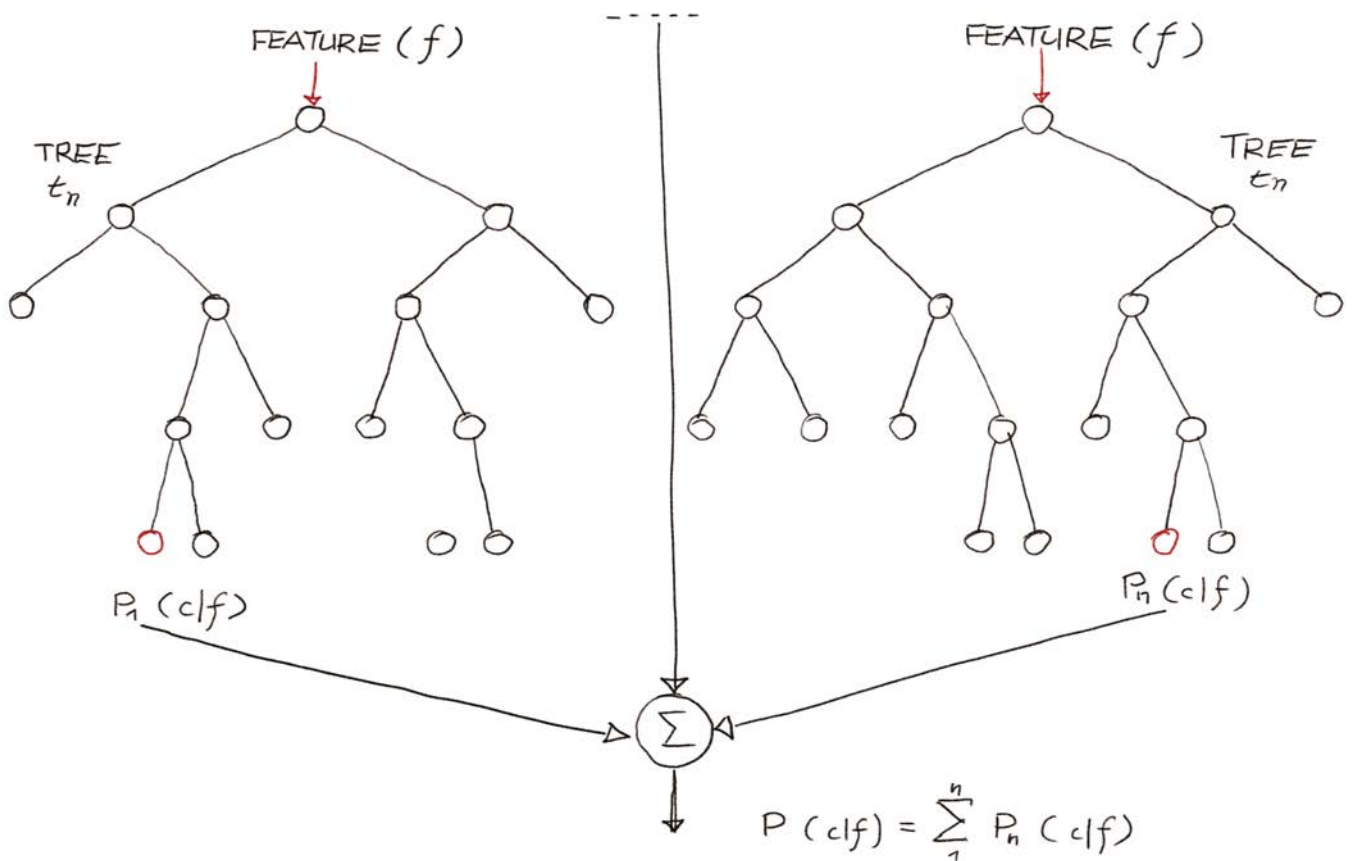


Management Report 2018



Trianel GmbH 2018 Key Figures for the 2018 financial year

Trianel GmbH Individual financial statement

in EUR million	2018	2017	Changes in %	Changes absolute
Sales	2,726	3,068	-11.2	-342
EBT	2.4	1.7	41.2	0.7
Annual net income	2.1	1.5	40.0	0.6
Equity	87.6	85.4	2.5	2.2
Equity ratio	22.7%	22.2%	2.3	0.5
Balance sheet total	385.6	384.6	0.3	1.0
Investments	9.9	10.3	-3.9	-0.4
Employees	308	309	-0.3	-1.0

Trianel GmbH Consolidated financial statement

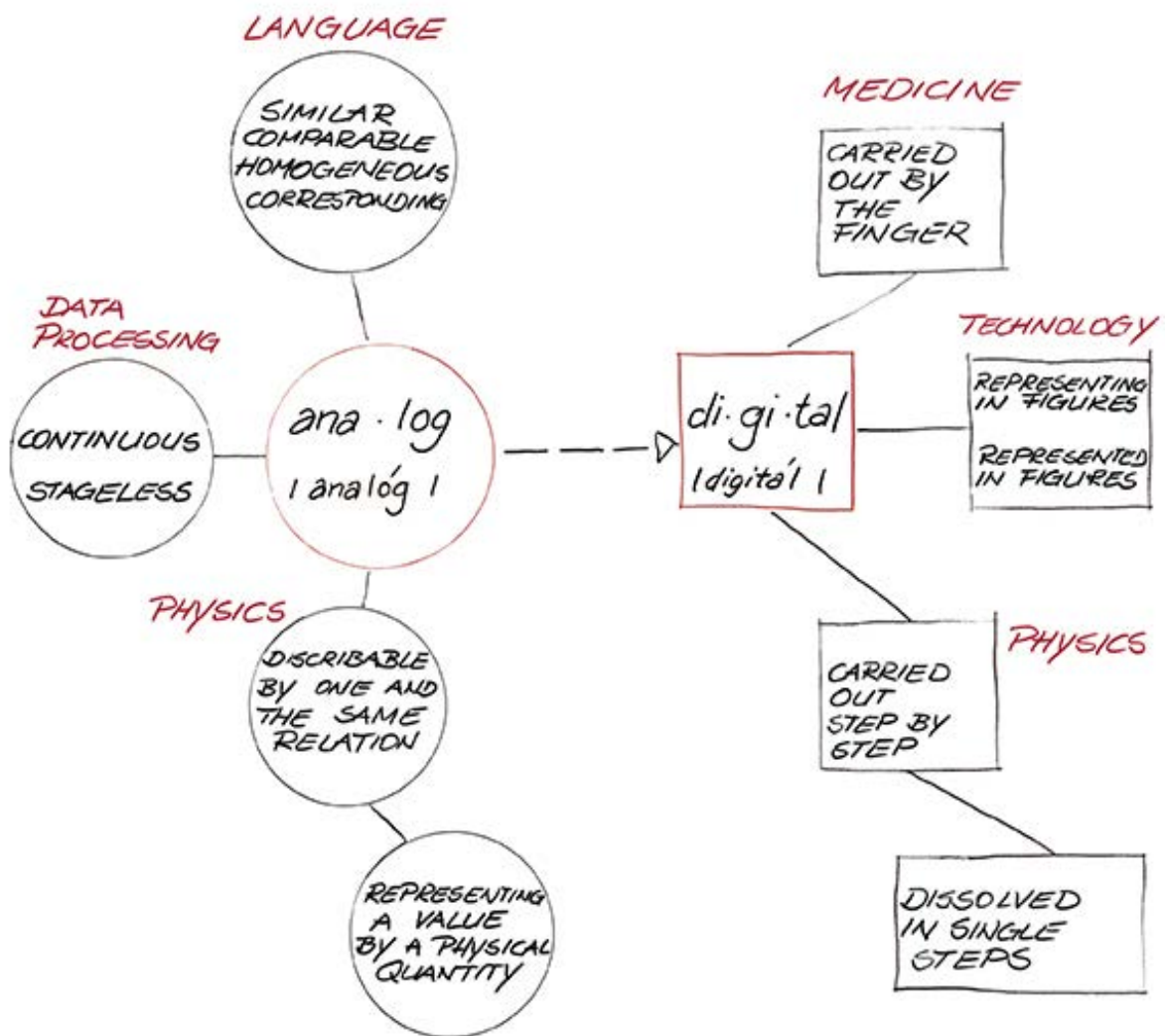
in EUR million	2018	2017	Changes in %	Changes absolute
Group external sales	2,727	3,133	-13%	-406
Consolidated annual net income	1.9	1.6		0.3

Trianel GmbH Three-year comparison

in EUR million	2018	2017	2016
Sales	2,726	3,068	2,136
Annual net income	2.1	1.5	-4.1
Equity	87.6	85.4	83.9

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Digital transformation and the energy transition are mutually dependent and are already shaping the energy industry today

“This story begins with the realisation that throughout history, economic transformations occur when new communication technology converges with new energy systems. The new forms of communication become the medium for organizing and managing the more complex civilizations made possible by the new sources of energy. The resulting infrastructure saves time, shrinks distances and connects people and markets in a wider range of relationships than before,” writes U.S. economist Jeremy Rifkin in his 2011 book “The Third Industrial Revolution.” It is indeed true that the change from a conventional and centralised to a renewable and decentralised energy system is not possible without using digital tools.

We can already see today that the profit situation in the energy industry is fundamentally changing. Energy prices are no longer based on the simple economic rule of supply and demand. Local weather events and the associated availability of energy are gaining a greater influence on trading in the energy industry, which is becoming increasingly short-term. Renewables are already shaping the energy markets, with a share in electricity consumption of more than 36 percent, and their importance continues to grow. This not only requires new thinking in the energy industry with regard to energy sources, but is also changing investment behaviour as well as the pace and methods of day-to-day work. Regenerative and decentralised energy systems increasingly entail digitalised processes.

The changeover from analogue to digital processes and the process optimisation and automation that comes with it is just one side of digitalisation. The other side is a transformation in thinking and in how people work together. Here process optimisation is not everything, but a condition for meeting the demands of a modern, sustainable and environmentally conscious society.

Municipal utilities are already meeting these requirements today. They are looking for answers for how to adapt to the mutually dependent major changes of our time – digital transformation and the energy transition. Together with the municipal utilities cooperation Trianel, they are not only expanding renewable energies, but also shaping digitalisation.

“The good earnings position is particularly due to our consolidation and a good performance in project development as well as energy trading and portfolio management.”
Sven Becker,
Management Spokesman Trianel GmbH



“Margins for municipal utilities are under continued pressure. So process optimisation in the IT environments is absolutely key for being well positioned in the future too.”
Dr Oliver Runte,
Managing Director Trianel GmbH

“Our return to profitability is a clear indication that we are a strong organisation with motivated employees.”

Interview with Sven Becker, Management Spokesman Trianel GmbH, und Dr Oliver Runte, Managing director Trianel GmbH

Mr Becker, Dr Runte, the last two years were dominated by the “Horizon 2018” restructuring programme. How satisfied are you with the results? Have you achieved your business and strategic goals?

Sven Becker: The last two years were an extremely busy time for all of us. So it is all the more gratifying that our efforts are now being rewarded. Our goal was to finish 2018 positively without special effects, and we surpassed our target by € 1.9 million with earnings before tax of € 2.4 million. Achieving positive results in a consolidation phase and exceeding business targets is no mean feat. Particularly since we also had to continue making up the losses from conventional generation.

While last year's positive result was influenced by special effects, in 2018 we achieved our result purely from the operating business. In addition, we used the good business development in 2018 and the resulting good results situation to expand our risk provisions and, for precautionary reasons, devalue risk assets.

Without these measures we would have generated a pre-tax result of € 8.3 million in 2018. The good earnings position is particularly due to our consolidation and a good performance in project development as well as energy trading and portfolio management. We see the very satisfactory result for 2018 as a clear indication that we are a strong organisation with motivated employees who are willing to embrace change.

Dr Oliver Runte: We set our sights high and we achieved a lot with the consolidation over the last two years. In 2017, we made faster than expected progress with cost efficiency. This year's result shows that we have sustainably reorganised the company's cost structure and created a good basis for the future.

The good results from the operating business are a sign that our efforts towards process excellence are also taking effect.

We are very pleased that we were able to complete the restructuring project as planned at the end of 2018. But cost efficiency and process excellence will continue to be our guiding principles so that we can address future challenges.

We have come a long way in the development of Trianel DESK and in the automation of our trading processes. But the technology keeps evolving and so we too will continue to develop and offer our customers support particularly in relation to digitalisation and renewable energy sources.

Mr Becker, Dr Runte, digitalisation is a major buzzword. Do you believe that Trianel and its customers are well positioned in this regard?

Dr Runte: First of all, it is important to demystify digitalisation. Digitalisation is just a new tool that can make our everyday working lives easier – if it is used in the right way. For businesses, this means that digitalisation helps us to work more efficiently and precisely, and create scope for innovation.

In recent years, Trianel has developed various approaches for utilising the potential resulting from the deployment of IT in the right way with our customers and shareholders. With Trianel DESK, Trianel pursued an integrated approach to digitalisation for procurement, trading and sales processes at an early stage. Trianel has consistently followed this path, continuously expanding the platform's functionality. We have not finished yet. Particularly in relation to gas, we still have a lot to do.

Over the last year, we have made significant progress with Trianel DESK through a broad-based pilot project with the Bochum, Witten and Herne municipal utilities. The crucial point is that we are expanding our services for the municipal utilities.

Instead of just focusing on the necessary functions on the DESK, we first take a look at our customers' existing IT and data structures so that we can assess together with the customer where it would be advantageous to use Trianel DESK and where interfaces can be implemented quickly, or where they are difficult to implement.

With our comprehensive IT consulting services, which we offer alongside Trianel DESK, we can actively help municipal utilities optimise their IT architectures. Our aim is not only to offer municipal utilities more applications, but also to make their entire application environments more efficient. Margins for municipal utilities are under continued pressure. So process optimisation in the IT environments is absolutely key for being well positioned in the future too.

Apart from Trianel DESK, another big topic for us is so-called algo-trading and using artificial intelligence to optimise forecasts. Here we are focusing specifically on our own solutions to further professionalise our direct marketing and short-term trading in particular. As trading comes to be increasingly dominated by renewables, forecasts are becoming more and more critical. With our approach, we are using our own solutions to predict the market better and earlier.

“Project development is and will continue to be a very important pillar for Trianel. It has played a significant part in our business success for years, and this was demonstrated again in 2018.”

Sven Becker,
Management Spokesman Trianel GmbH



“This year’s result shows that we have sustainably reorganised the company’s cost structure and created a good basis for the future.”

Dr Oliver Runte,
Managing Director Trianel GmbH



“We see the very satisfactory result for 2018 as a clear indication that we are a strong organisation with motivated employees who are willing to embrace change.”

Sven Becker: Digitalisation is clearly a process optimisation theme for us, but it is not only that. We are going a step further with the Trianel Digital Lab. Here we are focused on testing the potentials of digitalisation in the development of new business models, together with municipal utilities. Our aim is to jointly analyse the trends in digitalisation, apply these to the specific needs of municipal utilities, and put them to the practical test in pilot projects. Our approach of developing and implementing an innovation management system together with municipal utilities is well received by many municipal utilities. At the same time, the readiness to tackle new areas is also accompanied by a cultural change in the way utilities operate. Here, with the Trianel Academy, we have a welcome offering for municipal utilities to support agile working methods and other needed education and training in the municipal utilities. Particularly to support cultural change in the utilities, we offer traditional training courses as well as our own e-learning courses.

Mr Becker, Dr Runte, with the first pile driven for the Trianel wind farm Borkum II and the other project successes for Trianel Erneuerbare Energien, has 2018 also been a successful project development year for Trianel? What role will project development have for Trianel in the future?

Sven Becker: Project development is and will continue to be a very important pillar for Trianel. It has played a significant part in our business success for years, and this was demonstrated again in 2018. These successes are all the more noteworthy given that conditions for the expansion of renewable energy sources have markedly worsened. Our high bid acceptance rate proves that we are very good at handling the competitive approaches in the tender rounds. But we also have to note that it is becoming increasingly difficult to find suitable sites for onshore wind and meet the high yield expectations.

We are pleased at the ambitious targets set by the German federal government and also the Land governments for the expansion of renewable energy sources. However, there are currently still a number of important decisions that need to be taken to enable the practical implementation of this expansion. Current discussions about regulating the distance from settlements and slow grid upgrades contradict the expansion target of 60 percent by 2030. Action is urgently required here to facilitate the expansion of renewables.

To enable continued success in project development, we founded a new company last year. The goal of Trianel Energieprojekte GmbH & Co. KG is to participate in tenders and also be able to implement its own projects. So this is another mainstay for our project development alongside joint project devel-

opment with municipal utilities, which continues to be important.

Turning to offshore wind, we made a good start to the construction phase of the Trianel wind farm Borkum II in 2018. Our Off team has plenty to do with this project. Since offshore wind also needs more political tailwind for the coal phase-out that has been initiated, we are keeping a close eye on political discussions and developments.

Mr Becker, Dr Runte, the losses from conventional generation continue to be a burden for Trianel and the municipal utilities involved. What is your opinion on the findings of the “Growth, Structural Change and Employment” commission and the recommended phase-out of coal based electricity generation by 2038? How does this affect the Trianel coal-fired power station in Lünen and the Trianel gas-fired power station in Hamm?

Sven Becker: In view of the difficult mood within the commission, the concept turned out to be more workable than we had expected. For investment planning in the energy industry, the defined phase-out path and phase-out date of 2038 are important cornerstones that make our business somewhat easier to plan. But from an energy and climate policy point of view, we would have liked to see a more consistent lignite phase-out path before hard coal.

All in all, the commission's report leaves many questions unanswered for the majority of the hard coal sites. For example, it is unclear what mechanisms are to take effect for the hard coal phase-out. Contrary to what the commission proposes, the compensation rules for being put on security standby – which has exclusively affected lignite power stations – cannot be transferred 1:1 to hard coal. The rules need to be adapted to take the age of the power stations appropriately into account as well as the anticipated lost profit and their efficiency.

While the commission has been comparatively concrete in defining structural assistance for the lignite region, it has neglected the structural policy design of the coal phase-out for the hard coal sites. This is remarkable given that hard coal capacities at 22.7 GW are higher than lignite capacities at 19.7 GW, and the downsizing of hard coal is to be pursued much more quickly. So in designing legislation for the coal phase-out, solutions need to be found for the structural adjustments at the hard coal-fired power station locations.

Particularly because many of the hard coal-fired power stations in Germany are also used for district heating, and many municipalities have functioning district heat infrastructures

“For investment planning in the energy industry, the defined phase-out path and phase-out date of 2038 are important cornerstones that make our business somewhat easier to plan. But from an energy and climate policy point of view, we would have liked to see a more consistent lignite phase-out path before hard coal.”

Sven Becker,
Management Spokesman Trianel GmbH



“At present, it is not possible to tell what impact the coal phase-out will have on electricity prices. Many factors are involved. From 2020, we fundamentally see a higher electricity price level, which will improve the profitability of modern plants.”

Dr Oliver Runte,
Managing Director Trianel GmbH

that cannot simply see their value destroyed by the coal phase-out. The switch to “green” district heating networks is not trivial.

If structural aid of € 40 billion is being discussed in view of the often difficult economic situation in the lignite regions, structural aid funding of € 10 billion for the hard coal locations would be more than adequate. That is just 25% of the funds for the lignite regions, even though about one third of the jobs affected by the coal phase-out are connected to the hard coal-fired power stations.

Dr Oliver Runte: In terms of the energy industry, we share the opinion that gas power stations will play a decisive role in the future energy system. However, the question currently remains unanswered as to what general conditions will apply to them. Under the current conditions, the necessary investments are not incentivised, and continue to be blocked by the EEG levy or also by the cutbacks for CHP plants. There is also an ambitious target for the expansion of renewable energy sources, but without the necessary conditions in place that would enable it to be implemented.

At present, it is not possible to tell what impact the coal phase-out will have on electricity prices. Many factors are involved. From 2020, we fundamentally see a higher electricity price level, which will improve the profitability of modern plants. But the desirable expansion of renewable energy sources will also increase market volatility. We see good medium-term prospects for the Trianel gas-fired power station in Hamm. For the Trianel coal-fired power station in Lünen, we must say first of all that the plant will be taken off the grid before the end of its service life, after 25 years of operation at most. So about 15 years before its time. Municipal utilities have invested in Lünen with regard to supply security, environmental sustainability and economic efficiency; these investments must be compensated appropriately.

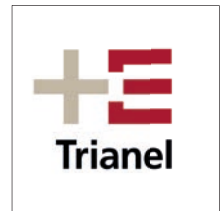
Mr Becker, Dr Runte, thank you.

The Trianel Network Trianel GmbH shareholders



- Stadtwerke Bochum Holding GmbH • Stadtwerke Aachen AG (STAWAG) • RhönEnergie Fulda mbH
- Stadtwerke Herne AG • Stadtwerke Bonn mbH
- Stadtwerke Lübeck Holding GmbH • SWU Energie GmbH, Ulm • Stadtwerke Witten GmbH • Stadtwerke Energie Jena-Pößneck GmbH • NEW Niederrhein Energie- und Wasser GmbH, Mönchengladbach
- N.V. HVC, Netherlands • enwor – energie & wasser vor ort GmbH, Herzogenrath • Salzburg AG für Energie, Verkehr und Telekommunikation, Austria • Allgäuer Überlandwerk GmbH, Kempten (Allgäu) • Stadtwerke Halle GmbH • SWT Stadtwerke Trier Versorgungs-GmbH
- Stadtwerke Heidelberg GmbH • nvb Nordhorner Versorgungsbetriebe GmbH • Stadtwerke Hamm GmbH • Stadtwerke Solingen GmbH • Stadtwerke Lindau (B) GmbH & Co. KG • GSW – Gemeinschaftsstadtwerke GmbH Kamen-Bönen-Bergkamen • Stadtwerke Aalen GmbH • Stadtwerke Borken / Westf. GmbH • Stadtwerke Lünen GmbH • Energie- und Wasserversorgung Rheine GmbH • Hertener Energiehandelsgesellschaft mbH
- Stadtwerke Fröndenberg • BBSW Energie GmbH, Steinheim • ENNI Energie & Umwelt Niederrhein GmbH, Moers • Gemeindewerke Steinhagen GmbH
- GWS Stadtwerke Hameln GmbH • Osterholzer Stadtwerke GmbH & Co. KG • Schleswiger Stadtwerke GmbH • Stadtwerke Bad Salzuflen GmbH • Stadtwerke Dachau • Stadtwerke Elmshorn • Stadtwerke Gronau GmbH • Stadtwerke Mosbach GmbH • Stadtwerke Rüsselsheim GmbH • Stadtwerke Sindelfingen GmbH
- Stadtwerke Tuttlingen GmbH • Stadtwerke Wedel Beteiligungs GmbH • T.W.O. Technische Werke Osning GmbH, Halle (Westfalen) • Stadtwerke Bad Pyrmont Beteiligungs und Bäder GmbH • Stadtwerke Uelzen GmbH • Stadtwerke Detmold GmbH • Stadtwerke Unna GmbH • Stadtwerke EVB Huntetal GmbH, Diepholz
- Regio Energie Solothurn, Switzerland • Stadtwerke Soest GmbH • Stadtwerke Schwäbisch Hall GmbH • Stadtwerke Georgsmarienhütte GmbH • Stadtwerke Herford GmbH • Stadtwerke Lengerich GmbH • Stadtwerke Verden GmbH • Teutoburger Energie Netzwerk e.G., Hagen a.T.W.

Management report of Trianel GmbH 2018



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Report of the Supervisory Board



Dietmar Spohn Chairman of the Supervisory Board of Trianel GmbH

The 2018 financial year was dominated by the persistent weak revenue from conventional generation, the 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. Trianel's internal restructuring programme, "Horizon 2018", was actively pursued and completed at the end of 2018.

In the 2018 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.

In accordance with the articles of association, we continuously monitored the Management Board of Trianel GmbH in its management of the company. We also advised the general meeting on resolutions and recommended resolutions. We were directly involved in decisions by the general meeting that 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 9 February, 30 May, 2 October and 15 November 2018. In addition, the Supervisory Board met on 20 April 2018 for a closed meeting and convened on 21 June 2018 in a telephone conference for an extraordinary meeting. 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. One focus was the continuous monitoring of the "Horizon 2018" restructuring program and monitoring the consolidation and efficiency measures introduced. Other topics included a review of the value retention of the conventional generation participations and the founding of the wholly owned subsidiary Trianel Energieprojekte GmbH & Co. KG (TEP) for the advancement of Trianel's project development in the renewable energy sector. In addition, the Supervisory Board concerned itself with a new method for the determination of risk capital, and with Trianel's orientation regarding the implementation of digital business models. Furthermore, the Supervisory Board assessed the 2017 annual financial statements, the management of the company's trading activities and the 2019 business plan. At the beginning of 2018, the Supervisory Board passed a resolution to extend the managing director's employment contract with Managing Director Dr Oliver Runte.

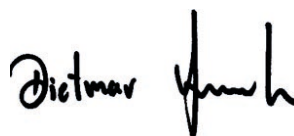
The twelve members of the Supervisory Board reflect the diversity of the group of partners. In November 2017, Dietmar Spohn, Management Spokesman of Stadtwerke Bochum Holding GmbH, was confirmed as Chairman of the Supervisory Board. Michael Lucke, Managing Director of Allgäuer Überlandwerke GmbH, continues to hold the office of Deputy Chairman. 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) as Supervisory Board members delegated by the shareholders, and Dr Achim Grunenberg (Stadtwerke Lünen GmbH),

Christian Meyer-Hammerström (Osterholzer Stadtwerke GmbH & Co. KG), Dr Leonhard Schitter (Salzburg AG für Energie, Verkehr und Telekommunikation) and Prof. Dr Rudolf Irmischer (Stadtwerke Heidelberg GmbH) as (re-)elected members of the Supervisory Board. 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 2018, as well as the Management Report, were audited by PKF FASSELLT 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 Trianel 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 continuing to overcome the challenges of the market and political environment.

Bochum, 24 May 2019



Dietmar Spohn
Chairman

Summarised management report of Trianel GmbH for the 2018 financial year

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A Company situation

1 Business model

1.1 Legal corporate structure

In the 2018 reporting year, Trianel GmbH's shareholder structure did not change. Trianel continues to have 58 shareholders.

As of 31 December 2018, 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 & wasser vor ort GmbH, Herzogenrath	2.21%	Stadtwerke Rüsselsheim GmbH	0.50%
Salzburg AG für Energie, Verkehr und Telekommunikation, Austria	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 Energiehandelsgesellschaft 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 € 2,137 thousand for the 2018 financial year, Trianel GmbH has equity of € 87,579 thousand on the balance sheet date.

On the reporting date of 31 December 2018, Trianel GmbH had direct shares in 13 subsidiaries and participating interests.

<u>Trianel Gaskraftwerk Hamm GmbH & Co. KG</u>	6.12%
<u>Trianel Kohlekraftwerk Lünen GmbH & Co. KG</u>	6.34%
<u>Trianel Gasspeicher Epe GmbH & Co. KG</u>	7.60%
<u>Trianel Kraftwerk Borkum GmbH & Co. KG</u>	2.69%
<u>Trianel Onshore Windkraftwerke GmbH & Co. KG</u>	5.35%
<u>Trianel Erneuerbare Energien GmbH & Co. KG</u>	5.00%
<u>Trianel Windkraftwerk Borkum II GmbH & Co. KG</u>	2.00%
<u>Trianel Gaskraftwerk Hamm Verwaltungs GmbH</u>	100.00%
<u>Trianel Kohlekraftwerk Lünen Verwaltungs GmbH</u>	100.00%
<u>Trianel Gasspeicher Epe Verwaltungs GmbH</u>	100.00%
<u>Trianel Kraftwerk Borkum Verwaltungs GmbH</u>	100.00%
<u>Trianel Kraftwerk Krefeld Verwaltungs GmbH*</u>	100.00%
<u>Trianel Energieprojekte GmbH & Co. KG</u>	100.00%
<u>Trianel Energie B.V.</u>	100.00%

*according to financial attribution
Status: 31/12/2018

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 840 megawatts 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 megawatts of the total 400 megawatts 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), began planning the second expansion stage of a further 200 megawatts in 2016. In 2017, 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, was a wholly owned subsidiary of Trianel GmbH and pooled the activities of the Trianel Group that require authorisation for the provision of financial services pursuant to Section 32, para. 1 of the German Banking Act (Kreditwesengesetz, KWG). In the course of restructuring, the activities that did not require authorisation were transferred to Trianel GmbH and in the 2018 reporting year Trianel Finanzdienste GmbH was merged with Trianel GmbH as of 1 January 2018, the

effective date of the merger. The authorisation pursuant to the German Banking Act was returned to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin).

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.

In the reporting year, the participating interests in GESY Green Energy Systems GmbH, domiciled in Berlin, were sold in full as planned.

Trianel Service GmbH underwent a change of name in the 2018 reporting year, its share capital was reduced, and its articles of association were rewritten. Since October 2018, Trianel Service GmbH has operated under the name Trianel Energieprojekte Verwaltungs GmbH. It holds the sole limited partner share in Trianel Energieprojekte GmbH & Co. KG, which was also newly founded in the 2018 reporting year as a standard limited partnership (Einheits-KG). Trianel Energieprojekte GmbH & Co. KG pools the project activities of Trianel GmbH, initially in the onshore and photovoltaics sectors, and is a wholly owned subsidiary of Trianel GmbH. All companies are domiciled in Aachen.

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.

Trianel is also active in project development for renewable energy sources (offshore/onshore wind, photovoltaic systems). Together with municipal utilities, it develops new projects or analyses and extends existing systems. With the transition of the EEG regime (tender process), Trianel has also started developing projects at its own risk.

As a third element, Trianel designs and supports the business activities of municipal utilities in end-customer focused areas.

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 2018, portfolio management on the procurement and generation side again formed a main pillar of the energy business activities. 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. Apart from integrating more customers, the priority for the development of Trianel DESK is to optimise the internal processes for development of the platform and the processes that are digitally handled on it. The energy trading IT division is driving the further development of the digital processing of portfolio management and energy sales. Digitalisation via Trianel DESK gives portfolio management and energy sales 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.

With regard to the targeted development in procurement portfolio management, we should like to point out that as of 1 November 2018, all customers had been migrated to the new Soptim S&T system. Where instructed accordingly, this enables the portfolio service to be handled via Trianel DESK.

Trianel is expanding its role as a comprehensive service provid-

er for optimised marketing of generation plants of all types. Over the course of the year, two new customer contracts were concluded for 2019. Via marketing activities in the spot, intra-day and balancing energy markets, an additional € 3.0 million was earned in the management of the Lünen coal-fired power station (TKL). In addition to this, € 1.3 million was saved as part of shortfall management compared with the failure reserve contract. The shareholders in TKL directly 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 roughly € 12 million. This value is approx. € 7.5 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 2019. Compared with leasing in 2018, the price for this has improved again. Trianel participates in these earnings via a variable remuneration model.

The business field of direct marketing of electricity from plants under the Renewable Energy Sources Act (EEG) was further optimised in 2018 to cut marketing costs. The portfolio adjustment that began in 2017 was largely implemented in 2018. As of 1 January 2019, the direct marketing portfolio contains plants with a capacity of approx. 2,600 MW. Most of the direct marketing portfolio consist of wind energy.

End-customer focused services and products:

Trianel supports municipal utility companies in developing from mere suppliers to modern energy service providers. There is a focus on the challenges that municipal utilities must overcome due to the changing requirements of end customers. To do this, Trianel supplies services for municipal utilities in the areas of sustainable mobility, smart metering, energy efficiency and energy autonomy.

Furthermore, to support the municipal utilities in the digitalisation of their processes, Trianel has founded the first exclusively municipal Digital Lab with 40 municipal utilities. The aim of the idea and innovation workshop for municipal utilities is to jointly implement digital projects in municipal utilities in short periods and learn from experiences together. The Trianel Digital Lab analyses the opportunities of digitalisation and implements those opportunities in specific applications. This allows synergies to be developed in applying digital solutions, and possibly also new business models to be developed jointly.

Project development and projects:

The project development business of Trianel GmbH now focuses almost entirely on renewable energy projects.

The second expansion stage of the Borkum offshore wind farm (TWB II) was launched successfully back in 2015. Together with 18 municipal utilities from the Trianel Group, as well as EWE Oldenburg and ewz from Switzerland, Trianel GmbH is implementing another 200 megawatts. Trianel'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. 2018 was dominated by the start of production on the first wind turbines, and the completion of the foundation structures and internal farm cabling. During the reporting period, all 32 foundation structures were successfully installed offshore and the internal farm cabling was completed.

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 megawatts after the latest turbines were commissioned. As a result, TOW is focusing on operating the wind farms.

The successor company

Trianel Erneuerbare Energien GmbH & Co. KG (TEE) has 38 municipal shareholders. TEE focuses on wind farms and solar parks. Up to 2018, a total of around € 80 million had been invested in PV and wind projects. In 2018, an extensive partnership was entered into with ABO Wind AG for eleven more wind projects. The first project is set to be realised in 2019. This partnership will utilise substantial investment resources of TEE that are currently still available. Since the market has moved away from TEE's purchasing criteria, it will be challenging in 2019 and 2020 to be able to successfully offer TEE further projects.

In 2019, Trianel is set to initiate the process of setting up a new company for the continued expansion of renewable energy sources.

In the conventional large-scale project sector, following an indepth review Trianel has ended the development of pumped storage power stations. Even under ideal conditions, commissioning would not have been possible until the mid-2030s.

Furthermore, the option was received of the Krefeld location for a CHP plant. Talks with potential project partners are continuing.

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. 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 a service provider that primarily develops and provides services along the entire value chain of the energy business. Thanks to economies of scale, specialisation advantages, and by pooling expertise, it is possible in this way to enable individual companies to overcome market entry barriers and open up new business fields. Trianel GmbH is supported exclusively by municipal utilities.

After an extended phase of strong growth, Trianel has adopted 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 diverse data on generation, consumption and other influencing factors continue to be fields for the company's further growth. In addition, Trianel intends to open up new, sustainably viable business fields to address the requirements resulting from digitalisation, the expansion of renewable generation and the decarbonisation of the energy industry.

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 are to be passed on to the shareholders as customers.

Thanks to our energy business trend scouting, Trianel and its shareholders pursue the goal of identifying 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

With the goal of value-optimised continuous development following the consolidation that was successfully completed in 2018, Trianel continuously adapts its range of products and 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 these 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

The employees of Trianel GmbH are among the company's most important assets. We believe that with our capable and dedicated team, in a highly-competitive environment we will develop advantages over competitors in terms of innovation, product depth and maturity, as well as market penetration.

Trianel GmbH's headcount totalled 308 employees on 31 December 2018. That corresponds to a planned further reduction in the workforce by one person compared to the end of 2017. Women accounted for 33% of the staff, with four women in management functions. The average age of employees in 2018 was 40 years old.

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

In 2018, Trianel GmbH again positioned itself as a fair, respectful and attractive company in Germany, once again earning the "Fair Company" label from trade journal "Junge Karriere" (Young Career) of the Handelsblatt publishing group, as so many times before. To continue to position ourselves as an attractive employer and present the strengths of Trianel GmbH in this area, the company will once again take a greater involvement in employer awards.

Human resources activities in 2018 focused as planned on consolidation, but also on filling key positions. Binding and developing qualified staff played a major role. Thus, in 2018, the internal executive programme was resumed, via which third and fourth-level junior staff are specifically schooled and trained in management methods. It is an important task for Trianel GmbH to strengthen and support junior executives in their new roles. Competent and professional managers are a vital success factor, and form an essential key to satisfaction and loyalty in the teams. The main personnel development measures focus on intensive exchange between employees and managers, as well as individual employee offerings.

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.

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 euros. 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 relevant risk types 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 on the basis of discounted cashflow 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 development projects into practice.

All in all, Trianel wants to increase the value of the company for its shareholders, not just by balance sheet figures, but also contribute to increasing the company value and hence the market value of its equity.

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 and analyses 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 high process quality and security as the foundations for 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 level of qualifications and far above-average commitment make successful business activity 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 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 bolster 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 the early phase of product development. Trianel constantly strives to be a step ahead of the competition with the market-oriented and customised solutions it develops. Based on our special market knowledge in respect of innovative products and services, Trianel assists the STADTWERKE AWARD in the annual selection of innovation projects from the municipal utilities landscape.

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. The Trianel trend scouting team plotted a new course with the Trianel Smart City Day held for the first time in 2018, with blockchain and digital marketplace projects, and with trials of agile working methods on the theme of the municipally networked product world.

For better utilisation of digital innovations, Trianel launched the Trianel Digital Lab back in 2017 with approximately 40 municipal utilities. In the first innovation laboratory designed specifically for the needs of municipal utilities, Trianel and the participating municipal utilities analyse the opportunities of digitalisation in a series of different, concretely implemented pilot projects. In 2018, these included the implementation of a chat-bot, the application of software robots, and enhanced data analysis.

B Business report

1 General conditions

Energy consumption in Germany fell significantly in 2018. Primary energy consumption in Germany fell by 5% in 2018 compared to the previous year. In 2017, energy consumption had risen by 0.8%. According to preliminary calculations of Arbeitsgemeinschaft Energiebilanzen e.V. (Working Group on Energy Balances, AGEB), there were reductions in all fossil fuels and an increase in renewable energy sources. AGEB attributes the lower energy consumption in Germany to higher prices, the mild weather and improvements in energy efficiency.

According to AGEB, the gross power generation decreased from 653.7 billion kWh to 648.9 billion kWh. The balance of the electricity exchange with other countries was -50 billion kWh.

Renewable energy sources increased from 33.1% to 35.2% of German gross power generation in 2018, at 228.7 billion kWh. That makes renewables the most important source of energy. Of the renewables, wind energy accounted for the highest percentage of gross power generation at roughly 14.5% and 93.3 billion kWh. This was followed by photovoltaics with an increase to 7.1% and biomass with a slight increase to 7.0%.

The gross power generation from natural gas fell from 86.7 billion kilowatt hours to 83.0 billion kilowatt hours, and thus to a share of 12.8%. Power generation from hard coal and lignite decreased significantly from 242 billion kWh to 229 billion kWh. With a share of 35.3%, however, hard coal and lignite remain an important part of the total electricity mix. Gross power generation from nuclear energy fell slightly from 76.3 billion kWh to roughly 76.1 billion kWh, but accounted for a share of 11.7% as in the previous year.

The exchange price of electricity increased in Germany in 2018. Prices for short-term deliveries on the following day averaged € 43.30 per megawatt hour, an increase of almost € 10 compared to the previous year.

At a German federal level, 2018 was dominated by the adoption of the clean energy package known as the "Energiesammelgesetz" and the convocation of the so-called "Coal Commission" (Kohlekommission). The Coal Commission's findings determining the coal phase-out path and associated structural policy recommendations were not announced until February 2019.

The Energiesammelgesetz package, which in addition to amendments to the Renewable Energy Sources Act (EEG) and Combined Heat and Power Act (KWKG) also includes many other changes to other laws, was passed in the German Bundestag on 30 November 2018. With the EEG adjustments, the special tenders for wind and solar are each extended by 4 GW for three years. However, the expansion goal of 65% renewable energy sources by 2030, which was agreed in the coalition agreement of the Grand Coalition between the CDU and SPD parties, was not included in the EEG. Among the details specified in the EEG were the structure of the innovation tenders for wind and photovoltaics. Furthermore, the feed-in tariff for medium-size roof systems with a capacity of more than 40 kW will fall in three stages to 8.9 ct/kWh by 1 April 2019. For "Mieterstrom" projects (locally produced power offered to tenants), the reduction will not be as sharp, since reductions here were recently adjusted. It remains to be seen in the individual case how this will affect the profitability of individual Mieterstrom projects. The Energiesammelgesetz extends the KWKG until 2025 and therefore establishes planning security.

In the tender round for offshore wind, taking into account the available tender volume of 1,610 MW and the as yet unused capacity of connection lines, six bids were selected in 2018. The lowest bid value was 0.00 ct/kWh. The highest bid value that was still awarded a contract was 9.83 ct/kWh. The average winning figure was 4.66 ct/kWh. The high winning figures were achieved exclusively by wind farms in the Baltic Sea. In the North Sea, very low bid values were confirmed, down to 0.00 ct/kWh.

2 Business development

For the 2018 financial year, earnings before tax of € 0.5 million were planned; achieved earnings at € 2.4 million exceeded this figure by € 1.9 million. Despite continued high losses from marketing our long-term energy supply segment in the coal-fired power station in Lünen and the storage bundle in the Epe natural gas storage facility, thanks to the successful restructuring over the last two years, the successful expansion of regenerative power station projects and good results from trading and portfolio management activities, we achieved a result that exceeded the target. In addition, accounts receivable and project rights were depreciated as a precaution and a general risk provision item was formed. The equity ratio of 23% increased slightly compared with the previous year (22%). 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.

As of the reporting date, the company's liquidity decreased compared to the previous year by € 46.2 million to € 12.2 million. During the financial year, lines to cover short-term liquidity peaks and for margin collateralisation were expanded appropriately so that we could deliberately utilise available liquidity more effectively over the course of the year. Among other things, the comparatively high margin outflows towards the end of the year for exchange clearing and an early procurement of emission allowances for the management of our TKL segment could be secured. Overall, the liquidity situation was adequate at all times.

On the cut off date of 31 December 2018, the number of employees decreased by 1 to 308 compared with the previous year.

3 Company situation

3.1 Earnings situation

With earnings before tax of € 2,370 thousand, Trianel once again achieved a positive result even during the restructuring phase that exceeds both the target and the previous year's value. The fact that a positive result was achieved despite continuing significant losses from the management of our long-term energy supply segment in the coal-fired power station in Lünen (Trianel Kohlekraftwerk Lünen, TKL) and the management of our storage bundle in the Epe natural gas storage facility (Trianel Erdgasspeicher Epe, TGE), is due to numerous operational effects. Extraordinary successes in the development and marketing of regenerative power station projects, and the structurally further optimised energy trading and portfolio management business particularly stand out. In addition, the successfully implemented "Horizon 2018" restructuring project was completed at the end of 2018 and contributed to the result through a consolidation of personnel expenses and third-party services.

Whereas extraordinary (one-off) effects influenced the result in the previous financial years, the result for 2018 is achieved almost entirely through operational effects. The need for provisions for our asset positions decreased by € 3.9 million compared to the previous year. The very good operational results situation also allowed a risk provision to be formed and, for precautionary reasons, a devaluation of risky assets. Without the described measures, instead of the reported pre-tax result of € 2.4 million, earnings before tax of € 8.3 million would have been achieved.

Taxes on income totalled € 188 thousand (2017: € 63 thousand), and other taxes totalled € 45 thousand (2017: € 131 thousand), resulting in an annual net income of € 2,137 thousand (2017: € 1,504 thousand).

An analysis of the consolidated net income, which includes Trianel Energieprojekte GmbH & Co. KG in particular in addition to Trianel GmbH, reveals the following components of net income:

The earnings after tax were € 1,978 thousand (2017: € 1,736 thousand) and are dominated by the results of Trianel GmbH. Taking into account the financial result of € 1,248 thousand (2017: € 1,692 thousand) and the taxes on income of € -197 thousand (2017: € -70 thousand), the Group annual net income amounted to € 1,933 thousand (2017: € 1,605 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.

The sales proceeds amounted to € 2,726 million in the 2018 financial year (2017: € 3,068 million) and thus increased by 11% compared with the previous year. In order to increase the clarity, the proprietary turnover was balanced with the corresponding material expenditures in the reporting year, totalling € 4,196 million (2017: € 3,563 million).

Other operating income decreased by € 4,205 thousand to € 7,636 thousand (2017: € 11,841 thousand). It primarily consists of revenue from passing on the cost of materials in the amount of € 4,731 thousand (previous year: € 1,457 thousand) and the reversal of provisions in the amount of € 1,110 thousand (previous year: € 2,981 thousand).

At 98.3%, the cost of materials remained at the same level as the previous year. The personnel expenditures fell in particular due to the provisions for compensation for restructuring and bonus payments as a result of staff reductions due to the restructuring from € 32,816 thousand to € 29,581 thousand. Other operating expenditures totalled € 21,191 thousand, up from € 18,784 thousand in the previous year.

The non-adjusted financial result amounted to € 1,413 thousand (2017: € 2,837 thousand). Adjusted for the neutral effects in particular from discounting accounts receivable and compounding provisions totalling € -1,904 thousand (2017: € -1,668 thousand), the resulting adjusted financial result is € 3,317 thousand (2017: € 4,505 thousand). The result from participating interests, at € 4,635 thousand (2017: € 4,370 thousand), increased compared with the previous year owing to dividends paid by affiliated companies and the share capital reduction of associate companies.

With the restructuring and efficiency boosting measures now completed, further process improvements being pursued and emerging successful trends in regenerative power station

projects, it is anticipated that Trianel will achieve a positive operating result in 2019 as well.

3.2 Financial situation

In the reporting year, the operating cashflow of Trianel GmbH was € -37,504 thousand following € 12,023 thousand in the previous year. The cashflow was largely due to an increase in trade receivables (€ 23,582 thousand). The cashflow from investment activities totalling € -3,879 thousand (previous year: € 6,238 thousand) essentially involved investments in intangible fixed assets and loans to Trianel Gaskraftwerk Hamm GmbH & Co. KG. The cashflow from financing activities totalling € -4,818 thousand (prev. year € -7,675 thousand) contains in particular repayments of overdrafts and scheduled repayments of portfolio loans. The cashflow from financing activities in the Group was € -4,818 thousand following € -7,657 thousand in the previous year. Overall, the total financial resources decreased to € 12,178 thousand (previous year: € 58,364 thousand) as of the balance sheet date. This reduction resulted in part from a deliberate more effective utilisation of available liquidity in hedging via correspondingly expanded lines. Furthermore, the exchange business required significantly higher margin deposits towards the end of the year and also compared to the previous year. In addition, emission allowances for the management of our TKL segment for the 2019 period amounting to around € 5 million were acquired early. The Group had total financial resources of € 12,704 thousand (previous year: € 61,747 thousand). Planned investments for the coming years – particularly in Trianel Energieprojekte GmbH & Co. KG (TEP) – are to be refinanced suitably with matching maturities. Overall, the financial situation in the 2018 financial year was adequate at all times.

3.3 Asset situation

The balance sheet total of Trianel GmbH was € 385,571 thousand on 31 December 2018 (balance sheet total of the Group: € 385,604 thousand) and therefore increased on the previous year only slightly by € 1,012 thousand or 0.3% (Group: € 641 thousand).

In 2018, the inventories of Trianel GmbH increased by € 9,699 thousand (Group: € 9,928 thousand) to € 13,001 thousand (Group: € 13,231 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 emission certificates acquired in 2018 for the expected electricity procurement from Trianel Kohlekraftwerk Lünen

GmbH & Co. KG in 2019. The accounts receivable and other assets totalling € 258,342 thousand (31/12/2017: € 224,615 thousand) at 67.0% (31/12/2017: 58.4%) of the balance sheet total are still the largest item on the assets side, and have increased significantly. The majority of this development is accounted for by trade receivables, which increased by € 23,582 thousand to € 146,854 thousand, and accounts receivable from companies in which a participating interest exists, which increased from € 36,759 thousand to € 40,938 thousand. In addition, the other assets increased by € 9,010 thousand to € 47,216 thousand. As in the previous year, trade receivables were balanced against similar trade payables from the same business partners. On 31 December 2018, trade receivables and trade payables were balanced to the value of € 405,649 thousand, following an offset of € 316,625 thousand on the previous balance sheet date. The liquid funds fell from € 58,364 thousand by € 46,186 thousand to € 12,178 thousand due to a deliberately more effective utilisation of available funds and the comparatively high margin deposits on the reporting date.

In the financial year, Trianel GmbH's equity ratio increased to 22.7% (31/12/2017: 22.2%). The equity ratio for the Group climbed to 22.7%. In absolute figures, the equity rose by € 2,137 thousand to € 87,579 thousand. This change is the result of the annual net income for 2018 of € 2,137 thousand (consolidated annual net income for 2018: € 1,933 thousand).

On the liabilities side, provisions decreased by € 4,302 thousand to € 52,922 thousand. The other provisions fell by € 4,253 thousand to € 52,716 thousand (31/12/2017: € 56,969 thousand). They primarily consist of provisions for impending losses from pending transactions (€ 40,498 thousand; 31/12/2017: € 41,961 thousand) and for outstanding invoices (€ 1,689 thousand; 31/12/2017: € 5,734 thousand) and personnel provisions of € 9,359 thousand (31/12/2017: € 8,784 thousand). By contrast, the liabilities rose by € 3,187 thousand to € 244,994 thousand.

The balance sheet total increased compared with the target by € 26.5 million to € 385.6 million due to increased accounts receivable and accounts payable from operating business activities due to the cut-off date. Long-term loans that had been planned as a precaution were not drawn down 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 Direction of Trianel GmbH

In the next few years, Trianel GmbH's business activities will continue to be 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 2018, 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 2018. In spite of the continued competitive pressure, Trianel succeeded in specifically securing a joint marketing portfolio of roughly 2,600 megawatts for 2019. As before, the obligatory direct marketing continues to create good preconditions for the development of this business sector. Especially in the event of possible changing market models in the renewables sector, short-term marketing remains a decisive success factor. Trianel will therefore continue to develop its long-term experience as a direct marketer, focusing in particular on digital and automated processes.

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

implementation of the second construction phase of Borkum wind farm (TWB II), with an investment volume of roughly € 800 million, was continued in the 2018 reporting year with the construction of the foundation structures and the laying of the internal farm cabling. One of the main project partners, the wind turbine manufacturer Senvion, filed for insolvency under self-administration (Insolvenz in Eigenverwaltung) on 9 April 2019. Negotiations with Senvion and the partners involved are currently ongoing with the goal of ensuring on-time delivery and installation of the turbines. The offshore team has been expanded for the construction phase and will be working on the TWB and TWB II projects and also for the shared infrastructure company IWB, including in operations management, over the next few years.

For onshore wind, 2018 was dominated by the return of significantly rising remuneration values in EEG tenders compared to 2017. The observed increase in the value of development projects as the year went on, as a result of resurgent tender values, was utilised for a qualitative restructuring of the project portfolio. On the tender side, it is anticipated that the increased bid acceptance level will be maintained in 2019 as well. Special tenders announced by policymakers, assuming they are implemented, will continue to lead to new signings. In the photovoltaics sector, Trianel has expanded the project pipeline to 500 MWp, of which 100 MWp are to be built in 2019 and for the most part have already had a bid accepted in the German Federal Network Agency's tender process. Given this background, the network of external partners was widened to provide the pipeline with the best possible positioning among the special tenders and with the applied PPA system.

The merger of Trianel Finanzdienste GmbH (TFD) with Trianel GmbH as of 1 January 2018 was implemented as planned with the relinquishment of the authorisation for the provision of financial services. All customer contracts for the procurement of API2 swaps and emission certificates were switched by means of amendment agreements to the so-called financial commission business so that seamless continuation of all business relationships was possible.

The smart metering business field that Trianel initiated did not develop for Trianel as originally intended and was discontinued in the first quarter of 2019, since no economic result was achievable over the time horizon of business planning. Other services to support the municipal utilities are currently being reviewed and developed collectively as part of a strategy project.

1.2 Anticipated earnings situation

The “Horizon 2018” restructuring project was completed as planned in the 2018 financial year, and considerable improvements were achieved in operating costs. The goal of the project was to improve the cost basis by boosting efficiency in such a way – despite high losses from the long-term energy supply segment of the hard coal-fired power station in Lünen (TKL) and the holdings in the natural gas storage facility in Epe (TGE) – that positive results can be achieved again without one-off or special effects.

The successes of the extensive restructuring show their effect in the income expectations for 2019, with an earnings before tax on income target of € 1.6 million, which does not include any one-off or special effects. Further increases in earnings are expected in the following years. All divisions are developing positively in planning. Trianel’s activities continue to be organised into three business fields: Midstream (Energy Industry Services and Trading), Project Development and Digital Energy Solutions. The development of these business field is primarily dominated by the following aspects:

- **Midstream (Energy Industry Services and Trading):** The strongest growth occurs in our “midstream business” firstly through declining asset losses, increases in the variable, risk-bearing remuneration components of operations management services, and earnings growth in the core services of trading and portfolio management. The declining expected asset losses also enable a reduction in the provisions for anticipated losses formed for this purpose.
- **Project Development:** In the “Project Development” profit centre, where offshore and onshore activities are grouped together, the conditions for successful acquisitions of photovoltaic and onshore wind projects were put in place with the founding of Trianel Energieprojekte GmbH & Co. KG (TEP). Offshore, full project capacity utilisation is assured until the end of 2019 with Trianel Windkraftwerk Borkum II GmbH & Co. KG (TWB II). Other tasks consist of operations management for the offshore projects TWB and TWB II. Long-term contracts exist in this regard. In addition, there is the challenge of opening up new areas for the team.
- **Digital Energy Solutions (DES):** The operational restructuring of the DES profit centre brought about a stabilisation of earnings in 2018. In light of uncertain developments, it is planned to elaborate and detail the business model in

2019, and work out structures that can be spun off based on sound business planning. This also includes a review of existing business fields and the possibility of developing business models using digital technologies from projects in the Digital Lab.

- Investments of around € 11 million are planned for 2019. The investments mainly concern the activities in the onshore wind and photovoltaics sectors that are grouped together via TEP. A smaller portion is earmarked for intangible fixed assets as well as furniture and fixtures.

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, as currently, 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. In addition, risks can also result from further changes and developments in 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 2019 budget year of € 46 million, earnings before tax of € 1.6 million, and investments of around € 11 million (including capitalisation of project rights as inventories). The budgeted staff level was around 318 employees: converted to full time equivalent (FTE) and taking dates of joining into account the FTE value is around 286.

1.3 Anticipated financial situation

For 2019, Trianel expects investment expenditures in tangible fixed assets in the seven-digit range. For the financial assets, it is planned to provide Trianel Energieprojekte GmbH & Co. KG (TEP), which was founded in 2018, with equity of up to € 13 million over the course of the 2019 financial year. TEP will invest in the renewable energy sources sector. As previously, the current funding requirements will be covered via own cashflow and sufficiently bank credit lines. With regard to our long-term investments, Trianel is planning suitable refinancing with matching maturities for 2019. In summary, Trianel expects an unchanged sufficient liquidity situation.

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. Spreads recovered somewhat in 2018, which was due not least to the development of the CO₂ market. In the medium term, Trianel expects the overall situation to improve as a result of the imminent phasing out of nuclear power and the coal phase-out path that was proposed at the end of January 2019. Over the next four years, the almost ten gigawatts (GW) of remaining installed nuclear power stations will be shut down. In its final report, the "Growth, Structural Change and Employment" (K-WSB) commission proposed that by 2022, coal capacities should be reduced by 12.7 GW compared to the end of 2017. That equates to shutting down one quarter of conventional power station capacities in the next few years. In the medium term, this will improve the relevant price spreads, which should 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. Therefore, a clear commitment to high-quality value-added services was displayed by making the service fees increasingly success-based. The associated risk of inadequate performance is counterbalanced by the opportunity to participate in the success through profit sharing on above-expected performance. Particularly for the commercial management of Trianel's Hamm-Uetrop gas-fired power station, Trianel has agreed a compensation model with the power station company that is almost entirely success-based. In addition to successful use of all market opportunities, the shareholders and Trianel can also benefit from a positive development of the market environment.

The investment market has further lowered its criteria for the purchase of renewable energy projects. This results in lower project sales to TEE. The threat of an associated reduction in earning power for Trianel project development was counteracted by Trianel in the financial year by founding a project development company – Trianel Energieprojekte GmbH & Co. KG (TEP). With this company, Trianel is investing in its own project development, and providing € 13 million for this purpose. TEP can create and sell project companies, secure its own projects, and also take part in tenders for EEG payment bonuses. Around 70% of the capital will flow into the

development of photovoltaic projects. Additional development opportunities arose with a further expansion of capacities and increasing professionalisation.

The energy transition requires municipal utilities to expand and adapt existing procurement strategies. They have to work on areas such as direct marketing, generation from renewable energy sources, smart metering, digitalisation, decentralised generation and flexibility marketing. Trianel sees good opportunities to be able to support municipal utilities in these challenges over the coming years with attractive services and products. Trianel is planning new products in the field of storage and sector coupling. Initial investigations and analyses took place during the reporting period, and are set to be developed in the following years (FlexStore).

Increasing pressure on margins for most of the municipal utilities applies growing pressure on the companies to be efficient in the electricity and gas delivery sector. Rising volatility again in the commodity markets will create higher requirements for procurement activities. 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 suitable for efficiently supporting 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.

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 wholesale-related generation/marketing services.

For 2019, Trianel's goal is to consistently develop processes in rapidly growing intraday trading, to enable it

to implement further growth in short-term trading and create benefits for customers in optimising their short-term positions.

The arrival of digitisation in the energy business and thus also into the operative business of municipal utilities offers Trianel GmbH opportunities. The system infrastructure in the companies focused on mass processes cannot cope well with the growing requirements of an automated trading and procurement system, 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.

Thanks to the successful workforce expansion in the Digital Lab, planned pilot projects are set to be implemented in 2019. It is intended to continue these activities in the following years, and further develop the Digital Lab as a municipal research institute that opens up business opportunities with the participating municipal utilities.

3 Risk report

The business activity of Trianel GmbH demands that risks are consciously entered into in order to achieve the company's financial goals. For this risk report, risks are considered to be negative unexpected deviations from the projected result.

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 and business strategy.

Risk management organisation

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.

Risk management is responsible for the creation, development and implementation of guidelines, methods and processes for assessing, managing and monitoring the main risk classes, 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. These risk officers are responsible for implementing the risk guidelines in their sectors. With the risk inventory tools, Trianel pursues the goal of attaining a comprehensive overview of all significant risks to the company at all times.

Central risk management at Trianel GmbH is supplemented with the compliance function. The compliance management system (CMS) implemented at Trianel pursues the goal of identifying compliance risks in good time and ensuring that employees are aware of these risks. In addition, it aims to prevent violations of rules. Should violations of rules nevertheless occur, the incident will be handled by the compliance department. 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. To limit tax risks, the existing CMS was supplemented in the reporting year with a tax-specific internal control system ("Tax ICS").

The Trianel GmbH Risk Committee regularly meets to discuss the implementation and need for changes to the 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 risk management process at Trianel GmbH comprises the systematic identification, evaluation, aggregation, control and monitoring of risks and internal and external reporting.

Risk control comprises all measures and tools used for avoiding, reducing or shifting detected risks, as well as consciously entering into certain (residual) risks. In order to evaluate the effectiveness of the risk control measures which have been put in place, the target and actual risk situations are regularly compared as part of risk monitoring.

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.

3.2 Risk areas and individual risks

Risk management for Trianel is carried out via Trianel GmbH's risk-bearing capacity and the provision of risk capital derived from this. The risk capital approved by the Shareholders' Meeting represents the upper limit of the overall risk accepted. Following the proposal by the management board, the shareholders' meeting also approves the risk capital allocation to the main risk classes of market risks, credit risks, risks from participating interests, operational risks and other risks.

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.

The trading activities of Trianel GmbH are monitored each working day for compliance with the value-at-risk limit and supplementary limits. In addition, the risk resulting from the entire portfolio of Trianel GmbH is regularly determined and compared with the approved market risk capital.

Market price changes lead to fluctuations in the company's short-term cashbook 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.

Credit risks

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

In order to limit these credit risks, every potential trading partner of Trianel GmbH is subjected to a multi-stage credit standing evaluation process. The credit standing evaluation of the trading partners is reviewed once a year. The individual credit limit assigned is assigned based on this credit standing evaluation and the total risk capital reserved for the credit risk.

Compliance with the credit limits granted is monitored and reported on every working day by calculating the credit risks and the remaining flexibility for each business partner. In addition, the risk resulting from the overall loan portfolio is regularly simulated and compared with the approved market risk capital.

Participation risks

Participation risks arise in particular as a result of possible deviations from the budget for affiliated companies and/or the development of asset projects. Trianel holds minority participating interests in the key operating project companies and is informed about the developments and risk situation of the companies via the project company boards.

A simulation-based participation risk model is used to evaluate the participation risks and calculate the associated risk capital requirements.

Operational and other risks

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

Legal risks are defined as the risk that contracts do not include the legal items that Trianel GmbH requires. Trianel GmbH counteracts these risks for example by early involvement of its own legal department and the commercial department in all relevant procedures, through a mandatory market and product clearance process, and by the use of standardised contracts wherever possible. Regulatory risks in energy trading are monitored and controlled by the Compliance department. Here the electronic monitoring of trading activities required under the EU's Market Abuse Regulation (MAR) and the associated guidelines play a central role and were recently classified in the "best practice" category in the "MAR Benchmark Study" by pwc.

Risks of damage due to changes in legal or regulatory general conditions are also attributed to operative risks.

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. 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.

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.

To analyse the overall risk situation, for Trianel GmbH a possible interaction of risk classes with a confidence level of 99% is calculated and compared with the approved risk capital. Based on this analysis, it is assessed that the company's overall risk situation does not represent a going concern risk. Precautions were taken in the balance sheet for risks that are likely to take place.

In light of the financial goals for the 2019 financial year, the overall risk position is considered to be appropriate for this period also.

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:

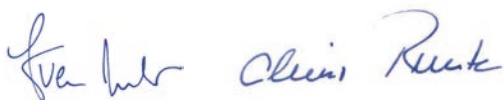
- 1 Trading in
 - a) Energy (electricity, gas, oil, coal)
 - b) Energy derivatives and energy-related financial derivatives (pursuant to the German Banking Act (KWG): proprietary trading)
 - c) Financial products relating to energy supply, such as weather derivatives and emission certificates (pursuant 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 2019

Trianel GmbH



Sven Becker

Dr Oliver Runte

Management Board of Trianel GmbH

Annual financial statements for the Trianel GmbH for the 2018 financial year

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Balance sheet of Trianel GmbH as of 31 December 2018

Assets

in EUR	31/12/2018	31/12/2017
A Fixed assets		
I Intangible assets		
1 Internally generated intangible assets	2,204,087.71	1,501,883.37
2 Purchased rights of use and similar rights	1,168,742.50	1,942,371.50
3 Down payments made	0.00	94,315.68
	<u>3,372,830.21</u>	<u>3,538,570.55</u>
II Tangible assets		
1 Real estate, rights equivalent to real estate and buildings including buildings on third-party real estate	17,092,021.00	17,689,363.00
2 Technical plant and machinery	64,349.00	76,827.00
3 Furniture and fixtures	1,260,691.00	1,288,492.00
4 Assets under construction	0.00	28,475.19
	<u>18,417,061.00</u>	<u>19,083,157.19</u>
III Financial assets		
1 Shares in affiliated companies	836,424.00	2,754,225.70
2 Participating interests	30,700,013.54	30,581,674.60
3 Loans to companies in which a participating interest exists	46,995,982.74	40,539,637.61
4 Other loans	17,101.56	18,550.72
	<u>78,549,521.84</u>	<u>73,894,088.63</u>
	<u>100,339,413.05</u>	<u>96,515,816.37</u>
B Current assets		
I Inventories		
1 Raw materials, auxiliary materials and operating supplies	5,404.73	6,625.59
2 Work in progress	205,898.18	425,002.00
3 Merchandise	12,790,089.45	2,870,816.57
	<u>13,001,392.36</u>	<u>3,302,444.16</u>
II Accounts receivable and other assets		
1 Trade receivables	146,854,215.05	123,272,610.71
2 Accounts receivable from affiliated companies	47,042.13	1,633,213.75
3 Accounts receivable from shareholders	23,241,964.47	24,744,424.05
4 Accounts receivable from companies in which a participating interest exists	40,983,303.56	36,759,242.46
5 Other assets	47,215,833.24	38,205,599.89
	<u>258,342,358.45</u>	<u>224,615,090.86</u>
III Cash in hand, cash at bank	<u>12,178,315.73</u>	<u>58,363,807.03</u>
C Accruals and deferrals	<u>1,709,979.07</u>	<u>1,762,765.00</u>
	<u>385,571,458.66</u>	<u>384,559,923.42</u>

Liabilities

in EUR

31/12/2018

31/12/2017

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	-2,634,767.14	-4,139,058.53
V	Annual net income	2,137,083.50	1,504,291.39
		87,579,427.06	85,442,343.56

B Provisions

1	Provisions for pensions	0.00	130,353.00
2	Provisions for taxes	205,338.61	123,412.17
3	Other provisions	52,716,286.51	56,969,385.21
		52,921,625.12	57,223,150.38

C Liabilities

1	Amounts due to banks	16,507,220.25	20,013,438.68
2	Down payments received for orders	0.00	495,611.34
3	Trade accounts payable	160,452,144.64	154,477,411.50
4	Accounts payable to affiliated companies	130,435.17	0.00
5	Accounts payable to shareholders	12,005,482.99	4,470,430.44
6	Accounts payable to companies in which a participating interest exists	24,126,578.93	24,651,359.92
7	Other accounts payable	31,771,685.48	37,698,152.90
		244,993,547.46	241,806,404.78

D Accruals and deferrals

76,859.02

88,024.70

385,571,458.66

384,559,923.42

Profit and loss statement for the financial year from 1 January 2018 to 31 December 2018

in EUR	2018	2017
1 Sales revenues	2,726,434,639.21	3,068,323,530.86
2 Increase in stocks of finished and semi-finished products	-219,103.82	-864,034.69
3 Other internally produced and capitalised assets	77,358.16	41,765.33
4 Other operating income	7,636,139.70	11,841,186.10
Of which from currency conversion	162,591.09	342,216.90
5 Cost of materials		
Expenditure on goods purchased	2,679,948,843.08	3,026,373,117.61
	2,679,948,843.08	3,026,373,117.61
6 Personnel expenditures		
a) Wages and salaries	25,758,140.76	28,524,028.48
b) Social contributions and expenditure on pension provision and support	3,822,926.73	4,291,952.89
	29,581,067.49	32,815,981.37
7 Depreciation		
a) On intangible assets and tangible fixed assets	2,250,726.45	2,509,226.03
	2,250,726.45	2,509,226.03
8 Other operating expenditure	21,190,587.04	18,783,539.29
Of which from currency conversion	98,843.43	467,228.61
	957,809.19	-1,139,416.70
9 Revenue from participating interests	501,684.07	429,917.63
10 Revenue from loans of financial assets	4,133,180.07	3,940,101.13
11 Revenue from profit and loss transfer agreements	0.00	1,209,655.29
12 Other interest and similar income	340,696.40	1,147,350.71
Of which from discounting	313,780.39	609,079.31
13 Depreciation on financial assets and securities held as current assets	9,225.70	157,933.77
14 Interest and similar expenditure	3,553,746.12	3,731,835.25
Of which from compounding	1,208,285.87	1,324,740.83
	1,412,588.72	2,837,255.74
15 Tax on income	188,268.21	62,755.53
16 Earnings after tax	2,182,129.70	1,635,083.51
17 Other taxes	45,046.20	130,792.12
18 Annual net income/loss for the year	2,137,083.50	1,504,291.39

Attachement

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 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 of 6 July 2018, a decision was made to carry forward to new account the net income for the year 2017 of € 1,504,291.39 together with the loss carried forward of € 4,139,058.53.

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 seven 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 seven portfolios Asset Electricity, Asset Gas, Trade and Market Access, Electricity Supply Management, Gas Supply Management, Origination, and Commission Business, i.e. in the event of the use of the option to form an accounting valuation unit. In addition, micro-hedges consisting of pairs of contracts are managed in the sleeves mandate.

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

The freezing method was used to represent the effective parts of all formed valuation units in the accounts.

3 Notes to the balance sheet

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 2018, 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 € 2,204 thousand; however there is sufficient freely available equity.

Shares to the amount of € 836,424.00 are held in the following affiliated companies:

Company	Level of participation %	Participation book value EUR	Equity EUR	Annual net income EUR
Trianel Gaskraftwerk Hamm Verwaltungs GmbH, Aachen	100.0	25,000	26,071	1,071
Trianel Gasspeicher Epe Verwaltungs GmbH, Aachen	100.0	25,000	48,569	23,569
Trianel Kraftwerk Krefeld Verwaltungs GmbH, Aachen	100.0*	25,000	32,277	5,323
Trianel Kohlekraftwerk Lünen Verwaltungs GmbH, Aachen	100.0	25,000	26,053	1,053
Trianel Windkraftwerk Borkum Verwaltungs GmbH, Aachen	100.0	25,000	37,626	12,626
Trianel Energieprojekte GmbH & Co. KG, Aachen	100.0	711,424	630,834	-80,590

* The shares are wholly commercially attributed to Trianel GmbH.

Trianel Finanzdienste GmbH was merged with Trianel GmbH as of 1 January 2018.

Shares to the amount of € 30,700,013.54 are held in the following participating interests:

	Level of participation	Participation book value	Equity	Annual net income
Company	%	EUR	EUR	EUR
Trianel Gaskraftwerk Hamm GmbH & Co. KG, Aachen	6.1	3,258,353	-4,469,141	-307,476
Trianel Gasspeicher Epe GmbH & Co. KG, Aachen	7.6	1,588,186	25,398,553	3,691,367
Trianel Kohlekraftwerk Lünen GmbH & Co. KG	6.3	9,373,445	-102,693,121	-46,242,613
Trianel Windkraftwerk Borkum GmbH & Co. KG, Aachen	2.7	7,970,000	289,957,323	9,993,428
Trianel Windkraftwerk Borkum II GmbH & Co. KG, Oldenburg	2.0	1,803,269	74,296,775	-10,438,311
Trianel Onshore Windkraftwerke GmbH & Co. KG, Aachen	5.4	2,694,312	54,881,186*	2,051,429*
Trianel Erneuerbare Energien GmbH & Co. KG, Aachen	5.0	4,012,447	72,653,982*	-2,520,951*
Trianel Energie B.V.**, Maastricht, NL	100.0	1,00	-**	-**

* Status: 31/12/2017.

** Trianel Energie B.V. applied for insolvency on 27 December 2012 and therefore did not prepare annual financial statements for 31 December 2018. 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, CO₂ emission rights 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 € 405,649 thousand (prev. year: € 316,625 thousand).

Of the accounts receivable from affiliated companies, € 8 thousand (prev. year: € 424 thousand) are trade accounts receivable.

Of the accounts receivable from shareholders, € 23,242 thousand (prev. year: € 24,559 thousand) are trade accounts receivable. Similar accounts payable totalling € 5,494 thousand (prev. year: € 8,797 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 mainly consist of variation margins of € 23.0 million, tax receivables of € 11.8 million and an option bonus of € 5.8 million. There is a corresponding account payable of the same amount as the other asset for the option bonus. In addition, loans amounting to € 4.0 million were granted as part of project development.

Other assets with a residual term of over one year total € 311,147.65. All other receivables and other assets are due within one year. Due to time-consuming proceedings, the claims against TEBV and from EinsMan are outstanding indefinitely. The indefinite term was taken into account by means of value adjustments. In addition, the existing option rights for a power station project were value-adjusted as a precaution.

3.2 Provisions

The other provisions totalling € 52,716 thousand (prev. year: € 56,969 thousand) include provisions for uncertain accounts payable totalling € 12,218 thousand (prev. year: € 15,008 thousand). They primarily concern provisions for bonuses for personnel (€ 8,226 thousand). Provisions were also formed for open invoices, totalling € 1,689 thousand.

Otherwise, provisions are included for anticipated losses from pending transactions to the amount of € 40,498 thousand (prev. year: € 41,961 thousand). As of the balance sheet date, provisions for anticipated losses totalling € 36,580 thousand (previous year: € 40,502 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.

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 € 420 thousand (prev. year: € 457 thousand) and from social security totalling € 146 thousand (prev. year € 205 thousand). The other accounts payable also include bonded loans totalling € 10.1 million, including accrued interest and an option bonus of € 5.8 million. There is a corresponding other asset of the same amount as the account payable for the option bonus.

Liabilities schedule

	31/12/2018				31/12/2017	
	Total	Residual terms			Residual term	
		Up to 1 year	Over 1 year	Of which over 5 years	Up to 1 year	Over 1 year
	EUR	EUR	EUR	EUR	EUR	EUR
Accounts payable to banks	16,507,220.25	1,573,353.66	14,933,866.59	9,000,000.00	3,527,038.75	16,486,399.93
Advanced payments received on orders	0.00	0.00	0.00	0.00	495,611.34	0.00
Trade payables	160,452,144.64	160,452,144.64	0.00	0.00	154,477,411.50	0.00
Accounts payable to affiliated companies	130,435.17	130,435.17	0.00	0.00	0.00	0.00
Accounts payable to shareholders	12,005,482.99	12,005,482.99	0.00	0.00	4,470,430.44	0.00
Accounts payable to companies in which a participating interest exists	24,126,578.93	24,126,578.93	0.00	0.00	24,651,359.92	0.00
Other accounts payable	31,771,685.48	21,636,449.19	10,135,236.29	10,000,000.00	27,404,841.88	10,293,311.02
Accounts payable Total	244,993,547.46	219,924,444.58	25,069,102.88	19,000,000.00	215,026,693.83	26,779,710.95

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.

During the reporting year, adjustments were made to the mandate structure due to the changed responsibilities as a result of the restructuring. For this reason, the valuation units "Trade mandate", "Electricity sales mandate (EW)", "Electricity sales mandate (T&O)", "Gas sales mandate (EW)" and "Gas sales mandate (T&O)" are no longer continued.

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 existing electricity procurement contracts (PPA) with power station companies with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions and assets are incorporated in the VUs, which are each considered on an annual basis.

The 2019 VU contains base transactions totalling € 7,849 thousand and hedge transactions totalling € 670 thousand and a balance sheet stock value of € 3,601 thousand. The VU hedges risks from an individual transaction perspective to a total of € 20,638 thousand for

2019. A provision was also formed for 2019 for valuation units totalling € 8,218 thousand. The 2020 VU contains base transactions totalling € 8,156 thousand and hedge transactions totalling € 2,867 thousand. The VU hedges risks from an individual transaction perspective to a total of € 14,342 thousand for 2020. A provision was also formed for 2020 for valuation units totalling € 6,920 thousand. The 2021 VU contains base transactions totalling € 14,861 thousand and hedge transactions totalling € 635 thousand. The VU hedges risks from an individual transaction perspective to a total of € 8,820 thousand for 2021. A provision was also formed for 2021 for valuation units totalling € 7,455 thousand. A provision was formed for potential losses from pending transactions totalling € 6,754 thousand for purchase obligations after the managed periods.

For the first time, expected portfolio effects for the years 2019 to 2021 were included in the valuation. This results in a nominal reduction of the provision of € 2,046 thousand in total. 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 use 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 and assets are incorporated in the VUs, which are each considered on an annual basis.

The 2019 VU contains base transactions totalling € 3,232 thousand and hedge transactions totalling € 199 thousand and a balance sheet stock value of € 3,999 thousand. The VU hedges risks from an individual transaction perspective to a total of € 3,244 thousand for 2019. A provision was also formed for 2019 for valuation units totalling € 2,464 thousand. The 2020 VU contains base transactions totalling € 2,452 thousand and hedge transactions totalling € 78 thousand. The VU hedges risks from an individual transaction perspective to a total of € 2,452 thousand for 2020. A provision was also formed for 2020 for valuation units totalling € 1,796 thousand. The 2021 VU contains base transactions totalling € 2,178 thousand and hedge transactions totalling € 174 thousand. The VU hedges risks from an individual transaction perspective to a total of € 2,178 thousand for 2021. A provision was also formed for 2021 for valuation units totalling € 1,462 thousand.

A provision was formed for potential losses from pending transactions totalling € 1,511 thousand for storage facility use obligations after the managed periods.

The inclusion of expected portfolio effects results in a nominal reduction of provisions for the years 2019-2021 of € 1,343 thousand in total. The opposing value changes compensate one another as a result of the existing spread hedging in the respective years in question.

3.4.3 Valuation unit: Trade and market access 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, assets and liabilities 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 2019 VU contains base transactions totalling € 3,676,863 thousand and hedge transactions totalling € 3,657,905 thousand and a balance sheet stock value of € 5,167 thousand. The VU hedges risks from an individual transaction perspective to a total of € 1,115,041 thousand for 2019. The 2020 VU contains base transactions totalling € 1,352,740 thousand and hedge transactions totalling € 1,335,223 thousand. The VU hedges risks from an individual transaction perspective to a total of € 345,462 thousand for 2020. The 2021 VU contains base transactions totalling € 354,596 thousand and hedge transactions totalling € 343,432 thousand. The VU hedges risks from an individual transaction perspective to a total of € 42,114 thousand for 2021. The 2022 VU contains base transactions totalling € 4,342 thousand and hedge transactions totalling € 3,858 thousand. The VU hedges risks from an individual transaction perspective to a total of € 141 thousand for 2022.

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 supply management mandate

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 2019 VU contains base transactions totalling € 24 thousand and hedge transactions totalling € 884 thousand. The VU hedges risks from an individual transaction perspective to a total of € 752 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.

3.4.5 Valuation unit: Gas supply management mandate

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 2019 VU contains base transactions totalling € 1,288 thousand and hedge transactions totalling € 936 thousand. The VU hedges risks from an individual transaction perspective to a total of € 830 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: Origination mandate

This VU combines the existing 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 2019 VU contains base transactions totalling € 0 thousand and hedge transactions totalling € 22 thousand. The VU hedges risks from an individual transaction perspective to a total of € 1 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.

3.4.7 Valuation unit: Commission mandate

This VU combines the existing financial commission business 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 2019 VU contains base transactions totalling € 133,856 thousand and hedge transactions totalling € 134,582 thousand. The VU hedges risks from an individual transaction perspective to a total of € 64,359 thousand for 2019. The 2020 VU contains base transactions totalling € 65,146 thousand and hedge transactions totalling € 65,425 thousand. The VU hedges risks from an individual transaction perspective to a total of € 24,610 thousand for 2020. The 2021 VU contains base transactions totalling € 4,531 thousand and hedge transactions totalling € 4,548 thousand. The VU hedges risks from an individual transaction perspective to a total of € 511 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.

3.4.8 Valuation unit: Sleeves mandate

For the sleeves, opposing purchase and sales transactions are presented in pairs. Some of the corresponding transactions are combined as micro-hedges to VUs. The base transactions of the delivery contracts treated as VUs totalled € 319,108 thousand. The VU hedges risks from an individual transaction perspective to a total of € 319,220 thousand. Where the option of forming valuation units was not used, provisions for impending losses from pending transactions were formed in the amount of € 3,918 thousand.

3.4.9 Interest rate swaps

The option of forming valuation units was utilised in full. 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 € 1,800 thousand and € 686 thousand (prev. year total: € 3,039 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 (€ 1,800 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 € -222 thousand as of 31 December 2018.
- Interest rate swap (€ 686 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 € -88 thousand as of 31 December 2018.

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 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	31/12/2018		31/12/2017	
	Sales in € thousand	Sales in %	Sales in € thousand	Sales in %
Electricity (unbalanced)	4,444,278	64.20%	4,355,401	65.70%
Balancing	-2,313,430	55.10%	-2,237,722	62.80%
Electricity	2,130,848	78.20%	2,117,679	69.00%
Gas (unbalanced)	2,325,719	33.60%	2,194,286	33.10%
Balancing	-1,882,352	44.90%	-1,324,880	37.20%
Gas	443,367	16.30%	869,406	28.30%
Certificates trading (unbalanced)	60,554	0.90%	21,459	0.30%
Balancing	0	0.00%	0	0.00%
Emissions trading	60,554	2.20%	21,459	0.70%
Coal (unbalanced)	47,962	0.70%	16,812	0.30%
Balancing	0	0.00%	0	0.00%
Coal	47,962	1.80%	16,812	0.60%
Services (unbalanced)	43,760	0.60%	43,037	0.60%
Balancing	0	0.00%	0	0.00%
Services	43,760	1.60%	43,037	1.40%
Total (unbalanced)	6,922,273	100.00%	6,630,995	100.00%
Total (balancing)	-4,195,782	100.00%	-3,562,602	100.00%
Total (balanced)	2,726,491	100.00%	3,068,393	100.00%

In the financial year, customer discounts of € 57 thousand were granted (prev. year € 69 thousand). These have not been taken into account in the list.

Sales not relating to the period totalled € 2,979 thousand (prev. year: € 721 thousand).

There was a sharp increase in proprietary trading in the gas sector in 2018. However, since these sales are balanced against one another for reporting, overall sales proceeds fell.

4.2 Other operating revenue

The other operating revenue largely results from passing on the cost of materials to a total of € 4,731 thousand (prev. year: € 1,457 thousand) and from the reversal of provisions to a total of € 1,110 thousand (prev. year: € 2,981 thousand). It includes earnings not relating to the period totalling € 1,645 thousand (prev. year: € 3,259 thousand). The other operating revenue also includes revenue from currency conversion totalling € 163 thousand (previous year € 342 thousand).

4.3 Cost of materials

The cost of materials not relating to the period totalled € 1,138 thousand (prev. year: € 448 thousand).

4.4 Personnel expenditures

Personnel expenditures were incurred in respect of an average of 305 (previous year 309 employees). Personnel expenses include costs for pension provision to the amount of € 354 thousand (prev. year € 237 thousand) and non-period expenditure totalling € 26 thousand (prev. year: € 23 thousand).

4.5 Other operating expenditure

Other operating expenditures include expenditure not relating to the period totalling € 245 thousand (previous year: € 172 thousand) and expenditures from currency conversion to a total of € 99 thousand (previous year € 467 thousand).

4.6 Revenue from loans of financial assets

The revenue from loans of financial assets includes interest from loans to associate companies.

4.7 Depreciation on financial assets and securities held as fixed assets

The decline in financial assets is due to the share capital reduction of an associate company that was transferred to a subsidiary in the same year.

4.8 Interest expenditures

The interest expenditures totalling € 3,554 thousand (prev. year: € 3,732 thousand) include expenditures for compounding provisions or discounting of receivables totalling € 1,208 thousand (prev. year: € 1,325 thousand).

4.9 Tax on income

€ 188 thousand (previous year € 63 thousand) of the tax expenditures in the reporting year were incurred for corporation tax and the solidarity surcharge 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

	€ thousand	€ thousand
Obligations from power purchase agreements	3,251,935	(2,337,097)
– Of which to shareholders	202,713	(142,000)
Obligations from gas supply agreements	1,450,264	(1,094,807)
– Of which to shareholders	8,044	(8,044)
Obligations from emissions certificates	66,585	(42,674)
– Of which to shareholders	592	(463)
Obligations from coal swaps	5,824	(3,828)
– Of which to shareholders	3,765	(2,803)
Obligations from lease and rental contracts	1,832	(202)
Obligations from currency transactions	1,311	(1,230)

() = Of which due in 2019

There are granted lines of credit totalling € 35,912 thousand. Of this total, € 33,971 thousand was drawn down by contract partners.

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 2018 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
- **Dr Achim Grunenberg** Lünen, Managing Director of Stadtwerke Lünen GmbH
- **Martin Heun** Fulda, Management Spokesman of RhönEnergie Fulda GmbH
- **Prof. Dr Rudolf Irmischer** Heidelberg, Managing Director of Stadtwerke Heidelberg GmbH
- **Ulrich Koch** Herne Member of the Management Board of Stadtwerke Herne AG
- **Christian Meyer-Hammerström** Lilienthal, Managing Director of Osterholzer Stadtwerke GmbH & Co. KG
- **Dr Branka Rogulic** Tuttlingen, Managing Director of Stadtwerke Tuttlingen GmbH, from 9 March 2018
- **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

Trianel GmbH reimbursed a total of € 1 thousand (prev. year: € 29 thousand) as expenses in the 2018 financial year.

6.5 Management Board

As of the balance sheet date 31/12/2018, the Managing Directors of the company were Dipl.-Volkswirt Sven Becker, certified economist (Spokesman) and Dr Oliver Runte (Dipl.-Chemiker, certified chemist).

The total remuneration of the Managing Directors consists in each case of a fixed annual salary, a performance-based bonus as well as benefits in kind and other benefits. In the financial year, the Managing Directors received total remuneration of € 1,113 thousand, broken down as follows:

Name	Fixed salary ¹ € thousand	Bonus € thousand	Benefits in kind and other benefits ^{1 2} € thousand	Total € thousand
Sven Becker	330	142	135	607
Dr Oliver Runte	300	140	66	506
Total	630	282	201	1,113

¹ performance-independent remuneration

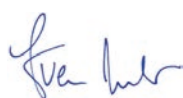
² contains for Sven Becker the settlement of rights from an old contract

7 Appropriation of earnings

The Management Board will propose to the shareholders' meeting to carry the net income for the year 2018 totalling € 2,137,083.50 forward to new account.

Aachen, 24 April 2019

Trianel GmbH



Sven Becker



Dr Oliver Runte

Management Board of Trianel GmbH

6.6 Annual financial statements

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

Development of fixed assets for the financial year from 1 January to 31 December 2018

Purchase and manufacturing costs						
EUR	01/01/2018	Additions	Write-ups	Cross entries	Divestitures	31/12/2018
Fixed assets						
I. Intangible assets						
1 Internally generated intangible assets	1,923,586.06	1,136,604.97	0.00	0.00	0.00	3,060,191.03
2 Purchased rights of use and similar rights	12,019,980.18	87,724.66	0.00	16,860.43	-193,169.60	11,931,395.67
3 Down payments made	94,315.68	15,172.93	0.00	-16,860.43	-92,628.18	0.00
	14,037,881.92	1,239,502.56	0.00	0.00	-285,797.78	14,991,586.70
II. Tangible assets						
1 Real estate, rights equivalent to real estate and buildings including buildings on third-party real estate	19,977,477.55	5,100.92	0.00	28,475.19	-19,684.25	19,991,369.41
2 Technical plant and machinery	115,782.89	2,143.35	0.00	0.00	0.00	117,926.24
3 Furniture and fixtures	3,384,634.96	325,444.27	0.00	0.00	-6,710.28	3,703,368.95
4 Down payments made and assets under construction	28,475.19	0.00	0.00	-28,475.19	0.00	0.00
	23,506,370.59	332,688.54	0.00	0.00	-26,394.53	23,812,664.60
III. Financial assets						
1 Shares in affiliated companies	3,129,030.57	711,424.00	0.00	0.00	-2,620,000.00	1,220,454.57
2 Participating interests	30,674,802.50	385,334.83	0.00	0.00	-266,995.89	30,793,141.44
3 Loans to associate companies	40,539,637.61	7,243,143.46	247,906.77	0.00	-1,034,705.10	46,995,982.74
4 Other loans	18,550.72	0.00	0.00	0.00	-1,449.16	17,101.56
	74,362,021.40	8,339,902.29	247,906.77	0.00	-3,923,150.15	79,026,680.31
	111,906,273.91	9,912,093.39	247,906.77	0.00	-4,235,342.46	117,830,931.61

	Depreciation				Book values	
EUR	01.01.18	Additions	Divestitures	31.12.18	31.12.18	31.12.17
Fixed assets						
I. Intangible assets						
1 Internally generated intangible assets	-421,702.69	-434,400.63	0.00	-856,103.32	2,204,087.71	1,501,883.37
2 Purchased rights of use and similar rights	-10,077,608.68	-826,069.09	141,024.60	-10,762,653.17	1,168,742.50	1,942,371.50
3 Down payments made	0.00	0.00	0.00	0.00	0.00	94,315.68
	-10,499,311.37	-1,260,469.72	141,024.60	-11,618,756.49	3,372,830.21	3,538,570.55
II. Tangible assets						
1 Real estate, rights equivalent to real estate and buildings including buildings on third-party real estate	-2,288,114.55	-622,390.11	11,156.25	-2,899,348.41	17,092,021.00	17,689,363.00
2 Technical plant and machinery	-38,955.89	-14,621.35	0.00	-53,577.24	64,349.00	76,827.00
3 Furniture and fixtures	-2,096,142.96	-353,245.27	6,710.28	-2,442,677.95	1,260,691.00	1,288,492.00
4 Down payments made and assets under construction	0.00	0.00	0.00	0.00	0.00	28,475.19
	-4,423,213.40	-990,256.73	17,866.53	-5,395,603.60	18,417,061.00	19,083,157.19
III. Financial assets						
1 Shares in affiliated companies	-374,804.87	-9,225.70	0.00	-384,030.57	836,424.00	2,754,225.70
2 Participating interests	-93,127.90	0.00	0.00	-93,127.90	30,700,013.54	30,581,674.60
3 Loans to associate companies	0.00	0.00	0.00	0.00	46,995,982.74	40,539,637.61
4 Other loans	0.00	0.00	0.00	0.00	17,101.56	18,550.72
	-467,932.77	-9,225.70	0.00	-477,158.47	78,549,521.84	73,894,088.63
	-15,390,457.54	-2,259,952.15	158,891.13	-17,491,518.56	100,339,413.05	96,515,816.37

Independent Auditor's certificate

To Trianel GmbH

Audit opinions

We audited the consolidated financial statements of Trianel GmbH and its subsidiaries (the Group) comprising the consolidated balance sheet as of 31 December 2018, the consolidated profit and loss statement, the consolidated equity capital analysis and the consolidated cash flow statement for the financial year from 1 January 2018 to 31 December 2018, as well as the notes to the consolidated financial statements, including the description of the accounting and valuation principles. In addition, we audited the group management report of Trianel GmbH, Aachen, for the financial year from 1 January 2018 to 31 December 2018.

In our opinion, based on the information gained in the audit,

- the enclosed consolidated financial statements are in conformity with the German Commercial Code in all material respects and, in compliance with the generally accepted accounting principles, they give a true and fair view of the net assets and financial situation of the Group as of 31 December 2018 and of its results of operations for the financial year from 1 January 2018 to 31 December 2018, and
- the enclosed Group Management Report conveys an accurate representation of the situation of the Group overall. In all material respects, this Group Management Report tallies with the consolidated financial statements, complies with the German statutory requirements and conveys an accurate representation of the opportunities and risks of future developments.

In conformance with Section 322 para. 3 sentence 1 of the German Commercial Code (HGB) we declare that our audit did not lead to any objections regarding the regularity of the consolidated financial statements and the Group Management Report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and Group Management Report 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). Our responsibilities in accordance with these requirements and principles are described further in the section "Auditor's responsibility for the audit of the consolidated

financial statements and the Group Management Report" of our Auditor's Certificate. We are independent of the Group companies in accordance with the German Commercial Code and professional law provisions, and have fulfilled our other professional duties under German law in accordance with these requirements. In our view, the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and Group Management Report.

Responsibility of the legal representatives and Supervisory Board for the consolidated financial statements and Group Management Report

The legal representatives are responsible for preparing the consolidated financial statements which in all material respects are in conformity with the German Commercial Code, and for the Group Management Report in compliance with the generally accepted accounting principles giving a true and fair view of the net assets, financial situation and results of operations of the Group. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German generally accepted accounting principles in order to enable the preparation of consolidated financial statements that are free from material misstatements, whether intentional or unintentional.

In the preparation of the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing relevant facts relating to the ability to continue as a going concern. In addition, they are responsible for preparing accounts based on the going concern accounting principle, unless actual or legal circumstances dictate otherwise.

Moreover, the legal representatives are responsible for preparing the Group Management Report that conveys an accurate representation of the situation of the Group overall and tallies with the consolidated financial statements in all material respects, conforms to the German statutory requirements and conveys an accurate representation of the opportunities and risks of future developments. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have considered necessary in order to enable the preparation of a Group Management Report in accordance with the applicable German statutory requirements and in order to be able to provide sufficient appropriate evidence for the statements in the Group Management Report.

The Supervisory Board is responsible for monitoring the Group's accounting processes for preparing the consolidated financial statements and the Group Management Report.

Auditor's responsibility for auditing the consolidated financial statements and the Group Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatements, whether intentional or not, and whether the Group Management Report as a whole conveys an accurate representation of the situation of the Group overall and in all material respects tallies with the consolidated financial statements as well as with the information gained in the audit, conforms to the German statutory requirements, and conveys an accurate representation of the opportunities and risks of future developments, and also to issue an Auditor's Certificate that contains our audit opinions on the consolidated financial statements and Group Management Report.

Reasonable assurance is a high degree of certainty but not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code and observing the auditing principles generally accepted in Germany as stipulated by the Institute of German Certified Public Accountants (IDW) will always discover a material misstatement. Misstatements may result from irregularities or errors and are regarded as material if it could reasonably be expected that individually or together they would influence business decisions taken on the basis of these consolidated financial statements and this Group Management Report.

During the audit, we exercise due discretion and maintain professional scepticism. In addition,

- we identify and evaluate the risks of material misstatements, whether intentional or not, in the consolidated financial statements and Group Management Report, plan and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements will not be detected is greater in the case of violations than in the case of inaccuracies, as violations may involve fraudulent interaction, falsification, intentional incompleteness, misrepresentation or the abrogation of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the precautions and measures relevant to the

audit of the Group Management Report to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- we evaluate the appropriateness of accounting methods used by the legal representatives and the reasonableness of the estimated values presented and related disclosures made by the legal representatives.
- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is a material uncertainty in connection with events or circumstances that could cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in our Auditor's Certificate to the related disclosures in the consolidated financial statements and in the Group Management Report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Certificate. However, future events or circumstances may result in the Group no longer being able to continue as a going concern.
- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in such a way that the consolidated financial statements in compliance with the generally accepted accounting principles give a true and fair view of the net assets, financial situation and results of operations of the Group.
- we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and Group Management Report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we assess the consistency of the Group Management Report with the consolidated financial statements, its legal conformity and the representation conveyed by it of the situation of the Group.

- we perform audit procedures on the forward-looking statements made by the legal representatives in the Group Management Report. On the basis of sufficient and appropriate audit evidence, we particularly verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the proper derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

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

We made above report on the audit of the consolidated financial statements for the year ending 31 December 2018 (consolidated balance sheet total EUR 385,604,428.85; consolidated annual net income EUR 1,933,449.61) and the Group Management Report for the 2018 financial year of Trianel GmbH in accordance with the statutory requirements and principles of proper preparation of audit reports (IDW PS 450 new version).

Duisburg, 03 May 2019

PKF Fasselt Schlage
Partnerschaft mbB
Auditing, Tax Consulting and Law Firm




Jahn
Auditor


Hesse
Auditor

Consolidated financial statements of Trianel GmbH for the financial year 2018

62	Consolidated balance sheet
64	Consolidated profit and loss statement

Consolidated Balance sheet as of 31 December 2018

Assets side

in EUR

31/12/2018

31/12/2017

A. Fixed assets

I. Intangible assets

1 Internally generated industrial property rights and similar rights and values	2,204,087.71		1,501,883.37
2 Purchased licenses, industrial property rights and similar rights and values as well as licences to such rights and values	1,168,742.50		1,942,371.50
3 Down payments made	0.00		94,315.68
		3,372,830.21	3,538,570.55

II. Tangible assets

1 Real estate, rights equivalent to real estate and buildings including buildings on third-party real estate	17,092,021.00		17,689,363.00
2 Technical plant and machinery	64,349.00		76,827.00
3 Other assets, furniture and fixtures	1,260,691.00		1,288,492.00
4 Down payments made and assets under construction	0.00		28,475.19
		18,417,061.00	19,083,157.19

III. Financial assets

1 Participating interests in affiliated companies	0.00		0.00
2 Participating interests	30,700,013.54		30,581,674.60
3 Loans to companies in which a participating interest exists	47,002,982.74		40,539,637.61
4 Other loans	17,101.56		18,550.72
		77,720,097.84	71,139,862.93
		99,509,989.05	93,761,590.67

B. Current assets

I. Inventories

1 Raw materials, auxiliary materials and operating supplies	5,404.73		6,625.59
2 Work in progress	356,033.18		425,002.00
3 Merchandise	12,790,089.45		2,870,816.57
4 Down payments made	79,289.00		0.00
		13,230,816.36	3,302,444.16

II. Accounts receivable and other assets

1 Trade receivables	146,854,215.05		125,038,377.65
2 Accounts receivable from shareholders	23,241,964.47		25,531,128.19
3 Accounts receivable from affiliated companies	20,263.60		0.00
4 Accounts receivable from affiliated companies	0.00		2,470.50
5 Accounts receivable from companies in which a participating interest exists	41,042,791.68		36,800,142.33
5 Other assets	47,290,072.50		38,300,156.95
		258,449,307.30	225,672,275.62

III. Cash in hand and cash at bank

	12,704,337.07		61,746,643.37
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C. Accruals and deferrals

	1,709,979.07		1,762,765.00
	385,604,428.85		386,245,718.82

Liabilities Side

in EUR

31/12/2018

31/12/2017

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	41,930,284.97		41,833,368.44
IV.	Loss carried forward	-2,622,188.91		-4,132,222.18
V.	Group annual net income	1,933,449.61		1,604,667.93
			87,523,589.91	85,587,858.43
B.	Difference from capital consolidation		27,401.71	29,683.58

C. Provisions

1	Provisions for pensions	0.00		130,353.00
2	Provisions for taxes	207,020.11		123,719.67
3	Other provisions	52,801,950.07		57,088,625.45
			53,008,970.18	57,342,698.12

D. Liabilities

1	Amounts due to banks	16,507,359.37		20,013,516.13
2	Down payments received for orders	0.00		495,611.34
3	Trade accounts payable	160,479,308.41		154,970,765.93
4	Accounts payable to shareholders	12,005,482.99		5,243,095.74
5	Accounts payable to affiliated companies	15,854.23		-0.00
5	Accounts payable to associated companies	0.00		12,729.69
6	Accounts payable to companies in which a participating interest exists	24,126,578.93		24,734,095.17
7	Other accounts payable			
	– of which from taxes € 462,944.43 (prev. year: € 497,090.84)			
	– of which for social security € 146,033.41 (prev. year: € 204,516.16)			
		31,833,024.10		37,727,639.99
			244,967,608.03	243,197,453.99

E. Accruals and deferrals

	76,859.02	88,024.70
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385,604,428.85

386,245,718.82

Consolidated profit and loss statement for the financial year from 1 January 2018 to 31 December 2018

in EUR	2018	2017
1 Sales revenues	2,726,501,204.38	3,132,922,417.49
2 Increase in the stock of finished and semi-finished products	-68,968.82	-864,034.69
3 Other internally produced and capitalised assets	77,358.16	41,765.33
4 Other operating revenue		
– Of which from currency conversion: €162,591.09; prev. year €342,877.71	7,630,347.81	11,819,538.75
5 Cost of materials Expenditures associated with raw materials and supplies and for purchased goods and services	-2,680,098,978.08	-3,089,511,185.49
6 Personnel expenditures		
a) Wages and salaries	-25,758,140.76	-28,524,028.48
b) Social contributions and expenditure on pension provision and support of which from pension provision: €353,677.82; prev. year €236,884.89	-3,822,926.73	-4,291,952.89
	-29,581,067.49	-32,815,981.37
7 a) Depreciation on intangible assets and tangible fixed assets on current assets, wherethey exceed the usual depreciation in the corporation	-2,250,726.45	-2,509,226.03
	-2,250,726.45	-2,509,226.03
8 Other operating expenditure		
– Of which from currency conversion: €98,843.43; prev. year €472,322.87	-21,282,296.07	-18,969,604.98
9 Revenue from participating interests	328,439.52	429,917.63
10 Revenue from loans of financial assets	4,133,180.07	3,940,101.13
11 Other interest and similar revenues	340,769.32	1,147,353.63
– Of which from discounting: €313,780.39; prev. year €606,627.53		
12 Depreciation on financial assets and securities held as financial assets	0.00	-93,127.90
13 Interest and similar expenditure	-3,553,995.83	-3,731,880.97
– Of which from compounding: €1,208,285.87; prev. year €1,324,740.83	1,248,393.08	1,692,363.52
14 Tax on income	-196,770.71	-70,393.71
15 Earnings after tax	1,978,495.81	1,735,658.82
16 Other taxes	-45,046.20	-130,990.89
17 Consolidated annual net income/loss for the year	1,933,449.61	1,604,667.93

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