existing options was the priority in the conventional large-scale project sectors at the Krefeld and Karlsruhe locations.

1.4 Management and control

In addition to Sven Becker as Management Spokesman, Dr Oliver Runte has been appointed as Managing Director of Trianel GmbH since early 2017. The Trianel Shareholders' Committee and the twelve-strong Supervisory Board are among the other corporate bodies.

2. Strategy and management of the company

2.1 Corporate strategy

Current orientation

Trianel GmbH sees itself as an energy service provider that develops and provides services along the entire value chain for municipal utilities and industrial customers, which enable individual companies to overcome market entry barriers with economies of scale, specialisation advantages and by pooling expertise. Trianel GmbH is supported by municipal utilities.

After an extended phase of high growth, Trianel has been pursuing a strategy of consolidation and process optimisation since 2016. Project development and market integration of renewable energy sources, advanced energy services standardised in platforms and amalgamation of high-resolution data on generation, consumption and other influencing factors are currently the fields for the company's continued growth. In this way, Trianel is taking the new opportunities afforded by the significant changes in the energy industry due to digitisation, and the expansion of decentralised, renewable generation into consideration.

Trianel views itself as an independent company that supports the interests of municipal utilities, which are also independent. The business model borne by the shareholders is aimed at common success. The advantages developed by Trianel GmbH are to be passed on to the shareholders as customers.

Thanks to our energy business trend scouting, Trianel and its shareholders are in a position to identify business opportunities resulting from the changing general conditions at an early stage, to develop new products and services given the right potential.

Products and services

For value-driven consolidation and continuous growth, we are adapting our range of products and our services to the latest general conditions. The adaptations are made on the basis of an in-house market appraisal and energy industry expert reports. The diversified product portfolio stabilises Trianel GmbH's business development and facilitates comprehensive support of shareholders and customers.

Customers

Independent municipal utilities and regional suppliers of various sizes are Trianel's typical customers. Trianel offers customers tailored and efficient solutions for their respective individual requirements. High quality services can be implemented at reasonable prices thanks to the economies of scale and specialisation advantages.

Employees

In a highly-competitive environment, Trianel GmbH develops advantages over its competitors through its expert and committed colleagues with innovation, product depth and maturity, as well as market penetration. The employees are one of the most important assets at Trianel GmbH.

Trianel GmbH's headcount totalled 309 employees on 31 December 2017. That is equivalent to a decrease of 38 employees or roughly 11 % compared with the end of 2016. Women accounted for 32 % of the staff, with four women in management functions. At the end of 2017, the average age of staff in Trianel GmbH was 40.

The three pillars of the personnel strategy are positioning Trianel as an attractive employer, developing and binding talent and optimisation of the structural and process organisation.

In 2017, Trianel GmbH positioned itself again as a fair, respectful and attractive company in Germany, once again earning the “Fair Company” label from trade journal “Junge Karriere” (Young Career) as so often before. In addition, Trianel earned the “Top Arbeitgeber” quality mark for employers in the Employer Benchmark Study “Top Job 2017” for the first time in February 2017. The award recognises sustainable workplace culture, which is both healthy and performance-oriented.

Personnel work in 2017 was characterised by restructuring and focused primarily on consolidation. Binding and developing qualified staff remain a main focus of human resources at Trianel. As part of restructuring processes, Trianel concentrated on intensive exchange between employees and managers, as well as individual and tailored personnel development measures.

Society and the environment

Trianel GmbH was established as a result of the liberalisation of the energy markets and is therefore wholly dedicated to competition, and strives to promote it. With its shareholders, Trianel pursues the common goal of ensuring decentralised citizen and customer-oriented energy supply. Strong municipal utilities and regional suppliers characterise the competition on the energy markets. Trianel views the energy transition as an entrepreneurial opportunity. Accordingly, Trianel and its shareholders are jointly and actively shaping the energy transition – also as a critical dialogue partner for a consistent energy policy.

50 %

In the last 15 years, Trianel and the municipal utility companies made investment decisions totalling roughly € 5 billion. Over 50 % of these investments went towards renewable energy sources.

Trianel is expressly committed to the targets of the Paris climate agreement of 12 December 2015, which prescribes a restriction of anthropogenic global warming to significantly less than two degrees compared with pre-industrial values. To achieve this, Trianel and its shareholders are investing in expanding renewable energy sources and modernising the German power generation mix. In the last 15 years, Trianel and the municipal utility companies made **investment decisions totalling roughly € 5 billion**. Over 50 % of these investments went towards renewable energy sources.

2.2 Internal corporate control system

The management uses a variety of systems and processes to control and monitor the company and to analyse and document risks and opportunities of the company. The control system focuses on the development of profit and liquidity of the company and monitoring risks. To map this system, profit contributions, structure costs and result figures are calculated.

By allocating risk capital for the risk types relevant in our sector and continuous measurement of the respective utilisation, Trianel ensures that risks and opportunities are dealt with appropriately. Extreme value considerations provide findings on events not covered by standard processes (see also Risk report, section C 3). Auditors commissioned by the shareholder companies confirm compliance with the risk guideline on a quarterly basis.

The product development strategy is characterised by careful observation of customer requirements as well as the latest market developments and the evaluation of the resulting future developments. Important investment decisions are made using discounted cash flow models. The Management Board regularly checks the progress of the main projects and monitors compliance with project plans and targets. The management and control mechanisms are adapted to the growing company structures on an ongoing basis. The Supervisory Board is regularly informed of all major economic developments at Trianel GmbH.

The internal audit tasks are performed by an employee of Trianel GmbH and external service providers who each report directly to the management board.

2.2.1 Financial targets

Trianel GmbH's business model is aimed at contributing to creating value for its customers with its services. At the same time, Trianel strives to earn pre-tax profits which are an appropriate return on equity. Boosting the equity basis is another important financial target, in order to finance the investments required to implement the energy transition, and put the development goals into practice.

Moreover, Trianel wants to increase the value of the company for its shareholders, not just by balance sheet figures, but also contribute in particular to increasing the company value for shareholders.

2.2.2 Non-financial targets

Shareholder and customer satisfaction is Trianel's main non-financial target. For this purpose, Trianel aims to anticipate the needs of its customers as early and well as possible. Trianel continuously and intensively observes market and industry developments together with its shareholders. With a rapid development of potential business fields and products to market maturity, Trianel also wants to give its shareholders and customers a time and technical advantage in competition. Trianel also attempts to support and shape the relevant energy policy topics to benefit an independent municipal energy supply.

Trianel strives to reach as many shareholders as possible with its products and services. At the same time, Trianel also aims to achieve above-average customer satisfaction. Both goals require a high process quality and security; these are the foundations of Trianel's service provision.

Trianel pursues and promotes socially acceptable, sustainable and reliable power generation. Trianel wants to continue the path it has taken in this area and implement the energy transition entrepreneurially.

Employees are a key foundation for achieving any goals. Their high qualifications and far above average commitment make success possible. Trianel has set itself a goal to create conditions to optimally promote the capability and capacity of its employees while maintaining high employee satisfaction.

2.3 Innovation management

The changes in the conventional energy industry have now reached an almost disruptive level. As an innovative service company, Trianel GmbH views the changes as a result of the implementation of the energy transition and the development of the energy markets as an opportunity. Trianel considers it important to continually earn the trust of our shareholders and customers with sustainable and modern products and services. The good relationship between Trianel GmbH and its customers is also based on close cooperation in a very early phase of product development. Trianel constantly strives to be a step ahead of the market with the market-oriented and customised solutions it develops. The success of innovation management at Trianel GmbH is also revealed in particular in repeated wins of the "TOP 100" innovation award.

Innovation management at Trianel is part of trend scouting, and involves the shareholders of Trianel GmbH specifically in market and trend monitoring. New trends are systematically identified and evaluated in a multi-stage process. With the Innovation Day and a blockchain project implemented for the first time in 2017, Trianel's trend scouting team plotted a new course that was received very positively by the shareholders.

For better utilisation of digital innovations, Trianel launched the Trianel Digital Lab in 2017 with approximately 40 municipal utilities. In the first innovation laboratory designed specifically for the needs of municipal utilities, Trianel and the municipal utilities involved will analyse the opportunities of digitalisation and apply them specifically in a series of different pilot projects.

B. Business report

1. General conditions

In 2017, the German economy was in very good shape. The primary energy consumption in Germany in 2017 rose 0.8 % compared with the previous year, having already risen by 1.0 % in 2016. According to preliminary calculations of Arbeitsgemeinschaft Energiebilanzen e.V. (Working Group on Energy Balances, AGEB), consumption of mineral oil and natural gas increased, while coal and nuclear energy decreased. According to AGEB, the increase was due to the positive economic development.

The gross domestic power consumption in Germany increased by 0.8 % to 600.2 billion kWh compared with the previous year. According to AGEB, the gross power generation increased from 649.1 billion kWh to 654.2 billion kWh. The balance of the electricity exchange with other countries was –54.0 billion kWh.

Renewable energy sources increased from 29.0 % to 33.1 % of German gross power generation, at 216.6 billion kWh. That makes renewables by far the most important source of energy. Of the renewables, wind energy accounted for the highest percentage of gross power generation at roughly 13.33 % and 87.2 billion kWh. This was followed by biomass with a slight increase to 7.0 % and photovoltaics with a slight increase to 6.1 %.

The gross power generation from natural gas increased significantly from 81.3 billion kWh to 86 billion kWh, and thus a percentage of 13.1 %. This was due to the temporary loss of nuclear generation capacity in other European countries, which led to increasing prices on the exchange, and thus facilitated increased utilisation of gas-fired power stations. Power generation from hard coal and lignite decreased significantly from 261.7 billion kWh to 242.2 billion kWh. However, at 37 % of the total electricity mix, it remains an important part. Due to power station closures, the gross power generation from nuclear energy decreased by 8.7 billion kWh to roughly 75.9 billion kWh and 11.6 %.

In 2017, the exchange electricity price in Germany recovered somewhat. This can be traced back to the increased prices of gas, coal and oil. On average, future deliveries for 2018 cost 32.4 €/mWh, and the prices for short-term deliveries on the following day were 34.2 €/mWh. In spite of the introduction of the market stability reserve, the price for European Emission Allowances (EUA) at EEX did not stay above € 8/t CO₂. Certificate prices did not recover from the low of 2016, and averaged € 5.4/t CO₂.

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At a German Federal level, 2017 was dominated by key energy policy decisions on the Tenant Electricity Act, the Grid Charge Modernisation Act, various regulations of the German Renewable Energy Sources Act 2017 (EEG) and the CHP Act (KWKG).

With the 2017 German Renewable Energy Sources Act (EEG 2017), the legislature implemented a systemic change in support for renewable energy sources: the transition in support from fixed remuneration to a quantity tender with maximum prices. At the same time, the quantity framework of the German Renewable Energy Sources Act (EEG) 2014 was changed, whereby the target of 40 % to 45 % of renewable electricity in the gross electricity consumption in 2025 remains unchanged. Experiences from the pilot tenders for ground-mounted PV plants revealed a significant downward trend in bidding levels, and thus significantly decreasing costs for supporting renewable energy sources.

Overall, the tenders in 2017 achieved significant cost reduction potential. Solar power is becoming increasingly cost-effective, and only requires a binding return commitment of 5 ct/kWh. In April 2016, the average winning bid was 7.41 ct/kWh. By August, it had dropped to 7.25 ct/kWh, in December 2016 to 6.9 ct/kWh. The level in February 2017 was 6.58 ct/kWh, falling to 5.66 ct/kWh in June 2017 and reaching 4.91 ct/kWh in October 2017.

A similar cost reduction path was observed for onshore wind. In May 2017, the investment figure for winning tender bids was 5.71 ct/kWh, 4.28 ct/kWh in August and 3.82 ct/kWh in November. Trianel is critical of the success of citizen energy companies, which have won through largely due to their regulatory privileges in tender designs for onshore tenders.

On 10 August 2017, the German Federal Government passed the regulation set forth in the Renewable Energy Sources Act (EEG) on joint tenders for onshore wind turbines and solar energy systems. This regulation entered into force on 18 August 2017. A tender volume of 400 MW/a of wind and solar power is to be tendered jointly between 2018 and 2020. The regulation amending the Cross-Border Renewable Energy Sources Regulation (GEEV) was also introduced before the end of the legislation period.

As part of the amendment to the Renewable Energy Sources Act (EEG), the Tenant Electricity Act was introduced on 29 June 2017. After lengthy negotiations, agreement was reached on this to expand the range of construction applications. Electricity from a solar power system with an installed capacity of up to 100 kW can now be supported, provided the electricity is delivered within this building or in residential buildings or auxiliary systems in the immediate vicinity of this building and without transit via a network to a final consumer, is consumed in the building, and at least 40 % of the space in the building is used for residential purposes.

The only tender round for offshore wind in 2017 was awarded with an average winning figure of 0.44 ct/kWh. This figure is far lower than the expectations.

Due to the EU Commission's concerns with regard to state aid law, the Combined Heat and Power Act (KWKG) was amended in 2016, and entered into force on 1 January 2017. The most important change is the new tender segment from 1 to 50 MW. In this class, the support level for CHP plants is only determined in competitive processes. The regulation introducing tenders to determine the level of subsidy payments for CHP plants and innovative CHP systems dated 29 June 2017, a tender model for medium-sized CHP plants and innovative CHP systems.

Besides eliminating the avoided grid charges, the agreement on the Grid Charge Modernisation Act, which entered into force on 22 July 2017, also entails gradual standardisation of transmission grid operator charges. This will lead to rising charges in the west and decreasing charges in the east.

The second half of 2017 was politically dominated by the election to the 19th German Bundestag on 24 September and the subsequent problems finding a coalition capable of governing. After the failure of the exploratory talks on what is known as the Jamaica coalition (CDU, CSU, FDP, Green Party), CDU/CSU and SPD politicians discuss reforming a grand coalition. After successful exploratory talks, a coalition agreement was not finalised until February 2018.

After more than three years of preliminary work, the German Bundestag passed the law to digitise the energy transition in June 2016. In 2032, 95 % of all metering points are to be equipped with modern measuring equipment. The rollout includes both simple digital meters and intelligent measuring equipment, which facilitate communication and control of the renewable energy plants and electricity consumers. The data collected and prepared in the smart metering gateway also facilitates more reliable grid control. The law results in interesting new business fields for municipal utilities and Trianel.

In spite of the Act on the Digitisation of the Energy Transition passed on 1 September 2016, development of the market for smart metering in 2017 has been hesitant. Although the regulatory general conditions have now been set, the certified measurement systems required for implementation are not available. It is currently expected that they will be available sometime in 2018.

The market for energy efficiency products developed cautiously due to the current legal situation. Inefficiencies identified in energy audits can currently only be remedied by third parties and not by the auditing company. This break in the process prevents implementation in many cases. On the regulatory side, this interruption by design has been identified and a change is in planning. In addition, a new guideline on energy consulting in medium-sized enterprises entered into force on 1 December 2017. This allows municipal utilities – and thus also Trianel as a white-label provider – to offer comprehensively supported consulting.

2. Business development

The earnings before tax planned for the 2017 financial year of € 0.7 million were not only reached, but exceeded by € 1.0 million with earnings of € 1.7 million. The asset crisis continued to affect the earnings to a major extent, which meant that significant losses from marketing our virtual long-term energy supply segment in the Lünen coal-fired power station and the storage bundle of Epe natural gas storage facility had to be absorbed. Capitalised accounts receivable from feed-in management measures (EinsMan) were also depreciated as a precaution. These negative effects on earnings were more than compensated via initial operative improvements from the ongoing restructuring, positive trading and the planned and successfully implemented sales of the Trianel PED service platform and rights to develop a second offshore wind farm off Borkum (TWB II). The equity ratio of 22 % only decreased slightly compared with the previous year (24 %). As in previous years, the balance sheet total is also characterised by the high level of accounts receivable with simultaneously high accounts payable. Both reflect the established process in energy wholesale trade of invoicing and paying for energy accounts on a monthly basis. This means that at the end of the year, the accounts receivable and payable from deliveries in December – one of the months with the highest turnover – must be stated regularly. Since most of Trianel's customers are mainly municipal utilities with a good credit rating and/or their subsidiaries, both with very low default risks, we regard the equity level as stable and conservative.

The company's liquidity increased over the course of the year by € 25.8 million to € 58.4 million and was in an adequate situation at any time. The main reason for the increase in liquid assets on 31 December 2017 are funds from granting a bonded loan, returns of deferred interest, a bridging loan and commitment fees on behalf of Trianel Erneuerbare Energien GmbH & Co. KG (TWB I) and improved working capital effects. On the cut off date of 31 December 2017, the number of employees decreased by 38 to 309 compared with the previous year.

3. Company situation

3.1 Earnings situation

The **earnings before tax** of Trianel GmbH increased significantly by € 4,931 thousand compared with the previous year to € 1,698 thousand. 2017 was also characterised by significant burdens from the asset crisis and the associated losses from managing our long-term energy supply segment in Trianel Kohlekraftwerk

Lünen (TKL) and managing our storage bundle in the Trianel natural gas storage facility in Epe (TGE). Besides, the devaluation of account receivable from feed-in management measures (EinsMan) as a precaution. These losses on earnings were more than compensated via initial operative improvements from the ongoing restructuring, positive trading and the planned and successfully implemented sales of the Trianel PED service platform and rights to develop a second offshore wind farm off Borkum (TWB II).

€ 1,698 k

earnings before tax of Trianel GmbH was reached in 2017. A significant increase compared with the previous year.

Taxes on income accrued to the amount of € 63 thousand (2016: € 899 thousand), and other taxes totalled € 131 thousand (2016: € 6 thousand), resulting in an annual net income of € 1,504 thousand (2016: loss for the year of € 4,139 thousand). € 63 thousand of the tax expenditures were incurred entirely for tax on income for previous years.

An analysis of the consolidated net income, which includes Trianel Finanzdienste GmbH in particular in addition to Trianel GmbH, reveals the following components of net income:

The earnings after tax were € 1,736 thousand (2016: € –4,126 thousand) and is dominated by the results of Trianel GmbH. Taking into account the financial result of € 1,692 thousand (2016: € 661 thousand) and the taxes on income of € –70 thousand (2016: € –906 thousand), the Group annual net income amounted to € 1,605 thousand (2016: consolidated loss for the year € –4,132 thousand).

Trianel GmbH's turnover largely reflects its function as providers of market access for customers, short-term optimisation transactions and proprietary trading activities. Added to this are the activities for third parties in procuring and marketing energy, which in turn are associated with corresponding back-to-back transactions on the wholesale market. The resulting energy purchases are represented in the material expenditures of the profit and loss statement of Trianel GmbH. There were hardly any effects on the result. Fundamentally, the absolute turnover total and the associated total material expenditures do not allow any significant conclusions to be drawn on the economic success of the company.

44 %

Sales proceeds increased by 43.6 % to € 3,068 million.

In the financial year, the **sales proceeds** totalled € 3,068 million (2016: € 2,136 million) and thus increased significantly compared with the previous year, by 43.6 %. In order to increase the clarity, the proprietary turnover was balanced with the corresponding material expenditures in the reporting year, totalling € 3,563 million (2016: € 2,494 million).

Other operating income decreased by € 5,233 thousand to € 11,841 thousand. It primarily consists of revenue from selling the Trianel PED business unit (€ 5,227 thousand) and income from reversing short-term provisions (€ 2,981 thousand; 2016: € 4,371 thousand).

At 98.6 %, the cost of materials remained at the same level as the previous year. The personnel expenditures rose in particular due to the provisions for compensation for restructuring and bonus payments as a result of the business development in excess of the planned target from € 29,978 to € 32,816 thousand. Other operating expenditures totalled € 18,784 thousand, down from € 20,511 thousand in the previous year.

The non-adjusted financial result amounted to € 2,837 thousand (2016: € 2,114 thousand). Adjusted for the neutral effects in particular from the discounting accounts receivable and compounding provisions totalling € –1,668 thousand (2016: € –1,073 thousand), the resulting adjusted financial result is € 4,505 thousand (2016: € 3,187 thousand). The result from participating interests, at € 4,370 thousand (2016: € 4,127 thousand) increased compared with the previous year.

With the restructuring and efficiency boosting measures implemented and already introduced, it is expected that Trianel – even without major one-off effects – will achieve a positive operating result for 2018 too.

3.2 Financial situation

Trianel GmbH's operating cashflow in the reporting year was € 12,023 thousand, following € 8,454 thousand in the previous year. The positive cashflow was largely due to an increase in trade payables (€ 13,995 thousand) and other provision (€ 11,658 thousand). The cashflow from investment activities totalling € 6,238 thousand (prev. year: € 6,814 thousand) involved investments in intangible fixed assets, loans to Trianel Windkraftwerk Borkum II GmbH & Co. KG, investments in the participating interest in Trianel Erneuerbare Energien GmbH & Co. KG and, offsetting these, the write-down of the participating interest in Trianel Onshore Windkraftwerke GmbH & Co. KG. Furthermore, Trianel Windkraftwerk Borkum GmbH & Co. KG returned interest on the shareholder loan for refinancing (€ ~1.1 million), interest for the bridging loan (€ ~8.2 million) – which was deferred by Trianel GmbH – and provision fees (€ ~114 thousand) according to schedule. The cashflow from financing activities totalling € 7,675 thousand (prev. year € –5,850 thousand) contains in particular effects from granting a bonded loan of € 10 million and scheduled repayments of portfolio loans. The cashflow from investment activities in the Group was € 7,657 thousand following € –5,850 thousand in the previous year. Overall, the total financial resources decreased to € 58,364 thousand (previous year: € 32,528 thousand)

as of the balance sheet date. The Group had total financial resources of € 61,747 thousand (previous year: € 36,298 thousand). The investments planned for the years to come are to be refinanced suitably with matching maturities. Borrowing of capital is assessed based on demand. Overall, the financial situation in the 2017 financial year was adequate at all times.

3.3 Asset situation

The balance sheet total of Trianel GmbH was € 384,560 thousand on 31 December 2017 (balance sheet total of the Group: € 386,246 thousand) and has thus increased on the previous year by € 33,020 thousand or 9.4 % (Group: € 31,917 thousand).

On the assets side, the increase is largely due to the significant increase in current assets.

In 2017, the inventories of Trianel GmbH decreased by € 606 thousand (Group: € 606 thousand) to € 3,302 thousand (Group: € 3,302 thousand). The inventories primarily comprise Trianel GmbH's share of working gas which was fed to the caverns of Trianel Gasspeicher Epe GmbH & Co. KG, as well as unfinished service resulting from advance performance for project developments and rights.

The accounts receivable and other assets totalling € 224,615 thousand (31/12/2016: € 213,755 thousand) remained unchanged at 58.4 % (31/12/2016: 60.8 %) of the balance sheet total, and are the largest item on the assets side, and have increased significantly. Trade receivables account for the largest share of this development, increasing considerably by € 18,013 thousand to € 123,273 thousand, and accounts receivable from companies in which a participating interest exists, which increased from € 32,207 thousand to € 36,759 thousand. At the same time, the other assets decreased by € 12,655 thousand to € 38,206 thousand. As in the previous year, trade receivables were balanced against similar trade payables from the same business partners. On 31 December 2017, trade receivables and trade payables were balanced to the value of € 316,625 thousand, following an offset of € 301,207 thousand on the previous balance sheet date.

The liquid funds increased significantly by € 25,836 thousand to € 58,364 thousand.

On the liabilities side, the increase in the balance sheet total is primarily due to the increase in the other provisions and the trade accounts payable and the other accounts payable. In particular the taking of a bonded loan in the amount of € 10,000 thousand contributed to increasing the other accounts payable.

In the financial year, Trianel GmbH's equity ratio decreased to 22.2 % (31/12/2016: 23.9 %). The equity ratio for the Group dropped to 22.2 %. In absolute figures, the equity rose by € 1,504 thousand to € 85,442 thousand. This change is the result of the annual net income for 2017 of € 1,504 thousand (consolidated annual net income for 2017: € 1,605 thousand).

The provisions rose by a total of € 11,809 thousand to € 57,223 thousand. The other provisions increased by € 11,658 thousand to € 56,969 thousand (31/12/2016: € 45,312 thousand). It primarily consists of provisions for impending losses from pending transactions (€ 41,961 thousand; 31/12/2016: € 38,486 thousand) and for outstanding invoices (€ 5,734 thousand; 31/12/2016: € 612 thousand) and personnel provisions of € 8,784 thousand (31/12/2016: € 5,927 thousand).

The balance sheet total increased by € 66.5 million to € 384.6 million compared with the target due to increased accounts receivable and accounts payable from operating business activities due to the cut-off date. In addition to this long-term loans were not drawn down to the planned extent due to sufficient liquidity, and investments were not made in participating interests to the planned extent.

C. Report on forecast, opportunities and risks

1. Forecast

1.1 Strategic orientation of Trianel GmbH in the next two financial years

In the next few years, Trianel GmbH's business activities will be highly affected by the following developments:

1. Digitisation of the energy business
2. Renewable energy developments
3. Decentralisation and decarbonisation of generation
4. Consolidation of markets for energy business services

With Trianel DESK, Trianel plays a pioneering role in digitising energy business processes. From forecasts to pricing, portfolio structuring to trading standard and non-standard products, all energy business procurement and sales functions are provided interactively in a consistent, web-based customer interface. Roughly 20 municipal utilities with different performance requirements were integrated in the web-based Trianel DESK platform and manage their electricity and gas portfolios digitally, simply and efficiently. In 2017, Trianel DESK was expanded with a wide range of functions for managing electricity and gas portfolios.

Digital processes remain the basis for implementing future (detailed and decentralised) business models that a municipal utility must incorporate to satisfy changing customer requirements. The system infrastructure present in the company is focused on mapping mass processes and only suitable for implementing detailed business models to a limited extent and with high adaptation costs. Establishment of a central platform for the processing and invoicing can be developed as a sustainable business at Trianel.

As in the previous years, the consolidation of the price level for direct marketing based on the market bonus model continued in 2017. In spite of the continued competitive pressure, Trianel succeeded in securing a joint marketing portfolio of roughly 3,200 MW for 2018. The previous joint venture with GESY Green Energy Systems GmbH (GESY), a marketing platform for medium-sized operators of renewable generation plants, was terminated at the end of 2017. The obligatory direct marketing generally creates good preconditions for the development of this business sector. Trianel will continue to develop its long-term experience as a direct marketer, focusing in particular on digital and automated processes. Marketed quantities grew strongly for marketing balancing energy. In the industrial customer environment in particular, we recorded gains. Trianel GmbH will continue this success story with its "Flexibility Management" and "Market Access" products.

€ 800 m

investment volume of roughly
€ 800 million for the second
construction phase of Borkum
wind farm (TWB II)

In future, Trianel expects high demand from municipal utilities for renewable generation capacities. Accordingly, Trianel GmbH has continued to focus its project development on developing renewable generation plants since 2014. The project development of the second construction phase of Borkum wind farm (TWB II), with an **investment volume** of roughly € 800 million, was concluded in the 2017 reporting year with the decision to build and securing of external financing. TWB II has been in the construction phase since April 2017. For this purpose, the offshore team for the construction phase was expanded and will be working on the TWB, TWB II and also the operations management for the shared infrastructure company IWB projects in the next few years.

With the start of the tender process in 2015, the Renewable Energy Sources Act (EEG) led to a transition in the remuneration method, and now for wind in 2017. Whereas it took roughly ten tenders to half the remuneration figure for photovoltaics, the wind industry did so in three tenders in 2017: from just over 8 ct/kWh, the remuneration reduced to 3.82 ct/kWh (average price 2017). This effect was triggered by the immensely high number of participating projects as citizen energy projects. These projects do not need approval and have up to 54 months time for implementation as of their remuneration commitment. The generation technologies available from 2019/20 on are often assumed for this and the resulting low generation costs have driven many wind projects ready for installation out of the distorted “market”. This market also offers opportunities for Trianel: Projects reach the market that would otherwise be inaccessible for Trianel. At the same time, the reducing margins result in risks. Trianel manages these risks with value-orientation.

Given the new requirements from regulatory stipulations (extended disclosure duties under EMIR, reporting duties under MiFID II, potential requirements on the IT infrastructure under BAIT), the Managing Directors decided that considering the cost/benefits and the ever increasing regulatory risks, the subsidiary Trianel Finanzdienste GmbH (TFD) is no longer profitable. As a result, precautions were taken to return the permit per the German Banking Act (KWG) and to merge TFD with Trianel GmbH.

However, returning the permit to provide financial services is not that simple: Due to long-term framework agreements, TFD remains obliged to offer its customers procurement of coal swaps and emission certificates, which currently requires a permit under KWG. The transition of the business model with some contractual amendments, it is however necessary not to offer these financial products to TFD's customers as part of proprietary trading as a service (subject to a permit), but to offer it as a financial commission business that is not subject to a permit when claiming the exception as an ancillary activity under KWG.

TFD already submitted this planned change in business model to the Financial Supervisory Authority (BaFin) in June 2017. In a letter dated 26/03/2018, BaFin confirmed that it classifies the changed business as financial commission business. Given this background, TFD can be merged with Trianel GmbH, which will then become universal legal successor of TFD and is therefore take on all of TFD's contractual agreements with customers. As of the merger, Trianel GmbH shall now provide the financial services previously subject to permit as financial commission business only. The contractual adaptations required for this were agreed with all customers of TFD from 2017 on.

It is intended to formulate the resolution on the merger of TFD with Trianel GmbH in the shareholder meeting on 06/07/2018 and implement the merger subsequently via entry in the Commercial Register. At the time of the merger, the KWG permit is also to be returned. It should be noted that customers of TFD would not suffer adverse economic consequences, as TFD is already commercially bound to Trianel GmbH via a profit and loss sharing agreement.

1.2 Anticipated earnings situation

The past year 2017 was characterised by work as part of the restructuring project “Horizon 2018”, which is to be continued in 2018. The project involves large parts of the Trianel organisation and will facilitate an **improvement in net income** of roughly € 7.5 million compared with the target for 2017 without one-off effects after completion of all measures. To achieve the savings, portfolio adjustments have already been made and far-reaching cost reduction and efficiency increase measures for all business activities have been developed, with which Trianel aims to assert its position on the market in future too. To this end, all processes in the midstream business units (Energy Business Services and Trading), Project Development, Digital Energy Solutions (Municipal Utility Sales Solutions until the end of 2017), Sales, Management and Support Functions and Information Management were benchmarked. On this basis, efficiency potentials were identified and harnessed progressively. The measures of the project – in particular the conversion of the IT environment – are being continued consistently in 2018. By the end of 2018, major parts of the project will have been implemented, so that among other things improvements in the supporting and business processes and portfolio adjustments will compensate for asset losses from marketing the long-term energy supply segment in the coal-fired power station in Lünen and the storage bundle in the Epe natural gas storage facility. For 2018, earnings before profits of roughly € 0.5 million are expected including the asset losses.

€ 7.5 m

will be the improvement in net income compared with the target for 2017.

Trianel's activities are broken down into three business fields: Midstream (Energy Industry Services and Trading), Project Development and Digital Energy Solutions (formerly Municipal Utility Sales Solutions). The development of these business field is primarily dominated by the following aspects:

- **Midstream:** With cost savings and margin improvements based on optimised processes, the results in the 2018 plan improve significantly. The positive development of results is expected to continue in further planning. This is largely due to a recovery in the origination business and a slight improvement in the asset business.
- **Digital Energy Solutions:** After 2017 was dominated by one-off effects from the sale of Trianel PED, the restructuring of activities in the customer-focused business fields like smart metering, energy efficiency, electromobility and digital lab, a significant improvement of the result for 2018 is expected. In 2018, this will not lead to a positive result for the business field yet, but further down the road, it will bring about positive developments in the profit centre results for smart metering, academy and networks activities.
- **Project development:** The business field of onshore and offshore project developments is to make a positive contribution to results throughout the entire planning period. While the offshore business segment is to be at full capacity until early 2020 with the implementation of TWB II, the focus in the onshore business segment is to be involvement in proprietary development of projects in early development phases (as previously implemented successful in photovoltaics). Trianel will extend value creation participation via interim financing of development of projects with subsequent sale.

Opportunities and risks for all business fields result primarily from the regulatory environment (especially for smart meter activities) and from the speed of reduction of existing excess capacities in the conventional power station mix and from the development of renewable generation capacities. In the years to come, Trianel will not be able to extricate itself from the general industry development, in particular in the power station market. By nature, trading activities are also associated with more volatile result development than service activities. To restrict the resulting risks, the activities were focused more on the short term. In addition, risks can also result from restructuring of the IT environment (especially the trading systems) and the loss of expertise and/or top performers.

The key performance figures which guide Trianel's business indicate a gross margin (revenues less cost of materials) for the 2018 budget year of € 46 million, earnings before tax of € 0.5 million, investments of € 12 million (including capitalisation of project rights as inventories). The budgeted staff level was 302 employees; however, it will develop depending on the speed of implementation of the restructuring measures.

1.3 Anticipated financial situation

For 2018, Trianel expects investment expenditures in furniture and fixtures and tangible fixed assets on the seven digit range. Investments in the renewable energy sector are also planned. In 2018, in this context, a subsidiary is to be founded which Trianel will provide with the required liquidity. As previously, the current funding requirements will be covered via own cashflow and sufficiently bank credit lines. In summary, Trianel continues to expect an unchanged significantly sufficient liquidity situation.

1.4 General statement on the business outlook and development forecast of Trianel GmbH by corporate management

Overall, Trianel has subjected itself to an ambitious and comprehensive company-wide restructuring program. Major goals include structural cost reductions and adjustment or restructuring of the product portfolio. As this work is concluded progressively, the operative profitability will be increased significantly, creating the basis to allow the company to pursue a strategic development and growth concept again in future. The situation in the industry currently still has serious repercussions for many market participants. In spite of this challenging framework, Trianel believes it is well-positioned for the upcoming years based on the flexibility it has exhibited in the past and due to the optimisation successes already achieved for the future. The employees' approach to opportunities makes us optimistic that Trianel GmbH will continue to confirm its status as a highly active and key partner for the municipal utility shareholders in coping with the challenges in the years to come.

2. Opportunity report

The extent of closures of power station capacities and the further development of energy and raw material prices determine the profitability of the fuel-based asset items of Trianel to a significant extent. The current market design (Energy-only 2.0 market) has not led to a notable market recovery in the short term. However, Trianel expects the overall situation to improve in the medium term. On the closure of much of the nuclear power stations in the next legislative period, combined with the closure of lignite capacities set down in the Energy Industry Act (EnWG), and given the current list of the notifications of power station closures to the Federal Network Agency, positive effects on wholesale prices are expected. In addition, Trianel has expectations for the possible introduction of emission-based control elements in addition to ETS. In the medium term, all of these factors are conducive to improving the relevant price spreads, which have a positive influence on the profitability of highly efficient modern power stations.

Also due to the current difficult economic situation of the Trianel Group's conventional assets (including gas storage facilities), the associated services are under pressure as part of commercial operations management. As the service fees are increasingly success-based, a clear commitment to high quality value-added services must be displayed. The associated risks of inadequate performance are counterbalanced by the opportunity to participate in the success through profit sharing on above-expected performance. In particular for the current warm reserve phase of Trianel's Hamm-Uentrop gas-fired power station (2016 to 2018), we have agreed a strongly success-based compensation model with the power station company. In addition to successful use of all market opportunities, we can also benefit from a positive development of the market environment.

With regard to projects in the renewable energy sector, there are opportunities as a result of a favourable development of system prices and financing costs. The existing tender process for photovoltaics and the upcoming tender process for wind from 2017 is exerting significant cost pressure in the project development sector. Trianel sees opportunities here to pool activities in this market with further professionalisation.

The energy transition requires municipal utilities to expand and adapt existing procurement strategies. They currently have to work on areas such as direct marketing, generation from renewable energy sources, smart metering, decentralised generation and flexibility marketing. Trianel sees good opportunities to be able to support municipal utilities increased in these new challenges over the coming years with innovative services and products.

Increasing pressure on margins for most of the municipal utilities applies growing pressure on the company to be efficient. This will enhance the trend to more cooperation and optimisation in procurement of electricity and gas. The "cooperation of cooperations" area will also become increasingly dynamic. Regional cooperations in particular must assess whether they can and want to master the increasingly strict regulatory requirements, especially reporting requirements and balancing group compliance on their own. For example, Trianel GmbH's existing 24/7 services are ideal to efficiently support other cooperations and even larger municipal utilities which have processed all wholesale processes independently.

Trianel plays a pioneering role in digitisation and aims to remain market leader in the automation of energy business processes and customer interfaces. The Trianel DESK platform takes energy business services to a new dimension that offers customers new benefits and efficiency potential. As a result, Trianel expects to expand its market share in the saturated market of energy services with continued high margin pressure, and increase its profitability.

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In future, municipal utilities will be forced to utilise as yet unused own generation potential via professional optimisation. Pilot projects in this area have already revealed considerable potential. Not least the obligatory direct marketing of CHP plants in the current CHP Act (KWKG) offers significant growth potential for Trianel GmbH's professional wholesale-related generation/marketing services.

For 2018, Trianel's goal is to consistently develop processes in rapidly growing intraday trading, to enable it to implement further growth in short-term trading. In spot and futures trading, Trianel offers a market platform for external trade partners, which enables them to conclude wholesale transactions. This gives external market participants direct access to wholesale activities and reduces their cost. As a result, we see opportunities here.

The arrival of digitisation in the energy business and thus also into the operative business of municipal utilities offers Trianel GmbH immense opportunities. The system infrastructure in the companies focused on mass processes is not able to cope with the growing requirements of digitisation and must tackle the detail and complexity of new business models. There are opportunities here to build many new products and the associated processes centrally, and develop a sustainable business model from this.

3. Risk report

The business activity of Trianel GmbH demands that risks are consciously entered into in order to take advantage of opportunities. Also the development of new business fields and markets means that the resulting risks and opportunities must be integrated into a comprehensive risk and opportunity management system.

Since an event can lead to both opportunities and risks, depending on its nature, the term "risk" will be used below to describe both opportunities and risks.

3.1 Risk management system

Trianel GmbH's risk-bearing capacity forms the framework for the risk management system. This is aligned with the equity capital and liquid funds available, and derived from the company's risk strategy.

Risk management organisation

Risk management is responsible for the creation, development and implementation of guidelines, methods and processes for risk assessment and management, and for reporting on the risk situation. Central risk management also monitors compliance with risk guidelines and defined risk limits. In order to support the central unit, management appoints risk officers for every organisational unit. The risk officers are responsible for the control and development tasks assigned to them within the risk management system.

Central risk management at Trianel GmbH is supplemented with the compliance function. The compliance management system implemented at Trianel ensures that compliance risks are identified in good time and the employees are aware of this and violations of rules are prevented and discovered. The central compliance body is supported in its implementation by compliance field delegates in various organisational units. Regular exchanges by all compliance officers and monitoring of the effectiveness and systematic development of the compliance management system are guaranteed by the compliance committee.

The Trianel GmbH Risk Committee regularly meets to discuss the implementation and need for changes to the risk management system. In addition to this, the risk committee is involved in specific matters such as the development of solution and decision-making submissions and in new risk-relevant matters, market and product clearances, including the corresponding limit specifications for trade, business partner clearances as part of know-your-customer processes, limit assignments for trade partners and allocation of risk capital to risk areas.

The risk management system fulfils the legal requirements. Since Trianel GmbH acts as a service provider for Trianel Finanzdienste GmbH, the standards and ordinances which apply to financial service providers also apply to the Trianel GmbH risk management system. The suitability and functionality of the risk management system are monitored by internal audit, currently performed by two audit service providers, as well as of the external auditors commissioned by the shareholders.

Risk management process

The professionalisation of the risk management process at Trianel GmbH comprises the systematic identification, evaluation, aggregation, control and monitoring of risks and internal and external reporting.

In order to guarantee systematic risk identification, various risk areas and fields are defined. They are areas for monitoring which could result in risks for Trianel GmbH. Risk detection also includes identifying interdependencies between risks.

Risk control comprises all measures and tools used for avoiding, reducing or shifting detected risks, as well as consciously entering into certain (residual) risks. The control period is determined by the underlying risks.

Trianel GmbH's risk-bearing capacity and the provision of risk capital derived from this form the framework for risk management. The risk capital approved by the Shareholders' Meeting represents the upper limit of the overall risk accepted. The risk capital allocation to the risk areas which are defined in this context – market, credit, operational and other risks – is approved by the Management Board.

In order to evaluate the effectiveness of the risk control measures which have been put in place, the target and actual risk situations are continuously compared as part of risk monitoring. In this context, the amount and distribution of the approved risk capital are regularly assessed for appropriateness.

Internal and external addressees are informed on a regular basis of the current results, liquidity and risk situation as well as concerning the accounting precautions taken. The frequency, type and scope of the reporting vary according to the type and the significance of the risk. The Supervisory Board and Shareholders' Meeting were informed of the current results, liquidity and risk situation on a quarterly basis during the reporting year.

The specific design of the phases of the risk management process is documented for each risk area and regularly checked for a need to update.

3.2 Risk areas and individual risks

The main risks of Trianel GmbH are allocated to the following risk areas in the risk management process:

Market risks

Market risks can significantly influence the results situation at Trianel GmbH in the form of market price fluctuations, market liquidity changes and quantity deviations.

For example, the risk of open forward transactions is assessed and limited by calculating the value-at-risk (VaR) figure each working day, with a confidence level of 99 %, and a defined holding period.

In the 2017 financial year, the VaR figure for the trade mandate was between € 65.4 thousand and € 1,252.9 thousand and always within the specified VaR limits.

The risk reporting is supplemented by expected shortfall. It describes the depreciation of an open item derived from a scenario simulation based on historic daily market price changes.

In addition, the profit-at-risk (PaR) is calculated with a confidence level of 99 % to evaluate open illiquid items, such as roadmaps.

Market price changes lead to fluctuations in the company's cashflow in the exchange business and via margining agreements. At Trianel GmbH, the associated liquidity risk is monitored each working day and taken into account as part of liquidity control.

Trianel GmbH also restricts the potential risks via binding market and product release processes. In addition to this, product, portfolio and portfolio group-related loss limits are defined, which serve to limit concentration risks. Overall, roughly 50 % of the risk capital used in 2017 is assigned to the market risks.

Limit systems, measuring methods and the limits of individual portfolios and products are documented in the appendix of the risk manual.

The current portfolio values and anticipated results and cash flow are regularly calculated and reported, if necessary every working day. The methods and assumptions used are checked regularly during the clean back-up testing, among other times, and are modified as necessary.

Economic collateral relationships are reported as valuation units in accordance with commercial law regulations.

Credit risks

Unlike exchange transactions, with non-exchange energy trading transactions (OTC), Trianel GmbH is exposed to the risk that contract partners do not fulfil their contractual duties to deliver or pay for a commodity, or do so late.

In order to limit these counterparty risks, every potential business partner of Trianel GmbH is subjected to a multi-stage evaluation process to classify their credit standing (rating). This also takes externally available information, e.g. assessments by renowned rating agencies, into account. In addition to this, the credit standing evaluation of the trading partners is reviewed once a year. The individual counterparty limit assigned is assigned based on this credit standing classification and the total risk capital reserved for the counterparty default risk.

In addition to this, business partners provide collateral which increases the flexibility for performing transactions, and/or in the event of a default of a Trianel business partner, can be used to reduce the damage. In return, Trianel must also provide collateral as required to perform the trading activities in the required scope with the selected partners. Active collateral management is a high priority for Trianel, as Trianel must be capable of transactions in the wholesale market at all times, but also make cost-conscious decisions on issuing collateral.

Compliance with the credit lines granted is monitored and reported on every working day by calculating the credit risks and the remaining flexibility for each business partner.

The risk from the overall loan portfolio is also simulated regularly. Assuming default and price change scenarios, a credit value at risk (CVaR) is calculated with a confidence level of 99%. As of the balance sheet date, this value was a low-seven figure total for the overall loan portfolio for 2017. For 2017, roughly 20% of the planned risk capital was attributed to the credit risks.

Operational and other risks

Risks arising from the legal, personnel, process and systems areas, as well as risks from participating interests are generally referred to as operational and other risks.

Legal risks are defined as the risk that a contract or a group of contracts may include the legal items not required by Trianel GmbH. For example, this includes contractual implementation of payment terms suitable from a liquidity perspective. Trianel GmbH counteracts these risks for example by early involvement of its own legal department and the commercial department in all relevant procedures, through the mandatory market and product clearance process described above and by the use of standardised contracts wherever possible.

Risks of damage in the form of negative impacts on achievement of planned company targets due to changes in legal or regulatory general conditions are also attributed to operative risks. In weekly legal standard monitoring by the Compliance department, developments of general business-relevant legal and regulatory conditions are monitored on an ongoing basis, and supplementarily influenced via involvement in the corresponding association committees where purposeful and possible. Trianel's Compliance department also counters the growing scope of regulatory requirements via close cooperation with the Legal Affairs and Market Risk departments. As part of Trianel GmbH's trend-scouting, political, social, economic and regulatory developments are also analysed intensely to identify opportunities and risks of these developments at an early stage and react to them. Active and purposeful participation in the political debate is supported to a decisive extent through the presence of Trianel GmbH's Berlin office.

Risks for Trianel GmbH arise in this context from the EU-wide tightening of regulations for the energy trading sector. In this context, the "European Market Infrastructure Regulation" (EMIR), "Regulation on Wholesale Energy Market Integrity and Transparency" (REMIT), which was implemented in national law via the 2nd Financial Market Amendment Act (2nd FiMaNoG), and the Markets in Financial Instruments Directive (MiFID II) that entered into force on 03/01/2018, as well as the European Market Abuse Regulation (MAR) are of key importance. Implementing the requirements of MAR, preparation for implementing MiFID II and the regulation stages of EMIR that entered into force in 2017, has resulted in a significant organisational workload, with regard to the organisation, processes and systems, which makes high demand of the existing personnel resources in the areas involved in implementation. This situation is expected to develop in 2018.

In this context, portfolios and funding requirements are repeatedly checked and adjusted; products and processes are adapted in accordance with the regulatory requirements via project teams created for this purpose. The necessary project budgets were taken into account in budgeting.

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The company's success is also determined by the specific expertise, commitment and contacts of its employees. Thanks to flat hierarchies, interdepartmental work and a high degree of personal responsibility, employees are able to use their qualifications in the most effective way at Trianel. The on-going development of all employees, together with support for potential managers from an early stage, is aimed at facilitating the sustainable achievement of corporate goals.

In order to enable effective risk management, there is an organisational separation between those areas, posts and functions that enter into risks in the course of their activities and those that monitor the risks entered into and limit and report them where necessary. The specific design of the risk management system, particularly in relation to the content, responsibilities, processes, reporting obligations and documentation requirements is documented in the company's Risk Manual. Trianel GmbH also handles further organisational and process risks with binding regulations and process descriptions which are documented for example in the Organisation Manual and in the Compliance Guideline. Compliance with these regulations is ensured via independent auditing and reporting, and by adherence to the dual-control principle.

Communication and information systems are of key importance for the business processes at Trianel GmbH. In particular the IT security, data security and data protection aspects have to be taken into account in this respect. Alongside the general security of applications and data in the IT network, framework contracts and service level agreements oblige IT service providers to guarantee that the required standards are met. All Trianel GmbH employees are instructed with regard to data protection according to Section 5 of the German Federal Data Protection Act (BDSG), and are obliged to observe data privacy. An IT security and data privacy officer has been appointed. Employees are regularly made aware of IT security topics on training courses and via the Intranet. Regulations on this issue are also an integral part of the corporate guidelines.

Other risks arise in particular as a result of possible deviations from the budget for affiliated companies and/or the development of asset projects. A simulation-based participation risk model is used to evaluate the participation risks and calculate the associated risk capital requirements. This models the loss of the portfolio of participating interests which will not be exceeded within a defined period (the current financial year in this case) at a probability of 99%. For 2017, the resulting risk (PaR99) is estimated to be a high seven-figure or low eight-figure total, depending on the course of time. This corresponds to roughly 30% of the risk capital used for 2017.

Also, circumstances leading to key changes in individual risk positions, e.g. granting loans to companies in which a participating interest exists, are only entered into after a case-specific decision by the Shareholders' Meeting of Trianel GmbH.

Trianel holds minority participating interests in the key operating project companies and is informed on the developments and risk situation of the companies via committee documents.

Use of financial instruments

The financial instruments include original and derivative financial instruments. The original financial instruments on the assets side fundamentally include accounts receivable, liquid funds and financial assets. On the liabilities side, the original financial instruments fundamentally include the accounts payable valued at the amount repayable. The level of the financial assets in the balance sheet indicates the maximum default risk for the items mentioned. When default risks exist, they are taken into account by value adjustments.

Trianel GmbH uses derivative financial instruments to hedge against market risks. These include financial swaps, futures on energy or emission certificates. In addition, financial instruments in the form of interest swap agreements are used to secure bank loans. Transactions with financial instruments are subject to risk guidelines in accordance with the risk management system described above.

3.3 General statement on the risk situation

In 2017, neither individual risks nor the overall risk endangered the company's status as a going concern. Precautions were taken in the balance sheet for risks that are likely to take place.

According to the current assessment, the market risks will not be higher than in the previous year in the subsequent years.

In spite of the declining credit standing, including public sector companies, compared with previous years, Trianel GmbH's business model focusing on municipal utilities as customers is assumed to entail a low risk of insolvent business partners in terms of counterparty default risks.

The operational and other risks will likely also be dominated by risks from asset projects and participating interests, as well as risks from general regulatory and legal conditions in the future.

The chances of successful implementation of the claims from feed-in management measures (EinsMan) capitalised at € 2.0 million are believed to be good. The same is true of the claim against the insolvent Dutch subsidiary (TEBV) derived from the report of the insolvency administrator in 2016 in the amount of € 3.9 million.

In spite of the described developments and uncertainties, there are no risks apparent to the Management Board from the current perspective, that could endanger Trianel GmbH's continuation as a going concern.

D. Reporting pursuant to Section 108 para. 3 no. 2 of the North Rhine- Westphalian Local Government Ordinance (GO NRW)

The purpose of the company is national and international energy trading, with the objective of improving local energy supply. The company may undertake the following tasks to implement this objective:

1. Trade in

- a. Energy (electricity, gas, oil, coal)
- b. Energy derivatives and energy-related financial derivatives (as defined in the German Banking Act [Kreditwesengesetz, KWG]; proprietary trading)
- c. Financial products relating to energy supply, such as weather derivatives and emission certificates (pursuant to the German Banking Act (KWG): proprietary transactions)

2. Energy sales

3. Provision of consulting and other fee-based services directly related to energy supply

The company is entitled to conduct all measures and business transactions through which the purpose of the company can directly or indirectly be promoted. It may, in order to fulfil its tasks, operate other companies, participate in them or establish, acquire and lease such companies as well as auxiliary and ancillary companies, furthermore it may enter into joint ventures and establish subsidiary branches.

The comments and data in the Notes and the Management Report illustrate that we have conformed fully with the public purpose based on our terms of reference as per the Articles of Association.

Aachen, Germany, 24 April 2018

Trianel GmbH



Sven Becker



Dr Oliver Runte

Management Board of Trianel GmbH

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of Trianel GmbH for the 2017 financial year

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Profit and loss statement

for the financial year from 1 January 2017 to 31 December 2017

in €	2017	2016
1. Sales proceeds	3,068,323,530.86	2,136,458,299.43
2. Increase in stocks of finished and semi-finished products	-864,034.69	1,044,217.21
3. Other internally produced and capitalised assets	41,765.33	0.00
4. Other operating income	11,841,186.10	17,073,763.39
Of which from currency conversion	342,216.90	973,083.68
5. Cost of materials		
Expenditure on goods purchased	3,026,373,117.61	2,106,981,056.11
	3,026,373,117.61	2,106,981,056.11
6. Personnel expenditures		
a) Wages and salaries	28,524,028.48	25,949,206.07
b) Social contributions and expenditure on pension provision and support	4,291,952.89	4,028,637.16
	32,815,981.37	29,977,843.23
7. Depreciation		
a) On intangible assets and tangible fixed assets	2,509,226.03	2,270,318.60
b) On current assets where they exceed the usual depreciation in the corporation	0.00	184,438.93
	2,509,226.03	2,454,757.53
8. Other operating expenditure	18,783,539.29	20,510,539.97
Of which from currency conversion	467,228.61	1,097,908.26
	-1,139,416.70	-5,347,916.81
9. Revenue from participating interests	429,917.63	291,767.14
10. Revenue from loans of financial assets	3,940,101.13	3,834,829.73
11. Revenue from profit and loss transfer agreements	1,209,655.29	1,433,376.03
12. Other interest and similar income	1,147,350.71	995,504.40
Of which from discounting	609,079.31	722,546.00
13. Depreciation on financial assets and securities held as current assets	157,933.77	0.00
14. Interest and similar expenditure	3,731,835.25	4,441,094.42
Of which from compounding	1,324,740.83	1,758,345.68
	2,837,255.74	2,114,382.88
15. Tax on income and revenue	62,755.53	899,417.60
16. Earnings after tax	1,635,083.51	-4,132,951.53
17. Other taxes	130,792.12	6,107.00
18. Annual net income/loss for the year	1,504,291.39	-4,139,058.53

Balance sheet

as at 31 December 2017

Assets

in €	31/12/2017	31/12/2016
A. Fixed assets		
I. Intangible assets		
1. Internally generated intangible assets	1,501,883.37	851,722.00
2. Acquired rights of use and similar rights	1,942,371.50	2,452,347.50
3. Down payments made	94,315.68	202,522.00
	3,538,570.55	3,506,591.50
II. Tangible assets		
1. Real estate, rights equivalent to real estate and buildings including buildings on third-party real estate	17,689,363.00	18,312,703.00
2. Technical plant and machinery	76,827.00	84,228.00
3. Furniture and fixtures	1,288,492.00	1,279,286.00
4. Assets under construction	28,475.19	734.90
	19,083,157.19	19,676,951.90
III. Financial assets		
1. Shares in affiliated companies	2,754,225.70	2,819,031.57
2. Participating interests	30,581,674.60	28,727,711.33
3. Loans to companies in which a participating interest exists	40,539,637.61	43,944,933.38
4. Other loans	18,550.72	19,962.19
	73,894,088.63	75,511,638.47
	96,515,816.37	98,695,181.87
B. Current assets		
I. Inventories		
1. Raw materials, auxiliary materials and operating supplies	6,625.59	0.00
2. Work in progress	425,002.00	1,289,036.69
3. Merchandise	2,870,816.57	2,619,334.95
	3,302,444.16	3,908,371.64
II. Accounts receivable and other assets		
1. Trade receivables	123,272,610.71	105,259,964.94
2. Accounts receivable from affiliated companies	1,633,213.75	2,299,129.83
3. Accounts receivable from shareholders	24,744,424.05	23,127,214.62
4. Accounts receivable from companies in which a participating interest exists	36,759,242.46	32,207,307.81
5. Other assets	38,205,599.89	50,861,085.09
	224,615,090.86	213,754,702.29
III. Cash in hand, cash at bank	58,363,807.03	32,528,227.77
C. Accruals and deferrals	1,762,765.00	2,653,105.78
	384,559,923.42	351,539,589.35

Liabilities

in €	31/12/2017	31/12/2016
A. Equity		
I. Subscribed capital	20,152,575.00	20,152,575.00
II. Capital reserves	26,129,469.24	26,129,469.24
III. Earnings reserves		
Other earnings reserves	41,795,066.46	41,795,066.46
IV. Loss carried forward	-4,139,058.53	0.00
V. Annual net income/loss for the year	1,504,291.39	-4,139,058.53
	85,442,343.56	83,938,052.17
B. Provisions		
1. Provisions for pensions	130,353.00	102,685.00
2. Provisions for taxes	123,412.17	0.00
3. Other provisions	56,969,385.21	45,311,606.75
	57,223,150.38	45,414,291.75
C. Liabilities		
1. Accounts payable to credit institutions	20,013,438.68	20,882,458.61
2. Down payments received for orders	495,611.34	495,611.34
3. Trade accounts payable	154,477,411.50	140,482,565.64
4. Accounts payable to affiliated companies	0.00	928.90
5. Liabilities to shareholders	4,470,430.44	11,385,928.84
6. Accounts payable to companies in which a participating interest exists	24,651,359.92	27,778,573.43
7. Other accounts payable	37,698,152.90	20,380,701.04
	241,806,404.78	221,406,767.80
D. Accruals and deferrals	88,024.70	780,477.63
	384,559,923.42	351,539,589.35

NOTES FOR THE 2017 FINANCIAL YEAR

1. Form and presentation of the annual financial statements

Trianel GmbH is domiciled in Aachen and entered in Commercial Register B of Aachen District Court under number HRB 7729.

The annual financial statements have been prepared in accordance with the regulations of the German Commercial Code (HGB) for large incorporated companies in conjunction with the supplementary provisions of the German Limited Liability Companies Act (GmbH-Gesetz).

To improve the clarity of the presentation we have provided details on affiliations to other items in the balance sheet in the Notes.

The profit and loss statement is structured according to the expenditure format.

Separate explanatory notes have been provided in respect of the main items in the balance sheet and the profit and loss statement.

For better presentation of the earnings situation, the sales proceeds and costs of materials for proprietary business transactions are balanced against one another for reporting.

2. Accounting and valuation methods

The accounting and valuation were performed based on the assumption that company activities would be continued.

The intangible assets and tangible fixed assets were valued at acquisition cost less depreciation.

Depreciation was scheduled on a straight-line basis and/or using the declining balance method based on the normal useful life of the capital assets.

The financial assets are evaluated at acquisition cost, taking account of repayment, depreciation and write-ups. Interest receivables which have not been subjected to interest with a residual term of more than one year are discounted using a market interest rate adequate for the residual term. The evaluation of the value retention of the participation book value and the shareholder loans of Trianel Windkraftwerk Borkum GmbH & Co. KG was made in summarised form due to the close contractual link of the participating interests and loans.

Inventories are valued at acquisition cost using the lower of cost or market principle for depreciation.

Accounts receivable and other assets are shown in the balance sheet at their nominal value; necessary value adjustments were taken into account.

Accounts receivable and payable in foreign currencies are converted at the applicable exchange rate on the posting date unless a fixed exchange rate for the Euro exists. Profits and losses incurred due to exchange rate movements up to the balance sheet date are taken into account per Section 256a of the German Commercial Code (HGB).

Liquid funds are stated at nominal value in the balance sheet.

The subscribed capital is included at nominal value.

In the net income use resolution on 30 June 2017, a decision was made to carry the loss for the year 2016 of € 4,139 thousand forward to new account.

Pension obligations are calculated according to actuarial principles using the Projected Unit Credit Method (PUC Method). In the PUC Method, the provision amount is defined as the actuarial cash value of the pension obligations earned by the employees until this time based on work performed in the past in accordance with the pension formula and vesting regulation. The "Guide Tables 2005 G" by Klaus Heubeck are used as a biometric calculation basis. The mathematical interest rate is 3.66 %, which is equal to the average market interest rate for an assumed residual term of the obligations of 15 years. The pension trend was also incorporated at 1 %. The wage trend was not incorporated due to the contractual basis. The difference to a provision approach based on an average market interest rate over the past seven years totals € 37 thousand. The option per Article 67 para. 1 no. 1 of the Introductory Act for the German Commercial Code (EGHGB) was not exercised.

The provisions are reported at the settlement value necessary according to prudent commercial assessment. Provisions took into account all identifiable risks and contingent liabilities. Provisions with a residual term of over one year were discounted at the average market interest rate of the last 7 financial years in accordance with their residual term as per the German Bundesbank's provision discounting regulations.

The option of capitalising deferred taxes was not exercised.

Accounts payable are stated at the settlement value.

In order to evaluate the physical trade transactions, the posted and pending transactions and gas inventories are always combined in an annual consideration, with the corresponding financial transactions to the Asset Electricity, Asset Gas, Trade, Electricity Sales (EW) and Electricity Sales (T&O) as well as Gas Sales (EW) and Gas Sales (T&O) portfolios, i.e. in the event of the use of the option to form an accounting valuation unit.

Derivative financial instruments were used to secure bank loans and foreign currency transactions, which each form a valuation unit together with the debt items.

3. Balance sheet notes

3.1 Fixed assets

The development of fixed assets and depreciation during the financial year under review is shown in the fixed-asset movement schedule, which is enclosed as a separate document with the Notes.

In 2017, additional modules of the integrated Trianel DESK energy industry suite were developed and capitalised as internally generated intangible fixed assets. eLearning modules for the Trianel Academy were also capitalised as internally generated intangible fixed assets. There is a payout block per Section 268 (8) of the German Commercial Code (HGB) to a total of the current book value of € 1,502 thousand; however there is sufficient freely available equity.

Shares to the amount of € 2,754,225.70 are held in the following affiliated companies:

Company	Participation in %	Participation book value in €	Equity in €	Annual net income in €
Trianel Finanzdienste GmbH, Aachen	100.0	2,500,000	2,500,000	0 *
Trianel Gaskraftwerk Hamm Verwaltungs GmbH , Aachen	100.0	25,000	41,159	1,121
Trianel Gasspeicher Epe Verwaltungs GmbH, Aachen	100.0	25,000	119,323	23,569
Trianel Kraftwerk Krefeld Verwaltungs GmbH, Aachen	100.0 **	25,000	26,954	5,742
Trianel Kohlekraftwerk Lünen Verwaltungs GmbH, Aachen	100.0	25,000	37,229	1,054
Trianel Windkraftwerk Borkum Verwaltungs GmbH, Aachen	100.0	25,000	75,533	12,627
Trianel Service GmbH, Aachen	100.0	129,226	129,226	-8,541

* Trianel Finanzdienste GmbH and Trianel GmbH have concluded a profit and loss transfer agreement.

** The shares are wholly commercially attributed to Trianel GmbH.

Shares to the amount of € 30,581,674.60 are held in the following participating interests:

Company	Participation in %	Participation book value in €	Equity in €	Annual net income/deficit in €
GESY Green Energy Systems GmbH, Berlin	24.9	0.00	503,915	8,780
Trianel Gaskraftwerk Hamm GmbH & Co. KG, Aachen	6.1	3,258,353	-3,894,861	-18,202,175
Trianel Gasspeicher Epe GmbH & Co. KG, Aachen	7.6	1,588,186	23,953,209	3,056,022
Trianel Kohlekraftwerk Lünen GmbH & Co. KG, Lünen	6.3	9,373,445	-56,450,508	-51,999,731
Trianel Windkraftwerk Borkum GmbH & Co. KG, Aachen	2.7	7,970,000	285,438,454	-9,503,313
Trianel Windkraftwerk Borkum II GmbH & Co. KG, Oldenburg	2.0	1,803,269	84,735,086	-13,194,540
Trianel Onshore Windkraftwerke GmbH & Co. KG, Aachen	5.4	2,801,308	55,606,545 *	483,843 *
Trianel Erneuerbare Energien GmbH & Co. KG, Aachen	5.4	3,787,112	64,749,724 *	-1,112,177 *
Trianel Energie B.V. **, Maastricht, NL	100.0	1.00	- **	- **

* Status: 31/12/2016.

** Trianel Energie B.V. applied for insolvency on 27 December 2012 and therefore did not prepare annual financial statements for 31 December 2017. As such, the participation book value was written down to a reminder value of € 1.

Financial assets were capitalised at acquisition cost less unscheduled depreciation.

3.1.1 Current assets

The current assets largely comprise stored quantities of gas and work in progress as a result of advance performances for project developments and rights.

Trade receivables mainly consist of outstanding payments for electricity and gas supplies, which were offset against similar liabilities to the value of € 316,625 thousand (prev. year: € 301,207 thousand).

Of the accounts receivable from affiliated companies, € 424 thousand (prev. year: € 866 thousand) are trade accounts receivable.

Of the accounts receivable from shareholders, € 24,559 thousand (prev. year: € 22,762 thousand) are trade accounts receivable. Similar accounts payable totalling € 8,797 thousand (prev. year: € 7,111 thousand) were offset against accounts receivable.

In addition to trade receivables from energy supplies and service provision, the accounts receivable from affiliated companies include receivables from the insolvent Trianel Energie B.V. (TEBV) totalling € 13,851 thousand, which have been adjusted individually at € 9,946 thousand.

The other assets primarily comprise a deferral from the explicitly designated spread hedges which target multi-year spread development. The spread hedges are incorporated over several years by grouping the revenues realised in 2018 with the corresponding expenses realised in 2017. In addition, claims for damages and compensation from grid operators totalling € 2,000 thousand were capitalised. The capitalised claims from feed-in management measures (EinsMan) were depreciated as a precaution. The other assets also include claims from initial margin totalling € 7,839 thousand and collateral security relating to energy trading, including non-accessible bank credit totalling € 844 thousand, as well as input tax, which is not deductible until the following year, to a total of € 6,134 thousand, as major components.

All accounts receivable and other assets are due within one year, with the exception of trade receivables totalling € 1,926 thousand, which are deferred until 2019. Due to time-consuming proceedings, the claims against TEBV and from EinsMan are outstanding indefinitely.

3.2 Provisions

The other provisions totalling € 56,969 thousand (prev. year: € 45,312 thousand) include provisions for uncertain accounts payable totalling € 15,008 thousand (prev. year: € 6,826 thousand). They primarily concern provisions for personnel such as bonuses (€ 6,430 thousand) and provisions related to restructuring (€ 1,381 thousand). Provisions were also formed for open invoices, totalling € 5,734 thousand.

Otherwise, provisions are included for anticipated losses from pending transactions to the amount of € 41,961 thousand (prev. year: € 38,486 thousand). As of the balance sheet date, provisions for anticipated losses totalling € 40,502 thousand (previous year: € 37,662 thousand) had been formed for the asset positions.

3.3 Accounts payable

The amounts due to banks include long-term bank loans and accrued interest.

The down payments received for orders included are instalments from B2B customers.

Trade accounts payable predominantly result from energy procurement and consulting services.

Accounts payable to shareholders mainly relate to trade accounts payable resulting from energy supplies.

Accounts payable to companies with which a participating interest exists are exclusively trade accounts payable.

Other accounts payable include accounts payable from wages and church tax totalling € 457 thousand (prev. year: € 423 thousand) and from social security totalling € 205 thousand (prev. year € 164 thousand). The other accounts payable also include bonded loans totalling € 10.1 million, including accrued interest and an option bonus of € 5.4 million. There is a corresponding account payable of the same amount as the account receivable for the option bonus.

in €	31/12/2017 Total	31/12/2017 Residual terms			31/12/2016 Residual term	
		Up to 1 year	Over 1 year	Of which over 5 years	Up to 1 year	Over 1 year
Accounts payable to banks	20,013,438.68	3,527,038.75	16,486,399.93	10,276,266.57	2,843,525.34	18,038,933.27
Advanced payments received on orders	495,611.34	495,611.34	0.00	0.00	495,611.34	0.00
Trade payables	154,477,411.50	154,477,411.50	0.00	0.00	140,482,565.64	0.00
Accounts payable to affiliated companies	0.00	0.00	0.00	0.00	928.90	0.00
Accounts payable to shareholders	4,470,430.44	4,470,430.44	0.00	0.00	11,385,928.94	0.00
Accounts payable to companies in which a participating interest exists	24,651,359.92	24,651,359.92	0.00	0.00	27,778,573.43	0.00
Other accounts payable	37,698,125.90	27,404,841.88	10,293,311.02	10,000,000.00	19,916,227.73	464,473.31
Total accounts payable	241,806,404.78	215,026,693.83	26,779,710.95	20,276,266.57	202,903,361.32	18,503,406.58

Accounts payable to credit institutions of € 1,800 thousand are collateralised by a mortgage.

3.4 Valuation units/derivative financial instruments

The option of forming balance sheet valuation units per Section 254 of the German Commercial Code (HGB) was utilised to the extent stated below. The effectiveness is documented by measuring the physical delivery equivalents or compliance with specified rules, such as VaR limits as part of the existing risk management system.

Trianel GmbH's operative business is managed and controlled in mandates. Control via mandates does not exclude the possibility of individual contract groups being shown and valued separately in partial portfolios within the mandates, to enable more detailed mapping as well as the delegation of partial tasks if necessary. The items in the electricity asset mandate which cannot be grouped in a valuation unit must be evaluated according to classic rules under balance sheet aspects. Provisions for potential losses were formed for negative valuation balances for the year.

The figures specified on the risks secured via valuation units and losses reported limited via balancing are theoretical, as all individual transactions were evaluated here, while mandate-specific controlling means that open trade items are restricted appropriately at all times.

Individually, the following valuation units existed on the balance sheet date:

3.4.1 Valuation unit: Electricity asset mandate

This valuation unit (VU) combines the shares of existing contracts in relation to our holdings in power station companies with corresponding hedging transactions as portfolio hedges. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2018 VU contains base transactions totalling € 17,861 thousand and hedge transactions totalling € 8,063 thousand. The VU hedges risks from an individual transaction perspective to a total of € 13,605 thousand for 2018. A provision was also formed for 2018 for potential losses from pending transactions totalling € 8,628 thousand. The 2019 VU contains base transactions totalling € 18,642 thousand and hedge transactions totalling € 9,141 thousand. The VU hedges risks from an individual transaction perspective to a total of € 10,134 thousand for 2019. A provision was also formed for 2019 for potential losses from pending transactions totalling € 8,441 thousand. The 2020 VU contains base transactions totalling € 18,502 thousand and hedge transactions totalling € 2,835 thousand. The VU hedges risks from an individual transaction perspective to a total of € 7,743 thousand for 2020. A provision was also formed for 2020 for potential losses from pending transactions totalling € 6,988 thousand. A provision was formed for potential losses from pending transactions totalling € 7,104 thousand for purchase obligations after the managed periods.

The opposing value changes compensate one another as a result of the existing spread hedging in the respective years in question.

3.4.2 Valuation unit: Gas asset mandate

This VU combines contractual obligations from storage facility user contracts including gas stocks with the corresponding hedge transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2018 VU contains base transactions totalling € 2,940 thousand and hedge transactions totalling € 103 thousand and a balance sheet stock value of € 792 thousand. The VU hedges risks from an individual transaction perspective to a total of € 3,027 thousand for 2018. A provision was also formed for 2018 for potential losses from pending transactions totalling € 2,991 thousand. The 2019 VU contains base transactions totalling € 3,130 thousand and hedge transactions totalling € 301 thousand. The VU hedges risks from an individual transaction perspective to a total of € 3,176 thousand for 2019. A provision was also formed for 2019 for potential losses from pending transactions totalling € 2,756 thousand. The 2020 VU contains base transactions totalling € 2,355 thousand and hedge transactions totalling € 307 thousand. The VU hedges risks from an individual transaction perspective to a total of € 2,408 thousand for 2020. A provision was also formed for 2020 for potential losses from pending transactions totalling € 1,915 thousand. A provision was formed for potential losses from pending transactions totalling € 1,679 thousand for storage facility use obligations after the managed periods.

The opposing value changes compensate one another as a result of the existing spread hedging in the respective years in question.

In 2017, a contract with a storage facility user was terminated in return for payment of compensation. This resulted in losses from pending transactions, among other things. These losses were taken into account accordingly in the provision.

3.4.3 Valuation unit: Trade mandate

This VU combines the existing wholesale energy transactions with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each generally considered on an annual basis. In deviation from this, spread hedges explicitly designated in the mandate trade, which aim for a multi-year spread development, multi-year offsetting is also taken into account in the balance sheet. The compensating part plus any excess liability from the designated spread transactions is attributed to the first of the two following spread years.

The 2018 VU contains base transactions totalling € 3,383,982 thousand and hedge transactions totalling € 3,389,190 thousand. The VU hedges risks from an individual transaction perspective to a total of € 849,889 thousand for 2018. The spread hedge for 2017/2018 that influences this is mapped by an other asset in the amount of € 4,143 thousand. The 2019 VU contains base transactions totalling € 533,803 thousand and hedge transactions totalling € 538,393 thousand. The VU hedges risks from an individual transaction perspective to a total of € 132,000 thousand for 2019. The 2020 VU contains base transactions totalling € 176,087 thousand and hedge transactions totalling € 175,445 thousand. The VU hedges risks from an individual transaction perspective to a total of € 26,156 thousand for 2020.

The opposing value changes compensate one another as a result of the existing hedging relationships in the respective years in question.

3.4.4 Valuation unit: Electricity sales mandate (EW)

This VU combines the existing electricity contracts with customers with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2018 VU contains base transactions totalling € 640,726 thousand and hedge transactions totalling € 636,275 thousand. The VU hedges risks from an individual transaction perspective to a total of € 158,702 thousand for 2018. The 2019 VU contains base transactions totalling € 272,193 thousand and hedge transactions totalling € 272,372 thousand. The VU hedges risks from an individual transaction perspective to a total of € 67,939 thousand for 2019. A provision was also formed for 2019 for potential losses from pending transactions totalling € 97 thousand. The 2020 VU contains base transactions totalling € 127,788 thousand and hedge transactions totalling € 127,875 thousand. The VU hedges risks from an individual transaction perspective to a total of € 21,754 thousand for 2020. A provision was also formed for 2020 for potential losses from pending transactions totalling € 132 thousand.

The opposing value changes largely compensate one another as a result of the existing hedging relationships in the respective years in question.

3.4.5 Valuation unit: Electricity sales mandate (T&O)

This VU combines the existing electricity contracts with customers with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2018 VU contains base transactions totalling € 8 thousand and hedge transactions totalling € 7 thousand. The VU hedges risks from an individual transaction perspective to a total of € 7 thousand for 2018. The 2019 VU contains base transactions totalling € 1 thousand and hedge transactions totalling € 2 thousand. The VU hedges risks from an individual transaction perspective to a total of € 0 thousand for 2019.

The opposing value changes largely compensate one another as a result of the existing hedging relationships in the respective years in question.

3.4.6 Valuation unit: Gas sales mandate (EW)

This VU combines the existing gas contracts with customers with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2018 VU contains base transactions totalling € 26,903 thousand and hedge transactions totalling € 26,480 thousand. The VU hedges risks from an individual transaction perspective to a total of € 2,570 thousand for 2018. The 2019 VU contains base transactions totalling € 14,928 thousand and hedge transactions totalling € 14,786 thousand. The VU hedges risks from an individual transaction perspective to a total of € 1,064 thousand for 2019. The 2020 VU contains base transactions totalling € 6,493 thousand and hedge transactions totalling € 6,421 thousand. The VU hedges risks from an individual transaction perspective to a total of € 289 thousand for 2020. The 2021 VU contains base transactions totalling € 68 thousand and hedge transactions totalling € 0 thousand. The VU hedges risks from an individual transaction perspective to a total of € 0 thousand for 2021.

The opposing value changes largely compensate one another as a result of the existing hedging relationships in the respective years in question.

3.4.7 Valuation unit: Gas sales mandate (T&O)

This VU combines the existing gas contracts with customers with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2018 VU contains base transactions totalling € 7,976 thousand and hedge transactions totalling € 8,518 thousand. The VU hedges risks from an individual transaction perspective to a total of € 756 thousand for 2018. A provision was also formed for 2018 for potential losses from pending transactions totalling € 170 thousand. The 2019 VU contains base transactions totalling € 1,905 thousand and hedge transactions totalling € 1,903 thousand. The VU hedges risks from an individual transaction perspective to a total of € 282 thousand for 2019. The 2020 VU contains base transactions totalling € 958 thousand and hedge transactions totalling € 957 thousand. The VU hedges risks from an individual transaction perspective to a total of € 72 thousand for 2020.

The opposing value changes largely compensate one another as a result of the existing hedging relationships in the respective years in question.

3.4.8 Valuation unit: Individual hedge portfolio mandate

The individual hedge portfolio contains opposing purchase and sales transactions for the 2018 delivery year, which are presented in pairs. Some of the corresponding transactions are combined to VUs. The base transactions of the delivery contracts treated as VUs totalled € 183,957 thousand. The VU hedges risks from an individual transaction perspective to a total of € 24,051 thousand. Where the option of forming valuation units was not used, provisions for losses from pending transactions were formed in the amount of € 964 thousand.

3.4.9 Interest rate swaps

The option of forming valuation units was utilised in full. The freezing method was used to depict the effective parts of the valuation units formed in the accounts.

Individually, as of the balance sheet date, there are two micro-hedges, consisting of one base transaction and one hedge transaction each. The two base transactions are reported as liabilities to credit institutions resulting from loan agreements at € 2,200 thousand and € 839 thousand (prev. year total: € 3,591 thousand), while the two hedge transactions in the form of derivative financial instruments (interest rate swaps) are not reported as pending transactions. The accounts payable for loans are subject to interest at the 6-month EURIBOR plus 75 base points. The interest rate swaps exchange an interest received at the 6 month EURIBOR for a fixed interest rate to be paid of 4.88 % and 5.09 %. The risk of interest rate changes from interest rate fluctuation is hedged.

Trianel GmbH has concluded the following unreported derivative financial instruments:

- Interest rate swap (€ 2,200 thousand)

In this transaction, starting from 27 May 2008, a variable interest rate account payable with an initial total of € 6,000 thousand is exchanged for a fixed interest rate account payable, thus hedging against market fluctuations. This agreement matures in June 2023. The fair value according to the lending bank's internal risk models is € -3147 thousand as of 31 December 2017.

- Interest rate swap (€ 839 thousand)

In this transaction, starting from 17 July 2008, a variable interest rate account payable with an initial total of € 2,288 thousand is exchanged for a fixed interest rate account payable, thus hedging against market fluctuations. This agreement matures in June 2023. The fair value according to the lending bank's internal risk models is € –125 thousand as of 31 December 2017.

The market values were determined using the cash value method. According to this, all future payments, on both the fixed and variable side of the interest rate swap, are discounted on the valuation date. Payments on the variable side are determined on the basis of additional due dates which result from the current interest rate structure curve.

The market value changes of the derivatives are offset by opposing market value changes of the base transactions.

3.5 Deferred taxes

The trade and tax law value assessments of the internally generated intangible assets, the financial assets, the pension provisions and other provisions result in differences, which are compensated in subsequent financial years. These differences led to latent tax accruals and deferrals. A tax rate of 32.45 % is applied when determining the tax accrual.

The calculation results in a surplus of latent tax accruals. The option under Section 274 para. 1 no. 2 of the German Commercial Code (HGB) is not used, and thus no latent tax accrual is formed.

4. Notes on the profit and loss statement

4.1 Sales proceeds

The gross sales less electricity tax can be broken down into the following areas of activity:

Business field	31/12/2017		31/12/2016	
	Sales in € thousand	Sales in € thousand	Sales in € thousand	Sales in %
Electricity (unbalanced)	4,355,401	65.7 %	2,802,398	60.5 %
Balancing	-2,237,722	62.8 %	-1,629,033	65.3 %
Electricity	2,117,679	69.0 %	1,173,365	54.9 %
Gas (unbalanced)	2,194,286	33.1 %	1,735,778	37.5 %
Balancing	-1,324,880	37.2 %	-865,139	34.7 %
Gas	869,406	28.3 %	870,639	40.8 %
Certificates trading (unbalanced)	21,459	0.3 %	18,441	0.4 %
Balancing	0	0.0 %	0	0.0 %
Emissions trading	21,459	0.7 %	18,441	0.9 %
Coal (unbalanced)	16,812	0.3 %	34,343	0.7 %
Balancing	0	0.0 %	0	0.0 %
Coal	16,812	0.6 %	34,343	1.6 %
Services (unbalanced)	43,037	0.6 %	39,737	0.9 %
Balancing	0	0.0 %	0	0.0 %
Services	43,037	1.4 %	39,737	1.9 %
Total (unbalanced)	6,630,995	100.0 %	4,630,697	100.0 %
Total (balancing)	-3,562,602	100.0 %	-2,494,172	100.0 %
Total (balanced)	3,068,393	100.0 %	2,136,525	100.0 %

In the financial year, customer discounts of € 69 thousand were granted (prev. year € 67 thousand). These have not been taken into account in the list.

Sales not relating to the period totalled € 721 thousand (prev. year: € 1,533 thousand).

The increase in the sales proceeds from services is largely due to a project development participation bonus and a bonus from a premium from a participating interest in Trianel Windkraft Borkum II GmbH & Co. KG.

4.2 Other operating revenue

The other operating revenue largely results from the sale of the share in Trianel PED and the reversal of provisions to a total of € 2,981 thousand (prev. year: € 4,371 thousand). It includes earnings not relating to the period totalling € 3,259 thousand (prev. year: € 4,383 thousand). The other operating revenue also includes revenue from currency conversion totalling € 342 thousand (previous year € 973 thousand).

4.3 Cost of materials

Non-period cost of materials totalled € 448 thousand (prev. year: € 2,392 thousand).

4.4 Personnel expenditures

Personnel expenditures were incurred in respect of an average of 309 employees (prev. year: 346 employees). Personnel expenses include costs for pension provision to the amount of € 237 thousand (prev. year € 296 thousand) and non-period expenditure totalling € 23 thousand (prev. year: € 6 thousand).

4.5 Other operating expenditure

Other operating expenditure includes non-period expenditure totalling € 172 thousand (prev. year: € 106 thousand) and expenditure from currency conversion totalling € 467 thousand (prev. year: € 1,098 thousand).

4.6 Revenue from loans of financial assets

The revenue from loans of financial assets includes interest from loans to associate companies. These were reported under other interest and similar revenues last year. The figure was also adjusted in the profit and loss statement for the previous year.

4.7 Depreciation on financial assets and securities held as fixed assets

Depreciation of financial assets due to unscheduled diminution in value to the lower applicable value as a result of reductions in value expected to be of a lasting nature (Section 253 para. 5 no. 3 of HGB) totals € 158 thousand (prev. year: € 0.00 thousand).

4.8 Interest expenditures

The interest expenditures totalling € 3,732 thousand (prev. year: € 4,441 thousand) include expenditures for compounding provisions or discounting of receivables totalling € 1,325 thousand (prev. year: € 1,757 thousand).

4.9 Tax on income and revenue

€ 63 thousand (previous year € 899 thousand) of the tax expenditures in the reporting year were incurred for corporation tax and the solidarity surcharge for previous years, as well as trade tax refunds for previous years.

5. Supplementary report

No significant events occurred following the end of the financial year.

6. Other information

6.1 Other financial obligations

in € thousand

Obligations from power purchase agreements	3,231,694	(2,593,168)
Of which to shareholders	187,533	(131,431)
Obligations from gas supply agreements	977,878	(894,425)
Of which to shareholders	11,658	(11,499)
Obligations from emissions certificates	17,610	(10,214)
Of which to shareholders	781	(521)
Obligations from coal swaps	8,716	(7,369)
Obligations from lease and rental contracts	1,599	(262)
Obligations from currency transactions	2,099	(1,076)

* () = Of which due in 2018

6.2 Contingencies

As collateral for bank loans to Trianel Kohlekraftwerk Lünen GmbH & Co. KG, Trianel Gasspeicher Epe GmbH & Co. KG, Trianel Windkraftwerk Borkum GmbH & Co. KG and Trianel Windkraftwerk Borkum II GmbH & Co. KG, Trianel GmbH has pledged its shares in these companies, and in Trianel Kohlekraftwerk Lünen Verwaltungs GmbH, including dividends, to the banks concerned.

As a result of company's financial situation, it is not expected that this loan will be drawn down.

6.3 Auditor's fees

In accordance with Section 285 no. 17 of the German Commercial Code (HGB), this information is provided in the consolidated financial statements of Trianel GmbH.

6.4 Supervisory Board

In the 2017 financial year, the Supervisory Board was composed of the following members:

Dietmar Spohn, Bochum,
Management Spokesman of Stadtwerke Bochum Holding GmbH (Chairman)

Michael Lucke, Kempten,
Managing Director of Allgäuer Überlandwerk GmbH (Deputy Chairman)

Dr Christian Becker, Aachen,
Member of the Management Board of Stadtwerke Aachen Aktiengesellschaft

Prof. Dr Marc Oliver Bettzüge, Cologne,
Director of the Institute of Energy at the University of Cologne,
(elected Expert Member of the Supervisory Board), until 19/10/2017

Dr Ulf Böge, Meckenheim,
retired President of the German Federal Cartel Office
(elected Expert Member of the Supervisory Board), until 19/10/2017

Klaus Eder, Ulm,
Managing Director of SWU Energie GmbH, until 19/10/2017

Dr Achim Grunenberg, Lünen,
Managing Director of Stadtwerke Lünen GmbH

Michael Hegel, Cologne,
Banker (elected Expert Member of the Supervisory Board), until 19/10/2017

Martin Heun, Fulda,
Management Spokesman of RhönEnergie Fulda GmbH

Prof. Dr Rudolf Irmscher, Heidelberg,
Managing Director of Stadtwerke Heidelberg GmbH, from 19/10/2017

Ulrich Koch, Herne,
Member of the Management Board of Stadtwerke Herne AG

Christian Meyer-Hammerström, Lilienthal,
Managing Director of Osterholzer Stadtwerke GmbH&Co. KG

Cord Müller, Aalen,
Managing Director of Stadtwerke Aalen GmbH, from 19/10/2017 and until 31/12/2017

Jürgen Schöffner, Lübeck,
Managing Director of Stadtwerke Lübeck Holding GmbH

Dr Leonhard Schitter, Salzburg,
Member of the Management Board of Salzburg AG für Energie, Verkehr und Telekommunikation

Marco Westphal, Bonn,
Managing Director of Stadtwerke Bonn GmbH

Thomas Zaremba, Jena,
Managing Director of Stadtwerke Energie Jena-Pöbneck GmbH, until 19/10/2017

Trianel GmbH reimbursed a total of € 29 thousand (prev. year: € 41 thousand) as expenses in the 2017 financial year.

6.5 Management Board

As of the balance sheet date 31/12/2017, the Managing Directors of the company were Dipl.-Volkswirt Sven Becker, certified economist (Spokesman) and Dr Oliver Runte (Dipl.-Chemiker, certified chemist), Managing Director of the company since 16/01/2017.

The total remuneration of Dr Oliver Runte consists of a fixed annual salary, a performance-based bonus as well as benefits in kind and other benefits. In the financial year, the Managing Director received total remuneration of € 517 thousand, broken down as follows:

Name	Fixed salary * in € thousand	Bonus in € thousand	Benefits in kind and other benefits in € thousand	Total in T€
Dr Oliver Runte	288	164	65	517

* performance-independent remuneration

The company has opted not to disclose the total emoluments paid to Mr Sven Becker in the financial year under review in accordance with Section 286, para. 4 of the German Commercial Code (HGB).

6.6 Annual Financial Statements

The annual financial statements are published in the Electronic Federal Bulletin under number HRB 7729.

7. Appropriation of earnings

The Management Board will propose to the shareholders' meeting to carry the net income for the year 2017 totalling € 1,504,291.39 forward to new account.

Aachen, 24 April 2018

Trianel GmbH



Sven Becker



Dr Oliver Runte

Management Board of Trianel GmbH

Development of fixed assets

in the 2017 financial year

in €	Purchase and manufacturing costs					
	As at 01/01/2017	Additions	Write-ups	Cross entries	Divestitures	As at 31/12/2017
A. Fixed assets						
I. Intangible assets						
1. Internally generated intangible assets	952,162.13	971,423.93	0.00	0.00	0.00	1,923,586.06
2. Acquired rights of use and similar rights	11,489,611.30	1,083,260.88	0.00	8,550.00	-561,442.00	12,019,980.18
3. Down payments made	202,522.00	56,547.18	0.00	-8,550.00	-156,203.50	94,315.68
	12,644,295.43	2,111,231.99	0.00	0.00	-717,645.50	14,037,881.92
II. Tangible assets						
1. Real estate, rights equivalent to real estate and buildings including buildings on third-party real estate	19,977,477.55	0.00	0.00	0.00	0.00	19,977,477.55
2. Technical plant and machinery	109,057.87	6,725.02	0.00	0.00	0.00	115,782.89
3. Furniture and fixtures	3,114,466.05	294,749.73	0.00	734.90	-25,315.72	3,384,634.96
4. Down payments made and assets under construction	734.90	28,475.19	0.00	-734.90	0.00	28,475.19
	23,201,736.37	329,949.94	0.00	0.00	-25,315.72	23,506,370.59
III. Financial assets						
1. Shares in affiliated companies	3,129,030.57		0.00	0.00		3,129,030.57
2. Participating interests	28,727,711.33	2,231,883.89	0.00	0.00	-284,792.72	30,674,802.50
3. Loans to associate companies	43,944,933.38	5,619,842.65	558,699.11	0.00	-9,583,837.53	40,539,637.61
4. Other loans	19,962.19	0.00	0.00	0.00	-1,411.47	18,550.72
Total financial assets	75,821,637.47	7,851,726.54	558,699.11	0.00	-9,870,041.72	74,362,021.40
Total fixed assets	111,667,669.27	10,292,908.47	558,699.11	0.00	-10,613,002.94	111,906,273.91

	Depreciation			As at 31/12/2017	Book values	
	As at 01/01/2017	Additions	Divestitures		31/12/2017	31/12/2016
	-100,440.13	-321,262.56	0.00	-421,702.69	1,501,883.37	851,722.00
	-9,037,263.80	-1,266,412.88	226,068.00	-10,077,608.68	1,942,371.50	2,452,347.50
	0.00	0.00	0.00	0.00	94,315.68	202,522.00
	-9,137,703.93	-1,587,675.44	226,068.00	-10,499,311.37	3,538,570.55	3,506,591.50
	-1,664,774.55	-623,340.00	0.00	-2,288,114.55	17,689,363.00	18,312,703.00
	-24,829.87	-14,126.02	0.00	-38,955.89	76,827.00	84,228.00
	-1,835,180.05	-284,084.57	23,121.66	-2,096,142.96	1,288,492.00	1,279,286.00
	0.00	0.00	0.00	0.00	28,475.19	734.90
	-3,524,784.47	-921,550.59	23,121.66	-4,423,213.40	19,083,157.19	19,676,951.90
	-309,999.00	-64,805.87	0.00	-374,804.87	2,754,225.70	2,819,031.57
	0.00	-93,127.90	0.00	-93,127.90	30,581,674.60	28,727,711.33
	0.00	0.00	0.00	0.00	40,539,637.61	43,944,933.38
	0.00	0.00	0.00	0.00	18,550.72	19,962.19
	-309,999.00	-157,933.77	0.00	-467,932.77	73,894,088.63	75,511,638.47
	-12,972,487.40	-2,667,159.80	249,189.66	-15,390,457.54	96,515,816.37	98,695,181.87

Consolidated Annual Financial Statements

of Trianel GmbH for the 2017 financial year

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Consolidated profit and loss statement

for the financial year from 1 January 2017 to 31 December 2017

in €	2017	2016
1. Sales proceeds	3,132,922,417.49	2,172,947,047.82
2. Increase in the stock of finished and semi-finished products	-864,034.69	1,044,217.21
3. Other internally produced and capitalised assets	41,765.33	0.00
4. Other operating income	11,819,538.75	17,034,520.84
Of which from currency conversion: € 342,877.71 (prev. year € 973,500.57)		
5. Cost of materials		
Expenditures associated with raw materials and supplies and for purchased goods	-3,089,511,185.49	-2,141,622,388.32
6. Personnel expenditures		
a) Wages and salaries		
b) Social contributions and expenditure on pension provision and support	-28,524,028.48	-26,150,748.30
Of which from pension provision € 236,884.89 (prev. year € 296,584.06)	-4,291,952.89	-4,043,187.54
	-32,815,981.37	-30,193,935.84
7. Depreciation		
a) on intangible assets and tangible fixed assets	-2,509,226.03	-2,270,318.60
b) on current assets, where they exceed the usual depreciation in the corporation	0.00	-184,438.93
	-2,509,226.03	-2,454,757.53
8. Other operating expenditure	-18,969,604.98	-20,634,831.17
Of which from currency conversion: € 472,322.87 (prev. year € 1,099,661.79)		
9. Revenue from participating interests	429,917.63	271,605.78
10. Revenue from loans of financial assets	3,940,101.13	3,834,829.73
11. Other interest and similar revenues	1,147,353.63	995,682.55
Of which from discounting: € 606,627.53 (prev. year € 722,546.00)		
12. Depreciation on financial assets and securities held as financial assets	-93,127.90	0.00
13. Interest and similar expenditure	-3,731,880.97	-4,441,217.17
Of which from compounding: € 1,324,740.83 (prev. year € 1,758,468.43)		
	1,692,363.52	660,900.89
14. Tax on income and revenue	-70,393.71	-906,514.08
15. Earnings after tax	1,735,658.82	-4,125,740.18
16. Other taxes	-130,990.89	-6,482.00
17. Consolidated annual net income/loss for the year	1,604,667.93	-4,132,222.18

Consolidated balance sheet

as at 31 December 2017

Assets

in €	31/12/2017	31/12/2016
A. Fixed assets		
I. Intangible assets		
1. Internally generated industrial property rights and similar rights and values	1,501,883.37	851,722.00
2. Purchased licenses, commercial Industrial property and similar rights and values as well as licences to such rights and values	1,942,371.50	2,452,347.50
3. Down payments made	94,315.68	202,522.00
	3,538,570.55	3,506,591.50
II. Tangible assets		
1. Real estate, rights equivalent to real estate and buildings including buildings on third-party real estate	17,689,363.00	18,312,703.00
2. Technical plant and machinery	76,827.00	84,228.00
3. Other assets, furniture and fixtures	1,288,492.00	1,279,286.00
4. Down payments made and assets under construction	28,475.19	734.90
	19,083,157.19	19,676,951.90
III. Financial assets		
1. Participating interests in affiliated companies	0.00	267,427.90
2. Participating interests	30,581,674.60	28,460,283.43
3. Loans to companies in which a participating interest exists	40,539,637.61	43,944,933.38
4. Other loans	18,550.72	19,962.19
	71,139,862.93	72,692,606.90
	93,761,590.67	95,876,150.30
B. Current assets		
I. Inventories		
1. Raw materials, auxiliary materials and operating supplies	6,625.59	0.00
2. Work in progress	425,002.00	1,289,036.69
3. Merchandise	2,870,816.57	2,619,334.95
	3,302,444.16	3,908,371.64
II. Accounts receivable and other assets		
1. Trade receivables	125,038,377.65	108,466,631.56
2. Accounts receivable from shareholders	25,531,128.19	23,933,276.54
3. Accounts receivable from affiliated companies	2,470.50	3,518.47
4. Accounts receivable from companies in which a participating interest exists	36,800,142.33	32,312,306.04
5. Other assets	38,300,156.95	50,877,226.38
	225,672,275.62	215,592,958.99
III. Cash in hand and cash at bank	61,746,643.37	36,298,051.63
	1,762,765.00	2,653,304.55
C. Accruals and deferrals		
	386,245,718.82	354,328,837.11

Liabilities

in €	31/12/2017	31/12/2016
A. Equity		
I. Subscribed capital	20,152,575.00	20,152,575.00
II. Capital reserves	26,129,469.24	26,129,469.24
III. Earnings reserves	41,833,368.44	41,840,473.94
IV. Loss carried forward	-4,132,222.18	0.00
V. Consolidated annual net income (previous year: loss for the year)	1,604,667.93	-4,132,222.18
	85,587,858.43	83,990,296.00
B. Difference from capital consolidation	29,683.58	29,683.58
C. Provisions		
1. Provisions for pensions	130,353.00	102,685.00
2. Provisions for taxes	123,719.67	582.00
3. Other provisions	57,088,625.45	45,457,390.86
	57,342,698.12	45,560,657.86
D. Liabilities		
1. Accounts payable to credit institutions	20,013,516.13	20,882,533.21
2. Down payments received for orders	495,611.34	495,611.34
3. Trade accounts payable	154,970,765.93	142,223,096.47
4. Accounts payable to shareholders	5,243,095.74	12,166,430.44
5. Accounts payable to affiliated companies	12,729.69	42,180.04
6. Accounts payable to companies in which a participating interest exists	24,734,095.17	27,736,938.71
7. Other accounts payable	37,727,639.99	20,420,931.83
Of which from taxes € 497,090.84 (prev. year: € 387,336.72)		
Of which for social security € 204,516.16 (prev. year: € 164,894.96)		
	243,197,453.99	223,967,722.04
E. Accruals and deferrals	88,024.70	780,477.63
	386,245,718.82	354,328,837.11

Auditor's report

for the 2017 financial year

We have audited the annual financial statements – consisting of the balance sheet, profit and loss statement and notes – taking the accounts and management report into account – of Trianel GmbH, Aachen, for the financial year from 1 January 2017 to 31 December 2017. The accounts, the annual financial statements and the management report were prepared in accordance with the German Commercial Code and the supplementary provisions of the articles of association at the responsibility of the company's legal representatives. Our responsibility is to express an opinion, based on our audit, on the annual financial statements, the company's accounts and the management report.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB) and observing the auditing principles generally accepted in Germany as stipulated by the Institute of German Certified Public Accountants (IDW). Those principles require that we plan and perform the audit to obtain reasonable assurance regarding the detection of any errors or irregularities with respect to the impression given of the company's net worth, financial and profit situation, as reported through its annual financial statements, set up in accordance with the generally accepted accounting principles, its company accounts, and its management report. When determining audit procedures, knowledge of the company's business operations, as well as its economic and legal environment, and anticipation of possible errors are taken into consideration. The audit includes examining, mainly on a test basis, the effectiveness of accounting-related internal control systems and evidence supporting the amounts and disclosures in the company accounts, annual financial statements and the management report. The audit also examines the accounting and valuation methods that the company uses, the significant assessments made by legal representatives, as well as evaluating the overall presentation of the annual financial statements and the management report. In our view, our audit provides a sufficiently reliable basis for our opinion.

Our audit did not result in any objections.

In our opinion, based on the information gained in the audit, the annual financial statements are in conformity with statutory requirements and the supplementary provisions of the articles of association and, in compliance with the generally accepted accounting principles, they give a true and fair view of the net assets, financial situation and results of operations of the company. The Management Report tallies with the annual financial statements, complies with the statutory requirements, conveys an accurate representation of the company situation overall, and presents the opportunities and risks of future developments accurately.

Duisburg, 7 May 2018

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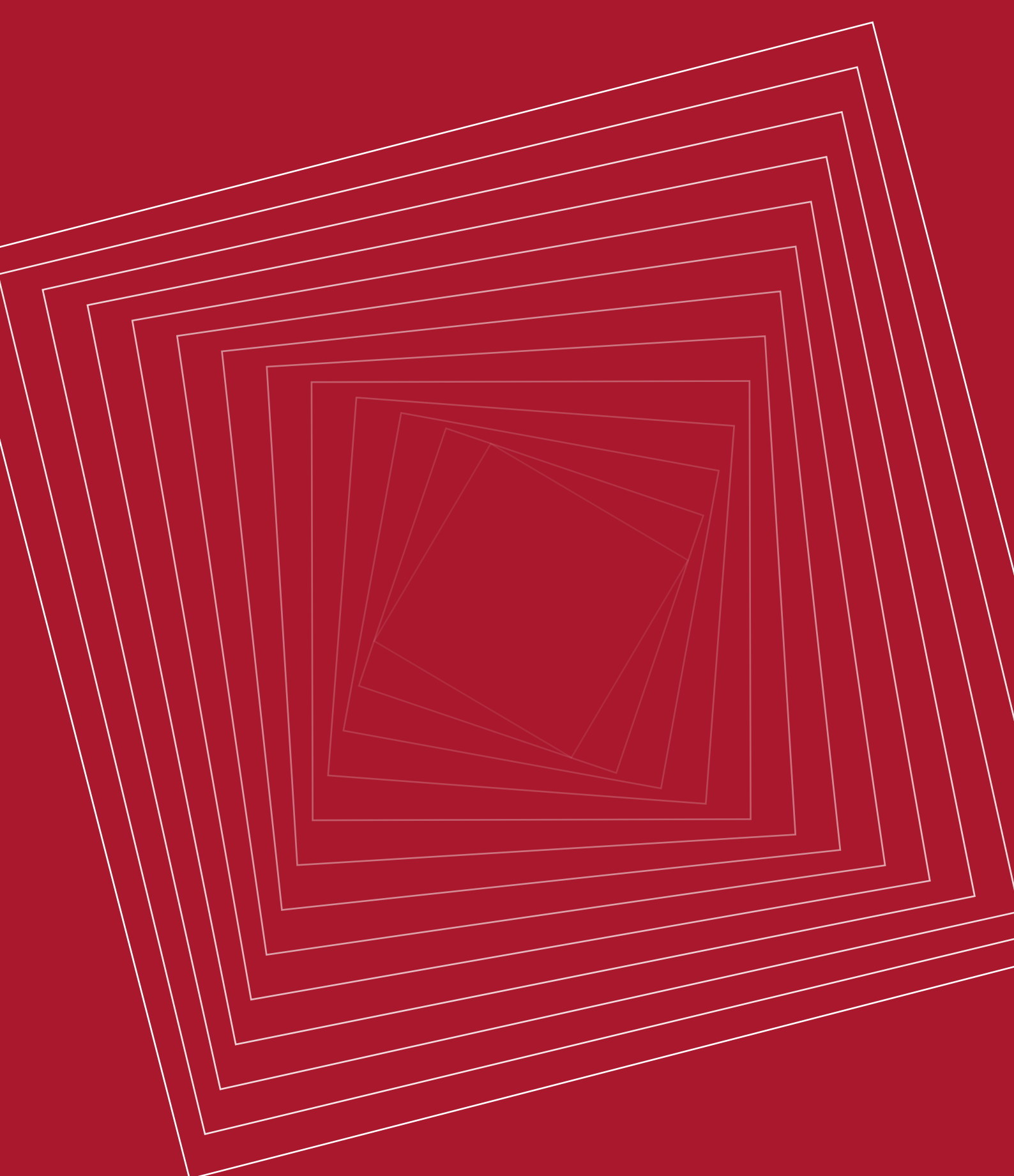
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